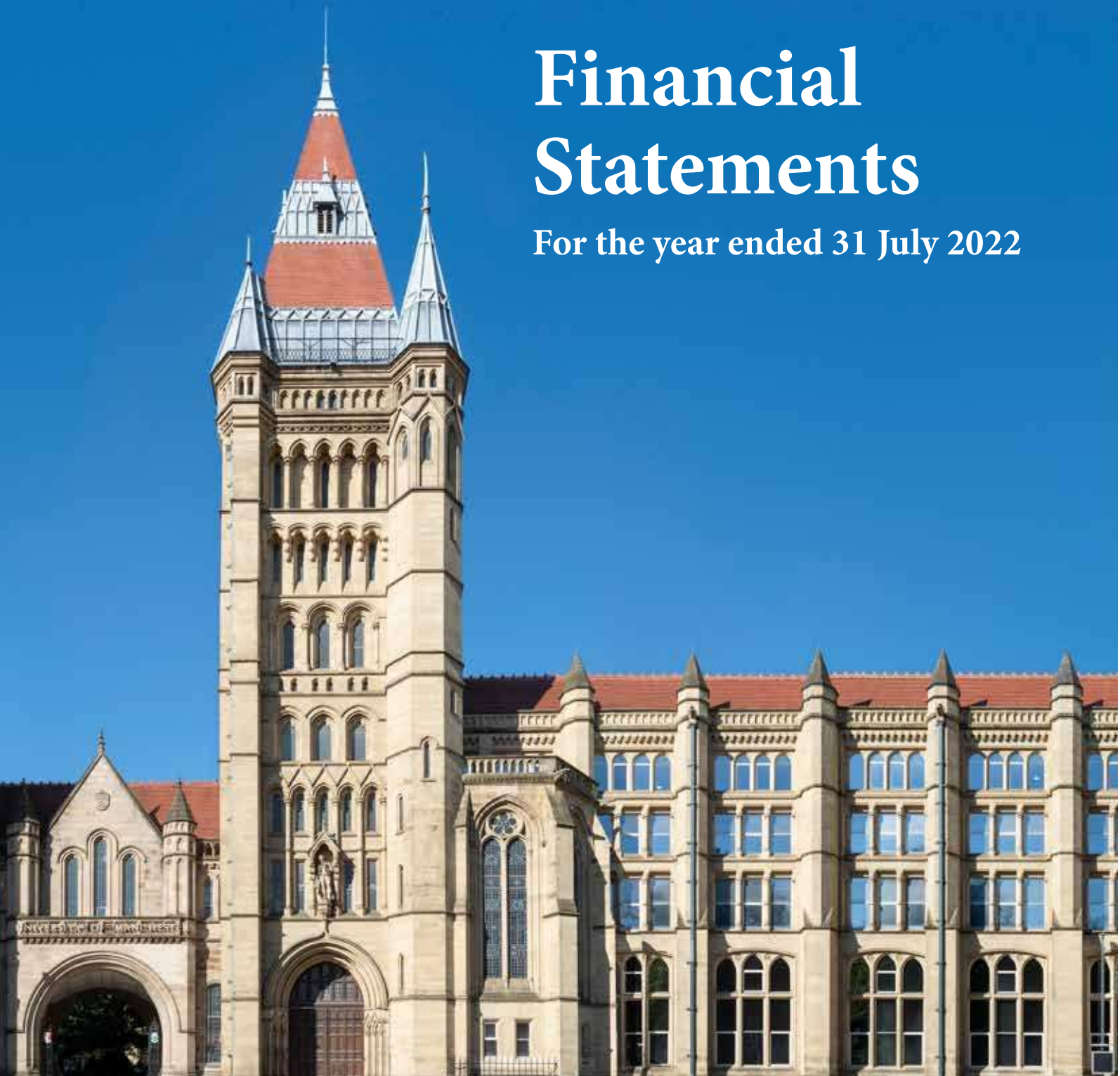
MANCHESTER 1824
The University of Manchester

Financial Statements

For the year ended 31 July 2022



Officers and advisers and Membership of the Board of Governors, 2021-2022

Officers and advisers

Officers

Chancellor
Lemn Sissay, OBE

Pro-Chancellor
Jim Hancock, BA

President and Vice-Chancellor
Professor Dame Nancy J Rothwell, DBE, DL, BSc, PhD, DSc, FRS, FMedSci, FRSB, FRCP(Hon)

Deputy President and Deputy Vice-Chancellor
Professor Luke Georghiou, BSc, PhD, MAE, FRSA

Chair of the Board of Governors and Pro-Chancellor
Edward M Astle, MA, MBA (until 31 August 2022)

Philippa Hird, MA, CCIPD, FRSA (from 1 September 2022)

Deputy Chair of the Board of Governors
Ann Barnes, BA (Hons), Diploma IHM

Registrar, Secretary and Chief Operating Officer
Patrick Hackett, B(Arch)

Chief Financial Officer
Robert Fraser, BSc, MBA, CA (until 6 October 2021)

John Cunningham, BA (Hons), FCCA (18 October 2021 – 5 June 2022)

Carol Prokopyszyn, LLB, FCA (from 6 June 2022)

Director of People and Organisational Development
Karen Heaton, MCIPD, MBA (until 31 October 2021)

Vice-Presidents (Policy)

Teaching, Learning and Students
Professor April McMahon, MA, PhD, FBA, FRSE, FLSW, PFHEA

Research
Professor Colette Fagan, BA, MSc, PhD, FAcSS

Social Responsibility
Professor Nalin Thakkar, BDS, MSc, PhD, FRCPath

Regional Innovation and Civic Engagement
Professor Richard Jones, MA, PhD, FInstP, FLSW, FRS

Vice-Presidents and Deans of Faculties

Science and Engineering
Professor Martin Schröder, BSc, CChem, PhD, DIC, FRSE, FRSC, MAE

Humanities
Professor Keith Brown, MA, PhD, FRHS, FRSE

Biology, Medicine and Health
Professor Graham M Lord, BA, MA, MB, BChir, PhD, FRSB, FRCP, FMedSc,i NIHR, Senior Investigator

Chairs of Committees of the Board of Governors

Chair of Audit and Risk Committee
Colin Gillespie, BSc, FCA (until 31 August 2021)

Ann Barnes, BA (Hons), Diploma IHM (1 September 2021 – 13 December 2021)

Deidre Evans, BA (Hons), ACMA (from 14 December 2021)

Chair of Finance Committee
Caroline Johnstone, BA, CA

Chair of Remuneration Committee

Chair of Nominations Committee
Edward M Astle, MA, MBA

Chair of Staffing Committee
Ann Barnes, BA (Hons), Diploma IHM

Membership of the Board of Governors, 2021-2022

(to 31 August in the year indicated)

Category 1, ex officio members (2)
Professor Dame Nancy J Rothwell, DBE, DL, BSc, PhD, DSc, FRS, FMedSci, FRSB, FRCP (Hon), President and Vice-Chancellor

Melody Stephen, General Secretary of the Students' Union

Category 2, lay members (13)
Edward M Astle, MA, MBA, Chair (2022)

Ann Barnes, BA (Hons), Diploma IHM, Deputy Chair (2023)

Gary Buxton, MBE, BA (Hons), MBPsS, PCC, MBE (2024)

Deidre Evans, BA (Hons), ACMA (from 14 December 2021) (2023)

Nick Hillman, MA (2025)

Philippa Hird, MA, CCIPD, FRSA (2024)

Caroline Johnstone, BA, CA (2023)

Neil McArthur, MBE, CEng, FIMechE, FIET (2022)

Jatin Patel, BA, MEng (2024)

Robin Phillips, BA (Hons) (2025)

Raoul Raja Shah, BSc (2024)

Richard Solomons, BAEcon (Hons), (2024)

Alice Webb, MEng, Hon DA (2024)

Associate member
Natasha Traynor, BA, MBA (2023)

Category 3, members of the Senate (6)

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Professor Danielle George, MBE, BSc, MSc, PhD, CEng, FIET, FRSA, FCGI (2025)

Dr Reinmar Hager, MSc, PhD (2023)

Dr Eric Lybeck, PhD (2024)

Professor Paul Mativenga, BEng (Hons), MSc, PhD, MCIRP, FRSA (2024)

Professor Jim Warwicker, BSc, PhD (2023)

Category 4, members of staff other than academic or research staff (1)

Rosalyn Webster, BA, MA (2023)

Category 5, student member (1)

Miguel Gonzalez-Valdes Tejero

The following were members of the Board of Governors in the previous academic year, to the dates shown:

(until 31 August)

Michael Crick, BA (2021)

Colin Gillespie, BSc, FCA (2021)

Bridget Lea, BA (Hons) (2021)

Andrew Spinoza, BA, MCIPR (2021)

Professor Steven Jones, PhD, PFHEA (2021)

Dr Delia Vazquez, BA (Hons), MPhil, PhD (2021)

The following became members of the Board of Governors with effect from 1 September 2022:

Samantha Bronheim, BSc (Hons), Union Affairs Officer - Students' Union (2023) **Category 1**

David Buckley B.Sc (Hons), MSc (2025) **Category 2**

Anna Dawe LLB (Hons), LLM, PGCE (2025) **Category 2**

Professor Daniela Caselli, BA (Hons), MA, PhD (2025) **Category 3**

Tesnime Safraou, City and Community

Chair's foreword

Philippa Hird
Chair of the Board of Governors and Pro-Chancellor



Reflecting on a strong performance through a challenging year







Introduction

These financial statements cover a period of extreme uncertainty and volatility, including geopolitical turmoil and the rising cost of living. Against the most demanding of backdrops, our University has managed to achieve a remarkable amount and it is a privilege to take on the role of Chair at this time.

On behalf of the Board, I would like to thank Nancy, the Senior Leadership Team, and every member of staff for their dedication, as well as our students for their resolve and resilience too. I would also like to thank my predecessor, Edward Astle, for his commitment and all that he achieved. He has made a truly remarkable contribution over what has been a very difficult time.

Governance

In the context of significant uncertainty, the Board has continued to oversee the delivery of *Our future*, the University's vision and strategic plan, including monitoring performance against its five-year milestones (to 2025).

The Board has also continued to oversee activities to implement the recommendations from the Governance Effectiveness Review, conducted in 2021. While the extensive, independent review of University governance found our arrangements to be good and effective with some areas of leading-edge practice, there were suggestions for improvements. Work throughout the year has included promoting a broader understanding and awareness of the Board's role and working to improve the operation and effectiveness of our Senate, including confirming and clarifying the Board's role in relation to academic assurance.

Financial performance

The University has achieved a strong financial performance in the 12 months to 31 July 2022. The importance of this is to build a surplus to provide the invaluable resources needed to reinvest now and for the future, benefiting our students, our staff and our wider community.

An adjusted operating surplus of £119.7 million was delivered in 2021/22 (up £58.3 million from the previous year), excluding the effect of pensions and specific accounting adjustments. Importantly, our year-end cash position, a key measure of our financial sustainability, was up by £68.6 million from the previous year.

Looking ahead

The Board will continue to monitor progress against *Our future*, reviewing performance against key strategic goals and ensuring that areas of risks or opportunity are appropriately managed by senior leaders. This includes important work on the student experience, navigating the rising cost of living and inflation, as well as uncertainties created by geopolitical instability.

As the President and Vice-Chancellor details in her report, our University – together with the sector as a whole – faces both unprecedented challenges as well as exciting opportunities.

While there is always more to be done, longer-term planning to consider, and ongoing improvements to make, we remain a highly successful university – one that continues to create a positive impact on a global scale.

The Board and I are confident that we have the strategy, leadership, and governance to navigate a successful route forward and achieve our ambitions.

President and Vice-Chancellor's review of the year

Professor Dame Nancy Rothwell
President and Vice-Chancellor



The year in review was marked by global challenges that continue to have a profound impact on our community.

The University moved quickly to adapt and provide immediate support to our staff and students while engaging in an ongoing reprioritisation of activities in line with our strategic plan *(Our future)*.

Although the COVID-19 pandemic remained a threat during the first half of the year, staff and students were able to return to campus and adjusted well to life as it moved closer to normality. Further periods of industrial action took place and despite our efforts to minimise disruption to teaching and learning, our students were affected at specific points in the year.

Russia's unprovoked attack on Ukraine brought devastation and threatened the safety and wellbeing of citizens across the globe. We responded with new conflict support measures that continue today and our thoughts remain with everyone affected by this and other conflicts and tragedies around the world.

At the time of writing, the rapidly rising cost of living is a cause for serious concern – we do not underestimate the difficulties it is creating for our community and society more generally. We have introduced measures to help alleviate the pressures facing so many of our people at this time, including the student Living Cost Support Fund and Real Living Wage increase for staff.

Throughout these times of challenge that mean institutions such as ours must adjust, *Our future* provides a strong foundation on which to guide our response and ensure we continue to make a positive impact for the benefit of society and the environment.

Introduction

Our future outlines the University's three core goals (research and discovery; teaching and learning; and social responsibility) and four themes (our people, our values; innovation; civic engagement; and global influence). This review details our progress in each area, as well as the adaptations we have made in an ever-changing and challenging environment.

Notwithstanding the external backdrop, it has been a very successful year for the University. I would like to extend my sincere thanks to our staff, students, and many supporters who continue to help us deliver on our ambitions.

Research and discovery

In May, we celebrated the results of the Research Excellence Framework – a UK-wide assessment of university research as 'world-leading' or 'internationally excellent'. We also retained fifth place for research power – a key measure of success in *Our future*. These exceptional results confirm our position as a global powerhouse of research, and I extend my thanks to all involved in bringing our successes to the world's attention.

Our research beacons, institutes, and platforms continue to accelerate interdisciplinary research and deliver solutions to the most pressing challenges facing our planet. In 2021, we launched the multi-million pound Christabel Pankhurst Institute for Health Technology and Innovation, which will build on the University's strengths in digital health and advanced materials to discover innovative health and care solutions.

Teaching and learning

We were delighted to retain our position as the most popular university in the UK for undergraduate applications and the most targeted by leading employers. Graduate recruiters recognise the value of the transformational activities we offer, helping students to become responsible leaders of the future.

We continued our commitment to lifelong and flexible learning – a key priority in our strategic plan – to provide a greater degree of choice over how students learn and prepare graduates for work in an increasingly digital world. We engaged extensively with students and colleagues to develop our Flexible Learning Strategy and co-create plans that will enable, rather than enforce, change.

Student experience remained at the core of our activities and the National Student Survey is a key indicator of our performance in this area. Our 2022 results were very disappointing and of significant concern; our overall satisfaction score remained the same (71%) but is well short of our target and below that of many comparable universities. We are listening carefully to student feedback to determine the actions we need to take to make improvements.

Social responsibility

Once again, we ranked among the top ten universities globally in the *Times*

Sustainable Development Goals. These goals represent the most pressing challenges and opportunities facing society and the environment. Our result is a testament to the University's continued commitment to social responsibility, using our breadth of expertise to create a better future for all.

In spring, the University moved swiftly to respond to the escalating conflict in Ukraine. We evacuated staff and students in areas of potential conflict and UK-Med, a humanitarian charity based at the University, launched an urgent appeal to raise money to provide emergency medical aid. We established a new £5 million emergency fund for students and staff in Ukraine, which is also open to those from other countries affected by armed conflict.

Our people, our values

Our people remain at the very heart of the University and continue to live by our values to achieve great things. I am delighted to share a selection of incredible staff and student achievements from the past year, including a New Year's Honour award for Banji Adewumi MBE, our Director of Equality, Diversity and Inclusion (EDI); staff appointments at learned societies and many awards, including from the National Teaching Fellowship Scheme; and the amazing story of Laura Nuttall, a student with terminal cancer who showed incredible determination and triumphed over adversity by graduating in July.

As we look ahead, we will continue to lead the way in responsible and sustainable change with the launch of our EDI and People Strategies, both of which have been developed in extensive consultation with colleagues. These strategies will help to reaffirm our position as an attractive place to work and study, where everyone can feel proud to belong.

Innovation

Our future set our ambition to become Europe's most innovative university – we have continued to make significant progress against this aim.

We completed our joint venture with Bruntwood-SciTech (with Legal and General) to establish ID Manchester, a

play a vital role in the future of the UK science and technology sector. The masterplan for the site is underway and I look forward to providing an update on this in the future.

Northern Gritstone, the investment business founded by the universities of Manchester, Leeds and Sheffield, announced a first close of £215 million in investor funding following its launch last year. The company is focused on the commercialisation of university spinouts in the north of England, creating new jobs and opportunities in the UK's most exciting emerging sectors including advanced materials, health technology and AI.

The University was among the top three institutions in Innovate UK's Knowledge Transfer Partnership (KTP) rankings, holding a total of 27 active KTPs with a value of £7.6 million. In addition, we launched the new £5.6 million UK Research and Innovation harmonised Impact Acceleration Account to turn cutting-edge research into innovative solutions for businesses. Our combined award was the largest in the north and recognises our impressive track record in knowledge exchange and impact.

Civic engagement

We continue to lead and join initiatives that target the most pressing challenges facing our region – employment, economic development, health inequalities, innovation, and skills – to help build an even greater Manchester.

Our recent highlights include securing £23 million funding to establish the Advanced Machinery and Productivity Institute in Rochdale (now part of Atom Valley), which will stimulate innovation and job creation in our region's manufacturing sector, and our support for the Oldham Economic Review to inform the strategic economic vision for the area. Meanwhile, our cultural institutions celebrated significant milestones, including the opening of the First Light Pavilion at Jodrell Bank Observatory and the launch of the UK's first British Pop Archive at the John Rylands Research Institute and Library.

Global influence

We maintained our position as one of the world's leading universities, ranking

We continued to enhance our global reputation through several strategic partnerships, including the launch of the three-way Manchester, Melbourne and Toronto Global Alliance and collaborations with KTH Royal Institute of Technology, Stockholm University, the University of Bordeaux, and Tel Aviv University.

Financial sustainability

Financial sustainability is a critical underpinning factor for long-term success, providing us with the ability to invest in delivering our strategic priorities. As a charity, we create a surplus, not for profit but to reinvest and support our core activities in teaching and learning, research, and social responsibility

The current funding environment, the rising costs that we face with significant inflationary headwinds, and the ever-growing demands on us as a highly successful teaching and research-intensive institution are putting further pressure on our finances. We need to deliver sufficient funds to invest in our infrastructure and deliver on our ambitions. The current financial position internally and externally means that we have to make hard choices.

Our income per capita from home students and indirect research costs remain flat, and therefore, like other research-intensive universities, we continue to face financial challenges. It should be noted that home tuition fees have remained fixed at £9,250 since 2017 (marginally up from the £9,000 fees introduced in September 2012) so they are therefore declining in real terms as inflation increases the cost of teaching delivery.

Against this backdrop, our financial results covering the 12 months to 31 July 2022 were strong and would have shown a surplus of £116.5 million before actuarial gains (£31.7 million up from the prior year), but for the effects of a one-off non-cash charge of £219.5 million in relation to the USS deficit adjustment. This adjustment was triggered by the agreement of a revised deficit recovery plan following the finalisation of the 2020 actuarial valuation (extending the deficit recovery period by ten years). The University's total deficit for the year is

Excluding the effect of pensions and specific accounting adjustments, a 2021/22 adjusted operating surplus of £119.7 million was delivered (up £58.3 million from the previous year). As a percentage of income, this is an increase from 5.6% to 9.8%.

Our year-end cash position (comprising cash and current asset investments), a key measure of our financial sustainability, was up by £68.6 million from the previous year. The key driver for this improved cash generation was the increase in underlying surplus.

With the volatility of the external landscape, the financial resilience of the University continues to be a key focus. We continue to seek to improve financial resilience by focusing on strengthening and diversifying income generation, while improving the efficiency of our activities and making choices about priorities for investment.

Full details are available in our Financial Review (page 14).

The future

Looking ahead, we know that we will continue to face great challenges, including the impact of the cost of living crisis, and that many uncertainties remain, including in the geopolitical landscape. Throughout these difficult times, we will draw strength from the solid foundations set by *Our future* and remain confident that it provides a secure direction of travel for us to follow. We will continue to consult with our Board and senior leaders to review and reprioritise activities in a way that is responsible and sustainable. This includes current work to adjust the scope of our change programmes in support of wider financial transformation.

I am immensely proud of our people – staff, students, and alumni – and their ability to face testing times with the commitment, resilience, and resolve for which Manchester is known. I am confident that our community will continue to work together through future challenges, responding with agility and adaptability to navigate a successful course in the years ahead.







Year in Pictures



University announces Nazir Afzal OBE as new Chancellor

In April it was announced that Nazir Afzal OBE, former Chief Crown Prosecutor for north-west England, would succeed Lemn Sissay OBE as Chancellor of the University.

During his 24-year-long career, Afzal prosecuted some of the highest-profile cases in the UK and led nationally on issues such as violence against women.

Afzal said: "This son of immigrants, born in an impoverished inner-city terraced house, could never have imagined my journey would take me here, and I intend to remind people that this institution represents the best this country has to offer."





University student listed as one of the most outstanding Black students in the UK

Manchester medicine student, George Obolo, was named in the top five of the 100 Most Outstanding Black University Students in the UK 2021.

It came in recognition of his work with The Black Excellence Network, a non-profit organisation he co-founded to tackle racial disparities between Black students and other ethnicities within UK higher education.

The network aims to empower prospective and current university students through accessible mentoring and consultancy services.



British Academy's 2021 President's Medal awarded to Professor David Olusoga

The British Academy awarded the prestigious President's Medal to broadcaster, historian, and University professor David Olusoga.

It is the highest honour bestowed by the British Academy and is given in recognition of service to the humanities and social sciences.

Professor Julia Black, President of the British Academy, said of Olusoga: "Across literature and television, his achievements are an inspiration to researchers in the humanities and social sciences."



University tops UK Research and Innovation funding table

Manchester topped the table for funding received from UK Research and Innovation (UKRI), totalling £98 million across 199 research grants – more than the 'golden triangle' universities of Oxford, Cambridge, and London.

Despite a difficult time for higher education, the number and value of our applications were up on

First-ever civic university agreement for Greater Manchester signed

A landmark agreement has been signed by the Vice-Chancellors of each Greater Manchester university, the Mayor and ten local authority leaders.

The coalition will work together to drive social and economic change in the city region, with a focus on: education and skills; reducing inequalities; jobs and growth; the digital, creative and cultural economies; and net zero.

In a joint statement, the leaders of the five higher education institutions said: "We're proud of the civic role our universities play in Greater Manchester and the agreement sets out how we can enhance this through collective action...delivering real and lasting impact for our city region."

THE IMPACT RANKINGS
2022 **TOP 10**

One of the world's leading universities for action on sustainable development

Our University has retained its position as one of the world's leading institutions for action towards the United Nations' Sustainable Development Goals (UN SDGs).

Since the *Times Higher Education* Impact Rankings began, we remain the only institution in Europe to be consistently named in the top ten globally.

Through our research we are helping to create a healthier, fairer, and greener world. We have contributed more than 21,000 research publications across all 17 SDGs over the past five years – representing 4% of the UK's total towards the goals.

Student's extraordinary drive recognised at House of Lords awards ceremony

University of Manchester mathematics student, Jesy Luyengi, was one of 22 students recognised at the Student Social Mobility Awards for defying the odds to achieve outstanding success as they prepare for life after university.

Jesy was acknowledged for the raft of high-profile activities he undertook while studying.



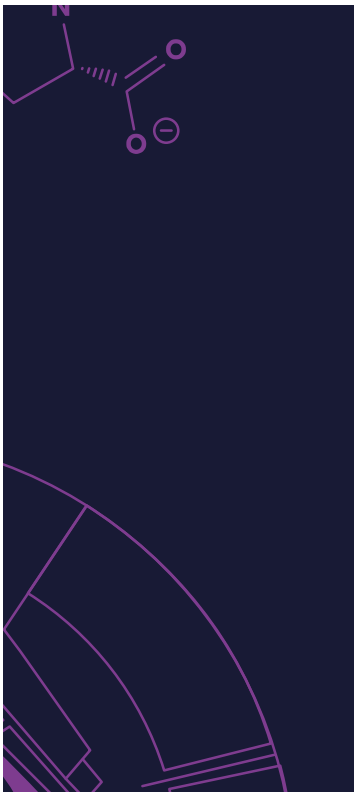




University academics selected for Top 50 Women in Engineering

Professors Caroline Jay and Aline Miller featured in the Top 50 Women in Engineering list in recognition of their contributions and impact in the field.

Professor Jay, Head of Research in the School of Engineering, called it a "great privilege" and noted that "it's vital that we celebrate the work of female engineers".





Carol Prokopyszyn appointed Chief Financial Officer

Following a global search, Carol Prokopyszyn was appointed the University's new Chief Financial Officer, stepping into the role in June 2022.

This comes after a successful tenure at the University of Dundee, having held similar roles at Loughborough and Leicester universities.

Annual Teaching Excellence Awards winners revealed

In July, the Institute of Teaching and Learning announced its latest Teaching Excellence Award winners. Colleagues across the University were recognised for the reach, value and impact they make to the student experience.

REF 2021 confirms Manchester's position as a research powerhouse

Our University has retained fifth place for research power in the Research Excellence Framework (REF) 2021, a UK-wide evaluation of higher education output.

Manchester made one of the sector's largest and broadest submissions, spanning 2,400 staff, 5,200 outputs and 160 case studies across 31 subject areas. 93% of the University's research activity was assessed as 'world-leading' (4*) or 'internationally excellent' (3*).

Professor Dame Nancy Rothwell commented: "These comprehensive and independent results confirm Manchester's place as a global powerhouse of research."

University welcomes new Chair of the Board of Governors

Edward Astle stepped down from his role as the Chair of the Board of Governors after six years. The University thanks Edward for his time, which he has called a "huge privilege".

Philippa Hird was appointed as the next Chair, having joined the Board of Governors as a member in 2021.

Manchester academics awarded National Teaching Fellows 2022

Two Manchester academics, Professor Hannah Cobb and Dr Adam Danquah, were named National Teaching Fellows by Advance HE. This comes in recognition of their impact on students' outcomes and outstanding contributions to teaching.

Cobb is a Professor of Archaeology and Pedagogy who has provided fieldwork experiences for students whose backgrounds, disabilities or mental health might otherwise have represented barriers for their participation.

