



SHAPING

OUR

WORLD

Annual Report & Financial Statements

YEAR ENDED 31 JULY 2018



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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 2018.

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



INTRODUCTION: OVERVIEW OF PERFORMANCE

This Annual Report provides detailed information about the current performance and position of Manchester Metropolitan University. Over the last year we have further developed our ambition, engagement and contribution as a major anchor institution in Manchester and the North West. Our education and research continue to enrich lives, support the development of the economy and benefit society; we deliver real-world impact locally, nationally and internationally.

The successes enjoyed over 2017/18 build on a strong platform of progress, all the more significant in light of the challenges facing the higher education sector. The roots of some of these challenges lie in the country's decision to leave the European Union.

We await the outcome of the Review of Post-18 Education and Funding, expected in 2019, which may result in downward pressure on the unit of resource for UK undergraduate students. This comes at a time when the demographic downturn in the number of 18 year olds, coupled with a participation rate already at 50%, means that there is significant competition for students among British universities.

Despite these unprecedented challenges, I remain confident about the prospects for Manchester Metropolitan. This confidence partly stems from our financial resilience as a university with cash reserves to ensure our sustainability and low borrowing. This positive sentiment is reinforced by our position in Manchester, a vibrant and exciting city with a growing global reputation, where there is a strong demand for skills and innovation to drive business development and jobs.

Above and beyond these attributes, however, my confidence stems from having a clear strategy and an outstanding senior team, working under the leadership of our Vice-Chancellor, Professor Malcolm Press. The aspirations of the executive are supported and enriched by meaningful contributions from members of the governing body.

We remain one of the most popular universities in the UK for undergraduate students and rank fifth for the number of applications*. We have significantly strengthened our International Office over the last year in order to allow growth in international students, both to enrich the teaching and learning environment for students from the UK, as well as to diversify further the income base of the institution.

A major priority for us is to enhance the student experience as well as student outcomes. Part of this work includes an investment of over £400m to finance development of the estate, IT infrastructure and other facilities to enrich the teaching and learning environment.

We have made significant progress with our research and knowledge exchange agenda, with the establishment of 13 Research and Knowledge Exchange Centres and a clear narrative about where our research strengths lie.

We have streamlined professional and support services across the University to drive both efficiency of operation and effectiveness of delivery. We have appointed a Chief Operating Officer and created the Professional Services Leadership Team. We are already seeing the benefits of this reorganisation, allowing us to work at pace in a rapidly changing environment. We're also working harder than ever to maintain and build upon our close, collaborative relationship with our Students' Union.

We are mindful of the role that technology has to play in higher education and a sector-leading initiative to digitise support for both students and staff is well underway. The first phase of the Student Journey Transformation Programme went live earlier this year, providing a more personalised interface to support the student journey from registration to graduation and beyond. This is just one of a number of digital projects in train, reflecting the significant attention that the Board and the executive have paid to enhancing our systems and information technology provision.

Additionally during the current financial period, we opened our Hydrogen Fuel Cell Innovation Centre, took on a lead role in the National Institute of Coding, and secured the funding for our School of Digital Arts, which is due for completion in 2021. We also launched PrintCity, a 3D print facility, designed to support the roll out of the fourth industrial revolution to SMEs.

These initiatives represent a repositioning of the University to take advantage of new opportunities. At the same time, we continue to disinvest in areas that are inconsistent with our strategic plan. The most significant piece of work in this regard is our withdrawal from our satellite campus in Cheshire. Through consultation and collaborative working, we've set our priorities to ensure a successful final year for students and to support staff as we approach campus closure in July 2019.

As ever, there is much for us to be proud about, from the provision of degree apprenticeships, where we train around 10% of the entire UK cohort, to the leading role we play in translating innovation to local businesses through Innovate UK-funded knowledge transfer partnerships.

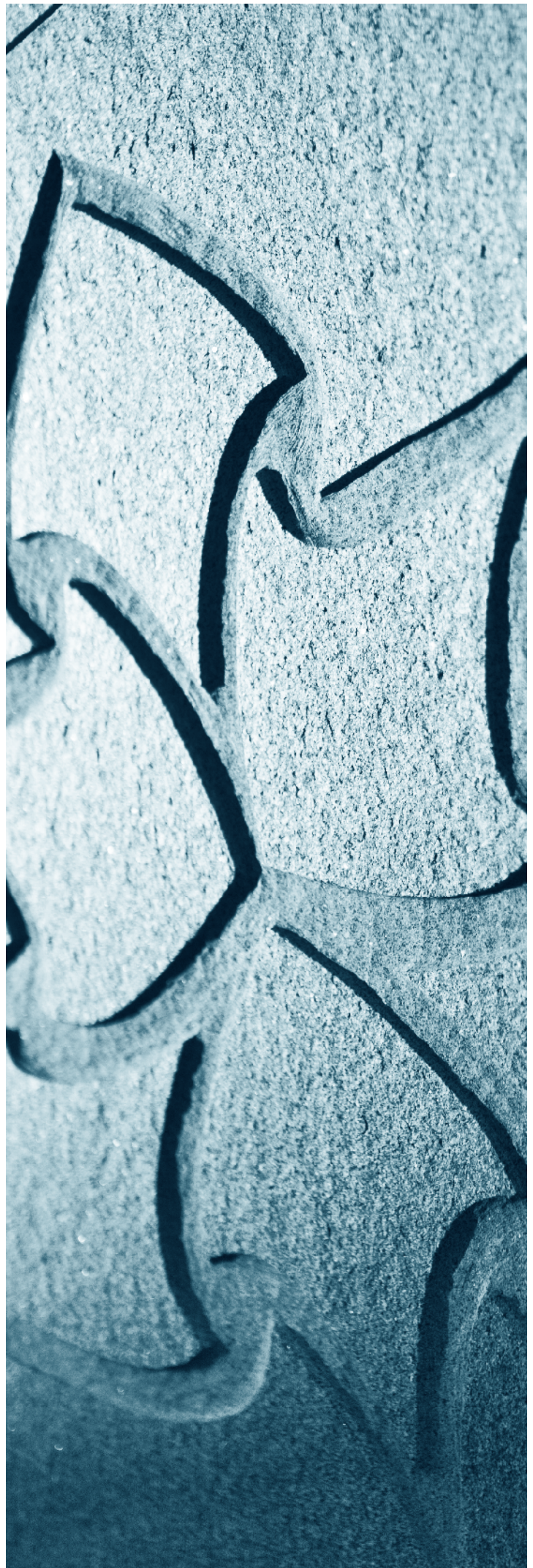
I would like to thank my fellow Governors for their contribution and I extend my sincere thanks to all students and staff for their continued dedication. With a strong leadership team we have a clear direction and a firm commitment to ensure our future success and sustainability.

*HESA data 2016/17 reported in the Times and Sunday Times Good University Guide



Vanda Murray OBE

Pro-Chancellor and Chair of the Board of Governors



VICE-CHANCELLOR'S FOREWORD

The past year has been extremely busy but it has also been rewarding and enjoyable, with a number of significant achievements that have moved the University considerably further forward.

We continue to invest energy in both preparing for the next Research Excellence Framework in 2021 and ensuring that our students benefit from an outstanding educational experience. In order to deliver both it is vital that staff are engaged and feel valued, and this is an additional priority for us.

The research that we do is relevant and maps well onto the UK's industrial strategy and regional strengths. It is characterised by working in partnership – one of our key enablers – with collaborators in the public and private sectors. Focusing our energy on areas of excellence informs all that we do, ranging from how we make academic appointments to how we allocate resources, including staff time, space and funding. An important priority has been to ensure that where we claim research excellence we can compete effectively against the rest of the sector and that our performance is externally recognised at international level.

The Teaching Excellence Framework is being extended to reveal performance in individual subject areas, and work is now underway to ensure that we can demonstrate significant improvements across the disciplines. We feel confident that our best subjects would be rated as TEF Gold, although we recognise that elsewhere there are areas where improvements are required. While some progress has been made in this regard over the past 12 months, we will concentrate effort in order to ensure that all teaching areas can perform at the level set by our best departments.

The research and teaching metrics inform national league tables and our performance here is currently the best it has ever been. While pleasing, I believe that significant opportunities remain for us to improve our standing both nationally for graduate prospects and student experience, and internationally through research impact.

In terms of international comparators, the Times Higher Education World University Rankings 2019 places us 65th out of a total of 98 UK universities that are placed in the global top 5%*. I am extremely proud of some of our internationally recognised areas of excellence, including the Manchester Writing School, led by the Poet Laureate Professor Dame Carol Ann Duffy, and the Manchester School of Architecture.

We are committed to ensuring that anybody who has the talent and passion to succeed can benefit from a university education and we continue to be at the forefront of innovative ways to enable wider participation. We train over 10% of degree apprentices, meaning that Manchester Metropolitan is leading the way in ensuring wider routes into a university education. Our work here can trace its roots back many decades through our Business School's long-standing reputation for providing education and training in partnership with business, often through bespoke employer-led programmes.

Work is ongoing to ensure that our curriculum is student-centred, from an enhanced tutorial system, to additional flexibility in the academic calendar, to new placement and internship opportunities nationally and internationally.

Manchester Metropolitan remains one of the most popular universities in the country for UK undergraduates, but there is significant unexploited potential to grow our international student numbers. To address this, we have a revitalised international office under new leadership with commitment across



the faculties in support of our Internationalisation Strategy. Plans to open at least one office in China are at an advanced stage. We are already beginning to witness an uplift in international numbers and feel confident that we can build on these further. This is important not only for our sustainability, but also for our sense of community. A multicultural learning environment helps our students and staff to be globally and culturally aware, and enriches all our experiences.

To support the aims of the University, we continue to invest significantly in infrastructure, including our digital infrastructure. We have a new intranet to improve staff engagement and a new web platform is under development.

We announced the launch of our new School of Digital Arts (SODA), previously known as the Screen School, which is widely regarded as an exceptional opportunity to link skills and innovation in the creative industries, the fastest growing industrial sector in the region, with the professions and employers, large and small, nationally and internationally.

Other exciting initiatives follow closely behind, most notably our Institute of Sport, which will be sited on the Etihad Campus in East Manchester in partnership with the City Football Group (owners of Manchester City Football Club) and Manchester City Council.

We have also seen major positive shifts in our level of engagement and partnership working across the city region over the last year. Our importance as an anchor institution has never been more widely recognised and I am confident that our standing and profile will grow still further over the years ahead.

The roots of this transformation lie in the pillars that underpin our strategic plan: Manchester, ambition, partnership, community and sustainability. Together, they create a powerful case for the importance of a civic university to address the economic and societal needs of a vibrant city region. This achievement is, of

course, not the result of the work of any one individual but rather the collective efforts of many, including colleagues in External Relations, through, for example, our award-winning Met Magazine, and academics across the faculties who work strongly in collaboration with our external partners, ranging from businesses to community groups.

Beyond the academy, our University has other areas of outstanding strength and I am incredibly proud of the commitment to progress in these areas. Among many examples include our record on sustainability, our status as the greenest university in the country, and our rise to being ranked among the 20 most inclusive employers in the UK in the 2018 Stonewall Equality Index.

Finally, community is at the heart of our strategy and endeavours, and people remain our greatest assets and ambassadors. Colleagues across the University make those crucial contributions to delivering the outcomes demonstrated throughout this report. I would like to offer my sincere thanks to staff and students, as well as to our network of alumni and partners, who play a pivotal part in our success. I am confident that working together as one university, we have an exciting future ahead of us.

*Times Higher Education World University Rankings 2019

Professor Malcolm Press

Vice-Chancellor
Manchester Metropolitan University

OUR APPROACH

Our ambition is to make an impact on Manchester, the nation and beyond. Through discovery and dissemination of knowledge, we provide excellence in higher education that is accessible and beneficial to all with the passion, commitment and ability to succeed.

Our strategy is founded on five pillars which define how we deliver our research and teaching: the importance of our **place** at the heart of the Northern Powerhouse; an **ambition** that drives creativity and personal success; our **partnerships** that allow us to achieve more through collaboration; working closely with the local and global **community**; and ensuring we build better futures through **sustainability**.

Informed by these enablers, our faculties and departments have strategic plans for education and research.





EDUCATION

Supporting our ambition for excellence

Our Education Strategy is focused on teaching quality and student outcomes, being part of an academic community, effective faculty and professional services engagement and a strong partnership with the Students' Union.

At a time when we are experiencing a new regulatory environment, strong demand for a personalised experience and intense competition, our approach is designed to ensure students can fulfil their potential and become the experts, innovators and leaders of the future.

Our strategy aims to deliver:

- a curriculum informed by research, delivered by staff with a deep understanding of their discipline and an ability to inspire
- outstanding spaces designed to promote individual and group learning and teaching
- individualised support from tutors and professional staff to ensure academic success and student wellbeing
- timely assessment and feedback to enrich the student experience, build confidence, knowledge and skills, and increase success beyond graduation
- opportunities to learn and develop through placements available locally, nationally and internationally with partners that rely on graduate skills
- opportunities to develop the behaviours and personal attributes that build integrity, resilience, enquiry, judgement and confidence
- an environment that fosters life skills and favours active citizenship through participation and engagement with the Students' Union



RESEARCH AND KNOWLEDGE EXCHANGE

Through distinct research and knowledge exchange centres, our researchers focus on the grand challenges that face our world across a range of sectors.

