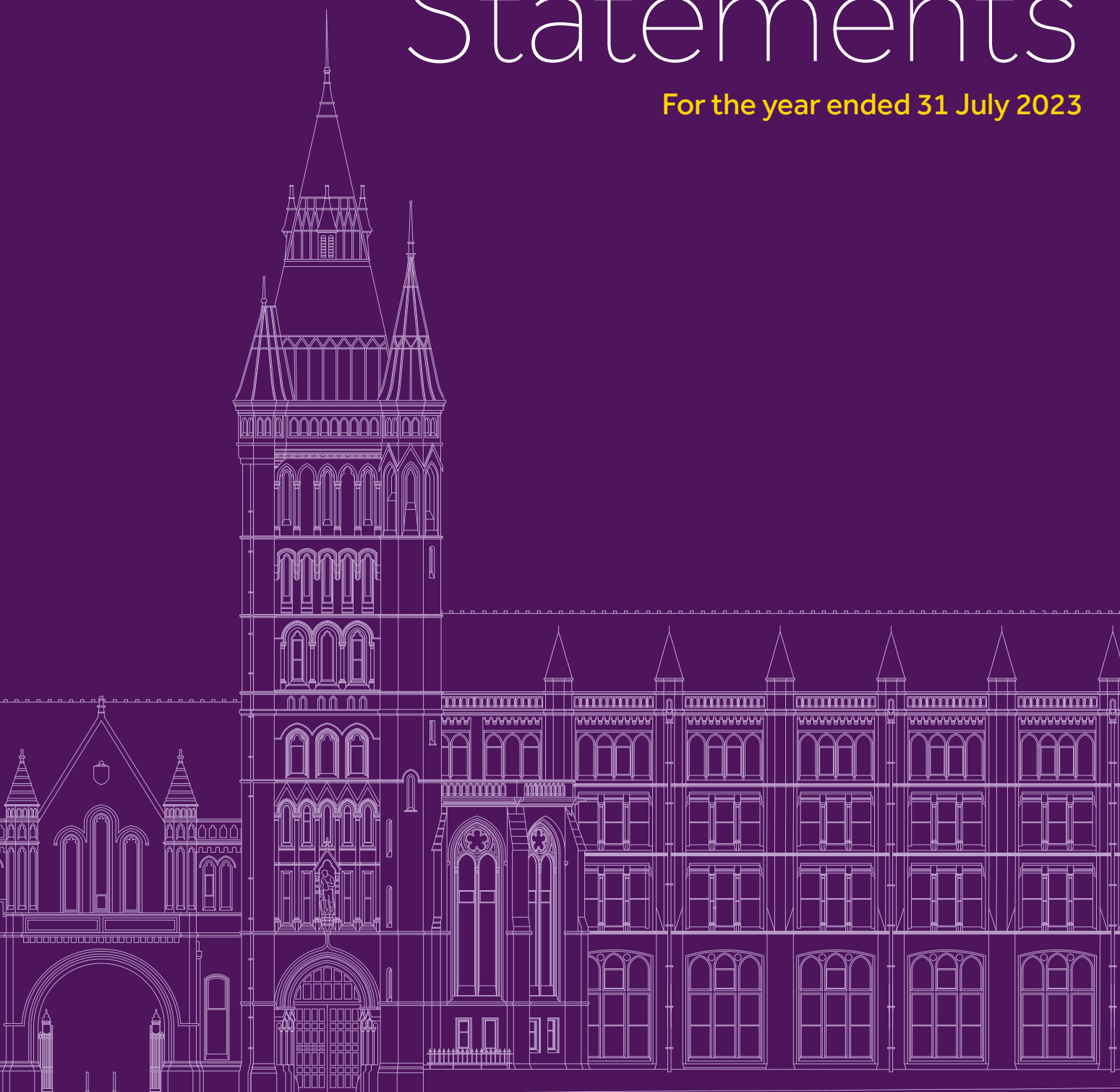


MANCHESTER
1824

The University of Manchester

Financial Statements

For the year ended 31 July 2023



Officers and advisers and membership of the Board of Governors, 2022–2023

Officers and advisers

Officers

Chancellor

Nazir Afzal, 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 Georgiou, BSc, PhD, MAE, FRSA

Chair of the Board of Governors and Pro-Chancellor

Philippa Hird, MA, CCIPD, FRSA

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

Carol Prokopszyn, LLB, FCA

Director of People and Organisational Development

Adèle MacKinlay, BA (Hons), MSc, FCIPD

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 (until 31 July 2023)

Professor Fiona Devine, CBE, FAcSS, FRSA (from 1 August 2023)

Biology, Medicine and Health

Professor Graham M Lord, BA, MA, MB, BChir, PhD, FRSB, FRCP, FMedSci, NIHR, Senior Investigator

Chairs of Committees of the Board of Governors

Chair of Audit and Risk Committee

Deirdre Evans, BA (Hons), ACMA

Chair of Finance Committee

Caroline Johnstone, BA, CA

Chair of Remuneration Committee

Gary Buxton, MBE, BA (Hons), GMBPsS, PG Cert, PCC, FSRA

Chair of Nominations Committee

Philippa Hird, MA, CCIPD, FRSA

Chair of People Committee

Ann Barnes, BA (Hons), Diploma IHM

Membership of the Board of Governors, 2022–2023

(to 31 August in the year indicated)

Category 1, ex officio members

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

Samantha Bronheim, BSc (Hons)
(until 31 July 2023)

Hannah Mortimer, BA (Hons)
(from 1 August 2023)

Category 2, lay members

Philippa Hird, MA, CCIPD, FRSA (2025)