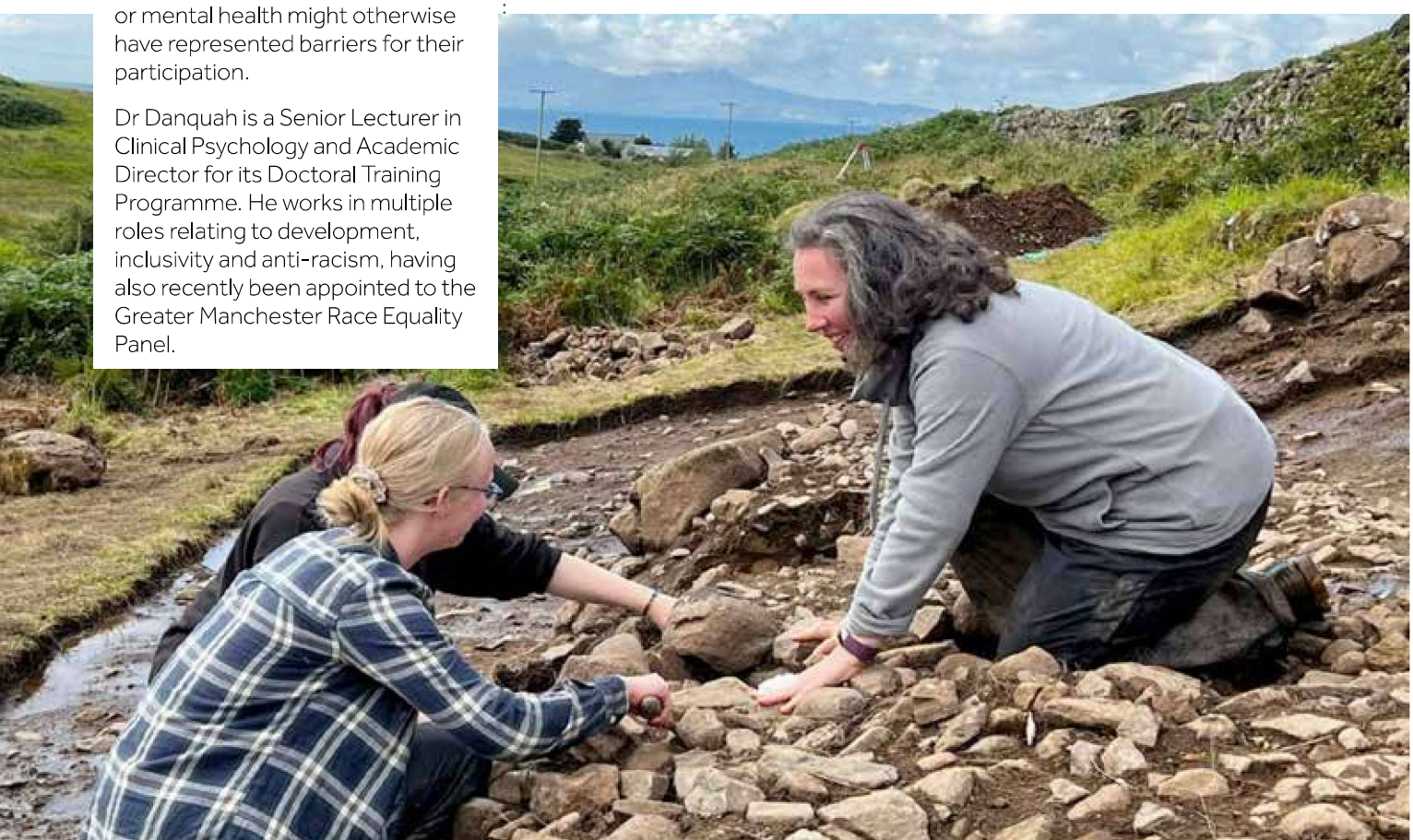
Dr Danquah is a Senior Lecturer in Clinical Psychology and Academic Director for its Doctoral Training Programme. He works in multiple roles relating to development, inclusivity and anti-racism, having also recently been appointed to the Greater Manchester Race Equality Panel.

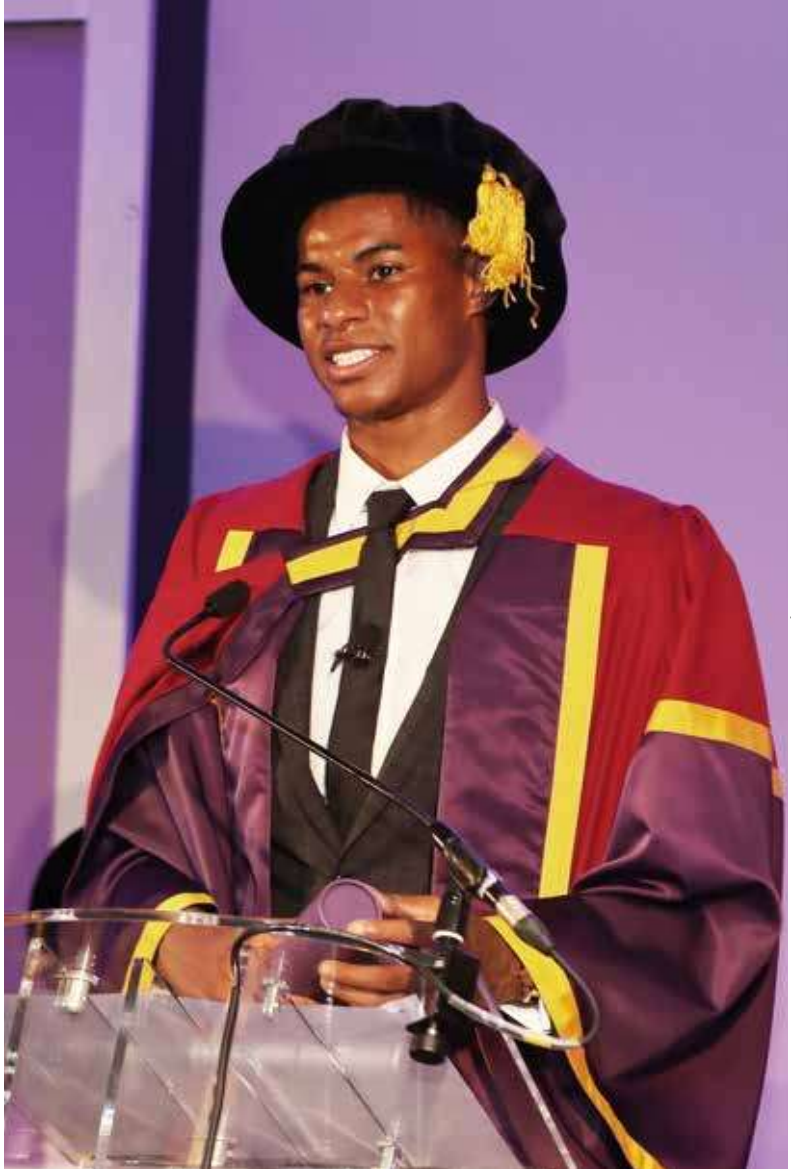
Manchester graduates most targeted by UK's top employers

The University of Manchester graduates are the most sought after by the UK's top 100 employers, according to an independent review of vacancies and starting salaries.

This is the 17th year High Flyers Research has conducted The Graduate Market assessment. In that time, no other institution has been number one more frequently than our university, or ranked as consistently in the top three in the UK.







Marcus Rashford MBE receives honorary degree

Manchester United and England international footballer Marcus Rashford received an honorary doctorate from the University for his ongoing charity work and well-publicised campaign against child poverty.

The talented 25-year-old is the youngest recipient of the degree in our history.



Jeffrey Boakye joins the Manchester Institute of Education

The University was delighted to confirm the appointment of Jeffrey Boakye as a Senior Teaching Fellow at the institute, where he will lead guest lectures and provide mentoring for teachers and students.

Boakye is a high-profile author, broadcaster and journalist whose most recent book, *I Heard What You Said*, explores how racism in the classroom can be dismantled.



Academics elected as Fellows of the British Academy

In July, the British Academy recognised Manchester academics for their expertise.

Dr Melanie Giles and Professors Penny Harvey and Hilary Owen were among scholars elected to the fellowship. David Olusoga, Professor of Public History, was

Financial review

Carol Prokopyszyn
Chief Financial Officer

This Financial Review describes the main trends and factors underlying The University of Manchester's (the University's) consolidated performance during the year to 31 July 2022.



Financial overview and key highlights

Key highlights	2021/22	2020/21	% change
Income and expenditure	**£'000**	£'000	
Total income	**1,217,127**	1,100,318	*10.6%*
Total expenditure	**1,316,976**	1,038,874	*26.8%*
(Deficit)/surplus before other gains and share of operating surplus of associates	**(99,849)**	61,444	*(262.5%)*
Changes in USS deficit recovery plan	**219,509**	-	
Adjusted operating surplus	**119,660**	61,444	*94.7%*
Adjusted operating surplus as % of income	***9.8%***	*5.6%*	
Total comprehensive income	**(63,592)**	100,696	*(163.2%)*
Net current assets / (liabilities)	**65,600**	(6,566)	*1099.1%*
Net assets	**1,808,428**	1,872,020	*(3.4%)*
Cash and current asset investments	**405,966**	337,322	*20.3%*
Net cash inflow from operating cashflow	**165,949**	209,397	*(20.7%)*
Net operating cashflow as a % of income	*13.6%*	*19.0%*	

The University's total deficit for the year before other gains (including actuarial gains) is £99.8m. The prior year showed a surplus of £61.4m. However, the current year includes a one-off non-cash charge of £219.5m in relation to the USS deficit adjustment, which was triggered by the agreement of a revised deficit recovery plan following the finalisation of the 2020 actuarial valuation. The University's adjusted surplus excluding this charge is £119.7m, an increase of £58.3m from the prior year's surplus of £61.4m. Adjusted surplus as a percentage of income shows an increase to 9.8% in 2021/22 from 5.6% in the previous year.

Total comprehensive income for the year is £63.6m deficit (2021: £100.7m surplus) after actuarial gains from the University's University of Manchester Superannuation Scheme (UMSS) and Greater Manchester Pension Fund (GMPF) pension schemes, totalling £39.4m (2021: £15.9m). The actuarial gain can swing from a significant gain to a loss dependent upon factors outside the University's control.

Total income has increased by £116.8m or 10.6% from 2020/21, reflecting some recovery on the prior year, which suffered from a higher pandemic impact on activity. Total expenditure has increased by £58.6m (excluding the USS deficit charge) or 5.6%. This is mainly due to increased costs to support higher student numbers, as well as spend activity in general returning to pre-pandemic levels.

The University has now returned to a net current asset position due to its increased cash surpluses. Net operating cash flow at £166m is 13.6% of total income, £43.4m lower than the previous year.

With the volatility of the external landscape, the financial and operational resilience of the University continues to be a key focus. A programme of activities aimed at improving the financial strength of the University is underway, both to strengthen income generation and to improve the operating efficiency of our activities.

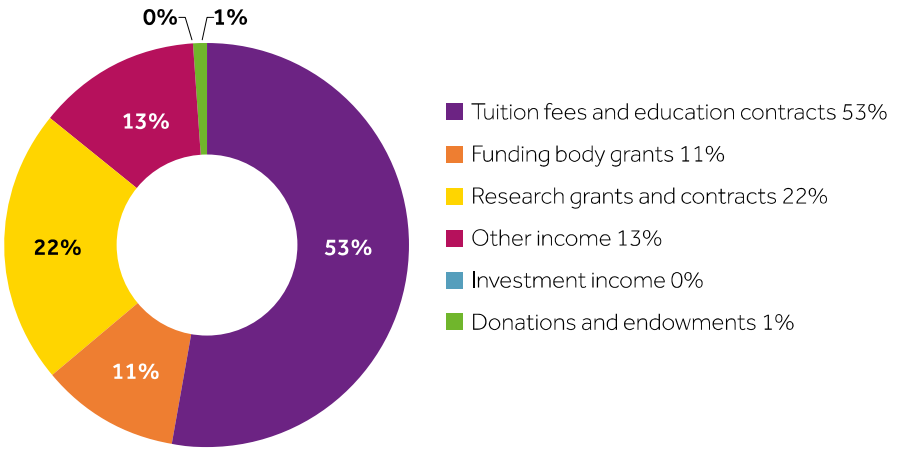
Income review

Total income

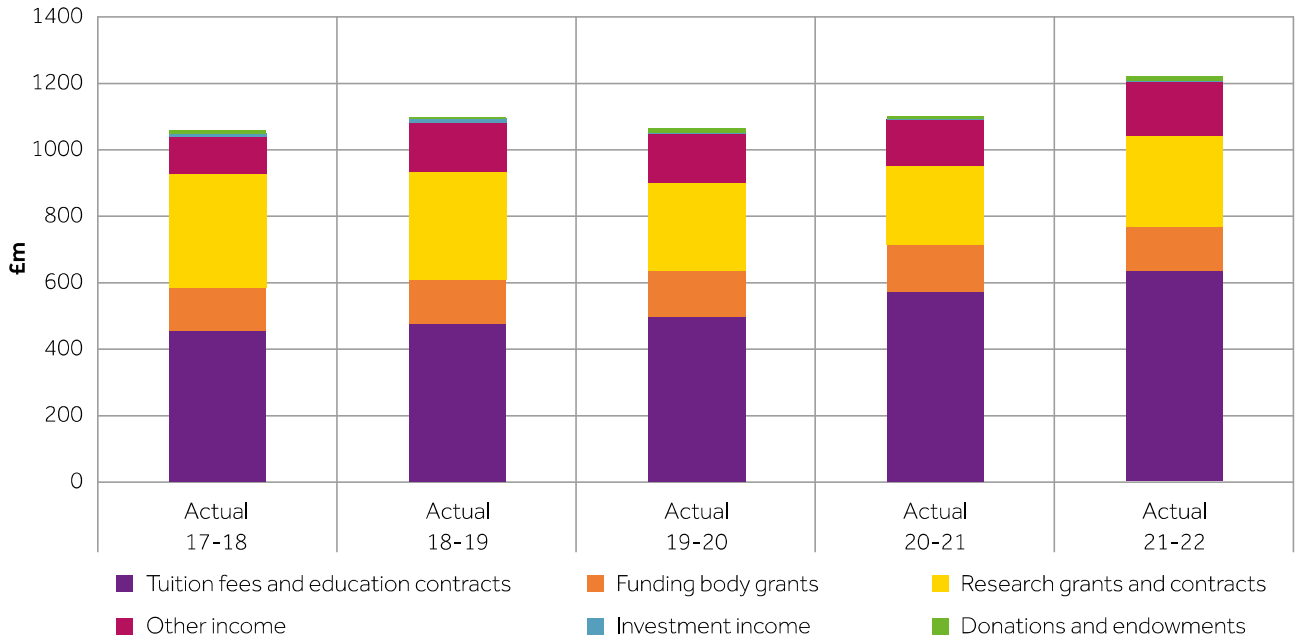
Total income increased by £116.8m to £1,217.1m, an increase of 10.6%. Our two major sources of income are tuition fees at 53% of the total income (2020/21: 53%), and research grants and contracts at 22% (2020/21: 22%).

To the right is a pie-chart showing the University's split of income by category for the year and below is the five year trend of University income by type.

University's split of income by category for the year



Five-year trend of University income by type



Teaching income

Income from tuition fees has increased by 10.4% to £638.2m in 2021/22. Full-time Home and EU student income has increased marginally by £2.5m to £226.5m in 2021/22.

Full-time international student fee income has increased by £50.5m to £356.2m in 2021/22, representing growth of 16.5%. This reflects the increased attractiveness of both the University and the UK as a place to study, partly due to the impact of the two-year post-study working visa and the post-pandemic increase in students able and willing to travel for study. Fees from international students (2020/21: 27.8%) and 55.8% of total tuition fees.

Funding body grants

Income from funding bodies was £136.5m, a decrease of £1.6m compared to the prior year.

Research income

Total research income has increased by 14.2% to £270.6m. Underlying research income, excluding research capital funding, has increased this year by £27.7m to £251.6m, a 12.5% increase. This reflects an increase in the research project portfolio across all areas post-pandemic, including Royce Institute

Research capital income increased in 2021/22 by £5.9m to £18.9m, the majority of the increase related to capital commissioning on the Royce Hub Building in the Faculty of Science and Engineering.

Other income

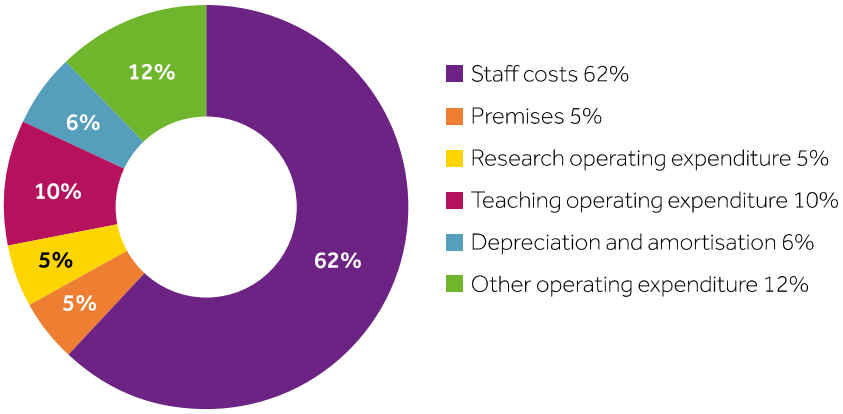
Other Income increased by £22.7m to £158.4m during 2021/22, principally due to growth in residences and catering income. Residences and catering activity is recovering to close to pre-pandemic income levels after two years of restricted trading opportunity, which led to an increase of £25.9m to £52.6m.

Expenditure review

Total expenditure

To the right is a pie-chart that shows the proportion of the University's operating expenditure for 2021/22. Total expenditure increased by £278.1m to £1,317m, an increase of 26.8%, driven by a £219.5m non-cash movement in the USS deficit recovery plan. Staff costs form a significant proportion of the University's total expenditure: 62% in 2021/22 (including the one-off USS pension adjustment); or 54% (excluding the one-off pension adjustment) compared to 56% in 2020/21. The prior year's non-pay expenditure pattern was distorted by the constraints on discretionary spend as a result of the pandemic.

Total expenditure



Staff costs

Staff costs (excluding significant pension adjustments) have increased by 2.4% to £597.3m. This increase is explained by investment in new posts of £18.2m, alongside inflationary and incremental increases of £12.3m, offset by £11.7m attributable to staff leaving the University, retained vacancies and a reduction in voluntary severance costs. The new posts largely arose from the need to support the increase in student numbers and investment in University strategic change and transformation projects.

In addition, research staff costs are £5.9m higher than the prior year due to the increased level of grant activity following delayed or impacted grants during the pandemic.

Staff costs as a percentage of income is a key metric. For 2021/22 staff costs (excluding significant pension adjustments) were 50.6% of total income (excluding capital income). This compares to 55.2% for the prior year.

Other operating expenditure

Other operating expenditure as a percentage of income (excluding capital income) has increased from the prior year to 39.6% (2020/21: 33.2%). This represents an increase of £50m to £400.4m. Academic and related expenditure, premises costs and research grant expenditure have increased year-on-year due to the lifting of pandemic restrictions. Residences, catering and conferences costs have also increased due to the

Depreciation and amortisation

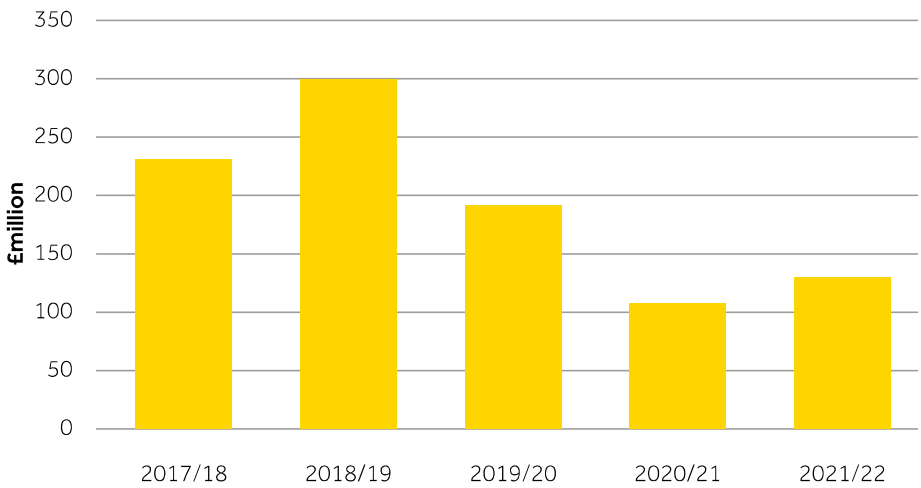
This has decreased from the prior year primarily due to the reduction in depreciation from the impact of disposal of fixtures, fittings, tool and equipment assets in 2021/22, together with the useful economic life of certain residences ending in 2020/21. This was partially offset by an increase in amortisation of new intangible assets and a full year's depreciation of the University's Manchester Engineering Campus Development (MECD).

Capital expenditure

The graph below shows the level of capital spend undertaken by the University over the last five years, primarily driven by the Campus Masterplan. Capital expenditure increased from £107.3m in 2020/21 to £127.7m in 2021/22, an increase of £20.4m. Over the last four years, capital spend reflects the fact that the Campus Masterplan has drawn to a close and MECD has neared completion. In 2021/22 there has been a further £29.7m spend on MECD, £54m on the Paterson building and £17.5m on capital equipment.

MECD is now nearly complete. The teaching facilities are now open and this modern space is proving extremely popular with students. This project involved working with students from the outset and is now having a transformative impact on teaching and learning on campus.

Capital additions



All risks relating to capital are monitored by the University's Finance and Capital Planning Sub-Committee with support from the University Estates and Finance teams. Recommendations from the sub-committees are reviewed for approval by the Finance Committee.

ID Manchester (see page 6) was set up during the year following completion of the joint venture contract with Bruntwood SciTech during 2021/22. The joint venture is now at an intensive planning stage, preparing a site masterplan to deliver the vision of a dynamic world-class community, with innovation, collaboration and enterprise at its heart.

Cash and liquidity and investments

Cash and current asset investments were £406m at 31 July 2022, an increase of £68.6m from the prior year. This has resulted in an increase in liquidity days from 129 in 2020/21 to 146 in 2021/22 (where expenditure has been adjusted to exclude depreciation, amortisation, one-off non-cash movements in pension provisions and pension interest costs). Cash and current asset investments are split between cash and cash equivalents of £176m (2021: £77.3m) and deposits held with bank and building societies of £230m (2021: £260m), which mature between three months and one year.

The main cash inflow shown in the cash flow statement in 2021/22 was £166m from operating activities; offset by investing activities of £50m (mainly capital spend and investment acquisition offset by deposit withdrawal and capital grants received) and financing activities of £17.3m, primarily interest paid on the University's loans. The University's total net cash inflow was £98.6m (2021: outflow of £42.8m). Details of the University's current loan arrangements are on page 71.

The cash position is a key measure of our financial sustainability and, as such, is closely managed as part of our financial performance and planning process. The University's current metric is to have a minimum of 90 days operating expenditure in cash and on deposit, and this metric was exceeded

Capital commitments

The main capital commitments that were contracted, but not yet provided for, include MECD and part of the Chemistry Building refurbishment.

Authorised commitments not contracted for mainly comprise long-term capital maintenance and the remainder of the Chemistry Building refurbishment.

Investment performance

Of the University's total investments of £220.7m, £210.2m relates to the University's endowment investment portfolio. The value of the University's investments reduced by £18.8m during the year, which is mainly due to expenditure funded from endowments, including a contribution towards the development cost of the Paterson building, and market value losses within the investment portfolio due to volatility in world stock markets.

The performance of fund managers continues to be monitored by the Investment Sub-Committee (a sub-committee of the Finance Committee) against investment targets set as part of the University's investment strategy. The asset allocation at 31 July 2022 was as follows:

Equity	44%
Diversified growth fund	22%
Property	16%
Short duration credit	9%
Absolute return fixed income	9%

Pension liabilities

The University's pension liabilities are significant, totalling £411.7m (2021: £245.1m). Of these, £326.8m (2021: £128.3m) relates to the obligation to fund the USS pension deficit. This liability increased significantly in 2021/22 due to the agreement of a new deficit recovery plan. This plan set deficit reduction contributions at 6.2% of salary to March 2024 and 6.3% of salary to April 2038, an extension of ten years on the previous plan.

The remainder of £85m (2021: £116.8m) relates to the University's own scheme, UMSS and its participation in the local authority scheme, GMPF valued on an FRS102 basis rather than the full actuarial basis. The reduction in liability for both schemes mainly relates to the higher with 31 July 2021, which results in a lower defined benefit obligation value.

Financial instruments

Financial risk management

The University's Treasury function monitors and manages the financial risks relating to our operations through internal risk reports, which analyse exposure by degree and magnitude of risks.

The University does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the University. The credit risk on liquid funds and financial instruments is limited because the University's exposure is to counterparties with high credit ratings that have been assigned by international credit-rating agencies. The exposure and the credit ratings of the University's counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Finance Committee.

Trade receivables consist of a large number of customers, spread across diverse sectors, populations and geographical areas.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Governors, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements.

The University manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of certain financial assets and liabilities.

The Office for Students (OfS) requires universities to report if their liquidity falls below 30 days operating expenditure on a rolling 12-month basis. Access to sufficient facilities

within the OfS definition of liquidity. The University continually monitors its cash flow forecasts against this requirement.

Price and interest rate risk

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. Listed investments with a fair value of £217.4m are exposed to price risk but this exposure is within the University's risk appetite. The University has forward contracts in place for its energy out to April 2023 and is currently undertaking a procurement process to secure its future energy supplies.

The University held £230m deposit investments with more than three months and less than 12 months maturity at the year end. The majority of deposits are subject to fixed interest rates and are therefore not subject to any significant exposure to fluctuating rates.

The University's long-term borrowings are based on fixed rates until maturity. The RCF (as yet unutilised) is on a floating rate basis and so will be exposed to interest rate movements.

Key financial risks

Geo-political tension impacts on the operating model	The Russian invasion of Ukraine has further exacerbated the issues the UK was already experiencing as a result of Brexit and the global pandemic, including disrupted supply chains, more volatile commodity prices and higher transportation and shipping costs. The significant impact on energy costs has led to yet further general inflation increases. In addition, financial market turbulence has negatively impacted the value of the pound against the US dollar and gilt rates have risen significantly. The University's energy costs are fixed until April 2023 but remain uncertain thereafter until a new contract is in place. While a lower value pound makes the UK an attractive place for international students, it drives up the cost of its imports and will further increase general inflation. All of these factors put further pressure on staff and pay inflation in the sector. The University is currently sheltered from the impact of interest rate rises as its long-term debt interest rates are fixed. The University's revolving credit facility is a floating rate but the University currently has no need to use the facility.
Cyber risk	The risk of cyber attacks on organisations continues to be extremely high. This risk brings the possibility of substantial disruption arising from issues such as data loss, system outage and ransomware, which may result in reputational and financial damage to the University. The complex IT infrastructure and operational needs of the University increases the inherent risk. The University has invested to protect itself from cyber attacks and improve resilience, however the risk still remains high. This is a significant area of focus for the University's Audit and Risk Committee. Further investment in IT infrastructure and stabilisation is continuing over the next few years.
COVID-19 pandemic	There still remains a financial risk from COVID-19, should there be another significant wave this autumn and winter. However, this risk is considered much reduced. The University continues to monitor this risk and has previously implemented many measures to mitigate against the spread of infection, which can be reactivated at any point. The levels of staff and student vaccination are very high and the University has a vaccination centre set up for students arriving on campus. The University is also aware of the reputational risks associated with any perceived mishandling of the crisis.
Risks to international fee growth and home tuition fees remain a political issue	International full-time fees make up an increasing proportion of our tuition fee income, even at a time of home undergraduate growth. International student numbers are reliant on students from a relatively small number of countries and so investment plans are in development to attract students from a broader range of countries in order to mitigate the risk of geopolitical disruption, and to ensure our international student population continues to be diverse and vibrant, with students able to meet others from around the world. It should be noted that Home tuition fees have remained fixed at £9,250 since 2017 and only marginally up from the £9,000 fees introduced in September 2012. As these fees have remained flat, they are therefore declining in real terms as inflation pushes the cost of teaching delivery upwards.
Staff costs must be managed and balanced with income growth	The University has limited influence over the continued growth in wages and salaries, as this is driven by contractual increments and the national pay bargaining. However, staff costs must be managed in an environment where income growth is challenging. The employment market remains very buoyant and the University has high vacancy levels, as a consequence putting pressure on its ability to deliver both projects and standard operations in some areas. In addition there is significant pressure on salary inflation due to the current cost of living crisis. Projects to improve the efficiency of teaching, research and Professional Services are being progressed to balance cost growth with income.
Impact of pension reforms and cost of living crisis may result in industrial action	During the year, the finalisation of the USS actuarial valuation and benefit changes has largely mitigated the significant uncertainty in respect of the ongoing cost of servicing the University's pension obligations, in particular for the USS pension scheme. However, the risk of industrial action remains high from members of both University College Union (UCU) and Unison. There are still concerns with regards to the USS benefit changes and the current cost of living crisis, including the impact of interest rate rises on

Research cost recovery improvements are needed to ensure sustainability	The research funding model presents a risk to the sustainability of research-intensive Universities, with most funders not paying the full economic cost for research, restricting our ability to invest in research infrastructure and staffing. Other funding streams are currently used to subsidise research. Many research funders have reduced budgets following the pandemic, restricting the funding opportunity. Changes to government policy have had a significant impact on the sector, with reduced funding for development research from UKRI for the foreseeable future.

Going concern

The Board of Governors has reviewed the financial forecasts and the key planning parameters that support the University's Strategic Plan. These have been tested against various scenarios, including several severe downside scenarios, which demonstrate that the University has access to adequate resources to continue to meet its obligations for the foreseeable future. Further detail is set out in the Statement of Principal Accounting Policies on page 46 of the Financial Statements.