We've doubled the size of our professoriate over the last three years and provide outstanding opportunities for early career researchers in our areas of specialisation. We also:

- encourage strong links between teaching and research
- believe the skills underpinning the discovery of knowledge enrich the educational experience
- support local, national and global research partnerships to address societal challenges across geographical boundaries
- emphasise personal development, enabling early career researchers to be influencers and future leaders in their fields
- take responsibility for enhancing the quality of applications for research funds and the management of research grants and contracts post-award
- value ethics, integrity and good research governance, and believe in the importance of training postgraduate research students and staff in these areas
- encourage and support staff and students looking to commercialise their research

OUR STAFF

OUR PEOPLE

OUR PRIORITIES

Creating an environment for staff to thrive

Manchester Met has again been named one of the best employers for lesbian, gay, bi and trans staff in the Stonewall Workplace Equality Index. Climbing over 150 places in just two years, we are now ranked 2nd among education institutions and 16th in the overall Stonewall Top 100 employers rankings.

PEOPLE MANAGEMENT EXCELLENCE

For a fourth consecutive year, Manchester Met has been named among Britain's Top Employers by the Top Employers Institute and is widely recognised for its excellence in people management, diversity and inclusion.

FOCUSING ON DELIVERY

The strategic framework and our five themes of place, ambition, partnership, community and sustainability are now embedded. Our ambitions in our three core thematic strategies: education, research and knowledge exchange, and internationalisation are reflected in the faculty and professional services area plans and the focus is now on delivery. Additional investment in the HR Directorate supports high performance across the organisation.





SUPPORTING WORK-LIFE BALANCE AND COMMITMENTS

The University has launched new family-friendly policies and ones to support employees to achieve a work-life balance. The policies were published to coincide with the launch of the University Working Parents and Carers network. The University also has a vibrant Women's network and staff forums for Race, Disability, Gender and LGBTI.

PROFESSIONAL SERVICES

The strategic realignment of our Professional Services came into effect on 1 January, marking the first time in the history of the University that the departments within Professional Services have the opportunity to work together as a single unified team. Professional Services provide integrated and sector-leading services to meet the needs of the University and contribute to delivering the University's strategic agenda. They support a broad portfolio of cross-institutional developments and strategic change projects, aligned to the University's academic priorities.

VISIBILITY, RECOGNITION AND CAREER DEVELOPMENT FOR TECHNICIANS

In the summer of 2017 the Vice-Chancellor signed the national "Technician Commitment" on behalf of the University. Our 250 technicians are a vital part of the professional services community, supporting staff and students across the University. The Technician Commitment has four important themes: Visibility, Recognition, Career Development and Sustainability. We have created a technician network and are focusing on a range of initiatives to sustain our technical services workforce to ensure that we have a service that is fit for the future and delivers the highest level of support to students and staff.

RADICALLY REIMAGINING STUDENT SUPPORT

Our students at the heart of our services

Manchester Met is a learning community sustained by the vision, ambition and shared values of our staff, our students and our partners. We are rightly proud of the diversity of our student intake, and we recognise that it's our responsibility to create opportunities for all of our students to explore their interests, improve their knowledge and critical skills, and to develop their own social and intellectual capital.

Our investment in the Student Journey Transformation Programme will support each of the individual trajectories, needs, and the ambitions of our 38,000+ students and apprentices. Our new Student Centred Curriculum will build on this approach, ensuring that our programmes and structures are flexible enough to respond to individual student needs and circumstances, and the demands of a competitive and rapidly changing workplace.

Over the past year, we have made significant progress in developing robust systems of evidence-based review to enable us to make interventions to support students and institutional performance. Our investment in technology-enhanced learning and learner analytics is enabling us to radically re-imagine student support as a more proactive and bespoke process facilitating a positive experience and successful student outcomes.

The introduction of attendance monitoring last year has allowed us to identify at-risk students and support them in improving their engagement and results. In the coming year, we're introducing lecture capture systems and online feedback for essay writing, providing additional support to help students become independent learners. We are rolling out a pilot which allows academics to make their lectures more interactive and engaging through the use of quizzing technology. We have undertaken a significant

review of student retention, and developed a number of actions to ensure that we increase the number of students who are able to progress through their studies with their cohort. Finally, the restructure of Academic Services will create two new departments – Student and Programme Management and Education Management – allowing us to improve our interactions with students. These significant changes to our approach to teaching and student support are vital in our mission to make Manchester Metropolitan University a learning community that gives each of our students the inspiration, encouragement and services they need to succeed.



“We are pleased to be working with the University to support and advise on the development of these initiatives and believe that they will deliver positive outcomes for students.”

Amie Atkinson
President, The Union



THE UNION



Manchester
Metropolitan
University

WELCOME TO THE UNION



OUR RESEARCH ACHIEVEMENTS

Research with impact

Our Research and Knowledge Exchange (RKE) Strategy builds on areas where the University has a strong, international reputation. Outstanding research in advanced materials, sociology, biosciences, creative writing, education, art and design, and sport produce high-quality outputs with significant impacts on the economy, society, culture and the environment.

Our research in science, business and health interfaces with key themes of the UK's Industrial Strategy and we have an excellent reputation for supporting small and medium sized businesses through the government's flagship Knowledge Transfer Partnership scheme.

Investment into the University's RKE infrastructure and the establishment of 13 new University Centres for Research and Knowledge Exchange is creating a sense of excitement, culture and momentum that is already leading to improvements in performance.

UNIVERSITY CENTRES FOR RESEARCH AND KNOWLEDGE EXCHANGE

This year we have focused activities and resources around 13 University Centres for Research and Knowledge Exchange (UCRKEs) in specific areas of excellence. The UCRKEs are premier groupings of researchers acting as the driving force behind the realisation of our ambitious RKE Strategy.

Our UCRKEs are:

- Advanced Computational Science
- Advanced Materials and Surface Engineering
- Applied Social Science
- Bioscience
- Creative Writing, English Literature and Linguistics
- Decent Work and Productivity
- Ecology and Environment
- Education and Social Research Institute
- Future Economies
- Health, Psychology and Communities
- History
- Musculoskeletal Science and Sports Medicine
- School of Art

INVESTMENT INTO RKE CULTURE

We have made significant investment into the RKE infrastructure. The introduction of new systems for managing and monitoring RKE applications and research ethics have been added to systems for managing outputs and the PGR journey to create a cutting-edge research environment which is helping the University to unlock its full potential.

Since 2015, we've invested over £3m into a high-profile scholarship scheme that has attracted 50 of the brightest and best 'new thinkers' into the University. Over the last 12 months, we've launched a new portfolio of internal funding streams to support the delivery of high-quality research, impact and business engagement initiatives, and invested over £1.3m into high-quality research opportunities.

PERFORMANCE

This investment is already making an impact through improved performance in research activity and quality. Over the last 12 months, the number of academic outputs from the University has increased by 19% and the volume of our outputs among the most cited in the world has grown by 26%. We have made over 500 external applications for funding and the value of research awards has risen by 17%.

**85% of the impact of our research is rated
'World-leading' and 'Internationally Excellent'**
(REF 2014-21)

**3rd in the UK for the volume of
Knowledge Transfer Partnerships**
(Innovate UK, 2018)

Top 20 for research in Medical Technology
(Complete University Guide 2019)

Top 20 for research in Creative Writing
(Complete University Guide 2019)



OUR RESEARCH ACHIEVEMENTS

A selection of some of our research highlights over the past 12 months



PRINTCITY – MAKING THE IMPOSSIBLE, POSSIBLE

Professor Craig Banks is the academic lead of PrintCity – a state-of-the-art 3D printing laboratory launched in 2018.

The labs at PrintCity can create almost anything through a process called additive manufacturing, where products are built layer by layer using 3D printers, or subtractive manufacturing where material is removed to sculpt and shape items. PrintCity runs a range of business services including rapid prototyping, small-scale production, consultation and training.

Current projects include screen-printing electrodes with graphene-like nanotechnology, as well as research which allows electrodes to be developed in novel shapes and styles, and be mass-produced for industrial applications. For this project, our researchers recently won a £100k grant from the Engineering and Physical Sciences Research Council.



OVER £1M IN GRANTS TO HELP REVOLUTIONISE CLASSROOM LEARNING

Academics in the Education and Social Research Institute enjoyed another successful year, delivering high-quality research with impacts on education policy and practice. In 2018, the department won two high-profile projects worth over £1m to improve learning outcomes of children in classrooms throughout the UK.

Professor Yvette Solomon received £0.7m from the Education Endowment Foundation to run a randomised control trial in Realistic Maths Education, an alternative system of teaching which originated in the Netherlands. Yvette and her team will work alongside 120 schools over two years to create a new framework for maths education with the potential to be rolled out across the UK.

Professor Rachel Holmes received funding from the Arts and Humanities Research Council to explore the often-troubling impact that feeling 'out of place' can have on pupils. Rachel's team, which also includes Professor Amanda Ravetz from the Manchester School of Art Research Centre, hope to learn what 'oddness' means, what its value is and why it matters, as well as what this can tell us about ordinary everyday encounters with people, places and things.



NATIONAL RECOGNITION FOR UNIVERSITY'S LEADING POETS

A number of leading poets from our prestigious Manchester Writing School were recognised for their work and contribution to literature this year.

In June, Dr Helen Mort was named a Fellow of the Royal Society of Literature, an achievement she described as “the greatest honour of my writing career,” joining other distinguished authors such as JK Rowling, Margaret Atwood and Hilary Mantel. Mort becomes the third writer at Manchester Met to have received the honour in a year that also saw her named among The Poetry Book Society’s global top 10 ‘women poets to read now’ with Professor Carol Ann Duffy DBE, the School’s Creative Director.

The BBC adapted two works by poet and Professor Michael Symmons Roberts this year. Michael’s adaptation of Milton’s epic poem Paradise Lost was broadcast exclusively on BBC Radio 4. His poem Men Who Sleep in Cars, which follows three men in Manchester during a night in September, was also turned into a film that was shown on BBC Four.

LEADING THE COUNTRY FOR BUSINESS PARTNERSHIPS

We’re enjoying continued success with Knowledge Transfer Partnerships (KTPs). KTPs are considered to be the ‘gold standard’ for knowledge exchange because they help companies address real-world innovation challenges, while providing employment to high-flying graduates, and research outcomes to academics.

We’re currently ranked 3rd in the UK (Innovate UK, 2018) for KTPs, and our portfolio has a total value of more than £6m. Over the past 12 months, we have commenced 17 new KTPs worth £3.3m with companies such as Aqua-Check Engineering. The Rochdale-based company is well on its way to monetising smart water meters that can help water companies manage their network and supplies more efficiently.

Other recent partnerships include a KTP with Swellaway seeking to create a medical device to treat common sports wounds, and a partnership with Tibard that led to a sales increase of £0.9m through improved IT infrastructure and the use of digital marketing techniques.

LOOKING TO THE FUTURE

Success stories built for a brighter future

CELEBRATING 40 YEARS OF IVF TREATMENT

We continue to train in vitro fertilisation (IVF) specialists to cope with growing demand, in the year the science celebrates its 40th year. All our reproductive scientists are trained through the official cellular scientists' programme and trainees must pass the three-year Scientist Training Programme (STP) to earn their final MSc. The University is an official NHS partner in this field, so every new IVF scientist who helps start pregnancy through the treatment will be a graduate of our University. This means the next generation of IVF-nurtured babies (1 in 50 births in the country) will have been facilitated by our trained clinical embryologists.

STRENGTHENING OUR WORLD-CLASS WRITING SCHOOL

This year, we bolstered our already world-renowned Manchester Writing School talent with a number of new appointments. Laura Barnett, whose 2015 novel *The Versions of Us* has been translated into 24 languages and optioned for television adaptation, was just one of four new high-profile teaching staff. She is joined by international award-winning novelist and short story writer Jennifer Nansubuga Makumbi and novelists Sarah Butler and Oliver Harris. They will teach on the MA Novel Workshop unit, led by Nicholas Royle, supervising students completing full-length books as Manuscript Mentors and teaching online distance learning students.

NEW PHD SCHEME TO TRAIN 225 ARTS AND HUMANITIES RESEARCHERS

The University is helping to develop the next generation of arts and humanities researchers as part of a nationwide £170m scheme from the Arts and Humanities Research Council (AHRC). The North West Consortium Doctoral Training Partnership (NWCDTP) consists of seven universities and partners such as the BBC, Manchester City Council, National Trust and the British Library who provide opportunities for 225 PhD students.

PROVIDING GOVERNMENTS WITH DATA TO INFORM POLICIES THAT CAN IMPROVE CHILDREN'S FUTURES

Researchers are leading the design of a survey for the first Europe-wide project to track the wellbeing of children as they grow up. Professor Gary Pollock is heading up an international consortium on the Horizon 2020-funded European Cohort Development Project (ECDP), which will establish the design of a European survey called EuroCohort for children and young people from birth until the age of 25. The survey aims to provide data to aid policymakers across Europe to make better decisions that will help secure childhood wellbeing.



TACKLING THE NORTH WEST'S DIGITAL SKILLS GAP

We will be leading the charge to train the North West's future digital workforce as part of the new £40m national Institute of Coding. Launched in January by Prime Minister Theresa May at the World Economic Forum 2018 in Davos, the project brings together universities, large corporations, SMEs and industry groups to tackle the shortfall in the digital sector. Backed by a £3m portion of the overall funding, the University will spearhead the development of the institute locally, to deliver industry-focused education in strategically important areas including data science, artificial intelligence and cyber security.