Ann Barnes, BA (Hons), Diploma IHM,
Deputy Chair (2026)

David Buckley, BSc (Hons), MSc (2025)

Gary Buxton, MBE, BA (Hons), GMBPsS,
PG Cert, PCC, FSRA, MBE (2024)

Anna Dawe LLB (Hons), LLM, PGCE
(2025)

Deidre Evans, BA (Hons), ACMA (2025)

Nick Hillman, MA, PGCE (2025)

Guy Grainger, BSc (Hons)
(from 5 July 2023)

Caroline Johnstone, BA, CA (2024)

Jatin Patel, BA (Hons), MEng & MA
(Cantab) (2024)

Robin Phillips, BA (Hons) (2025)

Dr Tony Raven, BSc (Hons), MSc, DPhil,
MIOd, FInstP (from 5 July 2023)

Associate member

Natasha Traynor, BA, MBA (2024)

Category 3, members of the Senate (6)

Professor Daniela Caselli, BA (Hons), MA, PhD (2025)

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

Contents

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)

Tesnime Safraou, City and Community
Officer - Students' Union

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

Edward M Astle, MA, MBA (31/08/2022)

Neil McArthur, MBE, CEng, FIMechE,
FIET (31/08/2022)

Raoul Raja Shah, BSc (31/08/2022)

Richard Solomons, BAEcon (Hons),
(31/12/2022)

Alice Webb, MEng, Hon DA
(05/04/2023)

Professor Claire Alexander, BA Hons,
D Phil (31/08/2022)

The following became members of the
Board of Governors with effect from
1 September 2023:

Dr Hema Radhakrishnan BOptom, PhD,
MCOptom, FHEA (2026)

Category 3

Tom Jirat BA (Hons) (2025)

Category 4

| | |
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Chair's foreword

Philippa Hird

Chair of the Board of Governors and Pro-Chancellor



Reflecting on a year of challenge, collaboration, hard work, progress, and preparations for a milestone 2024.

Introduction

This has been my first year as Chair of the Board of Governors and, on behalf of the Board, I would like to give heartfelt thanks to our committed and talented students; to every member of staff for their hard work, particularly during the cyberattack response, which saw fantastic collaboration across academic and Professional Services teams; to Nancy, our President and Vice-Chancellor; and to the Senior Leadership Team.

It has been a positive year for the University in which teams across the institution worked together to make progress. We worked through new and ongoing challenges – some of which were sector-wide – including industrial action and the rising cost of living.

We have made strides in delivering against *Our future*, the University's strategic plan – specific achievements across core goals and themes are detailed in this report. Highlights include our new Environmental Sustainability Strategy, sector-leading cost of living support for students, and researchers moving into the new £150 million Paterson Building, constructed in partnership between the University, The Christie NHS Foundation Trust and Cancer Research UK. We also announced ambitious plans to redevelop our Fallowfield residential estate and published a new strategic regeneration framework for ID Manchester, the £1.7 billion innovation district that will transform science and technology commercialisation in the UK.

Financial performance

Our financial performance underpins our ability to invest in our people, our research, our services and our estate.

The University achieved a strong financial performance in the 12 months to 31 July 2023 and we delivered an adjusted operating surplus of £106.8 million. This was down £12.9 million from last year (excluding the effect of pensions and specific accounting adjustments in 2022) and reflects our decision to invest in additional support for students and staff during the cost of living challenges over this year.

Governance

During the year in review, the Board has continued to oversee the delivery of *Our future*, including monitoring and challenging the University on performance against its five-year milestones (to 2025), and activities to implement the recommendations from the Governance Effectiveness Review (2021). I would like to thank our new and departing board members for their participation and commitment in carrying out our crucial role within the University's governance structure.

Throughout the year we have gained a huge amount from greater engagement with staff and students, including the input from leading researchers at board meetings. There have also been opportunities to hear the perspectives and priorities of our wider community – alumni, regional stakeholders, and supporters – as we approach 2024 and its significant milestone events.

Looking ahead

From January 2024, the University will begin its bicentenary celebrations – preparations for which have been underway for much of the year – with opportunities for our entire community to be involved and celebrate this significant occasion.

Next year will also see Professor Dame Nancy Rothwell complete her term as our President and Vice-Chancellor and we have begun a worldwide search for her successor. Engagement sessions with staff, students and supporters shaped the role specification for Nancy's successor – someone who will lead the creation of the foundations of our next 100 years.

In addition to these landmark events, the Board will continue to monitor and challenge our executive team on important areas of opportunity and risk, with a particular focus on the student experience and ensuring we continue to make positive progress towards decarbonisation and deliver on our Zero Carbon Masterplan. We must also continue to strengthen our financial position and redouble efforts to deliver a long-term, sustainable funding model, allowing us to continue to invest in and develop key areas of strategic focus.

President and Vice-Chancellor's review of the year

Professor Dame Nancy Rothwell

President and Vice-Chancellor



The University enjoyed many successes during the year in review and also faced fresh challenges, some of which we are still working to resolve.

As the cost of living crisis in the UK persisted, we provided a sector-leading £18 million package of support for our students and staff, committed to the Real Living Wage and provided an additional hardship fund for students. We continued our support for those affected by conflict and persecution across the world, including welcoming the first recipients of our Humanitarian Scholarships to start their studies at Manchester.

We remained a hugely popular place to study, and celebrated outstanding results for our social and environmental impact, ranking number one in the UK and Europe and number two in the world in the *Times Higher Education* Impact Rankings. In 2023, 1,705 universities across 115 countries submitted their data for review and the University ranked in the top 0.12% of universities in the world (far exceeding our 2% target).