Modern slavery act statement

The University is committed to ensuring and actively monitoring that modern slavery and human trafficking is not taking place in any parts of its operation within the University and its supply chain. For further information relating to the Modern Slavery Act statement, see website www.manchester.ac.uk/modern-slavery-statement.

Corporate governance statement

The University of Manchester is an independent corporation which came into existence on 1 October 2004. It was established by Royal Charter on the dissolution of the Victoria University of Manchester and the University of Manchester Institute of Science and Technology (UMIST), both of whose rights, properties, assets and obligations were transferred to the institution by means of the University of Manchester Act (2004). This Corporate Governance Statement relates to the financial year ended 31 July 2022 and is current until the date of approval of the audited financial statements.

As a recipient of substantial public funding and by virtue of its educational objectives, it is considered an exempt charity under Schedule 2 of the Charities Act 2011, with the Office for Students (OfS) acting as its Principal Regulator.

The University of Manchester has a duty to conduct its affairs in a responsible and transparent way, and to take into account the requirements of its regulators and the Higher Education Code of Governance published by the Committee of University Chairs (CUC). This includes compliance with the ongoing conditions of registration stipulated by the OfS. The University's corporate governance arrangements were established in such a way as to meet these responsibilities and continue to comply with provisions in the First and Second Reports of the Committee on Standards in Public Life (the Nolan Principles). An updated CUC code was published in September 2020 and an analysis of the University's practice against the Code was considered as part of the external review of governance effectiveness completed in 2020-21 (see below).

In addition, the University corporately, through its arrangements for governance, is committed in a demonstrable way to the principles of academic freedom and equality of opportunity, which are embodied in its Charter and Statutes. In addition and again, as articulated in Charter ensure that freedom of speech within the law is secured, and has adopted a Code of Practice on Freedom of Speech to enable this. Details of the University's corporate governance arrangements are published on the University website: manchester.ac.uk/discover/governance. Minutes of Board and Board committee meetings are available through the Governance section of the website.

The University is deemed a Public Interest Entity (PIE) by virtue of its listed Bond. The current obligations of being a PIE relate to more stringent processes around the appointment of external auditors, auditor rotation and exclusion from the auditor providing non-audit services, except in very narrow, tightly defined circumstances..

2021 Governance Effectiveness Review

An extensive, independent review of the University's governance arrangements took place in 2021. The review was undertaken by the higher education specialists Halpin. This review was commissioned by the Board of Governors, in line with the University's framework of regular independent reviews (the previous review took place in 2017).

In the report's executive summary, Dame Angela Pedder OBE, Chair of the Halpin Review Team stated: "Overall, when measured against Halpin's Governance Maturity Framework, we concluded that The University of Manchester's governance arrangements are good and effective with some areas of leading-edge practice."

The report included 34 Recommendations and 26 Suggestions for improvement. These included constitutional and regulatory improvements and enhancements; matters relating to culture and behaviour, including communications and stakeholder engagement; enhancements to evolving practice academic governance, including Board oversight.

Following the Board's consideration of the review at its July 2021 meeting implementation activity took place for all recommendations and suggestions during the course of the academic year 2021-22.

The University's Corporate Governance Framework

The Charter and Statutes provide for and empower 'authoritative bodies' within the University, each of which has a distinct role to play in its structure of governance.

The Board of Governors, is the University's governing body, and carries the ultimate responsibility for the University's overall strategic direction and for its finances, property and affairs generally, including the employment arrangements for all staff. It is a specific role of the Board to satisfy itself that work being undertaken on its behalf, whether by committees or by officers, is consistent with corporate objectives and is within the bounds of accepted good practice. The Board meets formally at least six times in each academic year. In 2021-22, its membership of 23 had a majority (13) of independent, lay members. The Chair of the Board of Governors, Mr Edward M Astle (until 31 August 2022), and Ms Philippa Hird (from 1 September 2022), is appointed by the Board of Governors from within the lay category of the membership. Mr Astle took up his role on 1 September 2016 and served six years as Chair. Ms Hird will serve as Chair for an initial three year term.

Six elected members of Senate, a member of Professional Services staff, two members of the Students' Union (including the Union Affairs Officer) and the President and Vice-Chancellor make up the rest of the Board.

The Chair of the Board of Governors plays an important role in the governance of the University while working independently of its regular

Barnes, who (as provided for in Statute) presides over meetings of the Board in the Chair's absence. The Board is aware of the requirement in the CUC Code to consider the benefits of appointing a Senior Independent Governor (SIG). The Board Nominations Committee has given explicit consideration to this matter. Given the similarities between the duties of a potential SIG and the Deputy Chair, the Committee recommended to the Board that a SIG not be appointed and that the role for the Deputy Chair be updated to include key SIG responsibilities. The Board agreed with this recommendation and agreed that the Deputy Chair role be updated to make it explicit that the Deputy Chair role does not imply succession to the Chair, to confirm the independence of the role.

The current members of the Board of Governors are listed on the contents page.

Annual internal evaluations of overall Board effectiveness take place in years when external evaluation is not undertaken. Evaluation of individual member contributions and the performance of the Chair are conducted and reported to the final Board meeting of the academic year.

The Board, Senate and Board committees continued to operate and discharge governance responsibilities effectively throughout the COVID-19 pandemic.

The Senate is responsible to the Board for the promotion of research and for monitoring standards in teaching. It acts as the University's principal academic authority and in accordance with the Office for Students regulatory framework and public interest governance principles, the Board of Governors receives assurance from Senate that arrangements for institutional academic governance are effective.

The University's framework for academic governance and the provision of assurance from Senate to the Board of Governors was reinforced in the following ways in 2021-22:

- the establishment of an Academic Governance Protocol between the Board of Governors and Senate which sets out what is meant by academic assurance from the Board's perspective and the various means
  Practice for Academic Governance which was approved by Senate;
- the approval by Senate of the methodologies for the annual assurance review for Teaching, Learning and Students (March 2022), and for Research (scheduled for October 2022);
- the establishment of the two Senate Academic Quality and Standards Committees for Teaching, Learning and Students, and Research. The committees commenced operation in Autumn 2022;
- from 2022-23, consideration of the annual assurance review report by Audit and Risk Committee, to assure the effectiveness of academic governance and identify potential audits for inclusion within the internal audit programme;
- a joint meeting of the Board of Governors and Senate will take place in February 2023 to consider the annual assurance reports for both Teaching, Learning and Students and Research.

In addition, the Board of Governors receives regular updates on academic governance related matters through reports from the Senate, specific agenda items and briefings (including, for example regular updates from Deans of Faculty) and there is an open invitation for Board members to attend meetings of the Senate.

A large number of the statutory powers reserved to Senate are 'regulatory' in nature and control the academic business of the University. Senate's membership will expand during 2022-23 from 70 members to 100. Its membership will continue to be comprised of the following categories of members: ex-officio positions reserved for those with academic management responsibilities centrally and in the faculties, and (from 2022-23) Heads of Schools; elected members (professorial and non-professorial) from across the three Faculties, who are elected to serve three year terms; a small number of co-opted members; and the executive officers of the Students' Union.

The Board of Governors has established a number of Committees, each of which report into the Board: these include an Audit and Risk
Committee and a Nominations Committee. The Board has also established processes which ensure that it is kept regularly advised on the strategic and policy elements of estates, people and organisational development, equality, diversity and inclusion, environmental sustainability and health and safety issues, and that it can act effectively and in an informed way with respect to these matters when it is required to do so.

In the context of institutional governance, the Audit and Risk Committee has a particularly important function in expressing opinions and giving assurances to the Board relating to its review of the effectiveness of the University's arrangements for risk management, control and governance. The risk management element of this role includes the review of the processes which lead to the statement on internal control in the financial statements. The Audit and Risk Committee has a co-opted independent member with specific external audit expertise to augment existing membership. Further detail on the role of the Audit and Risk Committee in relation to risk oversight and assurance, including oversight of the institutional Risk Register is set out below in the section headed, Statement of Internal Control.

As part of its remit, the Audit and Risk Committee oversees the work of internal audit including, whenever appropriate, seeking explicit confirmation to report to the Board that specific action plans are being implemented to remedy any significant failings or weaknesses identified from the review of the effectiveness of internal controls. In this context, the Strategic Risk Register is a significant driver of the internal audit programme approved by the Audit and Risk Committee. The Committee also receives regular reports on any cases raised under the University's Public Interest Disclosure procedures, and on the University's data protection and cyber security work.

The Finance Committee is primarily responsible for oversight of the University's financial strategy and its financial viability as well as oversight of the financial performance of the University, its subsidiary companies, capital projects and investments. It

plans, makes recommendations concerning borrowing, University budgets and the financial plans and forecasts provided to regulators.

The Nominations Committee remit recognises the continuing need to refresh membership of both the Board of Governors and the General Assembly (see below) - the Committee is chaired by the Chair of the Board and includes members from both the Board and General Assembly. The Committee endeavours to ensure a broad and complementary range of skills, expertise and experience across categories of lay membership reflecting the needs and aspirations of the University and thus ensuring good and effective institutional governance. The Committee also endeavours to ensure that lay membership of both the Board of Governors and the General Assembly is representative of the diversity of the University and of the communities served by it. The Committee aims to oversee robust recruitment and appointment processes, to ensure that the Board is comprised of fit and proper persons. The Committee welcomes the expectations concerning equality, diversity and inclusion in the CUC Code of Governance and appreciates that board diversity, in particular, promotes more constructive and challenging dialogue: recent appointments reflect the Board's commitment to increased diversity. The Committee also reports to the Board on the overall efficacy of institutional governance

The Remuneration Committee is responsible for setting the remuneration of the President and Vice-Chancellor and members of the Senior Leadership Team. It also approves the base salaries suggested by the Senior Salaries Review Group for senior academic-related staff and the Faculty Promotions Committee for senior professors. The Committee provides a comprehensive report of its activity to the Board of Governors in July of each year, including its role, remit, and working methods as well as a summary of the decisions it has taken and the conclusions of the salary review undertaken for senior staff. In addition, the Board of Governors reviews and approves annually the remuneration framework within which the Committee operates. The Committee's consideration of the remuneration of

with input from staff and student members of the Board of Governors. The Remuneration Committee report for the year ended 31 July 2022 is on page 33.

The University is aware of the need to balance the challenging financial climate, the external perception of senior salaries and the University's ability to pay, with the need to recognise the contribution and performance of individuals and retain its best staff, and this informed the Committee's decision making over 2021/22. The University's approach to the requirements of the Office for Students Accounts Direction and the CUC Higher Education Senior Staff Remuneration Code is set out in the report from the Remuneration Committee referred to above.

The People Committee has a broad remit to consider staff, organisational development and related people issues (including equality, diversity and inclusion) and recommend and report to the Board of Governors on relevant matters. The Committee's remit also covers the requirement (as set out in Statute and Ordinance) to give full and proper consideration to any proposals to dismiss academic and academic-related staff on grounds of redundancy; this role was previously fulfilled by Staffing Committee. For each instance of proposed redundancy of academic and academic-related staff, appropriate information is provided to the People Committee to allow it to reach a reasoned assessment of the proposal and to consider alternative strategies for the resolution of the circumstances leading to the proposal. Its recommendations are then passed to the Board of Governors for approval.

The Planning and Resources Committee (PRC) is chaired by the President and Vice-Chancellor and includes in its membership the Vice-Presidents, the Registrar, Secretary and Chief Operating Officer, and the Chief Financial Officer, with representation from Senate, Heads of Services and the Students' Union, and is the key central management committee. PRC serves as the primary source of advice to the Board of Governors on matters relating to the development and allocation of the University's resources, on strategic planning issues and operational priorities, and on the financial, educational, research and

targets. Additionally, in consultation with other relevant committees, it develops, for approval by the Board, the University's annual planning, budgeting, performance evaluation and accountability cycle, annual revisions of the University's Strategic Plan and an annual University Budget.

PRC sub committees cover the following areas: Finance and Capital Planning, People and Organisational Development, Strategic Change, Equality, Diversity and Inclusion, and International. In addition, four compliance committees covering Health, Safety and Wellbeing, Research Compliance, Information Governance and Environmental Sustainability provide assurance to the Board, via reporting to PRC.

The General Assembly is the interface between the University and the wider community. It is a larger body than the Board, and in common with it, has a majority of lay members. Lay members are drawn from a wide range of local, regional and national interests, and together they offer the University a wealth of experience and expertise from differing perspectives. The main purpose of the General Assembly is to act as a two-way channel of communication through which the University presents its achievements to its broader 'constituencies' and receives feedback and advice on matters relating to University business. It also includes lay Board members, University staff, alumni and students within its membership. 2021-22 saw the completion of a move towards a smaller (approximately 80 members, compared to over 200 before reform began), more streamlined and less prescriptive membership. This more targeted approach (which includes opportunities for interaction with members outside General Assembly meetings) has strengthened General Assembly's role in supporting the University's mission as a civic university.

The Alumni Association is the body of the University's graduates, which promotes fellowship among graduates while helping them to keep in touch with the University by providing opportunities to take an interest in its development and ongoing activities. The Association is represented on the

The members of the General Assembly and the Alumni Association, together with all paid University staff eligible to hold superannuable appointments, form the constituency for the election of the Chancellor, who is the ceremonial Head of the University, presiding over meetings of the General Assembly and over congregations of the University for the conferment of degrees. The role is currently held by Mr Nazir Afzal OBE, who took up the role in August 2022, and will serve a term of seven years.

The President and Vice-Chancellor (Professor Dame Nancy Rothwell) is the chief executive officer and the principal academic and administrative officer of the University. In fulfilling these functions the President and Vice-Chancellor has overall responsibility for the executive management of the University and for its day-to-day direction, being accountable to the Board of Governors for the exercise of these responsibilities and (as the designated 'accountable officer') to the Office for Students for the use of the public funds the University receives. As the chief executive officer of the University, the President and Vice-Chancellor leads the development of institutional policy and strategy, the identification and planning of new developments and in shaping its institutional ethos. The Deputy President and Deputy Vice-Chancellor (Professor Luke Georghiou), the Vice-Presidents, the Registrar, Secretary and Chief Operating Officer (Mr Patrick Hackett) and the senior administrative officers contribute in various ways to this work, collectively acting as the University's Senior Leadership Team, but the ultimate executive responsibility rests with the President and Vice-Chancellor.

The role of the University's Professional Services (PS) is to work in partnership with academic colleagues to deliver the primary institutional objectives (teaching and the student experience, research, and social responsibility), to oversee the discharge of the University's statutory and regulatory responsibilities and to implement the policy decisions of Senate and the Board. Through the provision of specialist expertise, it also contributes to and advises on the formulation of University policy. The Head of the unitary Professional Services is the Registrar, Secretary and Chief

the provision of secretariat support to the governing body, its committees, the General Assembly and Senate.

The University maintains a Register of Interests of members of the Board of Governors and for members of the Senior Leadership Team, which may be consulted by arrangement with the Registrar, Secretary and Chief Operating Officer. Local staff registers of interest are also maintained. Members of the Board and of its Committees receive a reminder in the papers for each meeting of the need to declare any interest they may have in relation to the specific business to be transacted. In addition, building on existing internal and external regulation and guidance, the Board has adopted a Conflicts of Interests Policy.

Statement of Internal Control

This Statement of Internal Control relates to the financial year ended 31 July 2022 and is current until the date of approval of the audited financial statements.

The duties conferred upon the Board of Governors by the University's Charter and Statutes require it to institute and maintain a sound system of internal control. This is designed to support the achievement by the University of its aims and objectives and, at the same time, safeguard public and other funds and assets for which the University is responsible. In that context, the Board is satisfied that the University complies with those provisions of the CUC Guide on the financial aspects of corporate governance that are applicable in a higher education institution and OfS advice on requirements for corporate governance and internal control.

The Audit and Risk Committee, on behalf of the Board, provides oversight and monitoring of the system of internal control. The Board receives regular reports, at each meeting, from the Audit and Risk Committee on the steps being taken to manage risks across the University. The Audit and Risk Committee also receives regular reports from the internal auditors (the Universities Internal Audit Consortium, Uniac), which include the internal auditors' independent opinion on the adequacy and effectiveness of the University's system of internal control, together with any recommendations for improvement. The University's

of risks. Specific risks considered by the Audit and Risk Committee in the period covered by this Corporate Governance Statement and Statement of Internal Control are highlighted in the section below relating to the work of the Audit and Risk Committee. The external and internal auditors have not identified any significant deficiencies in internal control during the course of their audit work for the year ended 31 July 2022.

The Board of Governors, both directly and through its Finance and Audit and Risk Committees, is responsible for financial control, i.e. ensuring the economical, efficient and effective management of the University's resources and expenditure, and for safeguarding its assets, including specific responsibility for the oversight of systems that prevent and detect fraud, bribery and other irregularities. It must ensure that the University uses public funds only for the purposes for which they were provided. It is supported in this work through the external auditors, PKF Littlejohn LLP, and the University's internal auditors, Uniac, the work of both being overseen by the Audit and Risk Committee.

The system of internal financial control provides for comprehensive financial planning processes, developing, monitoring and updating budgets for annual income, expenditure, capital and cash flow budgets. Regular reporting against budget takes place, in conjunction with the monthly review of financial results, regular re-forecasting and the reporting and explanation of variances.

The University sets out policies, processes and practices underpinning financial control in its Financial Regulations. The Regulations are approved by the Board and apply to the University and all its related undertakings, and include all funds passing through University accounts. They encompass the University's processes to investigate fraud, bribery and other financial irregularities, budgeting and forecasting, the treatment of year- end balances and capital expenditure programmes and general issues with regard to the accounts and accounting returns of the University.

The University strives to apply value for money considerations to all its processes and activities, and this is

team. The Audit and Risk Committee receives an Annual Report on the University's efforts to secure value for money in relation to procurement. The Audit and Risk Committee also received a comprehensive report on the Transparent Approach to Costing (TRAC) analysis undertaken by the University in January 2022. In addition, every internal audit review undertaken and submitted to the Audit and Risk Committee makes specific observations and judgements concerning the value for money demonstrated. The University published a summary of its 2020-21 finances, including an analysis of how the £9,250 tuition fee was spent.

The Board of Governors has overall responsibility for the oversight of risk management within the University. The Risk Management framework includes a risk policy, risk registers and maps (at, Faculty, PS and University level), and identifies primary risk owners. It is supported by a comprehensive assurance process, which reports through to the Audit and Risk Committee, on behalf of the Board of Governors.

The risk management objectives of the University outlined below are based on an overarching policy to adopt best practice in the identification, evaluation and cost-effective control of risks in order that the risks associated with the University's strategy are managed down to an acceptable level. This risk policy includes the following key actions:

- the integration of risk awareness into the culture of the University ensuring that risk assessment is embedded in ongoing operations;
- the management of risk in accordance with best practice;
- the anticipation and appropriate response to risks emerging/ associated with changing social, environmental and legislation requirements; and
- the reduction of the costs of risk by taking appropriate steps to mitigate injury and damage to individuals and assets of the University.

Audit and Risk Committee has overseen the development of the Risk Management framework and receives regular reports and information on assurances as to the efficacy of the Uniac conduct a regular audit) and this is reported to the Board of Governors. The Board, through the Audit and Risk Committee, PRC, and/ or where appropriate through other ad-hoc groups, working to a common framework, evaluates the risks inherent in all major plans and proposals, including significant projects.

This includes evaluation and review of business, operational, compliance and financial risks. The University has also taken additional measures to support the risk management process. The Director of Compliance and Risk provides direct advice to senior officers of the University and regular reports to the Board of Governors, on behalf of the President and Vice-Chancellor. The Director of Compliance and Risk and the Vice-President for Social Responsibility oversee the adoption and dissemination, on a continual basis, of risk awareness/ management training and the preparation of contingency plans in areas where there is a potential for an occurrence having a deleterious effect on the University and its business capability. Recent appointments, over the past couple of years, have increased the University's resilience, namely the addition of a specialist cyber-risk adviser to Audit and Risk Committee and a Risk Manager (Resilience) to support business continuity and emergency response processes.

The Risk Register addresses the risk of major incidents, including cyber-security, information security and data protection (the Audit and Risk Committee provided particular focus on these risks in 2021-22), second wave and/or future pandemics and environmental sustainability. The Register also addresses regulatory risks, risks relating to our employee value proposition, risks relating to teaching, learning and student experience, risks concerned with incompatibility between expectations, ambitions and available resources, as well as risks relating to research and the overall sustainability of the business and operational model.

The University of Manchester Public Benefit Statement and Impact

The University of Manchester has exempt charity status derived from the Charities Act 2011 and is responsible to the Office for Students, its principal regulator, which is charged with monitoring compliance with charity law obligations. The University, through its governing body, the Board of Governors, is aware of its responsibilities as a charity to act for the public benefit across all its activities and has had due regard to the latest version of the Charity Commission's public benefit guidance (issued September 2013, updated September 2014).

The objects of the University, as set out in the Royal Charter awarded in 2004, are "to advance education, knowledge and wisdom by research, scholarship, learning and teaching, for the benefit of individuals and society at large." This overview includes references to the impact of our investments in these areas. These statements form our public benefit statement.

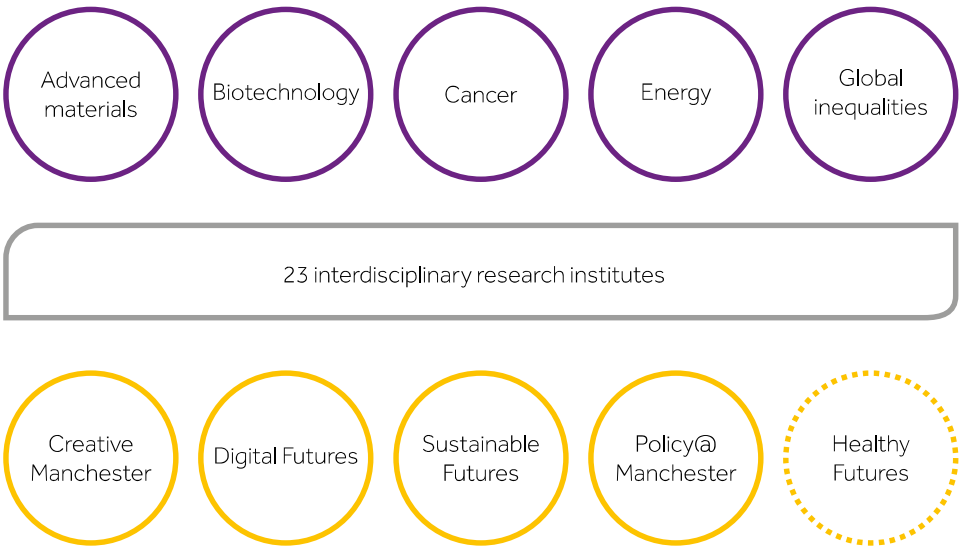
Research impact

The University of Manchester's five research beacons continue to illustrate how our pioneering discoveries, interdisciplinary collaboration and cross-sector partnerships tackle some of the biggest questions facing the planet. The research beacons, alongside our Research Institutes and Platforms, are designed to accelerate interdisciplinary research delivering real world impact. 2021 saw the launch of the Christabel Pankhurst Institute for Health Technology and Innovation, a new multimillion pound research and innovation institute building on Manchester's academic strengths in digital health and advanced materials to discover innovative health and care solutions.

The 2021 Research Excellence Framework (REF2021) results, published this year, ranked The University of Manchester fifth in the UK for the quality and scale of our research. Ninety percent of our outputs, 96% of our research impact case studies and 99% of our research environment, were assessed as world-leading or internationally excellent.

The University is at the forefront of tackling global inequalities—from poverty to social justice, to living conditions, to inequalities in education, health and social care, and the workplace. Manchester researchers have been instrumental in promoting small farmer cooperation for sustainable livelihoods in India and Nepal, effective in protecting livelihoods and food security during the coronavirus pandemic. Recommendations from University of Manchester researchers on mitigating the gendered impact of the pandemic and support post-COVID-19 recovery in the Manchester region have influenced the Greater Manchester Strategy. In cancer research we are making a leading contribution to the fight against the disease. The

Research impact



Beacons
Showcase our pioneering discoveries, interdisciplinary collaboration and cross-sector partnerships that are tackling some of the biggest questions facing the planet.

Institutes
Where we have achieved, or aspire to, world-leading status in interdisciplinary research.

Platforms
Provide forums, focus and resources to connect, drive and amplify interdiciplinary collaborations across our institutes, research centres and individual academics. They support research, external engagement, impact and inform teaching. Healthy futures is an emergent platform.

UK's first NHS high-energy proton beam therapy centre, based at the Christie Hospital, enables more patients to access proton therapy for some of the most difficult-to-treat cancers. We have established the first ophthalmic gene therapy centre in the north of England, offering patients gene-based treatments delivered as standard NHS care. Researchers at Manchester are working with NHS England and Tommy's Baby Charity to raise awareness among mothers that sleeping on their side in later pregnancy reduces the risk of stillbirth. The campaigns #sleeponside and #movementsmatter reached an estimated 2.5 million women globally.

We continue to make significant contributions to help society protect our environment and progress towards NetZero. Research has driven policy changes in the shipping and aviation sectors, bringing greenhouse gas emissions targets more in line with the Paris Agreement. Our researchers have developed the free-to-use 'Climate Just' resource providing evidence, guidance and case studies to support the development of more socially aware responses to climate change. It has informed climate adaptation strategies and risk assessments at a local and national level. The Graphene Engineering Innovation Centre and Department of Mechanical, Aerospace and Civil Engineering, in partnership with UK construction firm Nationwide Engineering have developed Concretene, a graphene-strengthened concrete significantly reducing the CO2 burden.

The University of Manchester is leading the way, both nationally and across Europe, towards a bio-industrial revolution, with beneficial impact for our environment and economy. Our Centre of Excellence for Biocatalysis, Biotransformations and Biocatalytic Manufacture (CoEBio3) has played an integral role in supporting the growth of the UK's bio-economy. Its members recently co-authored a report that influenced the UK's bio-economy strategy and policy, with the goal of creating a bio-economy worth £440bn by 2030.

Our research makes a substantial contribution to public understanding of major events and cultural life. The NHS Voices of COVID-19 project reflections that will be preserved as a permanent public resource for informing policy and practice as part of the British Library COVID-19 collecting initiative. Our Centre for New Writing is home to award-winning writers who make substantial contributions to cultural life in Manchester and wider afield through their research and wider engagement, developing new writers, hosting public events, influencing arts policy and shaping public debates.

Research Exploitation

Enterprise and innovation are a critical part of our culture. Collaboration with business and other partners to develop innovations, commercialising and exploiting our intellectual property (IP), form a fundamental part of our research impact. New companies and jobs have been created in the 2021/22 academic year, and valuable new products and services developed and commercialised nationally and internationally by our partners and through the formation of spin-out companies.

Our vast portfolio of collaborative research partnerships with businesses, ranging from corporate giants to regional small and medium sized firms, provides a major opportunity to address real world challenges and generate impact. Despite the detrimental effects of the pandemic, 2021/22 was a good year in Business Engagement and Knowledge Exchange with new strategic frameworks set up, existing agreements renewed with several large multinational companies, and awards from industry totalling £32.8m.

The University continues to be amongst the top 3 in Innovate UK's Knowledge Transfer Partnership (KTP) ranking, holding a total of 27 active KTPs, with a value of £7.6m with £3.2m of this leveraged from partner companies. Of these KTPs, 74% were with SMEs and 67% of all projects were with North West based partners, demonstrating the support for regional economic wealth creation and beyond. The University also successfully bid for and launched the new £5.6m UK Research and Innovation harmonised Impact Acceleration Account, supporting new partnerships and impact generation.

The University of Manchester and leading the commercialisation of IP developed and owned by the University, launched 10 new deep-tech and life science spinout companies in 2021/22. A total of £6.4m of first-time and £24.7m of follow-on investment was also secured in spinout companies, and £4.9m of licensing income was generated from IP developed at and owned by the University. The income generated from this IP licensing is reinvested in University activities that support research, innovation and commercialisation.

Another significant achievement was the formation of Northern Gritstone Ltd., the University's investment partner, which in its first close raised £215m. These funds have already started to be invested in University spinouts. The new investment company aims to deploy significant funds into spinout businesses built on IP created by the Universities of Manchester, Sheffield and Leeds. Northern Gritstone plans to raise up to £500m and become one of the UK's largest dedicated investors into the commercialisation of university science and technology related IP.