MINISTER FOR DIGITAL AND CREATIVE INDUSTRIES PRAISES RESEARCH IN IMMERSIVE TECHNOLOGY

Margot James, Minister for Digital and Creative Industries, praised the University for leading the way in research in immersive technology when she opened the 4th International Augmented Reality and Virtual Reality Conference at the University in June. Attended by 300 international delegates and representatives from the Korean Government, the conference, organised by Dr Tim Jung, gave UK companies a golden opportunity to meet with global technology venture capitalists.

A YEAR TO BE PROUD OF

Striving for success across our whole University

CLIMBING THE RANKINGS ONCE AGAIN

We rose to our highest ever position in the Complete University Guide 2019 league table, moving up five places to 57th in the overall annual institutional rankings. Degree programmes covering American Studies, and Aural and Oral Sciences, both featured in the top 10 in the country in their respective subject areas. The rankings are compiled with a combination of weighed factors, namely entry standards, student satisfaction, research quality, research intensity, graduate prospects, student-staff ratio, academic services spend, facilities spend, good honours and degree completion.

RECOGNITION FOR OUR NURSING OFFER

Our Department of Nursing was shortlisted for five awards in the Student Nursing Times Awards 2018. Nominations listed included Pre-registration Nurse Education Provider of the Year (a prize which we've won twice in 2013 and 2015), Return to Practice Course of the Year, Student Experience and Teaching Innovation of the Year. Another nomination was for the category Student Nurse of the Year: Adult for which nursing student, Vanessa Jarvis, was shortlisted.





PROMOTING INCLUSIVITY AND EQUALITY

We were named one of the UK's top 20 best employers for lesbian, gay, bi and trans staff – and joint 2nd for education institutions – in the Stonewall 2018 equality index published in January. The Stonewall Top 100 Employers list placed our University in 16th position, marking a considerable rise from 41st position the previous year. The Workplace Equality Index, now in its 14th year, celebrates the pioneering efforts of organisations to create inclusive workplaces. The achievement is just one of many ways our University is committed to inclusivity at all levels.

BECOMING THE UK'S GREENEST UNIVERSITY

Our University was named the greenest in the UK, ranked first in the People and Planet University League. After climbing to the top of the table in 2013 from 91st in 2007, we became the only university to retain a top three position for five consecutive years, demonstrating a continued commitment to reducing the University's environmental impact. As the only comprehensive and independent league table of UK universities ranked by environmental and ethical performance, the award assesses a range of environmental and ethical factors, management practices and policies, and performance in carbon reduction, energy sources, waste and recycling, and water reduction.





A YEAR TO BE PROUD OF

Striving for success across our whole University

GLOBAL RECOGNITION FOR OUR SCHOOL OF ARCHITECTURE

Manchester School of Architecture (MSA) was featured in the top ten in the QS World University Rankings by Subject 2018 for its third consecutive year. The MSA, an innovative collaboration between Manchester Metropolitan University and The University of Manchester, was ranked 7th in the world, and 2nd in the UK for graduate employability. The prestigious rankings highlight 200 of the world's top-performing universities in each academic area and includes 42 different countries from across the globe. The MSA offers a range of professionally recognised undergraduate and postgraduate degrees and has been continuously in the top 10 in the QS Subject Rankings since entering in 2016.

SHOWCASING ENGINEERING EXPERTISE

Race car engineers at Manchester Metropolitan University secured their best ever result at the 2018 Formula Student competition, coming 27th out of 81 international teams. A team of engineering students headed to Silverstone in July to compete in the race car design competition that brings together teams from 30 different countries across the globe. Each team designed and built a racing car to compete in a number of events on the track, such as sprinting and endurance races. The students also had to present costing and design presentations in a boardroom environment for their 2018 vehicle 'Tempesta'.

RECEIVING RECOGNITION IN GENDER EQUALITY

We were awarded the institutional Athena SWAN Bronze award in recognition of our commitment to gender equality. The Equality Challenge Unit's Athena SWAN Charter was established in 2005 to encourage and recognise commitment to advancing the careers of women in science, technology, engineering, maths and medicine (STEMM) employment in higher education and research.

TAKING HOME TAEKWONDO SUCCESS

Our International Taekwondo Federation team made history by becoming the first university team invited to enter the World Championships – returning home with a remarkable 31 medals. The games, held in Barneveld, Holland, saw 2,300 entrants from 37 countries, with most competitors from professional national teams. Despite being the underdogs, the University Taekwondo team saw huge success, winning three world champion medals, 13 silvers and 15 bronze medals. These medals, combined with the success of the national UK team, meant the UK was ranked number one of all the competing countries.

COMMUNITY PARTNERSHIP SUSTAINABILITY

Our community environment is at the heart of our strategy

Whether it's sharing our facilities and knowledge with the community, leading ground-breaking research or ensuring environmental sustainability is integral to everything we do, our work affects the communities we touch and helps shape a better world.

Our community outreach work includes events such as Manchester Science Festival and the BBC Children in Need Curiosity programme, both of which opened up scientific research to a wide range of people.

As part of the Curiosity programme, local children visited the University for a week of activities aimed at encouraging disadvantaged young people to be curious about science, make a positive difference in their lives, build confidence and self-esteem, develop life skills and expand their horizons.

Our Mother Tongue Other Tongue project continued to celebrate cultural and linguistic diversity. More than 30,000 pupils have taken part since the innovative challenge – which sees children creating literary work in their native language plus a second language they are studying – was launched in 2012. This year's competition was also supported by Nobel Peace prize winner Malala Yousafzai.

In July, we held the annual Community Learning Festival at our Brooks building on the Manchester campus with community members from the Hulme and Moss Side areas taking part in a range of sessions including storytelling, creative writing, circus skills and t-shirt printing. The event is also about creating and maintaining important links with our immediate communities, being a part of their lives and inviting them to share university life. Building mutual trust is the bedrock for research and mutual learning.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

We are a leading, award-winning University for sustainability and are proud to be among the greenest universities in the UK. We have continued to embed and deliver a range of environmental sustainability initiatives and projects that work to safeguard environmental, social and economic wellbeing, and ensure that as an organisation we are able to mitigate, adapt and be part of the solution to climate change.

Our ground-breaking research to develop green energy has seen the launch of our new Hydrogen Fuel Cell Innovation Centre and the installation of solar panels and a large Lithium-Ion (Li-Ion) battery as part of a project to demonstrate how technology can improve sustainable mobility, energy, IT and business opportunities for residents, visitors and businesses.

Our 'Give it, don't bin it' initiative, which encourages students to donate their unwanted items, raised around £50,000 for charity.

Other highlights from 2017/18 include:

Greenest University in the UK for our environmental and ethical performance | (People and Planet University League 2017)

Education for Sustainable Development | 67.6% of returning students believe that they are gaining skills and knowledge to help them understand key global sustainability issues

Going Ultra Low | 54% of the vehicles in our core vehicle fleet are now low emissions

Less Carbon | reducing our scope 1 and 2 carbon emissions by 41.6% (2017/18) since the 2005/06 baseline year

More reuse and recycling | increasing our reuse and recycling rate to 48.6% (2016/17)



PUSHING BOUNDARIES TOGETHER

We're proud to have partners with ambition to match our own

One of our key strategies is to secure partnerships that allow us to push the boundaries of what is possible. We believe higher education works best as a collaborative process and that our world is enriched and our achievements made more effective through partnership at every level.

We've built on this approach by actively pursuing and nurturing strategic partnerships to create opportunities that will lead to deeper academic learning and more impactful research, which benefit a range of local and global communities.

SEIZED DRUGS TESTED IN CITY CENTRE POLICE STATION WITH UNIVERSITY EXPERTISE

A specialist machine has been placed into Manchester city centre police station to help test seized drugs in a scheme that is the first of its kind in the country, building on the work that the University and the Force have been carrying out for the past 18 months, particularly around tackling the debilitating effects of spice and other New Psychoactive Substances.

Using the new instrument provided by an external UK-based instrumentation company – which runs a new application developed as part of a collaboration between Manchester Metropolitan University and the company – police will be able to quickly tell what is in the drugs they have seized, whether they could be particularly dangerous to users and ultimately build an accurate picture of the drugs landscape across Greater Manchester.

UNIVERSITY PARTNERS NEW NATIONAL SWIMMING PERFORMANCE CENTRE

Aspiring athletes in the region received a boost as Manchester was named as one of five cities selected to host a national swimming Performance Centre by Swim England, the national governing body for swimming.

Working in partnership with City of Manchester Aquatics Swim Team (COMAST), Manchester Metropolitan University and Manchester City Council, the Swim England Performance Centre will give talented young swimmers the opportunity to stay in the sport while continuing their education.

Manchester was selected following an application process and uses a partnership model to ensure long-term sustainability. The Swim England Talent Team will provide support through funding, coaching and technical advice.





CELEBRATING OUR PARTNERSHIP WITH PENNINE CARE NHS FOUNDATION TRUST

In March 2018 the University officially launched its partnership with Pennine Care NHS Foundation Trust, a leading provider of community and mental health services, at an event at Bury Town Hall.

Following a Memorandum of Understanding signed last year, the partnership between the two organisations will bring together academic and clinical professionals, to apply research to clinical practice and catalyse innovations.

The event saw healthcare professionals, academics and other key stakeholders from the University and the NHS gather to celebrate the good work already undertaken by the Integrated Health and Social Care Partnership, and what's to come in the future.

INNOVATIVE PRO BONO SCHEME SET TO BENEFIT PUBLIC AND STUDENTS

Law students are set to offer pro bono law advice and assistance to the public as part of a new partnership with the Pro Bono Community and Greater Manchester Law Centre, the Pro Bono Community charity's first project outside London. 16 students from the Manchester Law School at Manchester Metropolitan have received specialist training to gain the skills they need to work in law centres and advice agencies.

Each student will now work on a placement with the Greater Manchester Law Centre advice clinic, giving free legal advice and assistance to members of the public in need of support.

Undergraduate and postgraduate students from Manchester Law School have received training in welfare benefits law from Pro Bono Community and have started their placements at the Law Centre.





£325.3m
Total income



4.0%
Growth in income



£21.1m
Underlying operating surplus



£491.8m
Total reserves



£43.9m
Net cash inflow from operating activities



£186.5m
Cash and investments at 31 July 2018



FINANCIAL PERFORMANCE AND SUSTAINABILITY

The University continues to deliver robust financial performance with an underlying operating surplus of £21.1m, and cash balances increasing by £23.5m over the year (to stand at £186.5m). This will allow the University to fund the majority of the planned strategic investment in the estate, IT infrastructure and other facilities through internally generated cash reserves, while also providing the University with a high degree of financial resilience in the near term.

With total net assets of £491.8m and borrowings of £30.6m, the financial position of the University remains strong.

Income and Expenditure

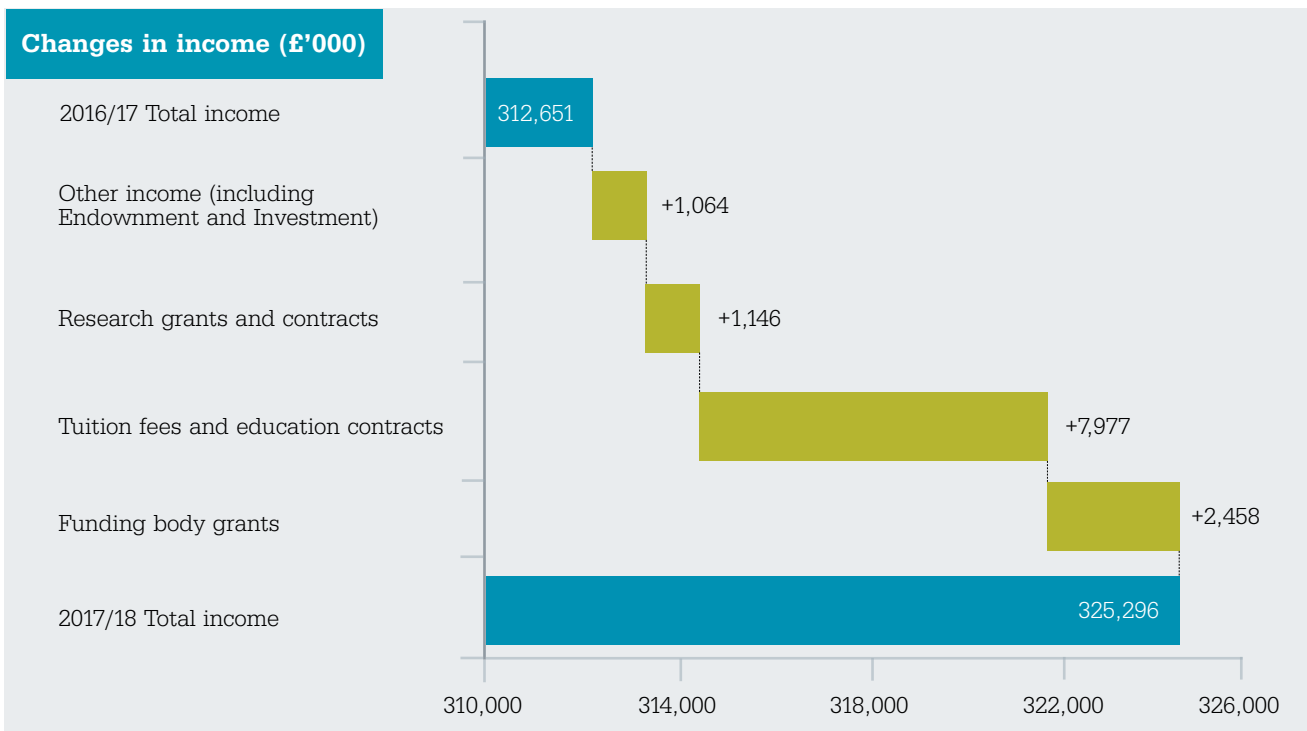
Results for the Year	2017/18 £'000	2016/17 £'000	Change £'000
Income	325,296	312,651	12,645
Expenditure	(304,147)	(295,863)	(8,284)
Underlying operating surplus	21,149	16,788	4,361
Fundamental restructuring	(17,207)	(9,983)	(7,224)
Gain on disposal of fixed assets	2,125	15,724	(13,599)
Share of operating deficit in joint venture and associate	42	(43)	(85)
Surplus before tax	6,109	22,486	(16,377)
Taxation	(85)	-	(85)
Actuarial gain in respect of pension schemes	39,766	44,633	(4,867)
Total comprehensive income for the year	45,790	67,119	(21,329)