Throughout the year, our community came together to face new challenges, not least a significant cyberattack affecting our systems and a UK-wide industrial relations dispute over pay and working conditions. Despite our efforts to mitigate the impacts, there were a small number (2.5%) of our graduating students who had delayed marks – we deeply regret the impact on anyone affected.

Pay is negotiated at a sector-level and while the University's offering is relatively strong, due to the challenges facing the whole sector – increased costs and declining income streams – the UCEA (representing employers) has no mandate to increase pay further, but continues to work with the UCU on other aspects of the dispute. As an institution, we continue our efforts locally to address those issues within our control, such as contracts and work loads. Across the period, *Our future* (the University's vision and strategic plan) provided a strong framework to guide our response and offer support to staff, students, alumni and partners.

Introduction

During 2022/23 we celebrated key achievements against 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).

The review that follows details our progress in each area.

Despite the ongoing challenges, it has been a very successful year for the University. I'd like to give my sincerest thanks to our staff, students, alumni and partners for their outstanding commitment and support, which has helped to further our ambitions.

Research and discovery

Our University continues to be home to ground-breaking research, with significant funding and accolades awarded to projects across each of our Faculties. Highlights include:

- British Academy Mid-Career Fellowships for two of our researchers in Humanities, recognising their distinction as excellent communicators and 'champions' in their fields.
- Up to £3 million of funding for the Manchester Experimental Cancer Medicine Centre – a collaboration between Cancer Research UK, The Christie NHS Foundation Trust and The University of Manchester – to explore new cancer treatments.
- A new national prize for AI named in the University's honour to mark the significance of 'The Baby', the world's first stored program computer, created here in 1948.

More recently, we welcomed the announcement that the UK has rejoined Horizon Europe, the EU's €85 billion science research programme. This presents exciting opportunities for our researchers to further their solutions to global challenges.

Our research beacons – areas of major strength in advanced materials, biotechnology, cancer, energy, and global inequalities – institutes, and platforms continued to accelerate interdisciplinary research across key areas:

- A University partnership with National Grid was named Best Innovation in Net Zero and Sustainability (IET Excellence and Innovation Awards).
- Graphene Innovations Manchester Ltd – a spin-out company from the University's graphene innovation ecosystem – signed a \$1 billion deal to help tackle global sustainability challenges.

- A radioactive robot named Lyra, built by our researchers, was named *Time Magazine's* Best Invention of 2022.
- The largest concentration of cancer researchers, clinicians and operational staff in Europe moved into the new £150 million cancer research centre at The Christie NHS Foundation Trust's site. Together with The Christie and Cancer Research UK, we successfully raised £16.1 million towards creating the Centre (including £5 million from the Wolfson Foundation) and used philanthropy to leverage a £25 million grant from The UK Research Partnership Investment Fund.

Teaching and learning

Recognising the significant, ongoing pressures of the cost of living crisis on our students, we announced a sector-leading £9 million package of support in November 2022. We also built upon our joint work with the Students' Union to introduce cost-saving measures, such as making food on campus cheaper and creating a Safe Taxi Scheme for students to get home for free.

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 also expanded our commitment to equality, diversity and inclusion, announcing an agreement with the Raheem Sterling Foundation for a gift of £396,750 to fund scholarships for Black British students at the University. This, along with our partnership with the Cowrie Scholarship Foundation, will help to increase social mobility and support equal access to higher education.

We continued to make progress to deliver our Flexible Learning Strategy, offering funding for staff to run pilot projects and starting the process to select a new digital learning environment that will help to meet our ambitions to create lifelong, flexible learning that is inclusive, accessible and international.

In June, we announced ambitious plans to redevelop part of our residential estate in Fallowfield. Our plans, which include replacing existing bedrooms with up to 3,300 new bed spaces,

will provide our future students with greater choice, helping to meet demand for high-quality, modern bedrooms across the popular campus.

In addition to key achievements during the financial period that these statements cover, we received important results that assess the quality of our teaching, learning and student experience – another of the University's core goals. We are delighted with our silver and gold ratings in the latest Teaching Excellence Framework, while the results of the latest National Student Survey highlighted improvements that need to be made to the student experience and we are developing plans to address these issues.

Social responsibility

Our fantastic result in this year's *Times Higher Education* Impact Rankings secured our status as the only university in the world to consistently rank within the top ten and is testament to our ongoing commitment to social responsibility, one of the University's three core goals.

In June, we launched our new Environmental Sustainability Strategy, *Our Sustainable Future*, which outlines areas of focus for our journey to zero carbon by 2038, promising to bring transformative change to our campus and beyond. Work has begun to engage our staff and students with the practical measures they can take to help achieve our goals. We also reported pleasing results against reduction targets for the weighted average carbon intensity (WACI) of equity holdings, exceeding our 50% by 2027 goal to achieve a 55% reduction (from 31 December 2019 to 31 July 2022).

Our people, our values

Our people remain at the heart of the University, and we have continued to take steps to create an environment that is inclusive for all. In October 2022 we launched our three-year Equality, Diversity and Inclusion (EDI) Strategy, and submitted applications for Athena Swan, Race Equality Charter and Disability Confident Leader accreditations. Our Board of Governors monitored the progress of our EDI work programme at regular

intervals throughout the period, helping to develop and strengthen various initiatives.

I am delighted to share a selection of incredible staff and student achievements and appointments from the past year: Nazir Afzal OBE was installed as the University's new Chancellor at our 2022 Foundation Day ceremony; Professor Fiona Devine was named as the next Vice-President and Dean of Humanities; a number of current and former staff and alumni were recognised in the King's Birthday Honours; and Advance HE granted the University its first-ever Collaborative Award for Teaching Excellence, as well as National Teaching Fellowships for two of our academics.