Teaching impact

Throughout 2021/22 in Teaching and Learning our aim has been to strengthen our community of academics, professionals and students, working together to develop the best educational experiences. We aimed to enhance the quality of our teaching, deliver transformative student experiences, help students to realise their potential, prepare our students as future leaders and global citizens and ensure access to lifelong and flexible learning.

Helping our students realise their potential

The pandemic has continued to impact our students. We have been providing extra resources through support services, additional financial support for those finding things difficult, simplifying processes for mitigating circumstances for assessments, and lots more.

During COVID we addressed digital poverty and access issues which might impede study, through initiatives such as HelpMeGetOnline and flexibility in early return to campus for study

remote study / late arrival for those who could not travel.

We have emphasised mental health support, including through our Greater Manchester Student Mental Health Hub. Our harm reduction work is in its early stages but is already well-received and will be developed further this year. It is a great example of an initiative truly co-produced by PS, academic staff and students.

With the support of philanthropic funding, we provided social prescribing as an additional service. Students referred by the counselling service are supported by Link workers to tackle social isolation, work/life balance and a lack of motivation. 92% of those referred reported an improvement in mental health, with 89% more able to maintain their goals.

Our Manchester Access Programme and Manchester Distance Access Schemes admitted a total of 468 students last year, up from 270 in 2019/20.

We created fully funded Humanitarian scholarships for 20 students fleeing war and persecution. Students from Ukraine, Syria and Myanmar, will join us in September 2022 under these scholarships. Other programmes supporting our social responsibility agenda include Equity and Merit Scholarships for students from sub-Saharan Africa and Undergraduate Access Scholarships for UK applicants who have been in care or estranged.

The Manchester Masters Bursary widens access to master's courses by removing barriers to postgraduate education and provided 103 bursaries last year.

Lifelong and flexible learning

We have supported staff through the transition to online learning during the pandemic and now back onto campus. This has accelerated our development of flexible learning and led to some excellent digital enhancements including allocation of etextbooks, professional screen recording and video editing, and the annotation of digital copies of documents and articles.

To develop the Flexible Learning Strategy, we engaged with more than 650 students and staff, with

processes, infrastructure, policies and incentives that will allow us to be agile and adapt with the minimum of friction as the world continues to change around us.

Enhancing the quality of our teaching

Our Institute for Teaching and Learning (ITL) has made an amazing difference this year, offering a range of development programmes and opportunities and helping staff get recognition for their outstanding work:

- 9,531 staff, student partners and sector colleagues have engaged with ITL.
- 1,133 awards at all levels for AdvanceHE Fellowships.
- 167 colleagues have won Teaching and Learning awards and prizes internally and externally, raising the profile of teaching excellence.

Our NSS results remained the same as last year which is disappointing. We saw improvements in our NSS scores for learning resources, learning community and learning opportunities – all of which were prioritised in the past year. We still have a long way to go in improving areas like assessment and feedback and student voice, which remain priorities.

Transformative student experience

Working in partnership with our students, we have developed and delivered projects together. We have employed more than 100 Student Partners, with lots more to come; and students are increasingly partnering or leading some of our key work areas, such as our Student Experience Action Plans (SEAPS).

The Student Experience Programme has continued delivering improvements and benefit to students and staff. This has included the launch of Manchester SafeZone app with MMU and University of Salford. The app gives extra piece of mind with the ability to 'check-in' and discreetly call for assistance, expanding the reach of our safe spaces and providing better response and assistance. We have introduced streamlined processes for taught and post graduate research admission and continue to develop student hubs.

In response to the larger student

an increase in our content budget to support the eTextbook programme, investment in additional study spaces in the main library, and four additional study space sites.

Global leadership

As we move into the new academic year, we will be further developing our Stellify programme. This brings together transformational academic and co-curricular activities to help students stand out and make their mark.

In 2021-22, 446 students completed the Stellify Award, which focuses on activities around five core values of learning without boundaries, understanding issues that matter, making a difference, stepping up to lead and creating their future.

Furthermore, 1,692 students completed 36,007 volunteering hours in the community. This included roles with hundreds of different organisations, projects supported by our Students' Union and community sports opportunities.

Some of our most popular opportunities included mentoring for ReachOut, a local educational mentoring charity (1,200 hours completed), Milk & Honey community cafe, run by St Peter's chaplaincy (over 1,000 hours completed), and the Students' Union Want not Waste shop (over 1,400 hours completed). Our international volunteering offer restarted after a two-year break. 15 students from a Widening Participation background spent 4 weeks in Rwanda, volunteering with our overseas partner Azizi life, supporting local artisans and community projects.

According to Graduate Market Research, we are the UK university most targeted by the top 100 employers. We have seen improvements in Graduate Outcomes, are continuing to embed Careers and Employability in the curriculum, and the Student Crowd website ranked us second in the country for our Careers Service.

Social Responsibility

The strategic priority we give to social responsibility makes us distinctive among British universities and reflects the commitment we have in making a

internationally. Our strong performance on this agenda is reflected in being placed in the top 10 universities in the world for the fourth consecutive year in the 2022 *Times Higher Education* Impact Ranking, based on the 17 United Nations Sustainable Development Goals (SDGs). This has ensured Manchester has continued to meet its strategic target to be among the top 2% of universities in the world on this measure.

Times Higher Education University Impact Rankings, 2019, 2020, 2021, 2022

	2019	2020	2021	2022
UoM world ranking	**3**	**8**	**1**	**9**
Total Entrants	450	768	1240	1406
No. of countries	76	85	98	106
Top 2% target	0.66%	1.04%	0.08%	0.64%

Our work on social responsibility and civic engagement is focused around five priorities: social inclusion, prosperous communities, better health, environmental sustainability and cultural engagement.

Social inclusion

Outreach staff in our Faculty of Science and Engineering engaged 317,655 young people around the world on Science, Technology, Engineering and Maths (STEM) activities through our flaghip Great Science Share for Schools programme, where 5-14 year olds share their own scientific questions and investigations to help raise the profile of science in schools and communities. We delivered outreach and enrichment work with young people from underrepresented backgrounds in partnership with a range of external organisations to advance social inclusion. This included work with the Brilliant Club, INTO University, Tutor Trust and GM Higher. More than 500 sixth form students, with no parental history of higher education, completed our flagship Manchester Access Programme. We expanded our renowned international Equity and Merit programme that offers free campus-based and online master's education for professionals from Ethiopia, Rwanda, Tanzania and Uganda to include Malawi and Zimbabwe for the first time. And we worked with staff, students, alumni and external partners to develop a new strategy for Equality, Diversity and Inclusion.

Prosperous communities

The University was a key partner in securing £22.6m funding for establishing an Advanced Machinery and Productivity Institute (AMPI) based in Rochdale, Greater Manchester

We supported the Oldham Economic Review – an independent panel that came together to examine and provide analysis and recommendations to inform the strategic economic vision for Oldham. We secured government Innovation Accelerator funding to advance Innovation GM – an innovation ecosystem across our city-region that will help level up our communities, generate the solutions we need to achieve net zero, and create the conditions for more businesses in more places to benefit from global exporting and inward investment. And we announced Bruntwood SciTech as our partner to deliver ID Manchester – a trailblazing new innovation district in Manchester.

Better health

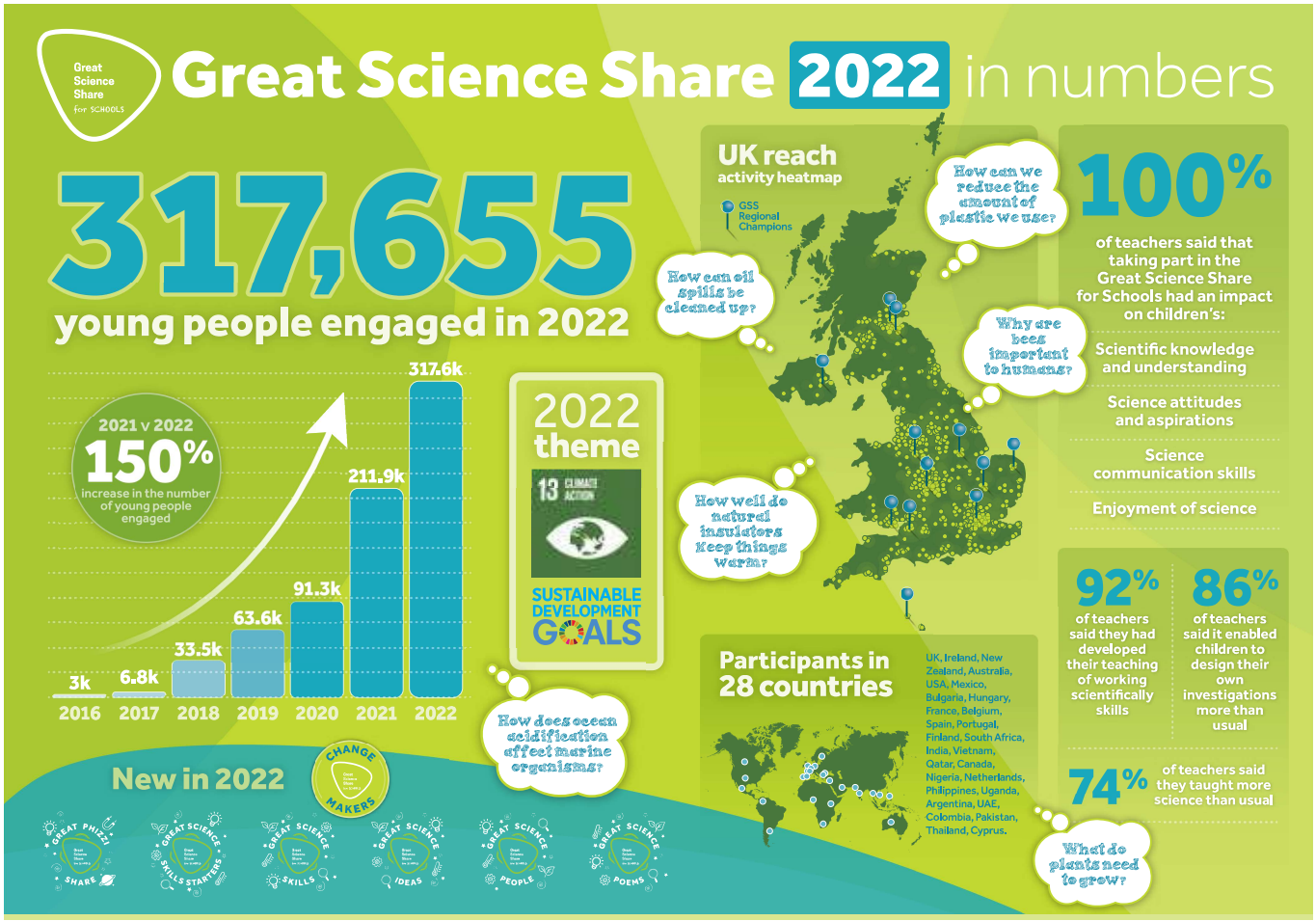
We have developed a Centre of Excellence in Health Education and Training (CEHET) as part of the Kenya UK Health Alliance (KUKHA), which brings our university, teaching hospitals and research institutions to collaborate with Kenya on cancer care. We delivered a range of Service Learning programmes connecting healthcare students with real public health challenges in areas such as dentistry and pharmacy through the development of our curriculum. We prioritised activity focusing on patient and public involvement and engagement (PPIE) with our research and teaching activity, including making twelve external awards for incorporating patient experience into our curriculum. And around 160 schools and 40,000 learners fed into the first major survey of our pioneering #BeeWell programme, revealing insights into the mental health and

Environmental sustainability,

Our priority in 2021/22 was to work with external partners to produce a major Zero Carbon Masterplan for our campus. This produced a range of detailed and costed implementation options for how we can decarbonise our emissions in line with Greater Manchester's target to be a zero carbon city-region by 2038. During this period, however, our carbon emissions rose by 13% in part through additional ventilation requirements brought on by covid. We completed our divestment from fossil fuel sector industries and achieved an additional 30% reduction in the broader carbon intensity of our investment portfolio. We also developed and launched Sustainable Futures to ensure our research can develop new and integrative solutions to address the interacting global environmental challenges facing our planet.

On cultural engagement

At Jodrell Bank we engaged over 20,000 members of the public in arts, science and culture activities at the annual bluedot festival and opened a new £21.5 million First Light Pavilion site that capitalises on its UNESCO World Heritage Site status. At Manchester Museum work on a range of strategic partnerships and outreach work have continued whilst we advance our £15 million 'hello future' capital and transformation programme. A pioneering new British Pop Archive was launched at the Rylands. Our Whitworth gallery focused on art as a positive force for social change through inclusion initiatives such as Afrocats, Still Parents and Queering the Whitworth. And our Creative Manchester initiative led on a number of key strategic partnerships,





ID Manchester



First Light Pavilion

Trade Union Statement

The Trade Union (Facility Time Publication Requirements) Regulations 2017

1 April 2021 to 31 March 2022

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the University to publish information on trade union facility time annually and the table of data for the reporting period 1 April 2021 to 31 March 2022 is as follows;

Table 1 - Relevant union officials

Number of employees who were relevant union officials during the relevant period	43
Full-time equivalent employee number	41.2 FTE

Table 2 - Percentage of time spent on facility time

Percentage of time	Number of Employees
0%	2
1-50%	37
51%-99%	1
100%	3

Table 3 - Percentage of pay bill spent on facility time

Total cost of facility time	£414,082
Total pay bill	£542,200,632
The percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.08%

Table 4 - Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:	8.23%
(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	

Remuneration Committee report

for the year to 31 July 2022

The membership of the Committee is:

Mr Gary Buxton (Chair)

Mr Edward Astle

Ms Philippa Hird

Ms Caroline Johnstone

Mr Nick Hillman

Secretary to the Committee: Registrar, Secretary and Chief Operating Officer

In attendance:
The Director of People and Organisational Development

The President and Vice-Chancellor (not present at the separate meeting to determine her salary)

The President and Vice-Chancellor ceased to be a member of the Remuneration Committee in March 2018 as a result of a decision taken by the Board of Governors in March 2018 and with the full support of the President and Vice-Chancellor.

A staff member and a student member of the Board of Governors will join the meeting relating to the salary review of the President and Vice-Chancellor and for the items covering the University's Equal Pay Audit Report and Gender, Ethnicity and Disability Pay Gap Reports.

The Committee's principal matters of business are:

(i) To consider and determine, on behalf of the Board of Governors, the remuneration arrangements for certain senior officers of the University (including the President and Vice-Chancellor, the Registrar, Secretary and Chief Operating Officer, Vice-Presidents and Deans, and Vice-Presidents).

(ii) To delegate to an appropriately constituted Senior Salaries Review Group (or Groups) the task of making recommendations on the remuneration of professorial and equivalent senior administrative staff not covered in '1' above and to scrutinise such recommendations

(iii) To consider policies and procedures on the remuneration of senior staff, to recommend them to the Board of Governors and to oversee their implementation within the University.

(iv) To provide assurance to the Board of Governors that the University is adhering to guidance on senior pay as directed by the Office for Students and the Committee of University Chairs Higher Education Senior Staff Remuneration Code.

The Director of People and Organisational Development is adviser to the Committee which can, if it wishes, call upon external advisers as appropriate.

This report provides a summary of the Committee's work over the year and fully meets the requirements of the Committee of University Chairs (CUC) Higher Education Senior Staff Remuneration Code. The University will follow the regulatory guidance on preparing and publishing financial statements as provided by the Office for Students (OfS) on the disclosure of senior pay in its published accounts.

Role and Remit

The role and remit was reviewed and the following amendments were agreed:-

- To replace the title Director of Human Resources with the title Director of People and Organisational Development.
- Under the paragraph "A staff member and a student member of the Board of Governors will join the meeting relating to the salary review of the President and Vice-Chancellor" to include "and for the items covering the University's Equal Pay Audit Report and Gender, Ethnicity and Disability Pay Gap Reports".

To assist it in these tasks, the Committee received:

overview of her performance from the Chair of the Board of Governors;

- recommendations for salary increases from the President and Vice-Chancellor in relation to the Deputy President and Deputy Vice-Chancellor; the Vice-Presidents and Deans; the Policy Vice- Presidents and the Registrar, Secretary and Chief Operating Officer;
- a succession plan for the President and Vice-Chancellor and her Senior Leadership Team;
- a copy of the University's Gender, Ethnicity and Pay Gap Reports.

Key decisions taken in 2021/22

The University is aware of the need to balance the challenging financial climate, the external perception of senior salaries and the University's ability to pay with the need to recognise the contribution and performance of individuals and to retain its best staff.

The University is seeking to create financial headroom to invest in staff, students, facilities and technology to effect improvements. This is a significant challenge post COVID and in light of the increased financial, geo-political and sector uncertainty. These uncertainties include greater global competition, reductions in public funding, exchange rate fluctuations, potential decline in research income, and further increases in costs arising from pensions, pay and inflation. These financial pressures are likely to impact on what the University can afford and sustain. The Office for Students (OfS) is placing greater scrutiny in the sector in relation to the process for determining the salaries for senior managers and the amounts agreed in relation to the rest of the University staff. This needs to be taken into account when presenting proposals for salary increases, ensuring they are justified through a clearly presented business case.

followed no national pay award in 2020/21. The Committee approved a recommendation from the Chair of the Board of Governors for a zero pay award for the President and Vice-Chancellor and approved the recommendation from the President and Vice-Chancellor for pay awards effective from 1 April 2022 for her direct reports.

Remuneration Policy for the Senior Leadership Team (2021-2022)

The Remuneration Committee is directly responsible for setting the remuneration of the Senior Leadership Team reporting directly to the President and Vice-Chancellor:

Name	Role
Professor Dame Nancy J Rothwell	President and Vice-Chancellor
Professor Luke Georghiou	Deputy President and Deputy Vice-Chancellor
Mr Patrick Hackett	Registrar, Secretary and Chief Operating Officer
Professor Graham Lord	Vice-President and Dean of Biology, Medicine and Health
Professor Keith Brown	Vice-President and Dean of Humanities
Professor Martin Schröder	Vice-President and Dean of Science and Engineering
Professor Colette Fagan	Vice-President for Research
Professor Nalin Thakkar	Vice-President for Social Responsibility
Professor April McMahon	Vice-President for Teaching, Learning and Students
Professor Richard Jones	Vice-President for Regional Innovation and Civic Engagement

Recommendations for the Director of People and Organisational Development and the Chief Financial Officer are made via the Senior Salaries Review Group (SSRG) and reported to and approved by the Remuneration Committee.

Elements of Remuneration for the Senior Leadership Team

The table below shows the elements of remuneration for the Senior Leadership Team, the reasons for their inclusion and the way they operate.

Element **How element supports our strategy**	**Operation**	**Maximum potential value**	**Performance conditions and assessment**
Base salary Supports the recruitment and retention of Senior Leaders with the experience and skills required to deliver the University's strategic plan. Salary increases whether consolidated or non-consolidated provide an opportunity to recognise outstanding individual contributions by Senior Leaders.	Base salary, paid monthly, reflects the size of the role (based on Hay evaluation) and its responsibilities, individual performance assessed annually and the skills and experience of the individual. Increases to the President and Vice-Chancellor's base salary are approved by the Remuneration Committee. For all other members of the Senior Leadership Team except the Director of People and Organisational Development and Chief Financial Officer, recommendations for base pay increases are made by the President and Vice- Chancellor and approved by the Remuneration Committee. Increases are effective from 1 April. The Registrar, Secretary and Chief Operating Officer makes recommendations to the Senior Salaries Review Group (SSRG) for the Director of People and Organisational Development and Chief Financial Officer. Subsequently reported to and approved by the Remuneration Committee. A national pay increase is effective from 1 August and any other performance increase is effective from 1 October. Base pay increases can be either consolidated (a permanent increase to base salary which is pensionable) or non-consolidated. Non- consolidated increases	Increases to base salary are determined annually taking into account: • Individual performance • The scope of the role • Pay levels in comparable organisations • The levels of base salary increases for the staff of the University generally • The financial position of the University and the available budget for increases • Any retention issues In benchmarking base salaries the Committee considers two comparator points being: • The Upper Decile of the results of the UCEA Salary Survey across all Institutions; • The median of the Industrial and Service Sector with a range of 80%-120%. The Upper Decile of the Russell Group is considered appropriate on the basis that the University is one of the largest and most complex institutions with an ambitious agenda.	An individual's skills and experience in the role is one of the factors considered when setting base salary levels. Outstanding individual contributions are, from time to time, recognised through increases to base salary. In particular this may be through the award of a non-consolidated increase to base salary.

Element How element supports our strategy	Operation	Maximum potential value	Performance conditions and assessment
Pension Supports recruitment and retention of Senior Leaders in line with market practice in the University sector. Provides flexibility for those who have reached HMRC limits for pension saving.	In general, members of the Senior Leadership Team will be members of an appropriate defined benefit pension arrangement. This will usually be the Universities Superannuation Scheme (USS) but may be the NHS Pension Scheme where appropriate. Where the Senior Leader may be affected by the HMRC limits for pension saving, the University may pay a cash allowance (in line with the contributions the University would have made to the Scheme at no additional cost) in lieu of pension provision. This is dealt with on a case by case basis. Any cash allowance is subject to income tax and NI deductions.	The USS is a hybrid scheme and the NHS Pension Scheme is a defined benefit scheme and the cost to the University of providing the benefits varies depending on the actuarial position of the Scheme. The University currently contributes 21.1% of base salary to USS (inclusive of 2.0% deficit payment due to increase to 6% in October 2021) and 14.38% of base salary to the NHS Pension Scheme.	None applicable.
Benefits To attract and retain Senior Leaders by providing benefits in line with market practice in the University sector.	A small range of benefits is available including life cover (which is automatic as it is linked to the pension scheme) and sick pay (six months full pay and six months half pay, in line with all employees). The President and Vice- Chancellor receives private medical insurance.	The University bears the cost of providing benefits.	None applicable.

Remuneration for other employees

All employees of the University receive a base salary plus benefits consistent with those available to the Senior Leadership Team, and are eligible to participate in the University's pension arrangements.

The base salary levels for the Senior Leadership Team reflect their position as some of the most senior employees of the University and are therefore higher than most staff of the University.

In addition to receiving the annual cost of living award, Grade 9 academic related staff's salaries are reviewed in October against performance and contribution. Any increases take into account the level of the annual cost of living award and the University's ability to pay, together with any market/ retention issues. Such awards can either be consolidated and therefore pensionable or non-consolidated and non- pensionable. The size of the pot to be distributed is 1.5% of the total base salaries of the academic related grade 9 cohort which is the budgeted amount for incremental progression in grades 1-8.

Salary increases for the Professoriate are managed through the Faculty Promotion Committees and operate within the parameters of the Non Clinical Professorial Salary Policy.

Grade 1-8 staff receive an annual cost of living award and are eligible for incremental progression. In addition they may be nominated once a year for an award under the University's Recognising Exceptional Performance policy. Awards can be non-consolidated or a further incremental point.

The University uses the Higher Education Role Evaluation (HERA) model to evaluate roles in grades 1 to 8. This translates into a 51 point pay spine with identified grade boundaries defining the minimum and maximum salary for each grade and the incremental progression points. The President and Vice- Chancellors salary (£260,399) as a median of all salaries, academic salaries, professorial salaries and professional staff salaries, excluding on costs, is shown in the table below.

All salaries	Academic salaries	Professorial salaries	Professional Staff salaries
£37,467	£47,419	£83,021	£29,614

The President and Vice-Chancellor's salary is 14.5 times greater than the lowest point on the University's pay spine. The University monitors any increase in the minimum wage level proposed by the Living Wage Foundation, as an accredited member, and will adjust relevant salary points on its 51 point pay spine to meet the minimum proposed.

The median salary for the last five years set against the President and Vice-Chancellor's salary is shown in the table below:-

Year	Median Salary	President and Vice-Chancellor's Base	Professional Staff salaries
21/22	£37,467	£260,399[2]	1 : 6.9
20/21	£38,017	£260,399[2]	1 : 6.8
19/20	£41,757[1]	£260,399	1 : 6.2
18/19	£36,261	£260,399	1 : 7.2
17/18	£35,721	£260,399	1 : 7.3

[1] Above includes on-costs where the figures for the other years do not.

[2] The President and Vice-Chancellor's base salary and ratio in 2020/21 and 2019/20 does not take account of the temporary 20% pay cut voluntarily taken as a result of the COVID 19 pandemic. Taking this into account results in a ratio of 1 : 6.9 and 1 : 7.3 in 2019/20 and a salary cost of £252k in 2020/21 and £247k in 2019/20, as set out in Note 7.

Approach to recruitment remuneration

Overall, the University aims to recruit Senior Leaders using remuneration packages that are market- competitive and consistent with the existing remuneration structure. In doing so, the University seeks to pay no more than necessary to attract talented individuals to join the University.

Newly recruited Senior Leaders are eligible to receive the same remuneration elements as existing Senior Leaders as set out in the policy table above, namely:

- Salary – set at an appropriate level taking into account the experience and quality of the candidate
- Pension

The University does not expect to make special recruitment arrangements outside the standard policy, but may do so in exceptional circumstances in order to secure the appointment of the right candidate. All salaries at or above £120,000 must be approved by the President and Vice-Chancellor who may consult with the Chair of the Remuneration Committee.

Senior Leaders' service contracts and notice periods

The service contracts and notice periods of the Senior Leadership Team are as follows:

Role	Terms	Names
President and Vice- Chancellor	Employed on a seven-year fixed term contract which is renewable and is subject to six month notice period. Also holds a contract as Professor of Physiology which is retained when leaves office.	Professor Dame Nancy Rothwell
Deputy President and Deputy Vice-Chancellor	Employed on a five-year fixed term contract which is renewable and is subject to a three month notice period. On completion remains employed as a Professor.	Professor Luke Georghiou
Vice-Presidents and Deans	Appointed usually for a fixed five-year term of office which is renewable and on completion remain employed as professors by the University and return to previous role/ retained employed as a Professor. Subject to three-month notice periods.	Professor Keith Brown Professor Graham Lord Professor Martin Schröder
Vice-Presidents	Appointed on a fixed five-year contracts. Generally subject to a three-month notice period. On completion remain employed as a professor.	Professor April McMahon Professor Colette Fagan Professor Nalin Thakker Professor Richard Jones
Registrar, Secretary and Chief Operating Officer:	Employed on a permanent contract and subject to a three-month notice period	Mr Patrick Hackett

Policy on termination payments

For the academic roles it is usual for the individual to return to their previous role as a Professor when they complete their term as a member of the Senior Leadership Team. In such cases, their base salary is reviewed at that time and may be adjusted where necessary to reflect their ongoing responsibilities. No additional payments are made in respect of stepping down from the Senior Leadership Team.

The University's overarching aim is to treat departing Senior Leaders fairly, taking into account the circumstances of their departure, but always taking care to ensure that the interests of the University are considered and that there are no rewards for failure.

Senior Leaders are entitled to be paid their Base Salary and contractual benefits (including pension contributions) during the notice period and none have been made during the year. The University has the discretion to pay these as a lump sum benefit in lieu of notice.

In general, no additional payments are made to compensate Senior Leaders when their employment terminates. If, in exceptional circumstances, a settlement agreement is needed, the Committee may make payments it considers reasonable in settlement of potential legal claims (e.g. unfair dismissal). It may include in such payments reasonable reimbursements of legal fees in connection with such agreements (the normal maximum for legal fees for senior managers is £750 + VAT).

Consideration of conditions elsewhere in the University

The Committee is responsible for setting the remuneration of the Senior Leadership Team and approves the base salaries recommended by the Senior Salaries Review Group for professorial staff in Zones B and A and Grade 9 academic-related staff. When considering base salary increases for senior staff, the Committee takes careful account of the level of salary increases across the University in general, and the financial position of the University including the budget available for such increases.

History of President and Vice-Chancellor's remuneration

The table below shows the remuneration of the President and Vice-Chancellor over the last five years.

Year (ending July 2022)	Remuneration
2022	£260,399
2021	£260,399*
2020	£260,399*
2019	£260,399
2018	£260,399

*The salary stated for the years ended 31 July 2021 and 2020 does not include the temporary 20% pay cut voluntarily taken as a result of the COVID-19 pandemic.