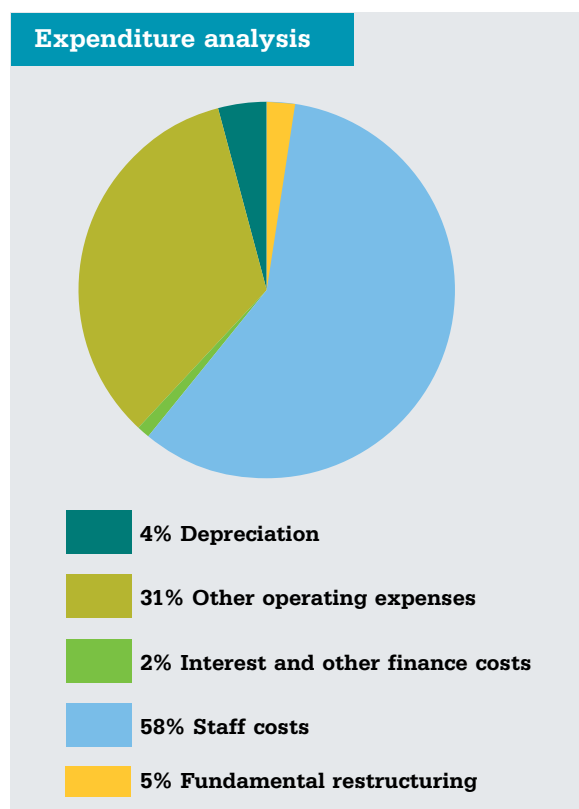
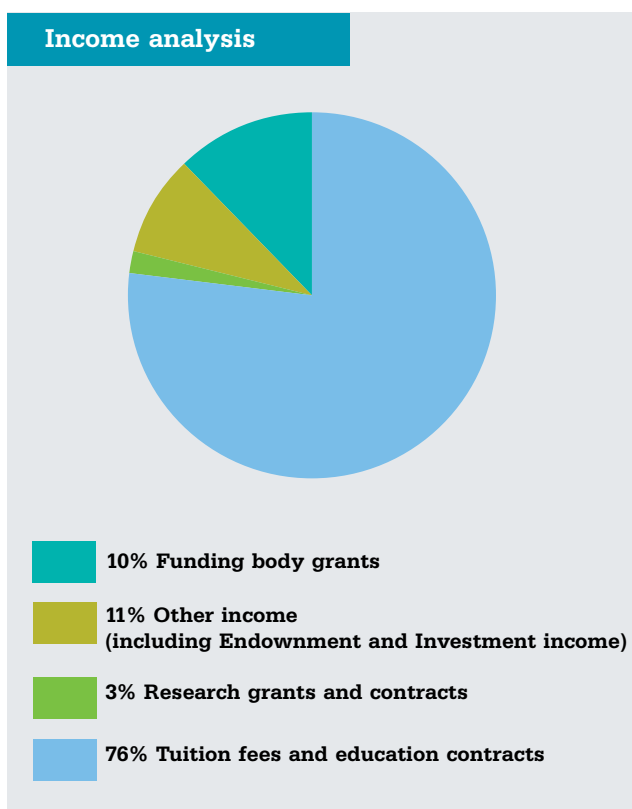
Balance Sheet

Results for the Year	2017/18 £'000	2016/17 £'000	Change £'000
Fixed assets	447,359	442,293	5,066
Trade and other receivables	25,496	30,878	(5,382)
Cash and short-term investments	186,510	163,014	23,496
Creditors less than one year	(55,857)	(49,978)	(5,879)
Net current assets	156,335	144,058	12,277
Borrowings	(30,632)	(33,632)	3,000
Pension provisions	(82,467)	(109,697)	27,230
Total reserves	491,827	446,037	45,790

FINANCIAL PERFORMANCE AND SUSTAINABILITY

The key movements in income and expenditure are as follows:





Income – Year-on-year growth £12.6m (4.0%)

Growth in tuition fee income of £8.0m (3.3%) in the year to £249.2m recognises the popularity of the University in the student recruitment market. The increase in income year-on-year particularly reflects strong demand and growth in Postgraduate and Apprenticeship courses.

The increase in funding body grants by £2.5m (8.4%), to £31.6m, is as a result of an increase in non-recurrent funding from HEFCE to support collaborative outreach programmes.

The growth in other income by £1.1m (3.1%) is primarily a result of additional capital grant funding.

Research grants and contract income shows a year-on-year improvement of £1.1m (13.8%), to £9.4m in 2017/18. While the increase is largely driven by an uplift in the volume of research grants, the potential for further growth will be enabled by realising the benefit from the investment in recruiting high-performing research staff, which has enhanced the quality and number of researchers at the University.

Expenditure (excluding fundamental restructuring) – Year-on-year growth £8.3m (2.8%)

Staff costs of £187.1m in the year (an increase of £10.4m year-on-year) equates to 57.5% of income, compared with 56.5% 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, which totals £10.0m in the 2017/18 financial year. This sector-leading Student Support Package is awarded to provide widening access and participation opportunities to students from lower income families.

Fundamental restructuring costs - Year-on-year growth £7.2m (72.4%)

Fundamental restructuring costs of £17.2m were recognised in the year, following the decision by the University in November 2016 to exit the Cheshire Campus by the end of 2019. The fundamental restructuring costs reflect the accelerated depreciation of the campus buildings, along with a provision for an onerous lease and project-related costs.

FINANCIAL PERFORMANCE AND SUSTAINABILITY



Fixed assets – Year-on-year growth £5.1m (1.1%)

During the year the University disposed of the final element of the Didsbury campus (£3.0m), while the Cheshire campus has been further depreciated (by £7.9m) to reflect the exit from the site by the end of 2018/19, and the reduction of the useful economic value of the campus.

The Estate Strategy 2017-27 is a framework document that outlines a number of high-level strategic estates-related investments that are required over the ten-year period to support the University in attaining its strategic objectives associated with education, research and knowledge exchange and sustainability. Capital expenditure of some £28.9m was incurred during 2017/18, primarily related to the investments in a new Arts and Humanities building (£12.3m) and a new Administration building (£9.3m).

Trade and other receivables – Year-on-year reduction of £5.4m (17.4%)

Payment for the sale of the Alsager site is received in instalments, with an amount of £11.3m recognised within Trade and other receivables in 2016/17 to reflect the future instalments associated with the ongoing development of the Alsager site. A payment of £3.9m was received in 2017/18, with two further instalments due over the next two years.

Total reserves – Year-on-year growth £45.8m (10.3%)

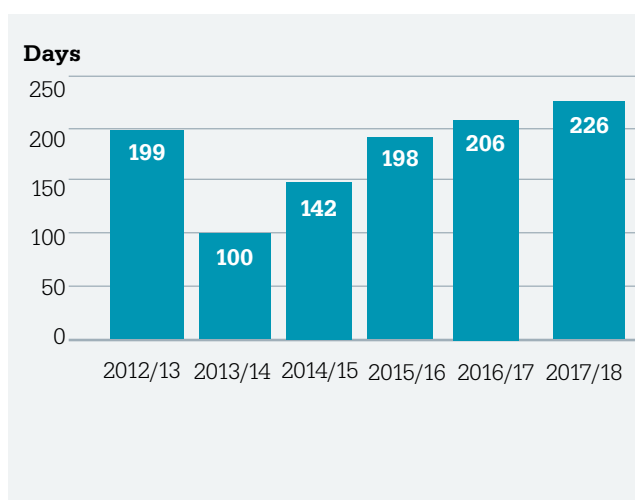
Total reserves continue to grow, currently at £491.8m (2016/17: £446.0m), attesting to solid financial health the University has generated and maintained. The year-on-year movement in total reserves primarily reflects a £39.8m actuarial gain in respect of pension schemes, in addition to a healthy surplus from the income and expenditure statement of £6.0m (after tax and other gains).

The strong 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.

Treasury and investments

The University aims to generate strong operating cash flows (2017/18: £43.9m) to fund the future long-term investments, while still maintaining financial KPIs.

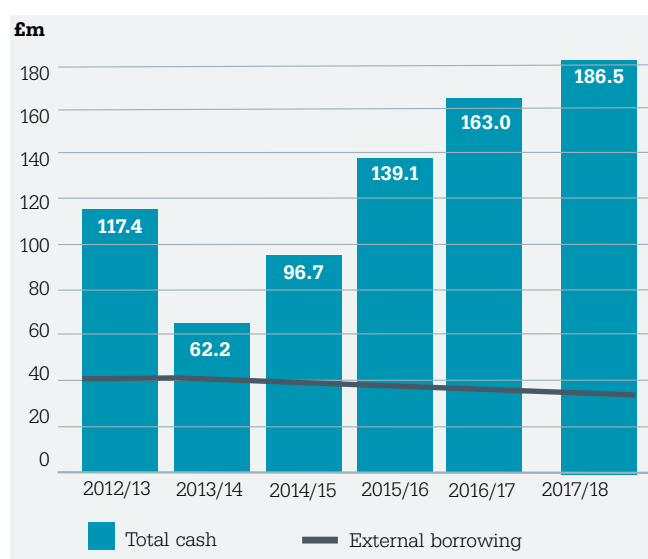
The graph below charts net liquidity days over the past six years. Net liquidity days has increased from 206 days in 2016/17 to 226 days in 2017/18, reflecting the generation of resources that will provide funding headroom to support planned strategic investment in the estate, IT infrastructure and other facilities in the near term.



Cash resources (investments and cash and cash equivalents) stand at £186.5m at 31 July 2018, with year-on-year growth driven in large part by the strong operating performance.

External borrowing has reduced by £3.0m year-on-year as a result of scheduled capital repayments.

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



Pension accounting sensitivities

The valuation of the Greater Manchester Pension Fund on an FRS 102 accounting basis as at 31 July 2018, has given rise to a net deficit of £69.4m (2016/17 deficit £95.8m). This valuation movement reflects the inherent volatility of the pension valuation, and the significant sensitivities around key financial assumptions.

A summary of the key pension sensitivities are as follows:

Change in assumption at 31 July 2018	Approximate % increase to liability	Approximate monetary value £'000
0.5% decrease in the real discount rate	11%	49,122
0.5% increase in salary increase rate	2%	7,241
0.5% increase in the pension increase rate	9%	41,269

KEY PERFORMANCE INDICATORS (KPIs)

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

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

The significant investment already planned to take place in the estate, the Student Journey Transformation Programme (SJTP), teaching and research will result in some of these measures declining in the short term although they are expected to remain within the targets that have been set.

KPI	Target	2017/18	2016/17
Surplus as a % of income	(i) >4% (6-year average*)	(i) 4.9%	(i) 6.5%
	(ii) >0.0% in any one year	(ii) 1.2%	(ii) 2.2%
Net liquidity (days)	>60 days	226 days	206 days
External borrowing as % of total income	<40.0%	9.4%	10.8%
Net cash inflow from operating activities as a % of total income	(i) Annual basis (>5.0%)	(i) 13.5%	(i) 11.6%
	(ii) 6-year average* basis (>10.0%)	(ii) 12.3%	(ii) 11.9%

* The 6-year average during the period 2011/12 to 2013/14 is reported using performance under UKGAAP, and 2014/15 to 2017/18 under FRS102.

RISKS AND OPPORTUNITIES

Effective risk management increases the likelihood of successful outcomes while protecting the reputation, sustainability and operations of the University.

The University has processes in place to identify, evaluate and manage risks that have the potential to prevent the University from meeting its objectives. These are recorded in the Risk Register. The University Executive Group, Audit Committee and Board are all involved in reviewing risks and risk management at the institution.

There are a number of key risks in the near term, including:

- Risks around Government policy and immigration controls
- The impact of 'Brexit'
- Risks arising from the changes to the legislative, regulatory and funding structures for the sector
- The continued capping of the Home and EU UG at £9,250, with the potential for headline fee reductions and/or the introduction of differential fee levels
- An increasingly competitive environment for both home and international student recruitment

Income growth projections are dependent upon a material uplift in international, postgraduate and apprenticeship student numbers/income. Growing this source of income is critically important in order to diversify income and address the financial risks from the changes in the HE competitive environment. The University, as the largest recruiter of full-time undergraduate students in the UK, is particularly exposed to changes in the regulated tuition fee; much more so than institutions with a more diverse portfolio of income streams.