Innovation

This year we furthered our ambition to become an international powerhouse of innovation, reaching significant milestones across a range of projects and initiatives.

We published a strategic regeneration framework and public consultation for ID Manchester, a new £1.7 billion innovation district that will transform our North Campus into a world-leading science and technology hub.

Knowledge exchange has remained a key priority and our related partnerships and awards from industry totalled £35 million during the period in review. Our competitively awarded Impact Acceleration Account (worth £8 million) – the third largest in the UK and the largest in the north – has been used to nurture new partnerships, drive application and impact, and support innovation. Our partnerships continue to support regional economic growth; 53% of business partners for knowledge exchange projects were SMEs, and 55% were based in the north-west.

We continued to transform the scale of our intellectual property commercialisation activity through The University of Manchester Innovation Factory Ltd, which created six new deep-tech and life science spinout companies. More widely, a total of £4.3 million of first-time and £78.5 million of follow-on investment was secured in spinout companies, and £3.3 million of licensing income was generated from IP developed at and owned by the University.

Since the end of the period in review, we have received the highest possible score in the latest Knowledge Exchange Framework, an annual assessment by Research England. Our results reflect the breadth of activity across our research, teaching and social responsibility, which is delivering benefits to society and the environment worldwide.

Civic engagement

The University's contribution to our city region received an additional boost in February when the newly renovated Manchester Museum opened following a major £15 million redevelopment. Its new co-created galleries and interactive shared spaces have been designed to build a greater understanding between cultures and promote the lived experiences of diverse populations across the world.

There were exciting developments across our other cultural institutes: The Whitworth appointed a new Director, Dr Sook-Kyung Lee; Jodrell Bank received several awards for its science engagement work at the new First Light Pavilion; and The John Rylands Research Institute and Library confirmed plans to transform their researcher and public-visitor experience, thanks to the John Rylands Next Chapter project, a £7.6 million capital investment.

Global influence

The power of our international reputation was reaffirmed with positive rankings in global league tables. The University was ranked sixth place in the UK and eighth in Europe by the Academic Ranking of World Universities and named among the 200 most powerful global university brands in the *Times Higher Education (THE)* World Reputation Rankings.

We announced the exciting news that we are hosting the *THE* World Academic Summit in 2024 – one of the flagship events during our bicentenary year. We will welcome higher education's foremost leaders and thinkers to Manchester to set the agenda for the future of the world's universities and our contribution to society and the environment – topics that closely align with our vision and priorities as an institution.

Financial sustainability

Financial sustainability is a crucial underpinning factor for the University's 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 research, teaching and learning, and social responsibility.

The current funding environment, the rising costs of living, 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 must make hard choices.

Our income per capita from home undergraduate 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 2023 were strong, delivering an adjusted operating surplus of £107 million. Income grew by 10.5% to £1,345 million. This achievement was underpinned by a significant uplift to our research funding following the results of the Research Excellence Framework in 2022, which confirmed our position as a global powerhouse of research.

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

The future

Looking ahead, the University faces an exciting future, starting with our milestone bicentenary in 2024. Our plans for a varied range of events and activities are well under way, with opportunities for our community on campus and those based overseas to be involved and celebrate 200 years of learning, innovation and research.

Finally, the search for my successor has begun as I will complete my term

as President and Vice-Chancellor next summer. With no loss of momentum, I look forward to taking our University into its 200th year as we continue to build on our success to date. Together we will adapt and evolve as we face an ever-changing world that is always bringing us fresh opportunities.



Professor Dame Nancy Rothwell

President and Vice-Chancellor

Year in pictures

Manchester alumni named among India's top 75 young achievers

Four University alumni were honoured for their achievements as Indian citizens who have found success following academic careers in the UK.

Among the winners were Parineeti Chopra, a National Film Award winner who has appeared in the Forbes Celebrity100, and Somdip Dey, a machine learning researcher, educator, entrepreneur and electronic music producer.

The honours were part of The British Council's India/UK Together's Season of Culture, celebrating the friendship between the two nations and marking the 75th anniversary of Indian independence.

Parineeti Chopra, Sanam Arora NISAU, Maddalaine Ansall
British Council



Academics recognised by Advance HE for their teaching excellence

A University Optometry Team was awarded our first-ever Collaborative Award for Teaching Excellence by Advance HE, alongside two academics who received National Teaching Fellowships in recognition of their own outstanding contributions to teaching.

Dr Catherine Porter and her Manchester Royal Eye Hospital colleagues were recognised for their collaborative work, which has had a demonstrable impact on the teaching and learning of postgraduate Optometry students.

Dr Jen O'Brien and Dr Jennifer Silverthorne were among the new fellows named in the Advance HE National Teaching Fellowship Scheme, which recognises individuals who have made a tremendous impact on student outcomes and the teaching profession in higher education.



Left to right:
Prof Robert Harper, Prof Cecilia Fenerty, Dr Catherine Porter and Mr Patrick Gunn



Dr Jennifer Silverthorne



Dr Jen O'Brien



Manchester remains the favourite university of UK's top employers

Our University has retained its position as the most targeted university by the UK's top 100 recruiters, according to a report compiled by High Fliers Research.

The Graduate Market in 2023 report is the largest and most authoritative annual careers survey of final year students at the UK's 30 leading universities. Featuring in the top spot for two years running, the University was praised for attracting the majority of preferred graduate employers to its range of university careers fairs, on-campus employer presentations, university-specific virtual events, careers service promotions and initiatives, alongside other locally run publicity during the last year.