Statement of implementation of Remuneration Policy in 2022/23

The Committee intends that remuneration arrangements for 2022/2023 will be operated in line with the policy set out above as directed by the Board of Governors, taking account of the University's finances and in line with the requirements of the Office for Students and the CUC Code for Higher Education Senior Staff.

Statement of the Board of Governors' responsibilities

for the year ending 31 July 2022

In accordance with the Royal Charter, the Board of Governors of The University of Manchester ('the Board') is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of The University of Manchester and which enable it to ensure that the financial statements are prepared in accordance with the Higher Education and Research Act 2017, the Royal Charter, the Accounts Direction issued by the Office for Students, the Terms and Conditions of Funding for Higher Education Institutions issued by the Office for Students, the Terms and Conditions of the Research England Grant, the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, and applicable United Kingdom Law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, as well as reflecting current best practice in public sector corporate governance. In addition, under the Terms and Conditions of Funding for Higher Education Institutions issued by the Office for Students, the Board, through its designated office-holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the institutional surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Board has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable UK law and accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going-concern basis unless it is inappropriate to presume that The University of Manchester will continue in operation. The Board is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going-concern basis continues to be adopted in the preparation of the financial statements.

The Board has taken reasonable steps to ensure the University:

- has a robust and comprehensive system of risk management, control and corporate governance. This includes arrangements for the prevention and detection of corruption, fraud, bribery and irregularities.
- has regular, reliable, timely and adequate information to monitor performance and track the use of public funds.
- plans and manages its activities to remain sustainable and financially viable.
- informs the Office for Students of any material change in its circumstances, including any significant developments that could impact on the mutual interests of the University and the Office for Students.
- uses public funds for proper purposes and seeks to achieve value for money from public funds.
- complies with the mandatory requirements relating to audit and financial reporting, set out in the Office for Students Audit Code of Practice and in the Office for Students annual accounts direction.

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

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



Philippa Hird
Chair of the Board of Governors
and Pro-Chancellor

Independent Auditor's Report to the Board of Governors of The University of Manchester

Opinion

We have audited the financial statements of The University of Manchester (the 'parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2022 which comprise the Consolidated and Parent Institution Statements of Comprehensive Income, the Consolidated and Parent Institution Statements of Financial Position, the Consolidated and Parent Institution Statements of Changes in Reserves, the Consolidated Statement of Cash Flows and notes to the financial statements, including the statement of principal accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2022 and of the group's and parent institution's income and expenditure, gains and losses, changes in reserves and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, relevant legislation and the Office for Students requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board of Governors' assessment of the group's and parent institution's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of management's going concern assessment process, discussing with management to ensure all key factors were considered in their assessment.
- We obtained management's going concern assessment, including the cash flow forecasts for the period to 31 July 2024 which is more than twelve months from the date on which the financial statements were approved by the Governors. The group has modelled various scenarios in their cash flow forecasts to incorporate unexpected changes to the forecasted liquidity of the group.
- We reviewed the factors and assumptions included in the cash flow forecasts and assessed the appropriateness of the assumptions and methods used to calculate the forecasts and determined that the assumptions and methods utilised were appropriate to be able to make an assessment for the group.
- We reviewed the group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent institution's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Governors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We determined materiality for the financial statements as a whole to be £12,171,000 for the consolidated financial statements using 1% of group revenue as a basis. As a not for profit organisation, we consider group revenue to be the most stable benchmark and the most relevant determinant of the group's performance used by stakeholders. Materiality for the parent was £12,054,000.

We used a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the consolidated financial statements. Performance materiality

adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This was set at 70% of overall materiality at £8,519,700 for the Group and £8,437,800 for the parent.

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of 5% of overall materiality at £602,700 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We reassessed materiality at the end of the audit and did not find it necessary to revise our planning materiality.

Whilst materiality for the financial statements as a whole was set at £12,171,000, each significant component of the group was audited to an overall materiality ranging between £2,370 and £93,900 with performance materiality set at 70% of overall materiality in each entity. We applied the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatement.

Our approach to the audit

Our audit approach was developed by obtaining an understanding of the group's activities, the key subjective judgements made by the Governors, for example in respect of significant accounting estimates that involved making assumptions, and considering future events that are inherently uncertain, and the overall control environment.

Based on this understanding we assessed those aspects of the group's transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly.

All but one of the subsidiaries of the group (components) are based in the UK and the group audit team have responsibility for the audit of all components included in the consolidated financial statements with the exception of one component. The group consists of six components. Five of the components were determined were subject to full scope audits. The remaining component was considered to be non-significant and specific audit procedures were performed on material balances.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Fraud in revenue recognition (£1,217m total income, PY comparative £1,100m)	
Refer to the accounting policies (page 47); and Notes 1-6 of the Consolidated Financial Statements Revenue is recognised in accordance with FRS 102 and sections 16, 17 and 18 of the Statement of Recommended Practice: Accounting for Further and Higher Education. We considered the risk of fraud in revenue recognition across the group's income streams: ***Research grants and contracts (£270.6m; PY £237.0m):*** • Research income recognition requires judgement at the year end in recognising accrued and deferred income. ***Tuition fees (£638.2m; PY £577.9m):*** • Where there are fees related to courses over the year end and at variable rates there is a risk that revenue may not be recognised in the correct financial year. ***Capital grants (included within research and other income) (£18.9m; PY £13m)*** • Capital income recognition depends on judgement as to the extent performance conditions apply to the income and if they have been met. There is a particular risk that deferred capital grants balances are not complete and therefore income has been recognised incorrectly. . ***Other income (£158.4m; PY £135.7m);*** • There is a risk that revenue is recorded incorrectly around the year end date.	Our audit procedures across all material revenue streams included: • Understanding the revenue processes for each material revenue stream. • Identification and walkthrough of key controls over revenue processes for each material revenue stream. • Review of accounting policies to ensure these are appropriate and consistently applied. • Review of receipts and transactions around the year end to ensure recognition in the correct period. *Research grants and contracts* We tested a sample of research income, deferred income and accrued income, identifying performance related conditions within funding agreements and ensuring the revenue recognition was in accordance with those conditions. We reviewed the outcomes of a sample of donor audits and discussed with research finance teams whether any amounts were due to be repaid to funders or disputed. We reviewed project balances for any unusual balances, or balances not in line with our expectations. *Tuition fees* For full-time courses we performed substantive analytical review procedures, developing an expectation of fee income and comparing this to the income recognised in the year. We tested the accuracy of student numbers and type by sample testing to student records and fees to published rates for the academic year. We sample tested other fee income to invoices and cash received. *Capital income* Substantively tested a sample of capital grant income and deferred income to the grant award to test that the income relates to the University and that the income is recognised in line with the award criteria. *Other income* Substantively tested a sample of other income back to source documents, such as invoice, contracts, grant agreements and cash. Based upon the audit procedures performed, we conclude that revenue has been appropriately recorded in the period in accordance with the requirements of FRS 102 and sections 16, 17 and 18 of the Statement of Recommended Practice: Accounting for Further and Higher Education.

Valuation of defined benefit liabilities in the University of Manchester Superannuation Scheme and the Greater Manchester Pension Fund (UMSS £725.5m and GMPF £149.0m, PY comparative UMSS £922.7m and GMPF £150.2m)	
Refer to the accounting policies (page 52); and Notes 21 and 25 of the Consolidated Financial Statements. The University recognises three material pension schemes in the Statement of Financial Position. The Greater Manchester Pension Fund (GMPF) and University of Manchester Superannuation Scheme (UMSS) are accounted for as defined benefit pension schemes in accordance with section 28 of FRS 102 and section 21 of the Statement of Recommended Practice: Accounting for Further and Higher Education. Accounting for the technical liabilities related to these two schemes involves significant estimation and judgement in determining the actuarial assumptions. Management has engaged an independent actuary to undertake the calculations on their behalf. We consider there to be a risk that the gross pension liability is materially misstated as a result of inappropriate actuarial assumptions.	*Our audit procedures included:* • Understanding management's process for determining the pension assumptions and liability calculation, as performed by the independent actuary. • Obtaining the report prepared by the independent actuary for each of the two Schemes to understand the key assumptions used in the calculation. • We engaged independent experts to review the actuarial assumptions used for the purposes of the liability valuation and consider whether any assumptions fell outside of an acceptable range, including those such as the discount rate, salary increase, CPI and RPI. • Confirming the independence of management's actuary and assessed their expertise and scope of work. • Reviewing the accounting entries and disclosures in the financial statements to ensure compliance with accounting standards. Based on the procedures performed we concluded that: • the assumptions were within our acceptable range; • the disclosures within the financial statements were appropriate; and • the gross liability for UMSS and GMPF have been accounted for in accordance with section 28 of FRS 102 and section 21 of the Statement of Recommended Practice: Accounting for Further and Higher Education.
Valuation of defined benefit assets in the Greater Manchester Pension Fund (£147.8m, PY comparative £147.4m)	
Refer to the accounting policies (page 52); and Notes 21 and 25 of the Consolidated Financial Statements. The University is an admitted body to the Greater Manchester Pension Fund (GMPF). This is a multi-employer scheme and they recognise their share of the assets and liabilities on the balance sheet in accordance with section 28 of FRS 102 and section 21 of the Statement of Recommended Practice: Accounting for Further and Higher Education. The GMPF actuary uses a rollforward approach to estimate the value of the assets at the year-end date. This involves estimating the value of the assets in the GMPF and applying the University's share of these assets, which is calculated at each triennial valuation.	Our audit procedures included: Understanding management's process for determining the asset rollforward. Obtaining the report prepared by the independent actuary to understand the key assumptions used in the calculation. Confirmed the independence of management's actuary and assessed their expertise and scope of work. We have confirmed the University's share of assets to the actuary report and have confirmed that these are consistent year on year when compared to the published GMPF financial statements. We reviewed the accounting entries and disclosures in the financial statements to ensure compliance with accounting standards. Based on the procedures performed we concluded that the assumptions used were reasonable and the disclosures within the financial statements appropriate.

Other information

The other information comprises the information included in the annual report , other than the financial statements and our auditor's report thereon. The Board of Governors are responsible for the other information contained within the annual report. Our opinion on the group and parent institution financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Office for Students

In our opinion, based on the work undertaken in the course of the audit, in all material respects:

- funds from whatever source administered by The University of Manchester have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students and UK Research and Innovation (including Research England) have been applied in accordance with the applicable terms and conditions attached to them; and
- the requirements of the Office for Students accounts direction for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to to report to you if, in our opinion:

- the institution's grant and fee income, as disclosed in note 2 to the financial statements, has been materially misstated; and
- the institution's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Board of Governors

As explained more fully in the Statement of the Board of Governors' Responsibilities, the Board of Governors is responsible for the preparation of the group and parent institution financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent institution financial statements, the Board of Governors are responsible for assessing the group's and the parent institution'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 management either intend to liquidate the group or the parent institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance

design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent institution and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of our cumulative audit knowledge and experience.
- We determined the principal laws and regulations relevant to the group and parent institution in this regard to be those arising from the Office for Students Terms and conditions of funding for higher education institutions, the Higher Education and Research Act 2017, Financial Reporting Standard 102 and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent institution with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the timing of recognition of research income, including the completion of research activity and meeting recognition terms within the underlying agreements. We addressed this through substantive sample testing of research income back to source documents to ensure that income was recognised in accordance with the performance related conditions. We also independently inquired with the University's Research Office to confirm whether there are any disputes in relation to

the outcome of audits performed by grant funding bodies during the period, cross referring responses and the results of our substantive testing and challenging whether the University's assessment of clawback risk is correctly valued in the financial statements.

- We also identified potential for management bias in:

- the judgements made around recoverability of debtors, which we addressed through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management;

- the depreciation rate applied to tangible fixed assets, which we addressed by considering the useful economic life applied for the types of asset held, and re-performing the calculation to ensure it had been performed accurately in line with the stated method;

- the accounting for the defined benefit pension scheme liabilities, which we addressed through review of the actuarial reports prepared by management's experts, testing the reasonableness of inputs to their calculation, and challenging assumptions applied in the valuation; and

- the valuation of heritage assets, where we challenged the valuation methodology, including inputs and considering whether assumptions are reasonable and appropriate. We also challenged management's annual review for impairment.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by The University of Manchester on 6 June 2022 to audit the financial statements for the period ending 31 July 2022. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 July 2021 to 31 July 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent institution and we remain independent of the group and the parent institution in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Board of Governors, as a body, in accordance with the Charters and Statutes of The University of Manchester. 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 Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Duke (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Registered Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Financial Statements

for the year ending 31 July 2022



Statement of principal accounting policies

1. Basis of preparation

These financial statements have been prepared in accordance with the Higher Education and Research Act 2017, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students, the Terms and conditions of Research England Grant, the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2019 and in accordance with Financial Reporting Standard (FRS) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirements of the applicable UK laws and accounting standards.

Going concern

The financial statements are prepared on a going concern basis which the Board of Governors considers to be appropriate for the reasons set out below.

At 31 July 2022 the University held cash and cash equivalents of £176m, had net current assets £66m, and external borrowings of just under £400m, comprising £100m private placement maturing 2046 and a £300m listed bond maturing 2053. The University also has access to a £150m Revolving Credit Facility (RCF) expiring March 2025 which had not been utilised as of 31 July 2022. The University complied with all covenant requirements for existing borrowing at 31 July 2022. All debt is unsecured. Subsequent to the year-end the University held cash and cash equivalents of £540m at 31 October 2022, had no further borrowing in place and the RCF remained unutilised.

The Board of Governors have considered cash flow forecasts from the date of approval of these financial statements to 31 July 2024, a period of 20 months. After reviewing these base case forecast and also severe but plausible downsides as well as an extreme reverse stress test scenario, that the University has sufficient funds to meet its liabilities as they fall due for the period to 31 July 2024

The scenarios modelled include the following key assumptions:

For the severe but plausible downside scenario:

- Pay inflation at 5%;
- 10% additional inflation in other operating expenditure.

The University also has a number of mitigating actions it can take to reduce costs should they be required, some of which the University can implement at short notice as it had to do during the COVID 19 pandemic.

These scenarios show that the University remains financially sustainable with sufficient available cash balances underpinned by the £150m Revolving Credit Facility which the University has in place out to March 2025.

The scenario modelling has also demonstrated that the University will still have sufficient headroom within the financial covenants in place in respect of both the Private Placement and the Revolving Credit Facility. In addition universities are required to report to the OfS if their liquidity falls below 30 days operating expenditure. This equates to a minimum cash balance of approximately £85m for the University. The OfS includes access to an RCF in its assessment of liquidity. As the University has the £150m RCF in place and as supported by the scenario modelling, it is at no risk of needing to make a report to the OfS.

As a consequence of the above, the Board of Governors have a reasonable expectation that the University has adequate resources to continue in operational existence for the going concern basis of accounting in preparing the Financial Statements.

2. Basis of Accounting

The financial statements have been prepared under the historical cost convention, with the exception of:

- Certain investment properties which have been revalued to fair value as at the year ended 31 July 2022.
- Financial instruments are stated at fair value in accordance with FRS 102.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the University operates (the functional currency) and rounded to the nearest £'000.

The University has taken the exemption Under 1.12 (b) of FRS 102 to not produce a cash flow statement for the University as it is the ultimate parent entity.

3. Basis of Consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2022. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of comprehensive income from the date of acquisition, being the date on which the Group obtains control of the entity, or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

4. Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Tuition fee income

Tuition fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Education contracts are recognised when the University is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

Grant funding

Grant funding including funding council block grants, 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 any performance related conditions have been met. Income received in advance of any performance related condition being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grants

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

Insurance proceeds

Insurance proceeds are recognised as receivable when confirmed by the insurance company. Proceeds relating to the loss of income are recognised as income when receivable. Proceeds which relate to the reimbursement of specific costs are netted off the costs to which they relate. Proceeds relating to the loss of a tangible fixed asset are disclosed within profit on disposal of fixed assets.

Donations and endowments

non-exchange transactions. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. For donations with restrictions, 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 income.

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 of the restriction applied to the individual endowment fund.

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

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Donations of fixed assets are included within income. The income recognised is valued using a reasonable estimate of their gross value or the amount actually realised. Donated tangible fixed assets are valued and accounted for as fixed assets under the appropriate fixed asset category.

5. Intra-group transactions

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

eliminated. Normal trading transactions that are not settled by the balance sheet date are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity, the part relating to the Institution's share is eliminated.

6. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised within surplus before tax in the Statement of Comprehensive Income.

Non-monetary assets and liabilities denominated in foreign currencies are measured in terms of historical cost 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.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, pounds sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

7. Tangible fixed assets

Tangible fixed assets are stated at cost or, in the case of certain land and buildings and heritage assets at deemed cost, less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

accounted for as separate items of fixed assets (component accounting).

Land and buildings

Land and buildings are stated at cost or at deemed cost.

Where a property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred.

Major enhancements to existing buildings at a cost of more than £150,000 are capitalised and depreciated over their expected UEL, or less if the leasehold is shorter.

Depreciation is charged by component on a straight line basis over the estimated useful economic life of each component.

Useful economic lives for individual components of land and buildings are as follows:

Property Portfolio	Years
Structure (Academic, research, residential)	100 - 200
Structure (Sport, recreational, administrative)	20 – 50
Fit-Out (Academic, research, residential)	25 – 50
Fit-Out (Sport, recreational, administrative)	2 – 20
Mechanical and electrical services	10 – 35

New Builds	Years
Structure	100
Fit-Out	30
Mechanical and electrical services	20

Enhancements	Years
Structure	50
Fit-Out	30
Mechanical and electrical services	20

Freehold land is not depreciated as it is considered to have an indefinite useful life. Leasehold land is depreciated over the life of the lease where the lease is for less than 50 years.

architect's certificates and other costs incurred at 31 July 2022. They are not depreciated until they are brought into use.

Equipment

Individual items of equipment and groups of functionally dependent items costing more than £50,000 are capitalised at cost. All other items are written off to the Statement of Comprehensive Income in the year of acquisition.

Computer equipment consists of long-lived capital assets that normally are technological in nature and are the basis of the University's information/ connectivity infrastructure which exceed the £50,000 threshold. External specialist cost to bring the equipment into use will be considered as part of the asset. This includes all hardware, cabling and any incidental software required for the equipment to function.

Capitalised equipment is depreciated on a straight line basis over its expected useful economic life, generally assumed to be 3 years. Equipment acquired for a specific funded project is depreciated over its expected useful life which ordinarily equates to the term of the project.

Impairment

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

Maintenance

The full costs of repairs and routine corrective maintenance on tangible fixed assets are charged against revenue in the year in which they are incurred.

Assets held for resale

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

Borrowing costs

Borrowing costs are recognised as expenditure in the year in which they are incurred. The University has opted not to capitalise borrowing costs.

8. Heritage assets

Heritage assets are individual objects, are held and maintained principally for their contribution to knowledge and culture. Heritage assets are stated at cost or deemed cost. Heritage assets valued over £50,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost is reasonably obtainable.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material. The assets are subject to an annual impairment review in accordance with applicable accounting standards.

Where heritage assets have not been capitalised, details of the nature and age of these assets are disclosed.

9. 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.

10. Goodwill

Goodwill arising on consolidation is based on the difference between the fair value of the consideration given for the undertaking acquired and the fair value of its separable net assets at the date of acquisition. Goodwill is amortised over its estimated life which is usually 5 years and is subject to periodic impairment reviews as appropriate.

Positive purchased goodwill is capitalised and classified as an asset on the balance sheet.

11. Intangible assets

Intangible assets purchased separately from a business are initially recognised at cost.

Purchased Software Costs

Software costs are capitalised if externally purchased and the wholly attributable external implementation costs as set out below exceed the £50,000 threshold.

External costs, associated with the application development and implementation phases are capitalised. This may involve the acquisition of computer equipment or third party software. Internal costs incurred in order to bring the software in to use

Costs to develop or obtain software that allows for access or conversion of old data by new information systems are also capitalised.

Software is amortised over its estimated useful life which is usually three years and is subject to periodic impairment reviews as appropriate.

Training costs are expensed as incurred.

External costs and internal costs (where they can be reliably measured) in respect of upgrades and enhancements will be capitalised only if the expenditure results in additional functionality.

Internally-developed software and web-development costs

Design and content costs relating to the development of internal software and websites to support specific teaching or training courses, or for specific research projects, as well as design and content costs for websites that are the general use of the institution and its staff are written off as incurred.

Impairment

A review for impairment of an intangible asset is carried out if events or changes in circumstances indicate that the value of the intangible asset may not be recoverable.

12. Subsidiary undertakings, associate undertakings and joint ventures

In the University balance sheet, investments in subsidiaries are stated at cost less provision for impairment. In the consolidated financial statements, investments in associated undertakings are stated at the University's share of their net assets. The University accounts for its share of joint ventures using the equity method. The University accounts for its share of transactions from joint operations and jointly controlled assets in the Statement of Comprehensive Income.

13. Investment properties

Investment property is land and buildings (or parts of buildings) held for rental income and/or capital appreciation rather than for use in delivering services.

fair value at the balance sheet date. Changes in fair value are recognised immediately within the surplus before tax in the Statement of Comprehensive Income. Investment properties are not depreciated but are revalued or reviewed annually according to market conditions as at 31 July each year.

14. Financial instruments

The University has chosen to apply the provisions of sections 11 and 12 of FRS 102 in full. Financial assets and financial liabilities are recognised in the University's balance sheet when the University becomes a party to the contractual provisions of the instrument. A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The University's financial assets and liabilities all meet the criteria for basic financial instruments prescribed within FRS 102 Section 11.8. All financial assets and liabilities are initially recognised at the transaction price plus any additional directly attributable transaction costs. They are subsequently measured as follows:

Investments

Investments within the scope of Section 11 of FRS 102 (therefore excluding investments in subsidiaries, associates and joint ventures) are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through the Statement of comprehensive income). Subsequently, they are measured at fair value if the investment is publicly traded or their fair value can otherwise be measured reliably with the changes in fair value recognised in the Statement of Comprehensive Income. All other investments are measured at cost less impairment.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the

Loan notes receivable or payable

Debt instruments, including loan notes, are basic financial instruments and are initially recorded at the transaction price, net of transaction costs. Subsequently, they are measured at amortised cost using the effective interest method. Debt instruments that are receivable or payable within one year are not discounted.

15. Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

16. 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. Deposit investments are deemed to be cash equivalents if they have a maturity of three months or less from the date of placement.

17. Provisions, contingent liabilities and contingent assets

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

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

A contingent asset arises where an event has taken place that gives the University a probable 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.

18. Accounting for retirement benefits

The five principal schemes for the University's staff are the Universities Superannuation Scheme ('USS'), the NHS Pension scheme ('NHSPS'), the University of Manchester Superannuation Scheme ('UMSS'),the Greater Manchester Pension Fund ('GMPF') and the University of Manchester Pension Saver ("UoMPS"). The first four schemes are defined benefit schemes whilst UoMPS is a defined contribution scheme.

The four defined benefit schemes are externally funded, with the assets of the schemes held separately from those of the group, in separate trustee administered funds. With the exception of NHSPS, each fund has a full valuation at least every three years carried out by professionally qualified independent actuaries.

Pension costs are assessed on the latest actuarial valuations of the Schemes and are accounted for on the basis of FRS 102.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the University 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. UoMPS is such a defined contribution plan.

Defined benefit plans

UMSS and GMPF schemes are accounted for as defined benefit plans under FRS 102. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under defined benefit plans the 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 University should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets at the balance sheet date. The calculation is performed by a qualified actuary using the projected unit credit method.

Where the defined benefit plan has changed the benefits in the current period, the University will increase or decrease its net defined liability to reflect this and shall recognise the increase or decrease as an expense or income respectively. Similarly if changes have come into effect that relate to prior periods (e.g due to legal rulings), these will be recognised as a past service cost or income in the period in which the decision / change is made.

If a defined benefit plan has been curtailed (i.e. benefits are significantly reduced) in the current period the defined benefit obligation shall be decreased and the University shall recognise the gain in the profit and loss in the current period. If significant it will be shown separately within the Statement of Comprehensive Income.

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.

Multi-employer pension schemes

Of the four schemes, USS and NHSPS are both multi-employer schemes. Because of the mutual nature of the schemes, the schemes' assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The University is therefore exposed to actuarial risks associated with other institutions' employees of the two schemes on a consistent and reasonable basis. Therefore, as required by FRS 102, these schemes are accounted for as if they are defined contribution plans. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period. In addition, as a contractual commitment is in place with USS to fund past deficits within the scheme, a liability is recorded within provisions in accordance with FRS 102.

19. 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.

20. Taxation status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. It is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by Sections 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 (VAT). Irrecoverable VAT on expenditure (revenue and capital) is included in the costs of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiary companies are subject to Corporation Tax and VAT in the same way as any commercial organisation.

21. Current and deferred taxation

Current tax, including UK Corporation Tax and foreign tax, is provided at amounts expected to be paid (or

substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that exist at the balance sheet date and that result in an obligation to pay more tax or a right to pay less tax in the future. Deferred tax is measured at rates expected to apply when the tax crystallises based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

22. Reserves

Reserves are classified as restricted or unrestricted.

Restricted endowment reserves include balances which, through endowment to the University, are held either as a permanently restricted fund where the University must hold the fund to perpetuity or as an expendable endowment where the capital can be spent.

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

23. Agency arrangements

Where the University receives and disburses funds as paying agent on behalf of a funding body for which the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction, then the related income and expenditure is excluded from the Statement of Comprehensive Income. Details are disclosed within Note 32 'Amounts disbursed as agent'.

24. Significant estimates and judgements

In the process of applying these accounting policies, the University is required to make certain estimates, judgements and assumptions that management believe are reasonable based on the information available. These are reviewed on a regular basis by the University's senior management as part of this process. Significant estimates and material judgements used in the preparation of the financial statements are as follows:

Revenue recognition

As outlined in accounting policy 4, grant and research revenue is recognised in the Statement of Comprehensive Income as performance conditions are satisfied. Therefore management apply judgement in deferring income received for conditions not yet satisfied. To assess these amounts management consider the individual grant conditions and the progress and expenditure incurred on each agreement. The residual impact of COVID 19 on the deliverability of research grants has been assessed and additional provisions have been made where it is unlikely that the costs incurred, both as a result of delayed research activity or additional costs incurred as a consequence of the pandemic, are recoverable from the funders.

Recoverability of debtors

The provision for doubtful debts is based on the University's 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. The recoverability of debtors has been further scrutinised in the light of the pandemic and its aftermath and additional provision has been made for certain outstanding student debt and any other debt considered to be at risk. It is University policy to provide in full for all debtors over one year old and make provision for any known specific bad or significant disputed debt that is less than 365 days old. If the policy was amended to include all debt over 270 days old, the provision would increase by £1.4m as at 31 July 2022.

Investment properties

Valuations are undertaken periodically by an independent external team of chartered surveyors. This is then updated annually by senior management based on the current tenant rents and an estimate of the rental yield going forward. The not long before the year end and is therefore considered to be reasonable. The rental yield assumption used was 8.5%. A 1% increase in the yield would reduce the valuation by £0.4m and a 1% decrease in the yield would increase the valuation also by £0.4m.

Impairments

Management make judgements as to whether any indicators of impairment are present for any of the University's assets.

Management have also considered the impact of the revised ways of working on its estate following the COVID 19 pandemic and concluded that those parts not impaired will continue to be fully utilised after taking account of any social distancing requirements that may need to be re-implemented should there be another COVID 19 pandemic wave. Therefore it is considered that there is no need to provide for any impairment as a consequence of COVID 19 and its aftermath in respect of the University estate.

As the University's investment portfolio is mostly listed, it is valued at fair value as at the year end date. Any other long term holding is cash. Therefore no additional impairment provision is required in relation to long-term investments as a consequence of any subsequent events.

Provisions

Management apply judgement to arrive at the best estimate for any obligation required. The amount recognised as a provision is management's best estimate of the present value of the amount required to settle the obligation. To arrive at this amount management assess the likelihood and extent of any future settlement and make judgements based on these.

Other provisions of £21.5m relate to several specific items as set out in Note 21. This includes provisions for certain specific onerous contracts and dilapidations. It also includes a provision for the costs of exiting North Campus as a result of the move to the Manchester Engineering Campus Development (MECD) and the need to vacate the site for ID Manchester.