An accommodation lease at the Cheshire campus represents the most significant potential long-term liability for the University, and therefore the University has actively progressed the assessment of the options and opportunities to generate future economic benefit and/or transfer or reassign the lease. As at the balance sheet date, the accommodation is still being used to support the University's operations in Cheshire and the transition programme that will

facilitate the exit from the campus by 2019, with an agreement in place to sublease for a period up until December 2024. The University will continue to pursue a basis of assignment or other exit options from this date.

The EU referendum and the decision to leave the European Union presents ongoing uncertainty in the immediate term. It is still unknown how significant the financial impact will be on individual institutions (and the HE sector as a whole) in terms of EU research funding, student and staff mobility, EU student recruitment and investment. The University, in the face of such uncertainty, will continue to focus on excellence, be outward looking and engaged and ambitious in terms of our strategic agenda. The University has the ambition and the resilience to adapt and thrive in such a new and uncertain landscape.

The University is currently better placed than most HEIs, having grown without undue reliance upon debt and being placed at (or above) the upper quartile in terms of the recognised measures of financial health and sustainability. However, the planned diversification and expansion of activity in respect of international and degree apprenticeships (in particular) and research and knowledge exchange clearly remains a key priority. It will be important that new income also delivers sufficient financial contribution overall; a balanced portfolio that has a good level of higher-margin activity will be needed. Effective cost management, prioritisation, disinvestment and realignment of resources also remains crucial.



CORPORATE GOVERNANCE

CONSTITUTION AND CHARITABLE STATUS

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

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

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

OUR APPROACH TO CORPORATE GOVERNANCE

The University’s framework of governance is established in the Instrument and Articles of Government, 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 by 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. An external Board Effectiveness Review in 2017 also confirmed that the University met the requirements of the HE Code of Governance.

The University’s governance arrangements meet the requirements of the OfS, the HE regulator. In meeting the requirements, the University has demonstrated that it meets the following public interest governance principles:

Public Interest Governance Principle

Further Information

Academic Freedom

Academic staff have freedom with the law: (a) to question and test received wisdom; and (b) to put forward new ideas and controversial or unpopular opinions; without placing themselves in jeopardy of losing their jobs or privileges they may have at the provider.

Accountability

The University operates openly, honestly, accountably and with integrity and demonstrates the values appropriate to be recognised as an English HE provider.

Student Engagement

The governing body ensures that students have opportunities to engage with the governance of the University, and that this allows for a range of perspectives to have influence.

Academic Governance

The governing body receives and tests assurance that academic governance is adequate and effective through explicit protocols with the Academic Board.

Risk Management

The University operates comprehensive corporate risk management and control arrangements (including for academic risk) to ensure the sustainability of its operations, and its ability to continue to comply with all of its conditions of registration.

[Continued next page](#)

CORPORATE GOVERNANCE

Continued

Value for Money	The governing body ensures that there are adequate and effective arrangements in place to provide transparency about value for money for students and for taxpayers.
Freedom of Speech	The governing body takes such steps as are reasonably practicable to ensure that freedom of speech within the law is secured within the University.
Governing Body	The size, composition, diversity, skills mix, and terms of office of the governing body is appropriate for the nature, scale and complexity of the provider.
Fit and Proper	Members of the Governing Body, those with senior management responsibilities, and individuals exercising control or significant influence over the University, are fit and proper persons.

REGISTER OF INTEREST

As part of its commitment to good governance and transparency, the University maintains a Register of Interests of Governors and senior managers, which is available for inspection on request to the Clerk to the Board of Governors. A list of Governors and senior managers who served during the financial year, and until the date the financial statements were formally approved, can be found on pages 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 in guidance from the Office for Students. The Board's responsibilities include determining the educational character and mission of the University, approving annual estimates of income and expenditure, ensuring the solvency of the University, safeguarding

the University's assets, appointing the Vice-Chancellor, Clerk and external auditors and putting in place effective systems of control and accountability.

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

The Vice-Chancellor has responsibility to the Board of Governors for the organisation, direction and management of the University. He is also the designated Accountable Officer for the purposes of the OfS terms and conditions of funding. The Vice-Chancellor is supported by a University Executive Group comprising the Deputy Vice-Chancellor, the Chief Operating Officer, Pro-Vice-Chancellors, and the Directors of Finance and Human Resources.

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 to discharge its business effectively. These are currently as follows:

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

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

AUDIT COMMITTEE

The Audit Committee is responsible for:

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

The Audit Committee operates in accordance with OfS requirements and with best governance practice such as the detailed Audit Committee

guidance produced by the Committee of University Chairs. Members of the Audit Committee do not have executive authority and are not also members of the Finance and Resources Committee to help to avoid any potential conflicts of interest.

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

The Audit Committee met four times during 2017/18 and members of the Committee were as follows:

- Mark St John Qualter (Chair)
- Janet Dawson (to 09 February 2018)
- Calum Mercer (from 01 March 2018)
- Richard Paver (Co-opted member)
- John Varney

FINANCE AND RESOURCES COMMITTEE

The Finance and Resources Committee is responsible for:

- considering, advising or determining, as

appropriate, the strategies and policies for the effective and efficient use of the University's financial, physical and human resources;

- keeping the University's financial position under review, making recommendations to the Board concerning the University's annual budget and financial forecasts, ensuring the solvency of the University and the safeguarding of its assets;
- reviewing policies and practices concerned with staffing issues such as annual pay awards; staff appraisal; staff development; discipline and grievance; health and safety and equality and diversity.

The Finance and Resources Committee met four times during 2017/18 and members of the Committee were as follows:

- Norman Harrison (Chair)
- Russell Andrews
- Calum Mercer (to 28 February 2018)
- Malcolm Press
- Miles Rothbury
- Brenda Smith (to 31 July 2018)
- Neil Thompson (from 06 June 2018)

NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee is responsible for:

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

The Nominations and Governance Committee met three times during 2017/18 and membership of the Committee was as follows:

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

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for:

CORPORATE GOVERNANCE

- making decisions on behalf of the Board on the remuneration for the Vice-Chancellor, the Clerk to the Board of Governors, and other members of the University Executive Group;
- approving performance-related pay schemes for members of the University Executive Group and any payments made under such schemes;
- ensuring that severance terms on exit, for any member of staff earning more than £100k, comply with best practice, are fair to the individual, fair to the University, do not reward failure and recognise the duty to mitigate loss.

The Remuneration Committee met twice during 2017/18 and membership of the Committee was as follows:

- Norman Harrison (Chair from 10 February 2018)
- David Birch (from 21 February 2018)
- Janet Dawson (Chair to 09 February 2018)
- Vanda Murray
- Brenda Smith (from 21 February 2018 until 31 July 2018)

The University complies with the CUC Higher Education Senior Staff Remuneration Code

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

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

In relation to the Vice-Chancellor's remuneration, the Remuneration Committee considers the Vice-Chancellor's performance against agreed objectives, the size and complexity of the role, benchmark data, pay increases for other staff in the institution, and pay ratios as defined by the OfS. The Vice-Chancellor's objectives are recommended by the Chair of the Board, approved by the Remuneration Committee and shared with the Governing Body. A report on the Vice-Chancellor's performance against agreed objectives is completed by the Chair of the Board and then considered by the Remuneration Committee. The size of any bonus

is determined in line with agreed criteria and is approved by the Remuneration Committee. An annual remuneration report is produced for consideration by the Board of Governors.

BOARD EFFECTIVENESS REVIEWS

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

GOVERNOR TRAINING AND DEVELOPMENT

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

ACADEMIC GOVERNANCE

In accordance with the

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

INTERNAL CONTROL

The University's Governing Body has responsibility for maintaining a sound system of internal control that supports the achievement of strategic aims and objectives while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Governing Body in the Instrument and

Articles and the regulatory requirements of the OfS.

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the University's aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place during the year ended 31 July 2018 and up to the date of approval of the financial statements, and accords with HEFCE and OfS guidance.

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

- Financial Regulations
- Scheme of Delegation
- Risk Management Policy
- Anti-Fraud and Corruption Response Plan
- Anti-Money Laundering

Policy

- Bribery Act Compliance Statement
- Criminal Finances Act Statement
- Theft, Fraud and Corruption Policy Statement

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

- The Board meets formally five times during the year to consider the plans, strategic direction and performance of the University as well as the risks facing the University and the mitigating actions that are put in place.
- A member of the Executive has responsibility for the promotion and co-ordination of risk management processes and reporting, ensuring it is embedded in on-going operations.
- A university-wide Risk Register is maintained and reviewed regularly by the University Executive Group, Audit Committee and Board of Governors.
- The University's risk management process ensures that the University's Risk Register is fully aligned to the strategic goals set

out in the University's Strategic Framework.

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

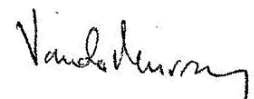
The Governing Body's review of the effectiveness of the system of internal control is informed by Internal Audit, which operates to standards

defined in the OfS Audit Code of Practice. The services provided by the internal audit consortium are also kept under review by a Board made up of senior staff from member institutions.

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

The Governing Body's review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

By order of the Board of Governors



V Murray OBE

Pro-Chancellor and Chair of the Board of Governors
23 November 2018

RESPONSIBILITIES OF THE BOARD OF GOVERNORS

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

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

income and expenditure, gains and losses and changes in reserves for that period.

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

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- use the going concern

basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

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

The Board of Governors is also responsible for ensuring that:

- funds from whatever

source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation

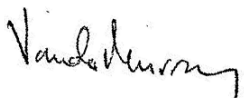
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other

sources

- securing the economical, efficient and effective management of the university's resources and expenditure.

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

By order of the Board of Governors



Vanda Murray OBE
Pro-Chancellor and Chair
of the Board of Governors
23 November 2018



INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of the Manchester Metropolitan University.
Report on the audit of the financial statements.

Opinion

We have audited the financial statements of Manchester Metropolitan University ("the University") for the year ended 31 July 2018 which comprise the consolidated statement of comprehensive income and expenditure, consolidated and University balance sheet, consolidated and University statement of changes in reserves and consolidated statement of cash flows and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2018, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the

Group's cash flows, for the year then ended

- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We

have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least 12 months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

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

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

information.

Board of Governors responsibilities

As explained more fully in their statement set out on page 42, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion

in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

Report on other legal and regulatory requirements

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

In our opinion, in all material respects:

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

and managed in accordance with relevant legislation

- income has been applied in accordance with the University's Articles of Government
- funds provided by the Office for Students and Research England have been applied in accordance with these conditions and the terms and conditions attached to them
- 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

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

This report is made solely to the Board of Governors, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted

by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.

Robert Jones
for and on behalf
of KPMG LLP,
Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
28 November 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

for the year ended 31 July 2018

	Notes	Consolidated £'000	2017/18 University £'000	Consolidated £'000	2016/17 University £'000
Income					
Tuition fees and education contracts	1	249,234	249,234	241,257	241,257
Funding body grants	2	31,600	31,600	29,142	29,142
Research grants and contracts	3	9,425	9,425	8,279	8,279
Other income	4	33,319	33,319	32,666	32,666
Investment income	5	1,627	1,627	1,225	1,225
Donations and endowments	6	91	91	82	82
Total income		325,296	325,296	312,651	312,651
Expenditure					
Staff costs	7	187,146	187,146	176,783	176,783
Other operating expenses		99,358	99,358	101,520	101,520
Fundamental restructuring costs	9	17,207	17,207	9,983	9,983
Depreciation	12	12,928	12,928	12,423	12,423
Interest and other finance costs	8	4,715	4,715	5,137	5,137
Total expenditure	9	321,354	321,354	305,846	305,846
Surplus before other gains/(losses)		3,942	3,942	6,805	6,805
Gain on disposal of assets	12	2,125	2,125	15,724	15,911
Share of operating surplus/(deficit) in associate	15	42	-	(43)	-
Surplus before tax		6,109	6,067	22,486	22,716
Taxation	10	(85)	(85)	-	-
Surplus for the year		6,024	5,982	22,486	22,716
Actuarial gain in respect of pension schemes	20	39,766	39,766	44,633	44,633
Total comprehensive income for the year		45,790	45,748	67,119	67,349
Represented by:					
Endowment comprehensive expenditure for the year		(76)	(76)	(72)	(72)
Restricted comprehensive income/(expenditure) for the year		9	9	(12)	(12)
Unrestricted comprehensive income for the year		45,857	45,815	67,203	67,433
		45,790	45,748	67,119	67,349

All items of income and expenditure relate to continuing activities.