UNESCO rates Manchester 'Excellent' as a Creative City of Literature

After submitting its first report since becoming a City of Literature, Manchester has been rated 'Excellent' in all categories by UNESCO. Manchester joined UNESCO's worldwide Creative Cities network in 2017 after being recognised for its significant contribution to literature.

Since then, the University has been working alongside Manchester Metropolitan University, Manchester City Council and the city's literary community, to help showcase its talent through a rich programme of events.

The review praised the local work to support vulnerable residents during the COVID-19 pandemic, its flourishing poetry scene, vibrant publishing sector and its effectiveness in showcasing multilingualism.

The University's Centre for New Writing has been instrumental in sharing the City of Literature's mission to support emerging writers, strengthen our graduates' employability skills and develop opportunities to help them become a part of Manchester's diverse literary community.



University start-ups named in top ten 'university spinouts to watch'

Two start-up businesses – FOTENIX and Watercycle Technologies – created and nurtured within The University of Manchester's Innovation Factory, appeared in Sifted, Europe's influential media monitor of tech start-ups, backed by the *Financial Times*.

Andrew Wilkinson, CEO of the Innovation Factory said: "It's great that these two innovative University spinout companies have been recognised as being among the very best European tech startups. Both these businesses are led by brilliant young entrepreneurs and have the potential to make an enormous environmental, social and economic impact in their target markets, as well as fantastic returns for their investors."



The Raheem Sterling Foundation partners with the University to offer new scholarships

Alongside Kings College London, we have partnered with The Raheem Sterling Foundation to offer scholarships to increase social mobility and remove obstacles for talented young people in the Greater Manchester region.

Premier League footballing superstar, Raheem Sterling MBE, set up his charitable Foundation to inspire and support those from disadvantaged backgrounds to find their voice, break down barriers to success and realise their true potential.

After spending seven years with Manchester City, winning back-to-back titles, Raheem has formed a special connection with the city. The University is proud to be working with his Foundation to support Black African and Caribbean heritage applicants from socio-economically underrepresented backgrounds in the region.

The Foundation will fund seven students on undergraduate degree programmes at the University over the next three years.





New robotics centre set to support a net zero future

The University is partnering with international engineering company, Jacobs to launch the Centre for Robotic Autonomy in Demanding and Long-lasting Environments (CRADLE). CRADLE will lead research into new technologies for high-demand areas such as nuclear decommissioning and energy generation, and is set to play a key role in the wider climate response.

With funding of up to £10 million over five years, CRADLE's research will focus on mechatronics, software, and how communities and regulators will engage with future robotic systems.

The partnership also gives Manchester's recently established Centre for Robotics and AI the opportunity to work with a leader in applied robotics to progress its research and deliver impact; create systems key industries need to solve the world's most pressing challenges and help create a better connected, more sustainable world.

Karen Wiemelt, Senior Vice-President of Energy, Security and Technology at Jacobs, said: "Robotics is a core strength of Jacobs' work in the energy and space sectors, and this collaboration will enable us to develop advanced technologies to help achieve net zero targets."



New national AI prize named in University's honour

In March 2023, the UK government announced a new annual prize of £1 million to encourage AI research, named after the University and our invention of the first stored program computer.

'The Baby' ran its first program at 11am on 21 June 1948 – taking 52 minutes to run through 3.5 million calculations before reaching the correct answer. It was the first computer in the world to run a program stored electronically in its memory, rather than on paper tape.

In all the years since, artificial intelligence research has gone from strength to strength at the University and the 'Manchester Prize' builds on the legacy of our achievements.

Today, we continue to build an exciting future, advancing fundamental AI, robotics, manufacturing systems and neuroscience.

The Whitworth appoints new Director

The Whitworth art gallery, one of the University's cultural institutions, has announced Dr Sook-Kyung Lee as its new Director.

Lee was previously Senior Curator of International Art at London's Tate Modern and alongside her role leading The Whitworth, she will also become Honorary Professor of Transcultural Curating at the University.

Speaking about the appointment, Lee said: "It is a huge honour for me to take up the role of Director at The Whitworth, one of the most innovative and audience-focused art institutions in the UK and internationally. I have admired The Whitworth's commitment to work with local communities and to use art for positive social change. I would like to further develop the gallery in its artistic rigour and social impacts and to widen its global connections, along with the gallery's dedicated staff and The University of Manchester."

Number one in Europe in the latest Impact Rankings

In June, our University was named number one in the UK and Europe, and number two in the world for action taken towards the United Nations' Sustainable Development Goals (SDGs) in the *Times Higher Education* Impact Rankings 2023.

The 17 SDGs are the world's call to action on the most pressing challenges and opportunities facing humanity and the natural world. Our commitment to achieving them is unmatched – we're the only university in the world to rank in the top ten for five years running.

Professor Dame Nancy Rothwell said: "Social responsibility is a core goal and is very important to us. These Impact Rankings cover the social and environmental contribution of universities across their full range of functions – through their research, students, public engagement and operations – and we're proud to be part of this ever-growing community around the world leading work to make a difference."

Sook Kyung-Lee, 'Photo courtesy the Gwangju Biennale Foundation'



Times Higher Education
Impact Rankings
2023 TOP 10



University publishes *Our Sustainable Future*, its new environmental sustainability strategy

The new strategy provides guidance on the actions we will take as we work towards our zero carbon 2038 target.

Our Sustainable Future highlights six priority operational areas of focus, all linking back to the United Nations' Sustainable Development Goals and was developed following extensive consultation with colleagues and students, who shared their views on where the University needed to improve and the actions to prioritise.