Taxation

The University establishes provisions

the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

No deferred tax assets are recognised in relation to tax losses within the subsidiaries as the likelihood of utilising these tax losses in the near future is seen as remote. Also the value of tax losses in subsidiaries available for future utilisation is not significant.

Retirement benefit obligations

The University operates five pension schemes. Two of these schemes are accounted for as defined benefit schemes. These are the University of Manchester Superannuation Scheme ('UMSS') and the Greater Manchester Pension Fund ('GMPF'). Actuarial valuations are carried out as determined by the trustees annually. Pension costs under FRS 102 are based upon the latest actuarial valuation, which is based on assumptions agreed by management following actuarial advice. The liability may also take account of the estimated impact of changes in benefit structure or benefit calculations (e.g. due to legal rulings). The impact of this is estimated based on actuarial advice but also known conditions within the relevant scheme. The key assumptions used are documented within Note 25 as well as the key sensitivities in relation to the impact of those assumptions on the net pension liabilities These assumptions and the asset values are based on data derived as at 31 July 2022 or close to the year end. They therefore include the impact of the pandemic.

The University also operates two schemes which are accounted for as defined contribution schemes as they are multi-employer schemes: the Universities Superannuation Scheme ('USS') and the NHS pension scheme ('NHSPS'). These two multi-employer schemes are accounted for insufficient information is available to identify the University's share of the underlying assets and liabilities.

As the University is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the balance sheet. The provision is currently based on the USS deficit recovery plan agreed after the 2020 actuarial valuation, which defines the deficit payment required as a percentage of future salaries until 2038. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflation, changes in staff numbers and the prevailing discount rate. The estimates for future salary inflation and changes in staff numbers have been derived from the most recent budgeting and planning exercise that the University has undertaken. These key assumptions and the sensitivity of those assumptions on the provision for the deficit recovery plan are set out in Note 21.

Consolidated Statement of Comprehensive Income

Year ended 31 July 2022

	Notes	Consolidated		University	
		Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000	**Year Ended 31 July 2022 £'000**	Year Ended 31 July 2021 £'000
Income					
Tuition fees and education contracts	1	**638,205**	577,880	**638,205**	577,880
Funding body grants	2	**136,462**	138,068	**136,462**	138,068
Research grants and contracts	3	**270,561**	236,964	**270,561**	236,964
Other income	4	**158,368**	135,739	**159,567**	137,046
Investment income	5	**4,169**	4,485	**4,169**	4,484
Donations and endowments	6	**9,362**	7,182	**9,362**	7,182
Total income		**1,217,127**	**1,100,318**	**1,218,326**	**1,101,624**
Expenditure					
Staff costs	7	**597,252**	583,426	**592,392**	575,818
Changes in USS deficit recovery plan	7	**219,509**	-	**219,509**	-
Total staff costs		**816,761**	583,426	**811,901**	575,818
Other operating expenses	8	**400,439**	350,371	**407,322**	357,290
Depreciation and amortisation	11 &12	**78,974**	84,262	**78,559**	84,056
Interest and other finance costs	9	**20,802**	20,815	**20,802**	20,815
Total expenditure		**1,316,976**	**1,038,874**	**1,318,584**	**1,037,979**
(Deficit)/surplus before other gains and share of operating surplus of associates		**(99,849)**	**61,444**	**(100,258)**	**63,645**
(Loss)/gain on investments (including investment properties)		**(3,932)**	23,359	**(3,932)**	23,359
Share of operating surplus/(deficit) in associate	15	**604**	(172)	**-**	-
(Deficit)/surplus before tax		**(103,177)**	**84,631**	**(104,190)**	**87,004**
Taxation	10	**175**	155	**143**	130
(Deficit)/surplus for the year		**(103,002)**	**84,786**	**(104,047)**	**87,134**
Other comprehensive income					
Actuarial gain in respect of pension schemes	25	**39,410**	15,910	**39,410**	15,910
Total comprehensive (deficit)/surplus for the year		**(63,592)**	**100,696**	**(64,637)**	**103,044**
Endowment comprehensive (deficit)/surplus for the year		**(18,739)**	21,684	**(18,739)**	21,684
Restricted comprehensive deficit for the year		**(1,503)**	(6,858)	**(1,503)**	(6,858)
Unrestricted comprehensive (deficit)/surplus for the year		**(43,350)**	85,870	**(44,395)**	88,218
		(63,592)	**100,696**	**(64,637)**	**103,044**

All items of income and expenditure relate to continuing activities.

Consolidated Statement of Changes in Reserves

Year ended 31 July 2022

(a) Consolidated	Income and expenditure account			Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000
Balance at 1 August 2021	242,225	10,319	1,619,476	1,872,020
(Deficit)/surplus from the Statement of Comprehensive Income	(18,739)	3,249	(87,512)	(103,002)
Other comprehensive income	-	-	39,410	39,410
Release of restricted funds spent in year	-	(4,752)	4,752	-
Total comprehensive deficit for the year	(18,739)	(1,503)	(43,350)	(63,592)
Balance at 31 July 2022	**223,486**	**8,816**	**1,576,126**	**1,808,428**
Balance at 1 August 2020	220,541	17,177	1,533,606	1,771,324
Surplus from the Statement of Comprehensive Income	21,684	1,789	61,313	84,786
Other comprehensive income	-	-	15,910	15,910
Release of restricted funds spent in year	-	(8,647)	8,647	-
Total comprehensive income/(deficit) for the year	21,684	(6,858)	85,870	100,696
Balance at 31 July 2021	**242,225**	**10,319**	**1,619,476**	**1,872,020**

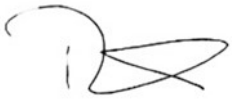
(b) University	Income and expenditure account			Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000
Balance at 1 August 2021	242,225	10,319	1,604,755	1,857,299
(Deficit)/surplus from the income and expenditure statement	(18,739)	3,249	(88,557)	(104,047)
Other comprehensive income	-	-	39,410	39,410
Release of restricted funds spent in year	-	(4,752)	4,752	-
Total comprehensive deficit for the year	(18,739)	(1,503)	(44,395)	(64,637)
Balance at 31 July 2022	**223,486**	**8,816**	**1,560,360**	**1,792,662**
Balance at 1 August 2020	220,541	17,177	1,516,537	1,754,255
Surplus from the income and expenditure statement	21,684	1,789	63,661	87,134
Other comprehensive income	-	-	15,910	15,910
Release of restricted funds spent in year	-	(8,647)	8,647	-
Total comprehensive income/(deficit) for the year	21,684	(6,858)	88,218	103,044
Balance at 31 July 2021	**242,225**	**10,319**	**1,604,755**	**1,857,299**

Consolidated Statement of Financial Position

As at 31 July 2022

	Notes	Consolidated 2022 £'000	Consolidated 2021 £'000	University 2022 £'000	University 2021 £'000
Non current assets					
Intangible assets and goodwill	11	**15,122**	17,392	**15,122**	17,391
Fixed assets	12	**2,064,971**	2,015,990	**2,064,377**	2,014,804
Heritage assets	13	**258,129**	257,979	**258,129**	257,979
Investments	14	**220,663**	239,538	**222,558**	241,443
Investments in associates	15	**11,015**	10,411	**-**	-
		2,569,900	2,541,310	**2,560,186**	**2,531,617**
Current assets					
Stock		**1,408**	1,076	**1,408**	1,076
Trade and other receivables	16	**190,333**	125,765	**191,718**	126,514
Investments	17	**230,000**	260,000	**230,000**	260,000
Cash and cash equivalents		**175,966**	77,322	**169,670**	70,120
		597,707	464,163	**592,796**	457,710
Less: Payables: amounts falling due within one year	18	**(532,107)**	(470,729)	**(533,248)**	(469,304)
Net current assets/(liabilities)		**65,600**	(6,566)	**59,548**	(11,594)
Total assets less current liabilities		**2,635,500**	2,534,744	**2,619,734**	2,520,023
Payables: amounts falling due after more than one year	19	**(393,812)**	(395,339)	**(393,812)**	(395,339)
Provisions					
Pension provisions	21	**(411,774)**	(245,079)	**(411,774)**	(245,079)
Other provisions	21	**(21,486)**	(22,306)	**(21,486)**	(22,306)
Total net assets		**1,808,428**	1,872,020	**1,792,662**	1,857,299
Restricted Reserves					
Income and expenditure reserve - endowment reserve	22	**223,486**	242,225	**223,486**	242,225
Income and expenditure reserve - restricted reserve	23	**8,816**	10,319	**8,816**	10,319
Unrestricted Reserves					
Income and expenditure reserve - unrestricted reserve		**1,576,126**	1,619,476	**1,560,360**	1,604,755
Total Reserves		**1,808,428**	1,872,020	**1,792,662**	1,857,299

The financial statements were approved by the Governing Body on 24th November 2022 and were signed on its behalf on that date by:



Philippa Hird
Chair of the Board of Governors and Pro-Chancellor



Professor Dame Nancy Rothwell
President and Vice-Chancellor



Carol Prokopyszyn
Chief Financial Officer

Consolidated Statement of Cash Flows

Year ended 31 July 2022

	Notes	Year ended 31 July 2022	Year ended 31 July 2021
		£'000	£'000
Cash flow from operating activities			
(Deficit)/surplus for the year		**(103,001)**	84,786
Adjustment for non-cash items			
Depreciation and impairment	12	**75,993**	83,545
Amortisation of intangible assets	11	**2,981**	717
Loss/(gain) on investments		**3,932**	(23,359)
(Increase)/decrease in stock		**(332)**	66
Increase in receivables	16	**(64,568)**	(6,953)
Increase in payables	18-19	**64,423**	99,191
Increase in pension provision	21	**206,105**	5,690
Increase/(decrease) in other provisions	14, 15 & 21	**2,324**	(4,360)
Share of operating (surplus)/deficit in associate	15	**(604)**	172
Adjustment for investing or financing activities			
Investment income	5	**(4,169)**	(4,485)
Interest payable	9	**17,904**	17,899
New endowments	6	**(535)**	(142)
Profit on sale of fixed assets		-	-
Capital grant income		**(37,022)**	(43,495)
Assets transferred to other operating expenditure	11-12	**2,518**	125
Net cash inflow from operating activities		**165,949**	209,397
Cash flows from investing activities			
Proceeds from sales of fixed assets		**185**	8
Disposal of non current asset investments		**66,108**	1,274
Capital grant receipts		**31,718**	46,845
Withdrawal/(placement) of deposits		**30,000**	(170,000)
Investment income		**4,169**	4,485
Payments made to acquire fixed assets		**(127,921)**	(114,733)
Payments made to acquire investments		**(54,309)**	(2,413)
Net cash outflow from investing activities		**(50,050)**	(234,534)
Cash flows from financing activities			
Interest paid		**(17,790)**	(17,790)
Endowment cash received		**535**	142
Net cash outflow from financing activities		**(17,255)**	(17,648)
Increase/(decrease) in cash and cash equivalents in the year	26	**98,644**	(42,785)
Cash and cash equivalents at beginning of the year	26	**77,322**	120,107
Cash and cash equivalents at the end of the year	26	**175,966**	77,322

Notes to the financial statements

Year ended 31 July 2022

1 Tuition fees and education contracts	Consolidated		University	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Full-time home and EU students	**226,495**	223,961	**226,495**	223,961
Full-time international students	**356,228**	305,676	**356,228**	305,676
Part-time students	**33,363**	32,129	**33,363**	32,129
Short course fees	**21,946**	16,060	**21,946**	16,060
Research training support grants	**173**	54	**173**	54
	638,205	**577,880**	**638,205**	**577,880**

2 Funding body grants	Consolidated		University	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Recurrent grant				
Research England recurrent grant	**81,069**	79,195	**81,069**	79,195
Office for Students recurrent grant	**30,890**	29,195	**30,890**	29,195
Office for Students capital grant	**30**	2,542	**30**	2,542
Research England Capital grant	**11,278**	13,533	**11,278**	13,533
Other recurrent grants	**3,507**	2,115	**3,507**	2,115
Specific grants				
Special initiatives	**9,688**	11,488	**9,688**	11,488
	136,462	**138,068**	**136,462**	**138,068**
The OfS Accounts Direction requirement for the analysis of Grant and fee income is set out below.				
Grant and fee income analysis				
Grant income from the OfS	**34,414**	35,191	**34,414**	35,191
Grant income from other bodies	**396,952**	369,536	**396,952**	369,505
Fee income for taught awards (exclusive of VAT)	**589,740**	537,534	**589,740**	537,534
Fee income for research awards (exclusive of VAT)	**26,518**	24,286	**26,518**	24,286
Fee income from non-qualifying courses (exclusive of VAT)	**21,946**	16,060	**21,946**	16,060
	1,069,570	**982,607**	**1,069,570**	**982,576**

3 Research grants and contracts	Consolidated		University	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Research councils	**118,629**	101,420	**118,629**	101,420
UK based charities	**60,047**	52,117	**60,047**	52,117
UK central government, hospitals and health authorities	**36,793**	33,004	**36,793**	33,004
UK industry and commerce	**14,500**	14,336	**14,500**	14,336
Overseas	**39,292**	33,834	**39,292**	33,834
Other sources	**1,300**	2,253	**1,300**	2,253
	270,561	**236,964**	**270,561**	**236,964**

The above includes £18.9m (2021: £13.0m) relating to income recognised in respect of capital additions.

Included within the above is £155.4m (2021: £134.4m) of income from UK Government sources. There are no significant unfulfilled conditions or contingencies relating to government income recognised. The University has not benefited from any other government revenue grants outside of that disclosed in notes 3 and note 4 (2021: nil)

Notes to the financial statements (continued)

Year ended 31 July 2022

4 Other income	Consolidated		University	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Residences, catering and conferences	**52,587**	26,683	**52,587**	26,683
Other grants	**39,472**	35,449	**39,472**	35,418
Income from supply of goods and services	**17,422**	25,513	**17,422**	25,477
Income from reimbursed salary costs	**14,869**	13,921	**14,869**	13,921
Premises income	**2,701**	3,526	**3,659**	3,526
Consultancy	**2,675**	2,336	**2,675**	2,336
Other capital income	**6,779**	14,442	**6,779**	14,442
Other	**21,863**	13,869	**22,104**	15,243
	158,368	**135,739**	**159,567**	**137,046**

Included within the above is £48.7m (2021: £49.9m) of income from UK Government sources. There are no significant unfulfilled conditions or contingencies relating to government income recognised. The University has not benefited from any other government revenue grants outside of that disclosed in notes 3 and note 4 (2021: £nil).

Included within other grants is £nil relating to the Coronavirus Job Retention Scheme (2021: £3.7m).

5 Investment income	Consolidated		University	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Interest from short-term investments	**1,488**	176	**1,488**	175
Endowment income	**2,657**	4,302	**2,657**	4,302
Investment income	**24**	7	**24**	7
	4,169	**4,485**	**4,169**	**4,484**

6 Donations and endowments	Consolidated		University	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
New endowments	**535**	142	**535**	142
Donations	**8,827**	7,040	**8,827**	7,040
	9,362	**7,182**	**9,362**	**7,182**

7 Staff costs	Consolidated		University	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Staff Costs:				
Wages and salaries	**429,635**	409,297	**425,592**	402,958
Social security costs	**48,100**	44,229	**47,762**	43,768
Pension costs	**118,967**	126,001	**118,504**	125,185
Early retirement and voluntary severance (ERVS) scheme costs	**550**	3,899	**534**	3,907
	597,252	583,426	**592,392**	575,818
Change in USS deficit recovery plan	**219,509**	-	**219,509**	-
	816,761	**583,426**	**811,901**	**575,818**

Clinical Excellence Awards paid to NHS Consultants employed on joint contracts between the NHS and the University are not borne by the University and are excluded from the above analysis and from the analysis of remuneration of higher paid staff. These amount to £1.9m for the year ended 31 July 2022 (2021: £2.6m).

Termination benefits (including ERVS costs) amounting to £1.1m (2021 : £4.5m) were paid to members of staff who left the University or its subsidiaries for the year ended 31 July 2022. These payments were made to 254 people in the year ended 31 July 2022 (2021 : 923 people). The majority relate to the University voluntary severance scheme.

Staff costs of £nil were funded by the Coronavirus Job Retention Scheme (2021: £3.7m).

Wages and salaries for USS, UMSS and Pension Saver members participating in the PensionChoice salary sacrifice arrangement reflect the reduced gross pay earned by staff and the pension costs reflect the increased employer element of the USS, UMSS and Pension Saver pension contributions.

Pension costs includes £4.7m (2021: £nil) in relation to a payment made by the University to UMSS. This is in relation to the bulk transfer of the University's Students Union share of the assets and liabilities of the Students Union Superannuation Scheme to UMSS. The University payment was to ensure the funding level of the bulk transfer was placed at the same funding level as UMSS. See also note 25(d).

Change in USS deficit recovery plan As a result of USS issuing a new Schedule of Contributions, which extends the deficit recovery period from 2028 to 2038, the University has incurred an additional charge of £219.5m relating to an increase in the provision for deficit reduction contributions.

	Consolidated		University	
	2022 No.	2021 No.	**2022 No.**	2021 No
Average staff numbers				
Academic	**2,988**	2,783	**2,988**	2,783
Research	**1,867**	1,846	**1,867**	1,846
Administrative and management	**1,634**	1,563	**1,555**	1,466
Clerical and secretarial	**2,029**	1,839	**2,029**	1,831
Technical	**1,973**	2,061	**1,973**	1,987
Total number of staff	**10,491**	**10,092**	**10,412**	**9,913**

The number of staff disclosed relates to full time equivalents.

The full-time equivalent basic salary of higher paid staff (which, following OfS guidance, includes the salary of the President and Vice-Chancellor), excluding employer's pension contributions, was within the ranges set out below. The full-time equivalent basic salary is calculated prior to any adjustment for salary sacrifice and includes market supplements but excludes bonuses, allowances, clinical excellence awards and other such payments. Where all or a proportion of salary is reimbursed by another body (such as the NHS, Research Councils or though grants or scholarships) only any portion paid by or charged to the University is disclosed.

Payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment are not included within this calculation. Of these staff, 16 staff held clinical roles in 2021/22 (2020/21: 8 staff).

Notes to the financial statements (continued)

Year ended 31 July 2022

The number of higher paid staff has increased due to a combination of factors including promotion, increments and pay awards.

	Consolidated		University	
	2022 Average FTE Number of Employees	2021 Average FTE Number of Employees	**2022 Average FTE Number of Employees**	2021 Average FTE Number of Employees
£100,001 - £105,000	**25**	38	**25**	38
£105,001 - £110,000	**27**	27	**27**	27
£110,001 - £115,000	**35**	27	**35**	26
£115,001 - £120,000	**9**	16	**8**	16
£120,001 - £125,000	**16**	12	**16**	11
£125,001 - £130,000	**11**	9	**11**	9
£130,001 - £135,000	**12**	6	**11**	6
£135,001 - £140,000	**8**	12	**8**	12
£140,001 - £145,000	**9**	7	**9**	7
£145,001 - £150,000	**7**	8	**7**	8
£150,001 - £155,000	**6**	5	**5**	5
£155,001 - £160,000	**4**	4	**4**	3
£160,001 - £165,000	**2**	2	**2**	1
£165,001 - £170,000	**1**	2	**1**	2
£170,001 - £175,000	**4**	2	**3**	2
£175,001 - £180,000	**1**	-	**1**	-
£180,001 - £185,000	**2**	2	**1**	2
£185,001 - £190,000	**4**	4	**4**	4
£195,001 - £200,000	**2**	2	**2**	2
£200,001 - £205,000	**4**	2	**4**	2
£205,001 - £210,000	**-**	1	**-**	-
£210,001 - £215,000	**-**	2	**-**	2
£215,001 - £220,000	**2**	-	**1**	-
£245,001 - £250,000	**-**	1	**-**	-
£250,001 - £255,000	**1**	1	**-**	1
£255,001 - £260,000	**1**	-	**1**	-
£260,001 - £265,000	**1**	1	**1**	1
£300,001 - £305,000	**-**	1	**-**	1
£305,001 - £310,000	**1**	-	**1**	-
£335,001 - £340,000	**-**	1	**-**	1
£340,001 - £345,000	**1**	-	**1**	-
	196	**195**	**189**	**189**

	Consolidated and University	
	2022 £'000	2021 £'000
Emoluments of the President and Vice-Chancellor:		
Salary	**260**	252
Benefits	**1**	1
Pension contributions to USS in respect of 6.3% (2021: 2.1%) enhanced opt-out	**15**	5
	276	**258**

The benefits received by the President and Vice Chancellor comprise private medical healthcare cover solely for herself. The pension contributions to USS in respect of her enhanced opt-out status is an employer obligation which provides for ill health and death in service cover. In line with the revised Schedule of Contributions for USS, this increased from 2.1% to 6.3% in October 2021. Information regarding the justification for the President and Vice-Chancellor's remuneration can be found within the Remuneration Committee report on page 34.

There were no termination payments paid to any individual whose annual salary exceeded £100,000 (2021:£814k paid to 11 individuals).

The President and Vice-Chancellors' basic salary is 9.3 times (2021: 10.6 times) the median pay of staff (£27,919) (2021: £23,754) where the median pay is calculated on a full-time equivalent basis for the salaries paid by the University to its staff. All staff is defined as anyone included in the RTI submission to HMRC. Her total remuneration is 9.7 times the median total remuneration of staff (£28,428) calculated on a full-time equivalent basis including atypical staff. The median pay and pay ratios derived exclude agency staff (as these are not paid through the University payroll system).

	2022 £'000	2021 £'000
Amount of expenses claimed by members of the Board of Governors during the year	**10**	1
Number of members of the Board of Governors claiming expenses	**15**	4

Key management personnel

Key management personnel are the members of the Senior Leadership Team as defined in the Remuneration Report on page 34 and comprises the President and Vice-Chancellor; Deputy President and Deputy Vice-Chancellor; the three Faculty Deans; the four Vice-Presidents of Policy (Teaching, Learning and Students; Research; Social Responsibility; and Regional Innovation and Civic Engagement); the Registrar and Chief Operating Officer; the Chief Financial Officer and the Director of People and Organisational Development.

Compensation paid to key management personnel (including the President and Vice-Chancellor) within the year was as follows:

	Consolidated and University	
	2022 £'000	2021 £'000
Key management personnel	**2,220**	**2,227**

The Remuneration Committee Report on page 34 sets out more detail in respect of senior staff pay.

	Consolidated and University	
	2022 £'000	2021 £'000
Access and Participation staff costs		
Access Investment	**2,971**	2,977
Disability Support	**2,334**	2,229
Research and Evaluation	**640**	675
	5,945	5,881

Notes to the financial statements (continued)

Year ended 31 July 2022

8 Analysis of other operating expenses	Consolidated		University	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Academic and related expenditure	**130,765**	95,960	**138,117**	103,391
Central administration and services	**109,581**	130,121	**111,642**	127,442
Premises	**61,131**	58,189	**59,784**	57,093
Residences, catering and conferences	**29,596**	6,834	**29,596**	9,756
Research grants and contracts	**66,826**	52,425	**66,826**	52,425
Other expenses	**2,540**	6,842	**1,357**	7,183
	400,439	**350,371**	**407,322**	**357,290**

Lease payments recognised as an expense in the year amounted to £23.8m for the group (2021: £16.6m).

	2022 £'000	2021 £'000
Included within operating expenses are the following costs:		
Fees payable to the University's auditor for the audit of the University and its subsidiaries' annual accounts	**197**	181
Non-audit fees payable to the University's auditor	**-**	-
Total fees	**197**	**181**

The disclosures above are for the Group. The University is not required, in its individual financial statements, to disclose separately information about fees for non-audit services provided to the University.

	Consolidated	
	2022 £'000	2021 £'000
Access and Participation Costs		
Access Investment	**3,413**	3,449
Financial Support (i)	**12,476**	11,917
Disability Support (ii)	**2,860**	2,457
Research and Evaluation	**655**	702
	19,404	**18,525**

Included in these costs above is £5,945k (2021: £5,881k) which is disclosed in note 7 Staff costs.

(i) includes £47k (2021: £50k) of Hardship fund payments awarded to students who were eligible for the Manchester Bursary.

(ii) includes OfS Access and Success funding (including disabled students premium) of £1,477k (2021: £1,241k).

A copy of the 2021/22 APP plan can be found on our website.

For Access Investment, Disability Support and Research and Evaluation

The University identified the proportions of staff time and non-staff resource required to support the governance, development, delivery and evaluation of these areas.

Using a standard template, a modelled costing of activity across all parts of the University was collected. They were required to identify all such activities that their teams undertook, reporting on time by staff member and expenses and a cost derived from this. This methodology has been previously verified and approved by the University's Planning and Resources Committee.
For activities that are of benefit to all students, a standard formula based on the number of Widening Participation (WP) students was used to estimate the percentage of expenditure which supports these students. This approach has previously been discussed with OfS (OFFA) who were supportive of this methodology.

For Financial Investment

Payments made to students from the Manchester Bursary, Manchester Access Programme and University Hardship Fund were taken from

Main differences to the Access and Participation Plan

Financial support was slightly higher than plan due to a higher number of students being eligible for the Manchester bursary from their household income.

Disability support was higher than plan due to increased resources committed to counselling and mental health as a result of Covid and the associated demand.

Access and Research and Evaluation were slightly below plan due to some activities not being able to take place during Covid restrictions.

9 Interest and other finance costs	Consolidated		University	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Other loans	**17,904**	17,899	**17,904**	17,899
Interest on net defined pension liability	**1,756**	2,007	**1,756**	2,007
Unwinding of USS pension deficit funding	**1,142**	909	**1,142**	909
	20,802	**20,815**	**20,802**	**20,815**

10 Taxation	Consolidated		University	
Recognised in the Statement of comprehensive income	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Current tax				
Current tax	**(143)**	(130)	**(143)**	(130)
Foreign tax	**(32)**	(25)	**-**	-
Current tax credit	**(175)**	**(155)**	**(143)**	**(130)**
Deferred tax				
Origination and reversal of timing differences	**-**	-	**-**	-
Deferred tax credit	**-**	-	**-**	-
Total tax credit	**(175)**	(155)	**(143)**	(130)
Tax (received)/paid in year	**(97)**	**20**	**-**	**-**

Factors Affecting the tax charge:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Consolidated		University	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
(Deficit)/surplus before taxation	**(103,176)**	**84,631**	**(104,190)**	**87,004**
Surplus multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	**(19,604)**	16,080	**(19,796)**	16,531
Effect of:				
(Deficit)/surplus falling within charitable exemption	**19,796**	(16,531)	**19,796**	(16,531)
Museum and galleries tax credit claim	**(143)**	(130)	**(143)**	(130)
Other differences attributable to subsidiaries and associates	**(224)**	426	**-**	-
Deferred tax movement	**-**	-	**-**	-
Total tax credit	**(175)**	**(155)**	**(143)**	**(130)**

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 Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by Sections 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.

Notes to the financial statements (continued)

Year ended 31 July 2022

11 Intangible assets and goodwill	Consolidated		University	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Cost				
At 1 August 2021	**22,956**	22,267	**23,456**	22,767
Additions at cost	**712**	690	**711**	689
At 31 July 2022	**23,668**	22,957	**24,167**	23,456
Depreciation and amortisation				
At 1 August 2021	**5,565**	4,848	**6,065**	5,130
Amortisation	**2,981**	717	**2,980**	935
At 31 July 2022	**8,546**	5,565	**9,045**	6,065
Net book value				
At 31st July 2022	**15,122**	**17,392**	**15,122**	**17,391**

Included in intangible assets and goodwill is £0.7m (2021: £16.4m) of software costs that are under development and therefore not yet being amortised.