CONSOLIDATED AND UNIVERSITY STATEMENT OF CHANGES IN RESERVES

for the year ended 31 July 2018

Consolidated	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 01 August 2016	659	61	286,140	92,058	378,918
Surplus/(deficit) from the income and expenditure statement	(72)	11	22,547	-	22,486
Other comprehensive income	-	-	44,633	-	44,633
Transfers between revaluation and income and expenditure reserve	-	-	8,760	(8,760)	-
Release of restricted funds spent in year	-	(23)	23	-	-
Total comprehensive income for the year	(72)	(12)	75,963	(8,760)	67,119
Balance at 01 August 2017	587	49	362,103	83,298	446,037
Surplus/(deficit) from the income and expenditure statement	(76)	30	6,070	-	6,024
Other comprehensive income	-	-	39,766	-	39,766
Transfers between revaluation and income and expenditure reserve	-	-	6,869	(6,869)	-
Release of restricted funds spent in year	-	(21)	21	-	-
Total comprehensive income for the year	(76)	9	52,726	(6,869)	45,790
Balance at 31 July 2018	511	58	414,829	76,429	491,827

University	Income and expenditure account			Revaluation reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000		
Balance at 01 August 2016	659	61	285,836	92,058	378,614
Surplus/(deficit) from the income and expenditure statement	(72)	11	22,777	-	22,716
Other comprehensive income	-	-	44,633	-	44,633
Transfers between revaluation and income and expenditure reserve	-	-	8,760	(8,760)	-
Release of restricted funds spent in year	-	(23)	23	-	-
Total comprehensive income for the year	(72)	(12)	76,193	(8,760)	67,349
Balance at 01 August 2017	587	49	362,029	83,298	445,963
Surplus/(deficit) from the income and expenditure statement	(76)	30	6,028	-	5,982
Other comprehensive income	-	-	39,766	-	39,766
Transfers between revaluation and income and expenditure reserve	-	-	6,869	(6,869)	-
Release of restricted funds spent in year	-	(21)	21	-	-
Total comprehensive income for the year	(76)	9	52,684	(6,869)	45,748
Balance at 31 July 2018	511	58	414,713	76,429	491,711

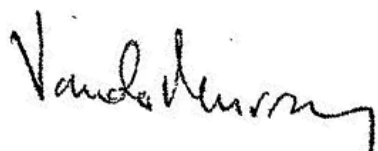
CONSOLIDATED AND UNIVERSITY BALANCE SHEET

for the year ended 31 July 2018

	Notes	Consolidated £'000	2018 University £'000	Consolidated £'000	2017 University £'000
Non-current assets					
Intangible assets	11	5,480	5,480	-	-
Fixed assets	12	447,359	447,359	442,293	442,293
Heritage assets	12/13	4,305	4,305	4,305	4,305
Investments	14	106	106	106	106
Investments in associate	15	116	-	74	-
		<u>457,366</u>	<u>457,250</u>	<u>446,778</u>	<u>446,704</u>
Current assets					
Stock		186	186	144	144
Trade and other receivables	16	25,496	25,496	30,878	30,878
Investments	17	103,000	103,000	80,000	80,000
Cash and cash equivalents	23	83,510	83,510	83,014	83,014
		<u>212,192</u>	<u>212,192</u>	<u>194,036</u>	<u>194,036</u>
Less: Creditors: amounts falling due within one year	18	(55,857)	(55,857)	(49,978)	(49,978)
Net current assets		<u>156,335</u>	<u>156,335</u>	144,058	144,058
Total assets less current liabilities		<u>613,701</u>	<u>613,585</u>	<u>590,836</u>	<u>590,762</u>
Creditors: amounts falling due after more than one year	19	(27,847)	(27,847)	(30,947)	(30,947)
Provisions					
Pension provisions	20	(82,467)	(82,467)	(109,697)	(109,697)
Other provisions	20	(11,560)	(11,560)	(4,155)	(4,155)
Total net assets		<u>491,827</u>	<u>491,711</u>	<u>446,037</u>	<u>445,963</u>

	Notes	Consolidated £'000	2018 University £'000	Consolidated £'000	2017 University £'000
Restricted reserves					
Income and expenditure reserve – endowment reserve	21	511	511	587	587
Income and expenditure reserve – restricted reserve	22	58	58	49	49
Unrestricted reserves					
Income and expenditure reserve – unrestricted		414,829	414,713	362,103	362,029
Revaluation reserve		76,429	76,429	83,298	83,298
Total reserves		491,827	491,711	446,037	445,963

The financial statements were approved by the Governing Body on 23 November 2018 and were signed on its behalf on that date by:



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



Professor Malcolm Press
Vice-Chancellor



Andrew Hewett
Director of Finance

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 July 2018

	Notes	2017/18 £'000	2016/17 £'000
Cash flow from operating activities			
Surplus for the year		6,024	22,486
Adjustment for non-cash items			
Depreciation	12	20,786	17,540
(Increase)/Decrease in stock		(42)	15
Increase in trade and other receivables		(3,718)	(610)
Increase in creditors		8,184	3,224
Increase in pension provision	20	12,536	7,273
Increase in other provisions	20	7,405	4,155
Share of operating (surplus)/deficit in associate	15	(42)	43
Adjustment for investing or financing activities			
Investment income	5	(1,627)	(1,225)
Interest payable	8	1,675	1,771
Endowment income	6	(59)	(24)
Profit on the sale of assets	12	(2,125)	(15,724)
Capital grant income		(5,145)	(2,695)
Net cash inflow from operating activities		43,852	36,229
Cash flows from investing activities			
Proceeds from sales of fixed assets		14,592	15,644
Capital grant receipts		2,993	2,507
Withdrawal of deposits		70,000	80,000
Investment income		1,188	1,107
Payments made to acquire fixed assets		(34,369)	(27,043)
New deposits		(93,000)	(75,000)
		(38,596)	(2,785)

	Notes	2017/18 £'000	2016/17 £'000
Cash flows from financing activities			
Interest paid		(1,653)	(1,741)
Interest element of finance lease		(22)	(30)
Endowment cash received		59	24
New unsecured loans		-	319
Repayments of amounts borrowed		(3,000)	(2,991)
Capital element of finance lease		(144)	(136)
		<u>(4,760)</u>	<u>(4,555)</u>
Increase in cash and cash equivalents in the year			
		<u>496</u>	<u>28,889</u>
Cash and cash equivalents at beginning of the year	23	83,014	54,125
Cash and cash equivalents at end of the year	23	83,510	83,014

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 July 2018

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 (except in the case of fixed assets which are held at deemed cost).

ii) Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2018.

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 or fee waiver allocated from the student support package, income receivable is shown net of the discount. Scholarships are accounted for gross as expenditure and not deducted from income.

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.

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 Pension Fund (GMPF)

Two of the principal pension schemes which University 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 statutory,

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

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

(b) Enhanced pensions

The University continues to make a diminishing number of pension enhancement payments to retired employees or their 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 a notional interest charge.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further

amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group recognises a liability for its obligations under defined benefit plans net of plan assets. This defined benefit net liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited 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.

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 July 2018



iv) Accounting for retirement benefits (continued)

(c) Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS). This is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the USS are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive income and Expenditure represents the contributions payable to the scheme. Since the

institution has entered into an agreement (The Recovery Plan) that determines how each employer within the USS will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

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.

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

viii) Foreign Currency

Transactions in foreign currencies are translated into sterling using the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus. 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 on 31 July 2014 are measured on the basis of deemed cost, as a proxy for cost, being the revalued amount at the date of that transition.

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

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

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

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

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 July 2018



ix) Fixed assets (continued)

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 Expenditure in the period in which they are incurred.

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

x) Major software costs

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

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

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

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

xi) Heritage assets

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

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

xii) Investments

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

xiii) Stock

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

xiv) 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.

xv) 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

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

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

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

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

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the Notes to the Accounts.

xvi) Accounting for jointly controlled operations and subsidiaries

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

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

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

xviii) Reserves

is included in their cost

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) Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The University has a number of basic financial instruments included on its balance sheet with associated income and expense recognised as part of the Consolidated Statement of Comprehensive Income and Expenditure. A financial asset or a financial liability is recognised when the University becomes party to the contractual provisions of the instrument. At inception, they are measured at either transaction price or the discounted present value of the asset or liability subject to the nature of the transaction. Subsequent measurement at each balance sheet date will be at cost or amortised cost using the effective interest method,

depending on whether the financial instrument is considered to be less than or greater than one year in length.

NOTES TO THE ACCOUNTS

for the year ended 31 July 2018

1 Tuition fees and education contracts

	2017/18 Consolidated and University £'000	2016/17 £'000
Full-time home and EU students	211,134	206,350
Full-time international students	17,361	14,608
Part-time students	8,023	7,815
Short course fees	295	776
Education contracts – NHS	9,085	9,941
Education contracts – Other	3,336	1,767
	249,234	241,257

2 Funding body grants

Recurrent grant

	Consolidated and University £'000	£'000
Higher Education Funding Council/Office for Students	19,693	21,117
Education and Skills Funding Agency	1,930	1,787
National College for Teaching and Leadership	519	393
Capital grant	3,869	2,695

Specific grants

Higher Education Funding Council/Office for Students	5,589	3,150
	31,600	29,142

3 Research grants and contracts

	Consolidated and University £'000	£'000
Research councils	2,099	1,738
Charities	1,568	1,365
Government (UK and overseas)	4,606	4,140
Industry and commerce	986	818
Other	166	218
	9,425	8,279

4 Other income

	Consolidated and University £'000	£'000
Residences, catering and conferences	22,008	21,424
Other services rendered	4,825	5,665
Other capital grants	1,276	-
Other income	5,210	5,577
	33,319	32,666

	Notes	2017/18	2016/17
5 Investment income		Consolidated and University	
		£'000	£'000
Investment income on endowments	21	4	3
Income from investments		1,184	1,105
Interest on sale of assets debtor		439	117
		1,627	1,225

6 Donations and endowments

		Consolidated and University	
		£'000	£'000
New endowments	21	59	24
Donations with restrictions	22	30	11
Unrestricted donations		2	47
		91	82

7 Staff costs

		Consolidated and University	
		£'000	£'000
Salaries		138,245	134,803
Social security costs		14,789	13,942
Movement on USS provision		(439)	562
Pension costs		34,551	27,476
Total		187,146	176,783

Emoluments of the Vice-Chancellor

		£'000	£'000
Professor M Press			
Salary		263	255
Performance-related pay		38	38
Payment in Lieu of Pension Contribution		34	33
Death in service and incapacity cover (USS Enhanced Opt Out)		6	7
Corporate Health Insurance		1	-
Total excluding pension		342	333
Pension contributions		-	-
Total including pension		342	333

Other benefits

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

Further information on the Vice-Chancellor's remuneration package can be found at:

<https://www2.mmu.ac.uk/about-us/our-people/vice-chancellor/pay/>

How the Vice-Chancellor's remuneration package is determined

The remuneration package for the Vice-Chancellor is decided by the University's Remuneration Committee. The Committee is chaired by a Senior Independent Governor other than the Chair of the Board of Governors. This means that the person with responsibility for appraising the performance of the Vice-Chancellor does not also chair the Committee which has oversight for senior staff remuneration. The Vice-Chancellor is not a member of the Remuneration Committee.

When considering the appropriate salary for the Vice-Chancellor, the Remuneration Committee gives due regard to the size and complexity of the role and benchmark data, such as that provided by UCEA. If an increase in salary is considered appropriate, pay increases awarded to other staff in the institution are taken into account.

The Vice-Chancellor's objectives are recommended by the Chair of the Board, approved by the Remuneration Committee and the outcomes are shared with the Governing Body. The size of any performance-related bonus is determined in line with agreed criteria and is approved by the Remuneration Committee.

NOTES TO THE ACCOUNTS

for the year ended 31 July 2018

7 Staff costs (continued)

The Committee operates in accordance with best practice as recommended in the Higher Education Code of Governance and other guidance produced by the Committee of University Chairs and the Office for Students.

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

	2017/18	2016/17
Basic salary	7.4	7.5
Total remuneration	8.3	8.3

The multiples above are based upon the median pay for all employees (on a full-time equivalent basis) at the balance sheet date. This includes all staff where the University is liable to pay Class 1 National Insurance contributions and/or who have a contract of employment with the University. Any non-contracted agency staff or individuals are not included within the pay multiple calculation, as it is not possible to reliably estimate an equivalent pay rate (on a full-time equivalent basis) for agency staff or individuals (as payments to agency staff are not processed through the University's payroll systems the University does not maintain a database of contracted hours for agency staff, therefore cannot accurately calculate an FTE without access to data from a third party). The University primarily utilises agency staff to support a diverse range of specialist short-term initiatives (such as consultancy services). Payments to non-contracted agency staff are disclosed in accordance with guidance from the Higher Education Statistics Authority (HESA), and are reported within other operating expenses.

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

	No.	No.
£100,000 to £104,999	-	3
£105,000 to £109,999	1	-
£110,000 to £114,999	1	2
£115,000 to £119,999	2	1
£120,000 to £124,999	2	2
£125,000 to £129,999	-	2
£130,000 to £134,999	2	1
£145,000 to £149,999	2	1
£150,000 to £154,999	1	1
	11	13

Severance payments

	2017/18	2016/17
	£'000	£'000
Compensation for loss of office payable to all employees	1,507	4,809
	No.	No.
Number of staff in receipt of compensation for loss of office	197	272

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

Average staff numbers by major category:

	No.	No.
Academic full-time	1,611	1,573
Academic part-time	373	385
Support staff	2,245	2,233
Casual staff	556	538
	4,785	4,729

7 Staff costs (continued)

Key management personnel

Key management personnel are the members of staff having authority and responsibility for planning, directing and controlling the activities of the University. Key management personnel are therefore considered to be members of the University Executive Group. There are 13 positions within the group but in 2017/18, 17 people held these roles at some point during the year (2016/17: 15 positions, 17 people). Staff costs includes compensation paid to key management personnel.