Professor Nalin Thakkar, Vice-President for Social Responsibility, said: "The future that this strategy lays out is one where we have a campus that is rich in nature, with cleaner air and a lighter footprint on the planet. Some of the measures to achieve this are going to be hard, but everyone in the leadership of the University is committed to making the necessary changes, and if we all contribute, we have the ability to be far greater than the sum of our individual parts."



Strategic regeneration framework sets out vision for new £1.7 billion innovation district

In July, a strategic regeneration framework outlining the future of ID Manchester – the trailblazing innovation district located on the University's former North Campus – was submitted to Manchester City Council.

The framework, a joint venture with Bruntwood SciTech, sets out a vision for ID Manchester to be recognised internationally as one of the world's leading applied innovation districts, providing unique access to disruptive technologies and ideas. Its core specialisms will be advanced materials, health innovation, digital technology and biotechnology.

The completed development will bring significant economic, social and environmental benefits to the city, including more than 10,000 new jobs and contributing circa £900 million GVA annually.

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 2023.

| Key Highlights | 2022/23 | 2021/22 | % change |
|--|------------------|-----------|----------|
| Income and expenditure | £'000 | £'000 | % |
| Total income | 1,344,665 | 1,217,127 | 10.5% |
| Total expenditure | 1,237,876 | 1,316,976 | (6.0%) |
| Surplus/(deficit) before other gains and share of operating surplus of associates | 106,789 | (99,849) | 207.0% |
| Changes in USS deficit recovery plan | - | 219,509 | (100.0%) |
| Adjusted operating surplus | 106,789 | 119,660 | (10.8%) |
| <i>Adjusted operating surplus as % of income</i> | 7.9% | 9.8% | |
| Total comprehensive surplus/(deficit) | 77,850 | (63,592) | 222.4% |
| Net current assets | 162,098 | 65,600 | 147.1% |
| Net assets | 1,886,278 | 1,808,428 | 4.3% |
| Cash and current asset investments | 443,375 | 405,966 | 9.2% |
| Operating cash inflow | 88,302 | 165,949 | (46.8%) |
| <i>Net operating cash inflow as a % of income</i> | 6.6% | 13.6% | |
| Net cash outflow from investing activities | 74,543 | 50,050 | 48.9% |
| Net cash outflow from financing activities | 16,350 | 17,255 | (5.2%) |

The strong demand for student places at Manchester, combined with the continued excellence in world-leading research has led to year of record levels of income at £1.3 billion. Despite cost pressures, the University has managed its finances to continue to generate positive cash-flows for reinvestment to deliver the strategic objectives.

The University's total adjusted operating surplus for the year (excluding changes to the USS deficit recovery plan) is £106.8m, 7.9% of total income, a reduction of £12.9m on the previous year.

Total comprehensive income for the year is a surplus of £77.9m (2022: deficit £63.6m) after net actuarial losses of £29.4m (2022: gain £39.4m) from the University of Manchester Superannuation Scheme (UMSS) and Greater Manchester Pension Fund (GMPF) pension schemes. The actuarial loss can swing from a significant loss to a gain dependent upon factors outside the University's control.

Net cash inflow from operating activities is £88.3m, 6.6% of total income. This is £77.6m lower than the previous year (which was 13.6% of income). The main drivers are the recognition of income from capital grants of £50m, relating to the new

Paterson building (which were received and deferred in earlier years but now recognised on completion of the building this year) and additional investment income.

The University's cash and current investment holdings have improved by £37.4m. This is largely due to reduced capital expenditure – the cash outlay is £47.2m lower than last year. The University's net current asset position continues to improve, up by nearly £100m due to reduced liabilities of £60m largely as a result of the £50m Paterson deferred capital grant release and prompter settlement of creditors and also the increased cash reserves.

Total income has increased by £127.6m or 10.5% from 2021/22. This is driven by the first year of higher levels of government funding following a successful outcome from the Research Excellence Framework 2021, increased international tuition fees, the £50m Paterson capital grant now recognised and higher interest income from deposits due to interest rate rises. I would also like to thank our alumni and supporters for their valuable philanthropic contributions to delivering our strategic priorities.

The prior year expenditure included a one-off non-cash charge of £219.5m in

relation to the USS deficit adjustment triggered by the agreement of a revised deficit recovery plan following the finalisation of the 2020 actuarial valuation. There is no USS adjustment this year, however the 2023 USS valuation outcome is in negotiation at sector level and anticipated to lead to a significant reduction in the deficit provision to be booked in 2023/24.

Excluding this one-off charge, total expenditure for 2022/23 of £1,237.9m has increased by £140.4m or 12.8%. General inflation and the impact of the cost-of-living accounts for much of this increase. In the current year, the University has made significant one-off cost of living payments totalling £18.1m to support both its students and staff. The sector cost of living pay award was higher than the previous year and in addition 2% of the 5% 2023/24 sector pay award was paid early from February 2023. The approximate impact on staff costs of pay inflation is £19m increase from the previous year.

Despite these challenges the University has continued to invest in strategic revenue projects which, including the residences development, totalled £53.5m in the current year, £33.3m higher than in the prior year.

However, the University has many areas it continues to need to invest in: student and staff related facilities and support, IT infrastructure services and support, further cyber-attack prevention, maintenance of its substantial and diverse estate and general improvement of its processes. With these challenges, the University's need for continued and extensive investment means that cash generation for re-investment is critical.

Following the recent cyber incident some of the University's planned investment has been re-prioritised with scheduled improvements to the University's IT infrastructure services being brought forward whilst some other projects are paused. The impact of the cyber incident has been contained and the resultant cost to date has not been significant. Whilst there has been some disruption, the University has been able to continue to operate with limited impact to services. There has been no impact on its finance system.