12 Tangible fixed assets

(a) Consolidated	Freehold land and buildings £'000	Assets under construction £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost				
At 1 August 2021	1,847,967	491,502	336,244	**2,675,713**
Transferred to other operating expenditure	-	(2,518)	-	**(2,518)**
Additions at cost	-	119,429	8,248	**127,677**
Transfers between categories	441,968	(449,788)	7,820	**-**
Disposals	-	(185)	(8,248)	**(8,433)**
At 31 July 2022	2,289,935	158,440	344,064	**2,792,439**
Depreciation				
At 1 August 2021	339,293	-	320,430	**659,723**
Charge for the year	60,895	-	15,098	**75,993**
Disposals	-	-	(8,248)	**(8,248)**
At 31 July 2022	400,188	-	327,280	**727,468**
Net book value				
At 31 July 2022	**1,889,747**	**158,440**	**16,784**	**2,064,971**
At 31 July 2021	1,508,674	491,502	15,814	**2,015,990**

(b) University	Freehold land and buildings £'000	Assets under construction £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost				
At 1 August 2021	1,845,423	491,324	332,698	**2,669,445**
Transferred to other operating expenditure	-	(2,518)	-	**(2,518)**
Additions at cost	-	119,422	8,248	**127,670**
Transfers between categories	441,968	(449,788)	7,820	**-**
Disposals	-	-	(8,248)	**(8,248)**
At 31 July 2022	2,287,391	158,440	340,518	**2,786,349**
Depreciation				
At 1 August 2021	335,341	-	319,300	**654,641**
Charge for the year	60,895	-	14,684	**75,579**
Disposals	-	-	(8,248)	**(8,248)**
At 31 July 2022	396,236	-	325,736	**721,972**
Net book value				
At 31 July 2022	1,891,155	158,440	14,782	**2,064,377**
At 31 July 2021	1,510,082	491,324	13,398	**2,014,804**

The University and its subsidiaries revalued some of its land and buildings on a fair value basis as at 31 July 2014, taking advantage of the transitional provisions of FRS 102 section 35.10. The University appointed Gerald Eve LLP, an independent external valuer which is regulated by the Royal Institution of Chartered Surveyors. The valuation was performed in accordance with the RICS Valuation – Professional Standards April 2015. In accordance with the FRS 102 transitional provisions these revised values are now used as the deemed cost of certain land and buildings going forward.

At 31 July 2022, freehold land and buildings included £219.8m (2021: £219.8m) in respect of freehold land which is not depreciated.

The gain on disposal of fixed assets for the year ended 31 July 2022 was £Nil (2021 : £Nil).

13 Heritage assets

The University revalued some of its heritage assets on a fair value basis as at 31 July 2014, taking advantage of the transitional provisions of FRS 102 section 35.10. The University appointed Sothebys, an independent external valuer. In accordance with the FRS 102 transitional provisions these revised values are now used as the deemed cost of certain heritage assets going forward. Heritage assets held at cost or valuation are not depreciated due to their indefinite life and high residual value.

Movement on heritage assets during 2021/22 was as follows:

Consolidated and University Cost	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
At 1 August	257,979	257,637	257,539	257,239	256,039
Additions:					
Acquisitions purchased with specific donations	-	-	-	-	-
Acquisitions purchased with Endowment funds	150	275	-	-	-
Acquisitions purchased with University funds	-	67	98	-	-
Total cost of acquisition purchased	150	342	98	-	-
Value of acquisition by donation	-	-	-	300	1,200
Additions	-	-			
Total acquisitions capitalised	150	342	98	300	1,200
Transfer from tangible fixed assets	-	-	-	-	-
At 31 July	**258,129**	**257,979**	**257,637**	**257,539**	**257,239**

Notes to the financial statements (continued)

Year ended 31 July 2022

13 Heritage assets continued

The University also holds heritage assets that are not capitalised as, due to their unique nature, reliable information on cost or valuation is not readily available on a cost-benefit basis. This is owing to the lack of information on original purchase cost and the fact that these assets are not readiily realisable. All costs incurred in relation to preservation and conservation are expensed as incurred. Key heritage assets held by the University fall into the categories detailed below. Their total value for insurance purposes is £1.4bn. The properties listed below are included in the University's tangible fixed assets (note 12) but their contents are included as heritage assets.

Whitworth Art Gallery

Whitworth Art Gallery houses and displays collections including flat textiles ranging from 3rd Century AD to the present day; 17th century to modern day wallpapers; selections of prints, pre-1880 watercolours and modern art and sculpture collections.

Manchester Museum

The Manchester Museum houses and displays various artefacts and fossils, in particular it has a substantial collection of ancient Egyptian artefacts as part of its archaeology collection. It also houses and displays collections in the fields of botany, anthropology and palaeontology as well as collections of rocks and minerals for example.

John Rylands Library Deansgate

John Rylands Library at Deansgate, Manchester is a Grade 1 listed building from the late 1800s styled in Victorian Gothic architecture. The building also houses and displays a rare collection of more than a million ancient books and manuscripts, including the oldest known piece of the New Testament, first editions by William Shakespeare and medieval manuscripts.

Jodrell Bank

The University owns the 76 metre Lovell telescope sited at Jodrell Bank in Cheshire and a UNESCO World Heritage Site. It was built in 1957, is a grade 1 listed building and remains one of the most powerful radio telescopes in the world. It is still in operation as a working telescope.

Tabley House

The University also owns Tabley House, an 18th century Palladian mansion in Cheshire. The house is let on a long-lease of 125 years to a third party. Part of the house is open to the public and houses and displays various painting and furniture collections from that era.

Policy for management, preservation, acquisition and disposal of assets

The collections are managed by dedicated directors at each site. They are supported by a team of highly skilled and experienced curators who have responsibility over specialised areas of the collections.

The condition of the assets is maintained through a programme of effective collection care to reduce damage and deterioriation by reducing risk from physical damage (including handling), theft and vandalism, fire and water/flood, inappropriate relative humidity and temperature, light, pollutants and museum pests. A rolling programme of remedial conservation is ongoing to stabilise assets which may be deteriorating over time.

Further information on the University's policies regarding conservation, preservation, management and disposal of heritage assets can be found on the University's website www.manchester.ac.uk/discover/open-public.

Each site maintains extensive databases which itemise the assets held, and online databases of the assets held at The Manchester Museum, The Whitworth Art Gallery and John Rylands Library are freely available to the general public.

For more details of the collection held at:

- The Manchester Museum please see www.museum.manchester.ac.uk/collection
- The John Rylands Library please see www.library.manchester.ac.uk/search-resources/guide-to-special-collections
- The Whitworth Art Gallery please see www.whitworth.manchester.ac.uk/collection

Public access to the collections is delivered in a variety of ways:

Gallery displays and a combination of permanent and temporary exhibitions at each site.

Education and outreach activities such as school trips.

Access by researchers and interested groups/individuals by arrangement.

Loans out to UK and international museums and galleries, or other venues.

The directors at each site, in partnership with their curators, are responsible for the identification and purchase of further items to further enhance the cultural value of the collections to both students and the wider general public.

14 Non current investments	Consolidated		University	
	2022 £'000	2021 £'000	**2022 £'000**	**2021 £'000**
Analysis of closing balance				
Interest in subsidiary undertakings (14a)	**-**	-	**1,895**	**1,905**
Investment properties (14b)	**3,075**	2,798	**3,075**	**2,798**
Investments carried at fair value through the Statement of Comprehensive Income (14c)	**217,359**	191,212	**217,359**	**191,212**
Investments carried at amortised cost (14d)	**-**	45,410	**-**	**45,410**
Investments held at cost less impairment (14e)	**229**	118	**229**	**118**
	220,663	**239,538**	**222,558**	**241,443**

Movement in year

Consolidated	**Investment in subsidiary undertakings £'000**	**Investment properties £'000**	**Investments carried at fair value £'000**	**Investments carried at amortised cost £'000**	**Investments held at cost less impairment £'000**	**Total £'000**
At 1 August 2021	**-**	2,798	191,212	45,410	118	**239,538**
Additions	-	-	40,438	10,616	3,255	**54,309**
Disposals	-	-	(10,082)	(56,026)	**-**	**(66,108)**
Revaluation of investment properties	**-**	277	-	-	-	**277**
Net appreciation of investment portfolio and other listed investments	-	-	(4,209)	-	-	**(4,209)**
Impairment provision in the year	-	-	-	-	(3,144)	**(3,144)**
At 31 July 2022	**-**	**3,075**	**217,359**	**-**	**229**	**220,663**

University	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 August 2021	1,905	2,798	191,212	45,410	118	**241,443**
Additions	-	-	40,438	10,616	3,255	**54,309**
Disposals	(10)	**-**	(10,082)	(56,026)	**-**	**(66,118)**
Revaluation of investment properties	**-**	277	-	-	-	**277**
Net appreciation of investment portfolio	-	-	(4,209)	-	-	**(4,209)**
Impairment provision in the year	-	-	-	-	(3,144)	**(3,144)**
At 31 July 2022	**1,895**	**3,075**	**217,359**	**-**	**229**	**222,558**

Notes to the financial statements (continued)

Year ended 31 July 2022

14 Non current investments (continued)

(a) Interests in subsidiary undertakings

At year end, investments in subsidiary undertakings after provisions comprise:

	Group Holding %	University 2022 £	2021 £	Description
Graphene Enabled Systems Limited	100	**-**	-	Dissolved 26 July 2022
Manchester Innovation Limited	100	**-**	-	Dissolved 6 July 2021
The University of Manchester Innovation Centre Limited	100	**-**	1	Dissolved 6 July 2021
UMIST Ventures Limited	100	**1**	1	Dormant. Due to be wound up.
University of Manchester Innovation Factory Limited	100	**50,000**	50,000	Management of intellectual property
UMIP UPF Limited	100	**-**	10,000	Dissolved 27 April 2021
The University of Manchester Conferences Limited	100	**2**	2	Provision of catering staff
The University of Manchester Car Parks Limited	100	**2**	2	Maintenance and running of car park facilities
The University of Manchester Licensing Company Limited	100	**1,000**	1,000	Dormant
Vumpine Limited	50	**50**	50	Dormant
UMSS Limited	100	**2**	2	To undertake the duty of trustee of UMSS
The University of Manchester Worldwide Limited	100	**1,843,722**	1,843,722	Holding company
The University of Manchester Worldwide (Shanghai) Limited	100	-	-	Consultancy and management services
Manchester Business School America Inc	100	-	-	Dormant
Manchester Worldwide Institute of Higher Education (South East Asia) Ptd Ltd	100	-	-	Provision of distance learning
Manchester Worldwide PTE Ltd	100	-	-	Dormant
The University of Manchester (CLG)	100	-	-	Dormant
Owens College (CLG)	100	-	-	Dormant
Owens College Manchester (CLG)	100	-	-	Dormant
Manchester University (CLG)	100	-	-	Dormant
UMIST (CLG)	100	-	-	Dormant
		1,894,779	**1,904,780**	

Certain subsidiary undertakings above are shown as having nil cost of investment. In each case these are either indirectly owned as indicated, are limited by guarantee ('CLG') or are trusts.

Where applicable, the 'group holding' is equivalent to the proportion of voting rights and shares held.

All the subsidiary undertakings are incorporated in England and Wales, with the exception of the subsidiaries of The University of Manchester Worldwide Limited.

All subsidiary undertakings prepare statutory accounts to the same year end date as the University with the exception of the Shanghai entity which has a year end date of 31 December.

14 Investments within fixed assets (continued)

(b) Investment properties

The investment properties totalling £3.1m (2021: £2.8m) were revalued on an open market basis as at 31 July 2015 by an external valuer, Edward Symmons LLP which is regulated by the Royal Institution of Chartered Surveyors. The valuation was performed in accordance with the RICS Valuation - Professional Standards 2014. This valuation has been updated as at 31 July 2022 by senior management at the University and there has been an increase in value of £0.3m.

	Consolidated		University	
(c) Investments carried at fair value	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Listed investments	**214,662**	189,677	**214,662**	189,677
Other investments	**2,697**	1,535	**2,697**	1,535
	217,359	**191,212**	**217,359**	**191,212**
(d) Investments carried at amortised cost				
Long-term cash deposits and uninvested bank balances	**-**	45,410	**-**	45,410
	-	**45,410**	**-**	**45,410**
(e) Investments carried at cost less impairment				
Other investments	**229**	118	**229**	118
	229	**118**	**229**	**118**

15 Investments in Associates

	Consolidated		University	
Analysis of closing balance	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
At 1 August 2021	**10,411**	10,583	**-**	-
Additions at cost	**-**	-	**-**	-
Share of profit/(loss)	**604**	(172)	**-**	-
Provision against investments	**-**	-	**-**	-
At 31 July 2022	**11,015**	**10,411**	**-**	**-**

The Group had the following associated undertakings as at 31 July 2022:

Name of associate	**Class of share capital held**	**Proportion held by the University and Group**	**Share of net assets 2022 £'000**	Share of net assets 2021 £'000
Manchester Science Partnerships Limited	£1 ordinary	12.2%	11,015	10,411
Financial year end 30 September				
ID Manchester Limited	£1 ordinary	35%	-	-
Financial year end 31 December				
			11,015	**10,411**

The associated companies are accounted for using the equity method. All associated companies are incorporated in the United Kingdom.

ID Manchester Limited was incorporated during the year. It had £nil net assets as at 31 July 2022.

Notes to the financial statements (continued)

Year ended 31 July 2022

16 Trade and other receivables	Consolidated		University	
	2022 £000	2021 £000	**2022 £000**	2021 £000
Trade receivables	**70,410**	44,636	**70,357**	44,666
Other receivables	**2,411**	5,093	**1,753**	4,373
Accrued income on research grants and contracts	**74,415**	39,374	**74,415**	39,374
Prepayments and other accrued income	**43,097**	36,662	**42,774**	36,329
Amounts due from subsidiary companies	**-**	-	**2,419**	1,772
	190,333	**125,765**	**191,718**	**126,514**

Included within the University is £nil (2020: £nil) relating to debtors due in over one year. There are no debtors due in over one year on a consolidated basis in both the current and prior year.

17 Current investments	Consolidated		University	
	2022 £000	2021 £000	**2022 £000**	2021 £000
Deposits maturing:				
Between three months and one year	**230,000**	260,000	**230,000**	260,000
	230,000	**260,000**	**230,000**	**260,000**

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

At 31 July 2022 the weighted average interest rate of these fixed rate deposits was 1.38% per annum (2021 : 0.10%) and the remaining weighted average period for which the interest rate is fixed on these deposits was 61 days (2021: 54 days). The fair value of these deposits was not materially different from the book value.

18 Payables: amounts falling due within one year	Consolidated		University	
	2022 £000	2021 £000	**2022 £000**	2021 £000
Trade payables	**65,781**	58,321	**65,464**	57,929
Social security and other taxation payable	**18,223**	12,747	**18,121**	12,482
Amounts owed to group undertakings	**-**	-	**2,957**	379
Other payables	**39,724**	36,229	**39,020**	35,736
Deferred income on research	**188,226**	161,224	**188,226**	161,224
Accruals and other deferred income	**220,153**	202,208	**219,460**	201,554
	532,107	**470,729**	**533,248**	**469,304**

Accruals and deferred income includes an amount of £0.83m (2021 : £1.0m) in respect of the Alan Turing Institute, which is a commitment that the University has entered into over 5 years. The Institute is required to spend the funds for the purposes for which they were awarded.

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

	Consolidated		University	
	2022 £000	2021 £000	**2022 £000**	2021 £000
Donations	**29,793**	38,529	**29,793**	38,529
Grant income (excluding research)	**89,874**	70,766	**89,874**	70,765
Other income	**38,285**	26,625	**38,218**	26,365
	157,952	**135,920**	**157,885**	**135,659**

19 Payables: amounts falling due after more than one year	Consolidated		University	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Other loans	**393,812**	393,698	**393,812**	393,698
Other payables	**-**	1,641	**-**	1,641
	393,812	**395,339**	**393,812**	**395,339**

Other payables includes an amount of £nil (2021 : £1.39m) in respect of the Alan Turing Institute (see note 18 above).

20 Borrowings	Consolidated		University	
	2022	2021	**2022**	2021
Unsecured borrowings at amortised cost:	**£000**	£000	**£000**	£000
Bond	**294,253**	294,152	**294,253**	294,152
Other loans	**99,559**	99,546	**99,559**	99,546
	393,812	**393,698**	**393,812**	**393,698**
Analysis of unsecured borrowings:				
Due in five years or more	**393,812**	393,698	**393,812**	393,698
	393,812	**393,698**	**393,812**	**393,698**

Bond

In July 2013 an unsecured fixed rate public bond was issued for the sum of £300 million over a 40 year term with a coupon rate of 4.25%. It is listed on the London Stock Exchange. There are no capital payments to be made over the term, with the bond maturing in 2053.

The bond transaction costs of £7.5m are amortised over the life of the bond and charged to interest costs.

The University may, at its option, redeem some or all of the bond at the Redemption Price together with interest accrued to the date of redemption. The 'Redemption Price' shall be the higher of (a) the principal amount of the bond to be redeemed and (b) the product of the principal amount of the bond to be redeemed and the sum of the Gross Redemption Yield (4.25% Treasury Stocks due December 2055) and 0.15%.

Unsecured bank and other loans

Other loans with an interest rate of 5.04%, repayable by one repayment falling due in 2046 totalling £99.6m (2021: £99.5m).

The University has secured a three year Revolving Credit Facility (RCF) of £150m which expires on 18th March 2025. This replaces a three year club Revolving Credit Facility (RCF) of £250m. The University has not yet needed to draw down against this facility.

Notes to the financial statements (continued)

Year ended 31 July 2022

21 Provisions for liabilities

(a) Consolidated	Obligation to fund deficit on USS pension £'000	Defined benefit obligations (Note 25) £'000	Total pensions provisions £'000	Enhancements on termination £'000	Other provisions £'000	Total £'000
At 1 August 2021	128,283	116,796	245,079	374	21,932	**267,385**
Utilised during the year	(7,331)	(24,941)	(32,272)	(374)	(1,943)	**(34,589)**
Additions in year	-	-	-	-	1,497	**1,497**
Charged to the Statement of Comprehensive Income	205,835	(6,868)	198,967	-	-	**198,967**
At 31 July 2022	**326,787**	**84,987**	**411,774**	**-**	**21,486**	**433,260**

(b) University	Obligation to fund deficit on USS pension £'000	Defined benefit obligations (Note 25) £'000	Total pensions provisions £'000	Enhancements on termination £'000	Other provisions £'000	Total £'000
At 1 August 2021	128,283	116,796	245,079	374	21,932	**267,385**
Utilised during the year	(7,331)	(24,941)	(32,272)	(374)	(1,943)	**(34,589)**
Additions in year	-	-	-	-	1,497	**1,497**
Charged to the Statement of Comprehensive Income	205,835	(6,868)	198,967	-	-	**198,967**
At 31 July 2022	**326,787**	**84,987**	**411,774**	**-**	**21,486**	**433,260**

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to make deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 25(a).

The major assumptions used to calculate the obligation are:

	2022	2021
Discount rate	**3.31%**	0.89%
Salary growth	**4.6% for the first year and then 3.9% thereafter**	2.9% for the first year and then 3.65% thereafter

Sensitivity analysis

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

Change in assumptions at 31 July 2022	Approximate impact
0.5% pa decrease in discount rate	£14m
0.5% pa increase in salary inflation over duration	£13.8m
0.5% pa increase in salary inflation year 1 only	£1.6m
0.5% increase in staff changes over duration	£14.4m
0.5% increase in staff changes year 1 only	£1.6m
1% increase in deficit contributions	£52.0m

Other provisions

Other provisions includes the following: £10.0m provision relating to the exit from the North Campus (2021: £10.1m); £9.4m in relation to provisions for onerous contracts (2021: £10.6m), £0.8m decommissioning costs provision (2021: nil) £0.5m dilapidations provisions (2021:

22 Endowment Reserves (Consolidated and University)

Restricted net assets relating to endowments are as follows:	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	Total £'000
At 1 August 2021				
Capital	155,680	14,112	59,322	**229,114**
Accumulated income	9,290	-	3,821	**13,111**
	164,970	14,112	63,143	**242,225**
New endowments	210	325	-	**535**
Reclassification of endowments	(17,832)	-	17,832	**-**
Investment income	1,716	176	765	**2,657**
Expenditure from capital and income	(1,359)	(176)	(18,274)	**(19,809)**
	(17,265)	325	323	**(16,617)**
Increase in market value of investments	(1,172)	(144)	(806)	**(2,122)**
At 31 July 2022	**146,533**	**14,293**	**62,660**	**223,486**
Represented by:				
Capital	137,117	14,293	58,782	**210,192**
Accumulated income	9,416	-	3,878	**13,294**
	146,533	14,293	62,660	**223,486**
The following assets are currently held relating to endowments:				
Investments	115,261	12,015	49,412	**176,688**
Property	21,856	2,278	9,370	**33,504**
Cash	9,416	-	3,878	**13,294**
	146,533	**14,293**	**62,660**	**223,486**

The endowments reclassified from restricted permanent to restricted expendable include £15.7m endowed by a predecessor of CRUK. A change in its purpose and its classification to expendable was agreed by both CRUK and the Charity Commission. The other £2.1m relates to an endowment that was revisited during the year and it was found that the will from the donor did not require that the gift was held in perpetuity.

Major endowments

There are no charitable funds that are over 5% of net assets. Set out below are details of material charitable funds.

	Capital Value at 31 July 2022 £'000	Opening accumulated income £'000	Dividend income £'000	Expenditure from income £'000	Closing accumulated Income £'000
Significant funds and charities which are over 1% of net assets					
Hallsworth Fund	**34,586**	807	433	(288)	**952**
Simon Fund	**19,095**	500	239	(256)	**483**
Funds and charities which are less than 1% of net assets					
Fellowships and scholarships (30 funds)	**32,607**	1,721	411	(278)	**1,854**
Prize funds (7 funds)	**3,061**	299	38	(64)	**273**
Chairs and lectureships (14 funds)	**31,219**	1,416	395	(456)	**1,355**
Other (68 funds)	**89,624**	8,368	1,141	(1,132)	**8,377**

Notes to the financial statements (continued)

Year ended 31 July 2022

22 Endowment Funds (Continued)

Hallsworth Fund

This restricted permanent endowment is to assist and advance the study of Political Economy by the establishment of Research Fellowships and Visiting Professorships. It also provides resources to assist projects of research in Political Economy and the publication of books and documents in that field. The original governing document of this endowment was altered by the Charity Commission in 1998. The management and administration of this Fund is run by the Hallsworth Committee which is appointed as trustee by the Board of Governors.

Simon Fund

This restricted permanent endowment, operated by the Simon Fund Committee, primarily funds the appointment of Fellowships and Visiting Professorships in the field of Social Sciences, Professorial Industrial and Professorial Fellowships and Engineering Research Scholarships. Its purpose is also to promote research and teaching in the Social Sciences and a substantial portion of the income is to be used for Senior Fellowships. It also funds various ad hoc projects approved by the Simon Fund Committee.

23 Restricted Reserves (University and Consolidated)

Reserves with restrictions are as follows:

	Capital Grants Unspent	Other Restricted Funds/ Donations	**Total**
	£'000	£'000	**£'000**
At 1 August 2021	9,750	569	**10,319**
New grants	2,729	-	**2,729**
Capital grants utilised	(4,316)	-	**(4,316)**
New donations with restrictions	-	520	**520**
Expenditure	-	(436)	**(436)**
At 31 July 2022	**8,163**	**653**	**8,816**

24 Financial Instruments

	Consolidated		University	
Categories of financial instruments	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Financial assets				
Financial assets at fair value through Statement of Consolidated Income				
Listed investments	**214,662**	189,677	**214,662**	189,677
Other investments	**2,697**	1,535	**2,697**	1,535
Financial assets that are equity instruments measured at cost less impairment				
Other investments	**229**	118	**229**	118
Financial assets that are debt instruments measured at amortised cost				
Long-term cash deposits and uninvested bank balances	**-**	45,410	**-**	45,410
Bank and building society deposits maturing between 3 months and one year	**230,000**	260,000	**230,000**	260,000
Cash and cash equivalents	**175,966**	77,322	**169,670**	70,120
Trade and other receivables	**72,821**	49,729	**74,529**	50,811
	696,375	**623,791**	**691,787**	**617,671**
Financial liabilities measured at amortised cost				
Loans	**393,812**	393,698	**393,812**	393,698
Trade and other payables	**105,505**	96,191	**107,441**	95,685
	499,317	**489,889**	**501,253**	**489,383**

25 Pension schemes

Different categories of staff were eligible to join one of five different schemes:

- Universities Superannuation Scheme (USS)
- University of Manchester Superannuation Scheme (UMSS)
- Greater Manchester Pension Fund (GMPF)
- National Health Service Pension Scheme (NHSPS)
- University of Manchester Pension Saver (UoMPS), with effect from 1 January 2019

According to the requirements of FRS102 (28), the net pension costs within the year, and movement within the pension schemes in the year are as follows:

	Consolidated		University	
Statement of Comprehensive Income - net pension cost in year	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
USS	**79,481**	92,377	**79,145**	91,623
UMSS	**29,206**	25,168	**29,206**	25,168
GMPF	**1,266**	1,498	**1,266**	1,498
NHSPS	**3,558**	2,913	**3,558**	2,913
University of Manchester Pension Saver	**5,433**	4,030	**5,306**	3,968
Other	**23**	15	**23**	15
Pension costs within on-going staff costs (note 7)	**118,967**	126,001	**118,504**	125,185
Change in USS deficit recovery plan	**219,509**	-	**219,509**	-
Pension costs shown separately on the face of the Statement of Comprehensive Income	**219,509**	-	**219,509**	-
Interest on net defined pension liability (note 9)	**1,756**	2,007	**1,756**	2,007
Unwinding of USS deficit)	**1,142**	909	**1,142**	909
Total pension costs	**341,374**	**128,917**	**340,911**	**128,101**

	Consolidated		University	
Other comprehensive income - actuarial gain in respect of pension schemes	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
University of Manchester Superannuation Scheme	**37,822**	(1,117)	**37,822**	(1,117)
Greater Manchester Pension Fund	**1,588**	17,027	**1,588**	17,027
	39,410	**15,910**	**39,410**	**15,910**

Balance sheet - Pension scheme deficits (note 21)	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
University of Manchester Superannuation Scheme	**83,779**	113,903	**83,779**	113,903
Greater Manchester Pension Fund	**1,208**	2,893	**1,208**	2,893
	84,987	**116,796**	**84,987**	**116,796**

(a) The Universities Superannuation Scheme

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund.

Given the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Comprehensive Income represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall

Notes to the financial statements (continued)

Year ended 31 July 2022

25 Pension schemes (Continued)

The total cost charged to the Consolidated Statement of Comprehensive Income is £300.1m (2021: £93.3m) including PensionChoice and the change in the deficit provision.

Under the deficit recovery plan in place at year end, deficit recovery contributions due within one year for the institution were £20.6m (2021: £16.6m).

As at 31 July 2022 the latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme at the year end date was as at 31 March 2020 ("the valuation date"), and was carried out using the projected unit method.

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

The 2020 valuation was the sixth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles).

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a.
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2020 valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2022	**2021**
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024, at which point the rate will increase to 6.3%. The 2022 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2022	**2021**
Discount rate	3.31%	0.89%
Pensionable salary growth	average 3.94% p.a.	average 3.54% p.a.

25 Pension schemes (Continued)

(b) NHS Pension Scheme ('NHSPS')

The University of Manchester also participates in the NHSPS. The notional assets of NHSPS are assessed by the Government Actuary and the benefits are underwritten by the Government.

Past and present employees are covered by the provisions of three NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. All are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required at present. The 2016 valuation reports can be found on the NHS Pensions website at https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports.

The contribution rate payable by the University during the year ended 31 July 2022 was equal to 20.68% (including a 0.08% levy to the NHSBSA) of the total pensionable salaries, 6.3% of which is settled centrally by NHS England. This is in accordance with the conclusion of the Government Actuary's report on the scheme.

The total pension cost for the University of Manchester was £3.6m (2021: £2.9m).

(c) University of Manchester Pension Saver

This is a Defined Contribution Scheme that was set up with effect from 1 January 2019 following the restructure of the UMSS scheme and its closure to new joiners (see note 25 (d)). The Pension Saver is run by Legal and General as a group personal pension scheme.

All new employees that were previously entitled to join UMSS are now automatically enrolled in the Pension Saver. The default position is that employees pay contributions of 4% of pensionable salary and the University pays 13.5%. Alternatively employees can contribute 0% to 7% and the University will contribute 9.5% to 16.5% dependent upon level of employee contributions.