	2017/18	2016/17
	£'000	£'000
Key management personnel compensation	2,557	2,380

Included in the above is £138,000 paid to key management personnel in respect of loss of office (2016/17: £84,000).

Details on members of the University Executive Group can be found on the following website:

<https://www2.mmu.ac.uk/about-us/our-people/university-executive-group/>

Board of Governors

The University's Board of Governors are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Board of Governors, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of Board of Governors may have an interest, including those identified below, are conducted at 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 (2016/17: £ nil)

The total expenses paid to or on behalf of 12 trustees was £12,000 (2016/17: £12,000 to 11 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

	2017/18	2016/17
	Consolidated and University	
	£'000	£'000
Loan interest	1,653	1,741
Finance lease interest	22	30
Net charge on pension schemes	3,040	3,366
	4,715	5,137

9 Analysis of total expenditure by activity

	£'000	£'000
	Consolidated and University	
Academic and related expenditure	179,086	176,239
Administration and central services	53,191	49,354
Premises (including service concession cost)	33,186	35,565
Residences, catering and conferences	19,154	19,419
Research grants and contracts	4,851	5,793
Other expenses	31,886	19,476
	321,354	305,846
Other operating expenses include:		
External auditor's remuneration in respect of audit services	64	64
External auditor's remuneration in respect of taxation services	11	17
External auditor's remuneration in respect of other services	6	6
Operating lease rentals		
Land and Buildings	8,318	7,751
Others	196	260

NOTES TO THE ACCOUNTS

for the year ended 31 July 2018

9 Analysis of total expenditure by activity (continued)

Included within the note are £17,207,000 (2016/17: £9,983,000) of fundamental restructuring costs resulting from the closure of the Cheshire campus. The figure includes: £7,858,000 (2016/17: £5,117,000) of accelerated depreciation (Note 11), a provision for an onerous lease £9,555,000 (2016/17: £0), a redundancy provision adjustment of (£586,000) (2016/17: £4,155,000) (Note 20) and other project-related staff costs and operating expenses of £380,000 (2016/17: £711,000).

10 Taxation

	2017/18 Consolidated and University £'000	2016/17 Consolidated and University £'000
Current tax	-	-
Adjustment in respect of previous years	85	-
	<u>85</u>	<u>-</u>

11 Intangible assets

	2017/18 Consolidated and University £'000	2016/17 Consolidated and University £'000
Opening balance		
Additions in the year	5,480	-
Amortisation charge for the year	-	-
Closing balance	<u>5,480</u>	<u>-</u>

The addition during the year relates to the development of software. As at 31 July 2018 the software is not ready for use, therefore no amortisation has been charged.

12 Fixed Assets – Consolidated and University

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Assets held for sale £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Assets in the course of construction £'000	Heritage assets £'000	Total £'000
Cost or deemed cost								
At 01 August 2017	448,083	5,560	3,037	705	31,254	15,590	4,305	508,534
Additions	-	-	-	109	3,676	25,104	-	28,889
Transfers	-	-	-	-	5,262	(5,262)	-	-
Disposals	-	-	(3,037)	-	-	-	-	(3,037)
At 31 July 2018	<u>448,083</u>	<u>5,560</u>	<u>-</u>	<u>814</u>	<u>40,192</u>	<u>35,432</u>	<u>4,305</u>	<u>534,386</u>
Depreciation								
At 01 August 2017	46,492	-	-	187	15,257	-	-	61,936
Charge for the year	9,140	-	-	196	3,592	-	-	12,928
Accelerated depreciation – fundamental restructuring	7,858	-	-	-	-	-	-	7,858
Impairment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 31 July 2018	<u>63,490</u>	<u>-</u>	<u>-</u>	<u>383</u>	<u>18,849</u>	<u>-</u>	<u>-</u>	<u>82,722</u>
Net book value								
At 31 July 2018	<u>384,593</u>	<u>5,560</u>	<u>-</u>	<u>431</u>	<u>21,343</u>	<u>35,432</u>	<u>4,305</u>	<u>451,664</u>
At 31 July 2017	401,591	5,560	3,037	518	15,997	15,590	4,305	446,598

12 Fixed Assets - Consolidated and University (continued)

At 31 July 2018, freehold and leasehold land and buildings included £27.3m (2017: £27.3m) in respect of freehold land which is not depreciated.

Leased assets included above:

Net book value

At 31 July 2018	-	-	-	205	-	-	205
At 31 July 2017	-	-	-	348	-	-	348

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

	2017/18	2016/17
	Consolidated and University	Consolidated and University
	£'000	£'000
Cost	829	829
Disposals	-	-
Accumulated depreciation	(480)	(336)
Charge for year	(144)	(144)
Depreciation released on disposals	-	-
Net book value	205	349

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.

Included within the Statement of Consolidated Income and Expenditure is £2,125,000 profit in relation to the sale of assets (2016/17: £15,724,000). This is largely with respect to assets previously held for sale and included within the fixed assets note. This figure can be broken down as follows:

	2017/18	2016/17
	Consolidated and University	Consolidated and University
	£'000	£'000
Didsbury	2,125	1,687
Alsager	-	8,678
Aytoun	-	5,324
Sugdén	-	35
Gain on disposal of assets	2,125	15,724

13 Heritage assets

	2017/18	2016/17	2015/16	2014/15	2013/14
	£'000	£'000	£'000	£'000	£'000
Cost or deemed cost					
At 01 August	4,305	4,305	4,305	4,305	3,865
Revaluation	-	-	-	-	440
At 31st July	4,305	4,305	4,305	4,305	4,305
Proceeds from disposals		-	-	-	-

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

Nature of assets held

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

- Artists' books: a great range of creative experimentations with the book form
- 20th century international poster collections

NOTES TO THE ACCOUNTS

for the year ended 31 July 2018

13 Heritage assets (continued)

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

Policy for management, preservation, acquisition and disposal of assets

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

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

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

Further information on the University's policies regarding, conservation, preservation, management and disposal of heritage assets can be found on the University's website: <https://www.specialcollections.mmu.ac.uk/>

14 Non-current investments

			Consolidated £'000	University £'000
At 01 August 2017			106	106
Disposals			-	-
At 31 July 2018			106	106
The above analysis consists of:	Consolidated 2018 £'000	University 2018 £'000	Consolidated 2017 £'000	University 2017 £'000
Manchester Science Parks Limited	32	32	32	32
CVCP Properties plc	46	46	46	46
ABD Limited	28	28	28	28
	106	106	106	106

The Governors believe that the carrying value of the investments are supported by their underlying net assets. The subsidiary companies of the University (all of which are registered in England and Wales) are as follows:

Name	Principal Activity	Share Capital	Status
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

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).

16 Trade and other receivables

	Consolidated and University	
	2018	2017
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	8,919	6,169
Other receivables	3,935	10,744
Amounts due from associate companies	17	17
Prepayments and accrued income	8,679	6,181
	<u>21,550</u>	<u>23,111</u>
Amounts falling due after one year:		
Other receivables	3,946	7,767
	<u>25,496</u>	<u>30,878</u>

Payment for the sale of the Alsager campus is paid by installments over a period of three years from the date of completion, which occurred in June 2017. £7,767,000 (2016/17: £11,320,000) is included above in respect of this.

17 Current investments

	Consolidated and University	
	2018	2017
	£'000	£'000
Short-term deposits	103,000	80,000
	<u>103,000</u>	<u>80,000</u>

Deposits are held with banks and building societies 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	
	2018	2017
	£'000	£'000
Unsecured loans	2,948	3,000
Obligations under finance leases	152	144
Trade payables	25,993	19,890
Social security and other taxation payable	3,979	3,745
Accruals and deferred income	22,785	23,199
	<u>55,857</u>	<u>49,978</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	
	2018	2017
	£'000	£'000
Research grants received on account	2,673	2,072
Grant income	1,035	272
Other income	6,120	4,935
	<u>9,828</u>	<u>7,279</u>

NOTES TO THE ACCOUNTS

for the year ended 31 July 2018

19 Creditors: amounts falling due after more than one year

	Consolidated and University 2018 £'000	2017 £'000
Obligations under finance lease	163	315
Unsecured loans	27,684	30,632
	27,847	30,947
Analysis of secured and unsecured loans:		
Due within one year or on demand (Note 18)	2,948	3,000
Due between one and two years	1,784	3,332
Due between two and five years	4,200	4,200
Due in five years or more	21,700	23,100
Due after more than one year	27,684	30,632
Total secured and unsecured loans	30,632	33,632
Unsecured loans summary:		
Barclays Bank PLC	28,700	30,100
HEFCE	1,932	3,480
Salix Finance Ltd	-	52
	30,632	33,632

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

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

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

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 was paid in September 2017.

20 Provisions for liabilities

Consolidated and University	Obligation to fund deficit on USS pension on termination	Pension enhancements on termination	Defined benefit obligations (Note 29)	Total pensions provisions	Other provisions	Total provisions
	£'000	£'000	£'000	£'000	£'000	£'000
At 01 August 2017	2,300	11,599	95,798	109,697	4,155	113,852
Movement in the Year:						
Fundamental restructuring	-	-	-	-	8,969	8,969
Service cost	-	-	22,560	22,560	-	22,560
Employer's contributions	(148)	-	(11,645)	(11,793)	-	(11,793)
Payments to pensioners	-	(981)	-	(981)	-	(981)
Actuarial loss/(gain)	-	229	(39,995)	(39,766)	-	(39,766)
Interest charge	43	267	2,731	3,041	-	3,041
Utilisation of provision	-	-	-	-	(1,564)	(1,564)
Change in expected contributions	(291)	-	-	(291)	-	(291)
At 31 July 2018	1,904	11,114	69,449	82,467	11,560	94,027

The defined benefit obligations relate to staff who are members of the Greater Manchester Pension Fund (see note 29).

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

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

	31 July 2018
Discount rate	2.3%
Pension increase rate (CPI)	1.3%

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

Other provisions relate to fundamental restructuring costs in respect of the closure of the Cheshire campus.

Contingent liability

At 31 July 2018 the University has clear plans to withdraw from the Cheshire campus. As part of operating the campus the University holds a lease for student accommodation which as at 31 July 2018 has an unexpired term of 16 years. A sub-lease is in place covering the period up until 31 December 2024 and the University continues to explore a basis of assignment or other exit option from this date. The various exit options all contain different financial implications, and no one outcome is probable; therefore the University is not reliably able to estimate the value of any provision at the balance sheet date without the potential for a material error arising.

NOTES TO THE ACCOUNTS

for the year ended 31 July 2018

21 Endowment reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Expendable endowments	2018 Total £'000	2017 Total £'000
	£'000	£'000	Consolidated and University Total £'000	Consolidated and University Total £'000
Balances at 01 August 2017				
Capital	54	516	570	642
Accumulated income	17	-	17	17
	<u>71</u>	<u>516</u>	<u>587</u>	<u>659</u>
New endowments	-	59	59	24
Investment income	1	3	4	3
Expenditure	-	(139)	(139)	(99)
	<u>1</u>	<u>(77)</u>	<u>(76)</u>	<u>(72)</u>
At 31 July 2018	<u>72</u>	<u>439</u>	<u>511</u>	<u>587</u>
Represented by:				
Capital	55	439	494	570
Accumulated income	17	-	17	17
	<u>72</u>	<u>439</u>	<u>511</u>	<u>587</u>
Analysis by type of purpose:				
Research support	-	229	229	361
Prize funds	72	97	169	172
General	-	113	113	54
	<u>72</u>	<u>439</u>	<u>511</u>	<u>587</u>
Analysis by asset:				
Cash and cash equivalents			511	587
			<u>511</u>	<u>587</u>

22 Restricted reserves

Reserves with restrictions are as follows:

	Donations £'000	2018 Total £'000	2017 Total £'000
		Consolidated and University Total £'000	Consolidated and University Total £'000
Balances at 01 August 2017			
New donations	49	49	61
Expenditure	30	30	11
	(21)	(21)	(23)
At 31 July 2018	<u>58</u>	<u>58</u>	<u>49</u>
Analysis of other restricted funds/donations by type of purpose:			
Prize funds		58	49
		<u>58</u>	<u>49</u>

23 Cash and cash equivalents

	At 01 August 2017 £'000	Cash Flows £'000	At 31 July 2018 £'000
Consolidated and University			
Cash and cash equivalents	83,014	496	83,510
	83,014	496	83,510

24 Capital and other commitments

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

	2018 £'000	2017 £'000
Commitments contracted at 31 July	56,082	4,922
Authorised but not contracted at 31 July	30,481	59,381
	86,563	64,303

25 Obligations under operating leases

Total rentals payable under operating leases:

	Land and buildings £'000	Plant and machinery £'000	2018 Total £'000	2017 Total £'000
Payable during the year	8,318	196	8,514	8,011
Future minimum lease payments due:				
Not later than one year	8,014	196	8,210	7,645
Later than one year and not later than five years	29,123	19	29,142	26,877
Later than five years	62,056	-	62,056	59,127
Total lease payments due	99,193	215	99,408	93,649

Total rentals receivable under operating leases:

	Land and buildings £'000	Plant and machinery £'000	2018 Total £'000	2017 Total £'000
Receivable during the year	108	-	108	153
Future minimum lease payments due:				
Not later than one year	108	-	108	153
Later than one year and not later than five years	334	-	334	494
Later than five years	614	-	614	697
Total lease payments due	1,056	-	1,056	1,344

26 Obligations under finance leases

The future minimum finance lease payments are as follows:

	2018 £'000	2017 £'000
Due within one year	166	166
Due between one and two years	166	166
Due between two and five years	-	166
Due in five years or more	-	-
Total gross payments	332	498
Less: finance charges	(17)	(38)
Carrying amount of liability	315	460

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

NOTES TO THE ACCOUNTS

for the year ended 31 July 2018

27 Access funds and external bursaries

	2017/18 £'000	2016/17 £'000
Balance brought forward at 01 August 2017	287	775
Funding council grants and bursaries	6,630	6,192
	6,917	6,967
Disbursed to students	(6,656)	(6,680)
Balance remaining at 31 July 2018	261	287

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.