Income review

Total income

As explained above, total income increased by £127.6m to £1,344.7m, an increase of 10.5%. Our two major sources of income are tuition fees at 49% of the total income (2021/22: 52%), and research grants and contracts at 20% (2021/22: 22%).

Figure 1 shows the five year trend of University income by type and by percentage of total income. This shows the increasing proportion of tuition fees.

Teaching income

Income from tuition fees has increased by £21.7m or 3.4% to £659.9m in 2022/23. Full-time international student fee income accounted for £28.4m or 8%, offset by a £4.5m decrease in full-time home and EU students. Fees from full-time international students now represent 58.3% of total tuition fees (55.8% in the previous year) and 30.4% of total income (excluding capital income), up by 0.2% from the previous year. Fee growth is principally from pricing rather than an increase in student numbers.

Figure 2 shows the distribution of students for 2022/23 and the prior year comparative.

Figure 1: Five-year trend of University income by type

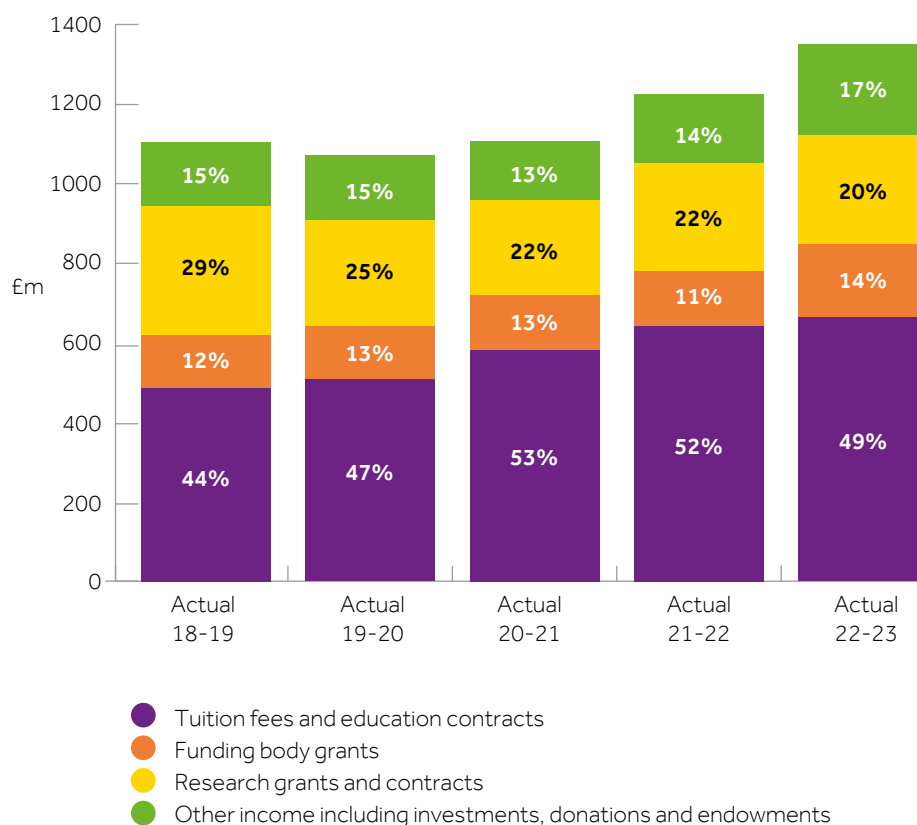
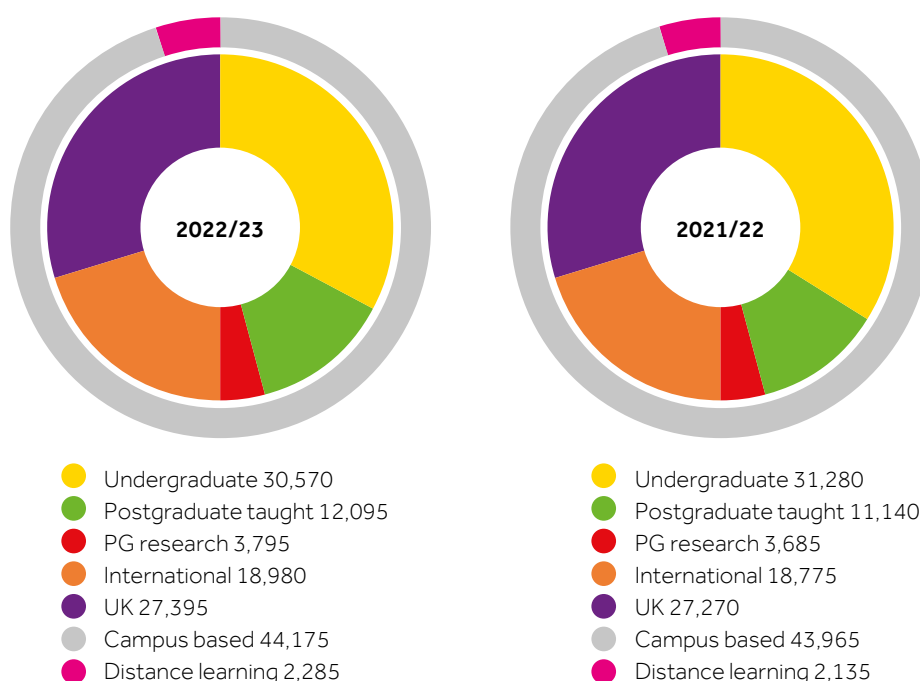


Figure 2: Distribution of students



In relation to the UK and international split the above shows the student numbers by domicile. EU students are now classed as international students.