The total consolidated pension cost for the University of Manchester was £5.4m (2021: £4.0m).

(d) University of Manchester Superannuation Scheme

UMSS is a defined benefit scheme in the UK. The benefits were restructured with effect from 1 January 2019. The final salary section (1/80th final pensionable salary and 3/80th cash) and the Career Average Revalued Earnings (CARE) section (1/80th and 3/80th cash) were closed on 31 December 2018. All existing UMSS members now receive a defined benefit provision under a new 1/100th pension plus 3/100th cash CARE section with effect from 1 January 2019. The scheme is closed to new joiners, who now join a new defined contribution (DC) scheme called the University of Manchester Pension Saver - see note 25 (c).

A full actuarial valuation was carried out at 31 July 2019 and this most recent full valuation showed a deficit of £133.4m. The University has agreed with the Trustee that it will eliminate the deficit over a period of 11 years and 1 month from 1 November 2020 by the payment of annual contributions of £6.5m per annum, payable quarterly and increasing in line with RPI each 1 August, plus £10k per month in respect of Graduate Prospects and HECSU liabilities. With effect from 1 August 2021, the University has agreed to pay contributions at the rate of 24.6% of pensionable pay for CARE members who participate in PensionChoice and 18.1% of pensionable pay for those who do not. The University also agreed to pay £1.7m per annum in respect of expenses. During the year the University of Manchester Students' Union (UMSU) joined the scheme on 30 March 2022 in order to facilitate a bulk transfer of its share of liabilities from the Students' Union Superannuation Scheme (SUSS). This bulk transfer was completed on the same day, and a Flexible Apportionment Arrangement took place in July 2022 whereby the University took over UMSU's pension liabilities within UMSS, with UMSU exiting the Scheme. This has minimal impact on the Unviersity's deficit payment obligations.

The best estimate of contributions to be paid by the University and its subsidiaries to the scheme for the year commencing 1 August 2022 is £25.2m.

Notes to the financial statements (continued)

Year ended 31 July 2022

25 Pension schemes (Continued)

The full actuarial valuation was updated to 31 July 2022 on an FRS 102 (28) basis by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are detailed below:

	2022	2021
Discount rate	**3.50%**	1.70%
Inflation (RPI)	**3.15%**	3.20%
Inflation (CPI)	**2.75%**	2.60%
Salary growth	**3.65%**	2.9% for one year, then 3.65% p.a. thereafter
Allowance for revaluation of deferred pensions of RPI or 5% if less	**3.15%**	3.20%
Allowance for revaluation of deferred pensions of CPI or 5% if less	**2.75%**	2.60%
Allowance for pension in payment increases of RPI or 5% if less	**3.03%**	3.07%
Allowance for pension in payment increases of CPI or 5% if less	**2.70%**	2.58%
Allowance for pension in payment increases of CPI or 3% if less	**2.20%**	2.12%
Allowance for commutation of pension for cash at retirement	**No allowance**	No allowance

The mortality assumptions adopted imply the following life expectancies:	**2022 Life expectancy at age 62 Years**	2021 Life expectancy at age 62 Years
Male retiring in 2022	**23.9**	23.6
Female retiring in 2022	**26.0**	25.7
Male retiring in 2042	**25.3**	24.7
Female retiring in 2042	**27.5**	26.9

The assets and liabilities within the scheme at 31 July were as follows:	**2022 £'000**	2021 £'000
Equities	**161,502**	167,355
Bonds	**345,366**	507,456
Property	**134,828**	134,032
Fair value of scheme assets	**641,696**	808,843
Present value of defined benefit obligation	**(725,475)**	(922,746)
Deficit in the scheme	**(83,779)**	**(113,903)**

The pension scheme has not invested in any of the University's own financial instruments or in properties or other assets used by the group. The amounts recognised in the group statement of comprehensive income and expenditure are analysed as follows:

Recognised in Statement of Comprehensive Income:	**2022 £'000**	2021 £'000
Current service cost	**26,710**	23,035
Expenses	**1,864**	1,788
	28,574	24,823
Reduction in liability following change in benefit structure	**-**	345
Total operating charge	**28,574**	25,168
Net interest cost	**1,733**	1,769
Total recognised in (deficit)/surplus for the year	**30,307**	**26,937**
Taken to Other Comprehensive Income:		
Return on scheme assets (excluding amounts included in net interest cost)	**(193,418)**	28,145
Experience gains and losses	**(72,310)**	7,191
Remeasurements - changes in demographic and financial assumptions	**303,550**	(36,453)

Reconciliation of opening and closing balances of the defined benefit obligation

	2022 £'000	2021 £'000
At start of year	**922,746**	876,602
Current service cost	**26,710**	23,035
Interest expense	**15,535**	14,044
Contributions by scheme participants	**362**	433
Actuarial losses	**(231,240)**	29,262
Benefits paid	**(18,044)**	(20,975)
Losses/(gains) due to benefit changes	**-**	345
Increase due to effect of transfers	**9,406**	-
At end of year	**725,475**	**922,746**

During the year, the Trustees accepted a bulk transfer in of University of Manchester Students' Union share of the liabilities (£9.4m) and assets (£8.8m) of the Students' Union Superannuation Scheme, a multi-employer scheme. The University paid a further amount of £4.7m (plus all the related expenses) in order to align the funding level to that of UMSS.

The English High Court ruling in Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc and others was published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. The case also gave some guidance on related matters, including the methods for equalisation.

The Trustee of the Scheme is in the process of obtaining legal and actuarial advice covering the impact of the ruling on this scheme, before deciding with the employer on the method to adopt. An allowance for the additional liabilities as a result of this ruling is included within the defined benefit obligation.

The defined benefit cost for the year ended 31 July 2022 includes an estimated past service cost of £345,000 in respect of a plan amendment. This has arisen following a High Court case on 20 November 2020 which ruled that transfers out of the Plan, between 17 May 1990 and 28 October 2018, need to be revisited and equalised for GMP (if applicable).

Reconciliation of opening and closing balances of the fair value of scheme assets	2022 £'000	2021 £'000
At start of year	**808,843**	765,933
Administrative expenses paid from plan assets	**(1,864)**	(1,788)
Interest income	**13,802**	12,275
Actuarial (losses)/gains	**(193,418)**	28,145
Contributions by the University and subsidiaries	**23,241**	24,820
Contributions by scheme participants	**362**	433
Benefits paid	**(18,044)**	(20,975)
Increase due to effect of transfers	**8,774**	-
At end of year	**641,696**	**808,843**

The actual loss on the scheme assets over the year ended 31 July 2022 was £180.8m (2021: return of £40.4m).

(e) Greater Manchester Pension Fund (GMPF)

The GMPF is a career average revalued earnings (CARE) defined benefit scheme and a separate fund within the local government pension scheme (LGPS). The LGPS is regulated by statute, with separate regulations for England and Wales and for Scotland. The benefits of LGPS funds are determined nationally by regulation and meet the definition of a defined benefit scheme. LGPS is a funded scheme, with some 100 separate funds administered locally by administering bodies. Each fund has many employing authorities. The LGPS is not therefore a national multi-employer scheme, but each separate LGPS fund is a multi-employer scheme. The University of Manchester is a member of one of these funds, the GMPF, which is administered by Tameside Metropolitan Borough Council.

A full actuarial valuation was carried out at 31 March 2019 and this most recent full valuation showed a surplus of £529m for all members and a funding level of 102%. The University currently pays contributions at a rate of 22.9% of pensionable pay and annual additional contributions towards the deficit of £729k for 2021/22. The contribution rate of 22.9% remains unchanged for the year commencing 1 August 2022.

Notes to the financial statements (continued)

Year ended 31 July 2022

25 Pension schemes (Continued)

The best estimate of contributions to be paid by the University and its subsidiaries to the scheme for the year commencing 1 August 2022 is £1.4m (2021: £1.4m).

The full actuarial valuation was updated to 31 July 2022 on an FRS 102 (28) basis by a qualified actuary, independent of the scheme's sponsoring employer.

The actuarial valuation updated at 31 July 2022 on an FRS 102 (28) basis showed a net scheme surplus position of £38.8m for the funded element of the scheme. Under FRS 102 a scheme surplus can only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. GMPF has only just passed the next actuarial valuation date (31 March 2022) and so as yet there is no view on what the valuation might look like or the expected employer contribution rates. In addition it is considered that the asset that arises is artificial, driven primarily by the increase in discount rate. For the reasons given the scheme surplus for the funded element has been adjusted to a net £nil position and this adjustment has been made through Other Comprehensive Income.

The major assumptions used by the actuary are detailed below:	**2022**	2021
Discount rate	**3.45%**	1.55%
Inflation (CPI)	**2.80%**	2.80%
Salary growth	**4.01%**	3.53%
Pension increase rate	**2.80%**	2.80%

The mortality assumptions adopted imply the following life expectancies:

	2022	2021
	Life expectancy at age 65 Years	Life expectancy at age 65 Years
Male retiring in 2022	**20.3**	20.5
Female retiring in 2022	**23.2**	23.3
Male retiring in 2042	**21.6**	21.9
Female retiring in 2042	**25.1**	25.3

The assets and liabilities within the scheme at 31 July were as follows:	**2022 £'000**	2021 £'000
Fair value of scheme assets	**147,824**	147,351
Present value of defined benefit obligation	**(149,032)**	(150,244)
Deficit in the scheme	**(1,208)**	**(2,893)**

The split of assets by type is as follows:	**2022**	2021
Equities	**68%**	71%
Bonds	**13%**	15%
Property	**9%**	6%
Cash	**10%**	8%

The pension scheme has not invested in any of the University's own financial instruments or in properties or other assets used by the group. The University's fair value of plan assets is approximately 1% of the Fund's total.

The amounts recognised in the group statement of comprehensive income and expenditure are analysed as follows:

	2022 £'000	2021 £'000
Recognised in Statement of Comprehensive Income:		
Current service cost	**1,541**	1,431
Past service cost	**39**	67
Total operating charge	**1,580**	1,498
Net interest cost	**23**	238
Total recognised in (deficit)/surplus for the year	**1,603**	**1,736**

The current service cost includes an allowance for administration expenses of 0.3% (2021: 0.3%) of payroll.

Taken to Other Comprehensive Income:		
Return on scheme assets (excluding amounts included in net interest cost)	**1,364**	23,952
Remeasurements - changes in demographic and financial assumptions	**39,386**	(8,773)
Adjustment to reduce the scheme funded element to £nil	**(38,827)**	-
Other experience	**(335)**	1,848
Total amount recognised in Other Comprehensive Income	**1,588**	**17,027**

Reconciliation of opening and closing balances of the defined benefit obligation	**2022 £'000**	2021 £'000
At start of year	**150,244**	144,625
Current service cost	**1,541**	1,431
Past service cost	**39**	67
Interest expense	**2,281**	1,838
Contributions by scheme participants	**200**	202
Contributions by the employer to the unfunded scheme	**(314)**	(101)
Actuarial (gains)/losses	**(39,386)**	6,925
Adjustment to reduce the scheme funded element to £nil	**38,827**	-
Other experience gains	**335**	-
Benefits paid	**(4,735)**	(4,743)
At end of year	**149,032**	**150,244**
Analysis of defined benefit obligation		
Present value of funded liabilities	**-**	148,722
Present value of unfunded liabilities	**1,208**	1,522
	1,208	**150,244**

Reconciliation of opening and closing balances of the fair value of scheme assets	**2022 £'000**	2021 £'000
At start of year	**147,351**	124,541
Interest income	**2,258**	1,600
Actuarial gains	**1,364**	23,952
Contributions by the University	**1,386**	1,799
Contributions by scheme participants	**200**	202
Benefits paid	**(4,735)**	(4,743)

Notes to the financial statements (continued)

Year ended 31 July 2022

25 Pension schemes (Continued)

The actual return on the scheme assets over the year ended 31 July 2022 was 2.5% (2021: 20.7%)

Sensitivity analysis

As set out in the accounting policies, there are some critical judgements made in estimating the GMPF pension liability. The sensitivity of the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 July 2022	Approximate impact on defined benefit obligation
0.1% decrease in discount rate	2% or £1.7m increase
0.1% pa increase in salary increase rate	0% or £0.2m increase
0.1% pa increase in pension increase rate	1% or £1.6m increase
1 year increase in life expectancy	4% or £4.4m increase

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes it is estimated that a one year increase in life expectancy would increase the University's defined benefit obligation by around 3% - 5%.

26 Reconciliation of cash flow to Statement of Financial Position

	At 1st August 2021 £'000	Cash Flows £'000	At 31 July 2022 £'000
Cash and cash equivalents	77,322	98,644	**175,966**
	77,322	**98,644**	**175,966**

27 Consolidated reconciliation of net debt

	At 1 August 2021 £'000	Cash Flows £'000	Non cash changes £'000	At 31 July 2022 £'000
Cash and cash equivalents	77,322	98,644	-	**175,966**
Current investments (note 17)	260,000	(30,000)	-	**230,000**
Debt due after one year (note 20)	(393,698)	-	(111)	**(393,809)**
Net debt	**(56,376)**	**68,644**	**(111)**	**12,157**

28 Capital and other commitments

	Consolidated		University	
Provision has not been made for the following capital commitments at 31 July 2022	**2022 £'000**	2021 £'000	**2022 £'000**	2021 £'000
Authorised not contracted for	**100,689**	105,069	**100,689**	105,069
Contracted not provided	**37,688**	76,665	**37,688**	76,665
	138,377	**181,734**	**138,377**	**181,734**

29 Lease obligations

Renewals are at the option of the lessee. Consolidated future minimum lease payments due under finance leases and hire purchase contracts:

	Land & Buildings £'000	Other Leases £'000	2022 Total £'000	2021 £'000
Payable during the year	22,423	1,404	**23,827**	16,561
Future minimum lease payments due:				
Not later than one year	8,975	1,407	**10,382**	13,982
Later than one year but not later than five years	13,316	2,801	**16,117**	14,868
Later than five years	9,858	316	**10,174**	9,588
Total lease payments due	**32,149**	**4,524**	**36,673**	**38,438**

30 Contingent liabilities	Consolidated		University	
	2022	2021 Restated	**2022**	2021 Restated
	£'000	£'000	**£'000**	£'000
Undrawn investment commitments	**1,297**	1,735	**1,297**	1,735
Bank guarantee	**-**	230	**-**	-
	1,297	**1,965**	**1,297**	**1,735**

The bank guarantee relates to a guarantee given by UMIST Ventures Ltd. (a wholly owned subsidiary) in respect of one of the University's spin-outs. The guarantee was released during the financial year ended 31 July 2022.

A commitment of up to £2.5m (2021: £2.5m) to invest in the Epidarex Capital III Fund has been given by the University. To date £1.2m (2021: £0.8m) has been invested in the Fund. It is anticipated that the remainder of the investment commitment will be requested within the next five years.

31 Related party transactions

The operating statements of the University include transactions with related parties. In accordance with FRS 102 these are disclosed where members of the University of Manchester's Board of Governors or Senior Leadership Team (SLT) disclose an interest in a body with whom the University undertakes transactions which are considered material to the University's Financial Statements and/or the other party. Due to the nature of the University's operations and the composition of the Board, 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 or SLT may have an interest. All transactions involving organisations in which a member of the Board or SLT 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. Only transactions or balances over £100k are listed below.

An updated register of the interests of the members of the Board of Governors is maintained.

The University has taken advantage of the exemption within FRS 102 and has not disclosed transactions with other group entities where it holds 100% of the voting rights. Included within the financial statements are the following transactions with related parties:

	Income recognised within the financial statements	**Expenditure recognised within the financial statements**	**Balance due to the University recognised within the financial statements**	**Balance due from the University recognised within the financial statements**
	£'000	**£'000**	**£'000**	**£'000**
AQA Education	151	-	3	-
Cancer Research UK	56,234	-	-	1,407
European Commission	18,218	-	1,099	-
European Research Council	2,674	-	1,758	-
GlaxoSmithKline plc	869	-	155	-
Kortext	-	1,804	-	-
Manchester Science Partnerships	-	111	21	-
Manchester University NHS Foundation Trust	19,948	10,741	2,362	1,790
Northern Gritstone	150	-	-	-
Rolls-Royce plc	1,126	-	43	-
The British Academy	511	60	202	-
The Royal Society	6,391	233	-	417
Universities UK	-	117	-	104
University of Manchester Students Union	493	600	28	83
University of Warwick	506	487	415	10
	107,271	**14,153**	**6,086**	**3,811**

Notes to the financial statements (continued)

Year ended 31 July 2022

31 Related party transactions (Continued)

AQA Education
AQA, formerly the Assessment and Qualifications Alliance, is an awarding body in England, Wales and Northern Ireland. It compiles specifications and holds examinations in various subjects at GCSE, AS and A Level and offers vocational qualifications. AQA is a registered charity and independent of the government.

Cancer Research UK
Cancer Research UK is a registered charity, whose aim is to reduce the number of deaths from cancer. As the world's largest independent cancer research charity it conducts research into the prevention, diagnosis and treatment of the disease. Research activities are carried out in institutes, universities and hospitals across the UK, both by the charity's own employees and by its grant-funded researchers. One member of the Board of Governors is a member.

European Commission
The European Commission is the executive branch of the European Union, responsible for proposing legislation, implementing decisions, upholding the EU treaties and managing the day-to-day business of the EU. A member of the senior leadership team is a member of a committee of this organisation.

European Research Council
The European Research Council (ERC) is a public body for funding of scientific and technological research conducted within the European Union. Established by the European Commission in 2007, the ERC is composed of an independent Scientific Council, its governing body consisting of distinguished researchers, and an Executive Agency, in charge of the implementation. A member of the senior leadership team is a member of an ERC panel.

GlaxoSmithKline plc (GSK)
GSK is a major pharmaceutical company. One member of the Board of Governors acts as a consultant for the company.

Kortext
Kortext is the world-leading personal learning platform, providing access to over a million digital textbooks and digital content from over 4,500 of the world's leading educational publishers, as well as OER content. Kortext provides students with an enhanced learning experience through its range of smart learning tools. Kortext also provides access to powerful learning analytics dashboards, which create detailed data sets on how, when and which digital content is being used. These data sets help provide a deeper insight into learning habits and can be used to help inform decision making and create personalised learning paths. A member of the senior leadership team is a member.

Manchester Science Partnerships
Manchester Science Partnerships (MSP) is a strategic public, private, academic, and clinical partnership organisation focussed on growing Manchester's knowledge economy. Shareholders include Bruntwood SciTech, Manchester City Council, University of Manchester, Manchester Metropolitan University, Manchester University NHS Foundation Trust, Cheshire East Council, and Salford City Council. The Partnership works in close collaboration with MIDAS, Oxford Road Corridor and Bruntwood SciTech together with a specialist network of education, research and clinical organisations across the Manchester city region to drive initiatives that support the commercialisation of knowledge and ideas in the science and technology sector. A member of the senior leadership team is on the Board of Directors. MSP is classed as an associate undertaking of the University. See note 15.

Manchester University NHS Foundation Trust
The Manchester University NHS Foundation Trust formed when the University Hospital of South Manchester and Central Manchester University Hospitals NHS Foundation Trusts merged on 1 October 2017. The Trust runs Altrincham Hospital, Manchester Royal Infirmary, Royal Eye Hospital, Royal Manchester Children's Hospital, St Mary's, Trafford General Hospital, Withington Community Hospital, Wythenshawe Hospital, and the University Dental Hospital. It works closely with the University in the teaching of medical students, as well as research. A member of the senior leadership team is a non executive director of the Trust.

Northern Gritstone
Northern Gritstone is a ground-breaking new investment company based in the north of England, founded by the Universities of Leeds, Manchester and Sheffield, three of the UK's leading educational research establishments. It intends to be one of the largest investors into academic spin-outs in the United Kingdom, dedicated to financing companies in some of the UK's fastest growing sectors such as advanced materials, energy, health technology and cognitive computation. A member of the senior leadership team is a non-executive director.

Rolls-Royce plc
One of the world's leading industrial technology companies, Rolls-Royce pioneers cutting-edge technologies that deliver clean, safe and competitive solutions to meet our planet's vital power needs. The purpose of the company is to pioneer the power that matters to connect, power and protect society in civil aerospace, power systems, defence and aero-engines.

The British Academy
The British Academy is the United Kingdom's national academy for the humanities and the social sciences. It was established in 1902 and received its royal charter in the same year. It is now a fellowship of more than 1,000 leading scholars spanning all disciplines across the humanities and social sciences and a funding body for research projects across the United Kingdom. The academy is a self-governing and independent registered charity. A member of the senior leadership team is a Fellow and a Chair of the Audit Committee and Research and Higher Education Policy Committee.

The Royal Society
The Royal Society is a Fellowship of many of the world's most eminent scientists and is the oldest scientific academy in continuous existence. The Society's fundamental purpose, reflected in its founding Charters of the 1660s, is to recognise, promote, and support excellence in science and to encourage the development and use of science for the benefit of humanity. The Society has played a part in some of the most fundamental, significant, and life-changing discoveries in scientific history and Royal Society scientists continue to make outstanding contributions to science in many research areas. A member of the senior leadership team is a Fellow and a Trustee.

Universities UK
Universities UK is the collective voice of 137 universities in England, Scotland, Wales and Northern Ireland. Their member universities' core purpose is to maximise their positive impact for students and the public, both in the UK and globally through teaching, research and scholarship. One member of the Board of Governors is a member of a group that appoints USS Trustee Board directors.

University of Manchester Students' Union
The University of Manchester Students' Union is the representative body for students at the University of Manchester. Two members of the Board of Governors are members of this organisation.

University of Warwick
The University of Warwick is a public research university on the outskirts of Coventry between the West Midlands and Warwickshire, England. The university was founded in 1965 as part of a government initiative to expand higher education. The University of Warwick is a member of the Russell Group. A member of the senior leadership team is a member of an advisory board at the University.

32 Amounts disbursed as agent (Consolidated and University)

DFE -Student training bursaries (formerly the National College for Teaching and Leadership)

Student Training Bursaries	**2022 £000**	2021 £000
Balance unspent at beginning of year	**90**	52
Funding Council grants	**2,747**	5,030
Disbursed to students	**(2,757)**	(4,992)
Balance unspent at year end	**80**	**90**

Funding Council grants are available solely for students. The University acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure account.

33 US Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format. The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Notes to the financial statements (continued)

Year ended 31 July 2022

33 US Financial Responsibility Supplemental Schedule (continued)

Page	Expendable Net Assets		2021/22		2020/21	
			£000	£000	£000	£000
55	Consolidated Statement of Financial Position - Income and expenditure reserve - unrestricted reserve	Net assets without donor restrictions		1,576,126		1,619,476
55	Consolidated Statement of Financial Position - Income and expenditure reserve - restricted reserves	Net assets with donor restrictions		232,302		252,544
83	Related party balances due to the University (note 31)	Secured and Unsecured related party receivable	6,086		7,568	
83	Related party balances due to the University (note 31)	Unsecured related party receivable		6,086		7,568
64, 65, 67	Tangible Fixed Assets (note 12) plus Heritage Assets (note 13) plus Investment Property (note 14)	Property, plant and equipment, net (includes Construction in progress)	2,326,175		2,276,767	
64, 65, 67	Fixed Assets (note 12) plus Heritage Assets (note 13) plus Investment Property (note 14) less additions and transfers during the year	Property, plant and equipment - pre-implementation		2,200,866		2,169,261
N/A	Not applicable - the University's borrowings are not linked to fixed asset additions	Property, plant and equipment - post-implementation with outstanding debt for original purchase		-		-
64, 65	Freehold land and buildings additions (note 12) plus Fixtures, fittings, tools and equipment additions (note 12) plus Heritage asset additions (note 13)	Property, plant and equipment - post-implementation without outstanding debt for original purchase		8,398		13,585
64	Assets under construction additions less transfers to other operating expenditure (note 12)	Construction in progress		116,911		93,921
N/A	Not applicable - the University does not have any finance lease balances outstanding	Lease right-of-use asset, net	-		-	
N/A	Not applicable - the University does not have any finance lease balances outstanding	Lease right-of-use asset pre-implementation		-		-
N/A	Not applicable - the University does not have any finance lease balances outstanding	Lease right-of-use asset post-implementation		-		-
N/A	Not applicable - the University does not have any goodwill balances outstanding	Intangible assets - goodwill		-		-
64	Intangible assets and goodwill (note 11)	Intangible assets - other intangible assets		15,122		17,391
72	Total pension provisions (note 21)	Post-employment and pension liabilities		411,774		245,079
71	Borrowings at 31 July 2022 (note 20)	Long-term debt - for long term purposes	393,812		393,698	
71	Borrowings at 31 July 2021 (note 20)	Long-term debt - for long term purposes pre-implementation		393,698		393,588
N/A	Not applicable - the University did not draw down on any new borrowings in 2021/22	Long-term debt - for long term purposes post-implementation		-		-

Page	Expendable Net Assets (continued)		2021/22		2020/21	
			£000	£000	£000	£000
N/A	Not applicable - the University did not draw down on any new borrowings in 2021/22	Line of Credit for Construction in process		-		-
N/A	Not applicable - the University does not have any finance lease balances outstanding	Lease right-of-use asset liability	-		-	
N/A	Not applicable - the University does not have any finance lease balances outstanding	Pre-implementation right-of-use leases		-		-
N/A	Not applicable - the University does not have any finance lease balances outstanding	Post-implementation right-of-use leases		-		-
N/A	Not applicable - the University does not have annuities	Annuities with donor restrictions		-		-
73	Expendable endowments (note 22)	Term endowments with donor restrictions		62,660		63,143
N/A	Not applicable - the University does not have life income funds	Life income funds with donor restrictions		-		-
73	Permanent endowments (note 22)	Net assets with donor restrictions: restricted in perpetuity		160,826		179,082
Page	**Total Expenses and Losses**					
53	Consolidated Statement of Comprehensive Income - Total expenditure	Total expenses without donor restrictions - taken directly from Statement of Activities		1,316,976		1,038,874
53	Investment income plus gain on investments plus share of operating surplus in associate plus actuarial gain	Non-Operating and Net Investment (loss)		(40,251)		(43,582)
58, 67	Investment income (note 5) less net depreciation of investments carried at fair value (note 14)	Net investment losses		40		(27,995)
N/A	Not applicable	Pension-related changes other than net periodic costs		-		-
Page	**Modified Net Assets**					
55	Consolidated Statement of Financial Position - Income and expenditure reserve - unrestricted reserve	Net assets without donor restrictions		1,576,126		1,619,476
55	Consolidated Statement of Financial Position - Income and expenditure reserve - restricted reserves	Net assets with donor restrictions		232,302		252,544
N/A	Not applicable - the University does not have goodwill balances outstanding	Intangible assets		-		-
64	Intangible assets and goodwill (note 11)	Intangible assets - other		15,122		17,391
83	Related party balances due to the University (note 31)	Secured and Unsecured related party receivable	6,086		7,568	
83	Related party balances due to the University (note 31)	Unsecured related party receivable		6,086		7,568
Page	**Modified Assets**					
55	Consolidated Statement of Financial Position - Total Assets	Total Assets		3,167,607		3,005,473

Notes to the financial statements (continued)

Year ended 31 July 2022

33 US Financial Responsibility Supplemental Schedule (continued)

Page	Modified Assets (continued)		2021/22		2020/21	
			£000	£000	£000	£000
N/A	Not applicable - the University does not have any finance lease balances outstanding	Lease right-of-use asset pre-implementation		-		-
N/A	Not applicable - the University does not have any finance lease balances outstanding	Pre-implementation right-of-use leases		-		-
N/A	Not applicable - the University does not have any goodwill balances outstanding	Intangible assets - goodwill		-		-
64	Intangible assets and goodwill (note 11)	Intangible assets - other		15,122		17,391
83	Related party balances due to the University (note 31)	Secured and Unsecured related party receivable	6,086	-	7,568	-
83	Related party balances due to the University (note 31)	Unsecured related party receivable		6,086		7,568
Page	**Net Income Ratio**					
53	Consolidated Statement of Comprehensive Income - Unrestricted comprehensive deficit for the year	Change in Net Assets Without Donor Restrictions		(43,350)		85,870
53	Consolidated Statement of Comprehensive Income - Total income less Investment income	Total Revenue and Gains		1,212,958		1,095,833

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