28 Financial instruments

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

	Notes	Consolidated £'000	2017/18 University £'000	Consolidated £'000	2016/17 University £'000
Financial assets measured at amortised cost:					
Trade receivables	16	8,919	8,919	6,169	6,169
Other receivables	16	7,881	7,881	18,511	18,511
Financial assets measured at cost less impairment:					
Cash and cash equivalents	23	83,510	83,510	83,014	83,014
Investments (non-current)	14	222	106	180	106
Investments (current)		103,000	103,000	80,000	80,000
Trade and other receivables	16	8,696	8,696	6,198	6,198
		212,228	212,112	194,072	193,998
Financial liabilities measured at amortised cost:					
Loans	19	30,632	30,632	33,632	33,632
Trade and other payables	18	315	315	460	460
Financial assets measured at cost:					
Trade and other payables	18	52,757	52,757	46,833	46,833
		83,704	83,704	80,925	80,925

28 Financial instruments (continued)

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

	Notes	Consolidated £'000	2017/18 University £'000	Consolidated £'000	2016/17 University £'000
Total interest income for financial assets at amortised cost	5	439	439	117	117
Total interest expense for financial liabilities at amortised cost	8	1,675	1,675	1,771	1,771

The University enters into predominantly non-complex, short-term transactions resulting in basic financial instruments. As such, the risk associated with the assets and liabilities outlined above is deemed by the University to be low. The vast majority of the financial assets outlined are in the form of cash, cash equivalent or current investments held with financial institutions on deposit. The value of these assets alone cover the outstanding debt. For further details on terms and conditions associated with loans refer to note 19.

29 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 2018. For the USS a liability has been recognised on the balance sheet as at 31 July 2018.

Greater Manchester Pension Fund

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

	2018	2017
	%pa	%pa
Pension increase rate	2.4	2.5
Rate of increase in salaries	3.2	3.3
Discount rate / expected return on assets	2.8	2.7

Contribution rates are as follows:

	%
From 01 April 2017 to 31 March 2020	22.4

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		Female	
	Pensioner	Future Pensioner	Pensioner	Future Pensioner
At 31 July 2017	21.5	23.7	24.1	26.2
At 31 July 2018	21.5	23.7	24.1	26.2

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.

NOTES TO THE ACCOUNTS

for the year ended 31 July 2018

29 Pension schemes (continued)

Scheme assets

The assets in the scheme were:

Fair value as at

	2018 £'000	2017 £'000	2016 £'000
Equity securities	119,644	142,477	115,131
Debt securities	28,079	31,910	26,354
Private equity	12,773	9,835	7,401
Real estate	13,068	9,492	9,327
Investment funds and unit trusts	194,181	142,804	129,750
Derivatives	-	-	780
Cash and cash equivalents	13,961	9,618	7,468
Total	<u>381,706</u>	<u>346,136</u>	<u>296,211</u>

Analysis of the amount shown in the balance sheet

Scheme assets	381,706	346,136
Scheme liabilities	(451,155)	(441,934)

Deficit in the scheme

	<u>(69,449)</u>	<u>(95,798)</u>
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Analysis of amount charged to staff costs

Current service cost	(21,331)	(15,149)
Past service costs	(1,229)	(94)

Total operating charge:

	<u>(22,560)</u>	<u>(15,243)</u>
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Analysis of the amount charged to interest payable/credited to other finance income

Interest cost	(12,144)	(10,397)
Expected return on assets	9,413	7,159

Net charge to interest payable

	<u>(2,731)</u>	<u>(3,238)</u>
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Analysis of other comprehensive income

Return on assets excluding amounts included in net interest	20,678	38,138
Other experience	-	26,715
Past service credit arising on change of pension increase assumption financial year	19,317	(20,220)
Total other comprehensive income	<u>39,995</u>	<u>44,633</u>

Analysis of movement in deficit

	2017/18 £'000	2016/17 £'000
Deficit at beginning of year	95,798	132,865
Contributions or benefits paid by the University	(11,645)	(10,915)
Current service cost	21,331	15,149
Past service cost	1,229	94
Other finance charge	2,731	3,238
Gain recognised in other comprehensive income	(39,995)	(44,633)
Deficit at end of year	<u>69,449</u>	<u>95,798</u>

29 Pension schemes (continued)	2017/18	2016/17
	£'000	£'000
Analysis of movement in the present value		
Present value at the start of the year	95,798	132,865
Current service cost	21,331	15,149
Past service cost	1,229	94
Interest cost	2,731	3,238
Employer contributions	(11,645)	(10,915)
Changes in financial assumptions	(19,317)	20,220
Other experience	-	(26,715)
Return on assets	(20,678)	(38,138)
Present value at the end of the year	69,449	95,798
	2017/18	2016/17
	£'000	£'000
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	346,136	296,211
Expected return on assets	9,413	7,159
Actuarial gain on assets	20,678	38,138
Actual contributions paid by University	11,645	10,915
Actual member contributions	3,669	3,419
Estimated benefits paid	(9,835)	(9,706)
Fair value of scheme assets at the end of the year	381,706	346,136

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 2019 will be approximately £11,645,000. The actual return on scheme assets for the year was £30,091,000 gain (2017: £45,297,000 gain).

The Universities Superannuation Scheme

The institution participates in the Universities Superannuation Scheme (USS). With effect from 01 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the USS are held in a separate trustee-administered fund. Because of the mutual nature of the USS, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the USS as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the USS. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the USS will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent they relate to the deficit) and therefore an expense is recognised.

The total cost charged to the profit and loss account is £396,000 (2017: £594,000) as shown in note 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. The valuation as at 31 March 2017 is underway.

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

NOTES TO THE ACCOUNTS

for the year ended 31 July 2018

29 Pension schemes (continued)

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 as at 31 March 2017 and 2018:

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the USS's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	2018	2017
Pre-retirement	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females	98% of SAPS S1NA "light" YOB unadjusted for males
Post-retirement	96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females	99% of SAPS S1NA "light" YOB with a - 1 year adjustment for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females	CMI_2014 with a long-term termrate of 1.5% pa

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 (years)	24.5	24.4
Females currently aged 65 (years)	26.0	26.6
Males currently aged 45 (years)	26.5	26.5
Females currently aged 45 (years)	27.8	29.0

USS assets	2018	2017
Total USS liabilities	£63.6bn	£60.0bn
FRS 102 total scheme deficit	£72.0bn	£77.5bn
FRS 102 total funding level	£8.4bn	£17.5bn
	88%	77%

The Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 01 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.

29 Pension schemes (continued)

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 01 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014.

The valuation report was published by the Department on 09 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion
- an employer cost cap of 10.9% of pensionable pay
- actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location: teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

Cheshire Pension Fund

A small number of former employees 12 (2017:13) 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:

	2017/18	2016/17
	£'000	£'000
Teachers' Pension Scheme: contributions paid	10,680	10,950
Local Government Pension Scheme: charge	22,217	15,243
Universities Superannuation Scheme: charge	1,597	1,209
Other pension schemes: contributors paid	57	74
Present value at the end of the year	34,551	27,476

At 31 July 2018 there was a total pension creditor of £3,008,000 (2017: £2,895,000) which was paid by 03 August 2018.

Non adjusting post balance sheet event

On 26 October, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

For the University's other defined benefit scheme, the USS, the provision included within the financial statements at note 20 will only be impacted to the extent the change in benefits increases cash financing.

NOTES TO THE ACCOUNTS

for the year ended 31 July 2018

30 Accounting estimates and judgements

Recoverability of debtors

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

Valuation of Fixed Assets

Management make judgements as to whether the estate is appropriately valued at each balance sheet date and whether any indicators of impairment exist. As our estate forms an estimated 58% of our asset base, an incorrect assessment of asset value could influence the reader's understanding of the accounts and position of the University. Discussions are held prior to year end to assess market movements, planned changes to the estate and any other indicators which might warrant a change in the carrying value of an asset. Should an impairment be indicated, a third party valuer would be contracted to estimate the change in carrying value at the balance sheet date.

Provisions

Management apply judgment to arrive at the best estimate for any obligation required. The amount recognised as a provision is management's best estimate of the present value of the amount required to settle the obligation. To arrive at this amount management assess the likelihood and extent of any future settlement and make judgments based on these. While the carrying value of provisions (excepting pension provisions) is not material in the current year in the context of our accounts, we refer to a contingent liability which has the potential in future periods to increase this balance. Refer to note 20 for further details.

Sale of assets

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

Retirement benefit obligations

The 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 most important assumption used in determining the net expense for pensions is the discount rate. Any changes in these assumptions will impact the carrying amount of retirement benefit obligations.

Note 29 details the actuarial assumptions used in determining the carrying amount at 31 July 2018: sensitivities have been included within the Financial Performance and Sustainability Review included on page 33.

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:

	2017/18	2017/18
	Income	Expenditure
	£'000	£'000
UNIAC	-	205
Oxford Road Corridor Manchester	-	52
MMU Students' Union	730	2,466
Pro-Manchester	-	10

	2017/18	2017/18
	Debtor	Creditor
	£'000	£'000
UNIAC	11	-
Oxford Road Corridor Manchester	-	347
MMU Students' Union	16	28
Pro-Manchester	-	10

Related Party	Nature of the relationship
UNIAC	Professor Karen Moore is a member of Manchester Metropolitan University UEG and a board Member of UNIAC
Corridor Manchester	Professor Malcolm Press is a member of Manchester Metropolitan University UEG and a board Member of Oxford Road Corridor
MMU Students' Union	Hussain El -Amin (President), Amie Atkinson (Vice-President) and Lucy Follon are board members of MMU Students' Union and Governors of Manchester Metropolitan University
Pro-Manchester	Professor Julia Clarke is a member of Manchester Metropolitan University UEG and a Director of Pro-Manchester

The University also acts as an agent for UNIAC, providing payroll services. At the year end £11,000 was outstanding in respect of these services.

Senior Officers

Chancellor

The Rt Hon Lord Mandelson PC

Pro-Chancellor

Ms Vanda Murray OBE BA DESEM FCIM

Vice-Chancellor

Professor Malcolm Press BSc PhD

Deputy Vice-Chancellor

Professor Jean-Noel Ezingard IngDip MSc PhD FRSA

Chief Operating Officer

Professor Karen Moore BSc PhD (from 01 November 2017)

Pro-Vice-Chancellor for Education

Professor Helen Laville BA PhD

Pro-Vice-Chancellor for International

Professor Jenny Watling BSc PhD

Pro-Vice-Chancellor for Research and Knowledge Exchange

Professor Richard Greene BSc PhD MB BS MBA FHEA FAS

Registrar

Professor Karen Moore BSc PhD (to 31 October 2017)

Director of Finance

Mr John Cunningham BA FCCA (to 31 December 2017)
Mr Paul Davenport MBA (Acting) (from 01 January 2018 to 31 March 2018)
Mr Andrew Hewett BCom FCA (from 03 April 2018)

Director of Human Resources

Mr Adam Bowles BA MBA FCIPD (to 28 August 2017)
Ms Lesley Houfe (Interim) (to 22 December 2017)
Ms Frances Hewison (from 01 January 2018)

Director of Services

Mr Paul Kingsmore BA MBA PgDip FIMechE FIHEEM
(to 31 October 2017)

Faculty

Pro-Vice-Chancellors

Arts and Humanities

Professor Sharon Handley BA PhD

Business and Law

Professor Julia Clarke BA ACA PGCHE

Cheshire

Professor Christine Horrocks CPsychol

Education

Professor Keith Faulks BA PGCE PhD

Health, Psychology and Social Care

Professor Alison Chambers MCSP FHEA Med EdD

Science and Engineering

Professor Andy Gibson MEng PhD DSc FIET FIMechE
CEng

Board of Governors 2017/18

Ms Vanda Murray OBE (Chair)

Mr Russell Andrews

Dr Evelyn Asante-Mensah OBE

Ms Amie Atkinson

Dr Paul Bevan

Dr David Birch (from 12 February 2018)

Mrs Janet Dawson

Mr Hussain El-Amin (to 30 June 2018)

Ms Lucy Follon (from 01 July 2018)

Professor Chris Fox

Mr Mohammad Habeebullah OBE

Mr Norman Harrison

Mr Barry Harwood-Ferreira (to 22 August 2018)

Ms Penny Macbeth

Mr Calum Mercer

Mr Bhupendra Mistry (to 25 September 2017)

Professor Sir David Melville CBE (to 22 September 2017)

Mr Mike Perls

Professor Malcolm Press

Mr Miles Rothbury (from 26 September 2017)

Mr Mark St John Qualter

Mr Neil Thompson (from 26 September 2017)

Mr John Varney

Ms Wendy Wright OBE (to 25 September 2017)



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