The student numbers above also exclude students who are offshore with overseas partnership arrangements. The distance learning numbers only includes UK students who are studying remotely.

Funding body grants

Income from funding bodies has increased significantly by £47.7m to £184.2m. Most of this increase (£15.2m) is attributable to Research England funding as the University has benefited from its excellent REF21 outcomes. Funding body grant income in the year also includes recognition of the one off £25m UKRPIF grant in respect of the Paterson building.

Research income

Research income has remained largely static - £271.1m compared to £270.6m last year. Underlying research income, excluding research capital funding, has increased this year by approximately £5m which reflects a general increase in the research project portfolio across all areas. Research contribution has also increased.

Research capital income decreased by £5.2m. Last year's result was distorted by capital equipment commissioned in the Royce Institute Building in the Faculty of Science & Engineering.

Other income

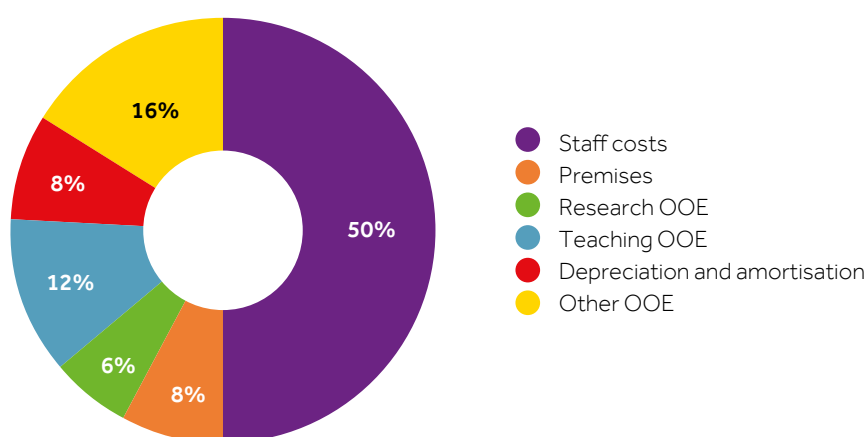
Other Income increased by £35.1m to £193.5m during 2022/23. £25m of this is attributable to a one-off CRUK capital grant for the Paterson building now recognised. £5.1m is from residences and catering income reflective of higher student numbers and increase in accommodation provision as a consequence. The remainder is from additional Health Education and Service Increment for Teaching (SIFT) funding.

Expenditure review

Total expenditure

Figure 3 is a pie-chart that shows the proportion of the University's operating expenditure for 2022/23. Ignoring the prior year £219.5m USS one off item referenced earlier, total expenditure increased by £140.4m to £1,237.9m,

Figure 3: Total expenditure



an increase of 12.8%. Staff costs have increased by £26.7m or 4.5% whilst other operating expenses have increased by £86.3m or 21.6%.

Staff costs

The University paid out £10.7m in one-off cost of living payments to all its staff. The sector cost of living pay award was higher than the previous year at 3% (compared to 2% for 2021/22) and in addition 2% of the 5% 2023/24 sector pay award was paid early from February 2023. In addition, the University invested £13m in new posts largely to support increased student recruitment and investment in strategic change projects. Research staff costs were also up by nearly £7m as a result of increased grant activity post pandemic. However, this was offset by significant staff vacancies, as experienced across the sector and more generally in the UK. Vacancy rates were relatively high in professional services early in the financial year but are now dropping due to improved recruitment processes.

Staff costs as a percentage of income is a key metric. For 2022/23 staff costs are 49.4% of total income (excluding capital income). This compares to 50.6% for the prior year (excluding the one-off USS adjustment).

Other operating expenses

Other operating expenditure has increased by £86.3m and as a percentage of income (excluding capital income) it has increased to 38.5% compared to 33.9% in the prior year. As well as the impact of general higher inflation, current year additional expenditure includes £9.2m student cost of living payments, additional

spend on strategic projects of £15.9m as well as £12.1m residences investment, £10.4m on research related supplies, £8.9m additional energy costs, £4.8m SIFT and Health England costs, and £4m cyber incident specific related spend.

Depreciation and amortisation

This has increased from the prior year by £16.9m primarily due to £10.9m depreciation from land, building and equipment assets commissioned in the year, the acceleration of depreciation on certain residences due to be redeveloped as part of the Fallowfield student residences strategy (£2.3m) and £3.5m due to software now deemed to have a shorter useful life.

Strategic revenue expenditure

The University has a significant programme of strategic projects, primarily revenue in nature, which are aimed to bring about IT modernisation, system and process efficiencies and to transform some of our professional services. The University significantly increased this investment in 2022/23 to £53.5m (£33.3m higher than prior year).

This includes £12.1m investment on residences specifically related to the development of the University's Fallowfield residences. This amount includes £9.8m provision for the demolition of Owens Park.

Capital investment

Capital expenditure

Figure 4 shows the level of capital spend undertaken by the University over the last five years, primarily driven by the Campus Masterplan. Capital expenditure (including intangibles) decreased by £49.7m (2022/23 £78.7m; 2021/22 £128.4m). This reflects that the Campus Masterplan has drawn to a close, especially as the new Engineering building was largely completed in the prior year. In 2022/23, the Pankhurst building and Museum extension were completed and are now occupied / open. Similarly, the Paterson building (built by The Christie but funded and occupied for the most part by the University) was completed in early July 2023. Other spend primarily relates to refurbishment of the Chemistry building. Assets under construction of £67m includes various pieces of equipment of over £31.5m (the largest being £6.8m, in relation to the Royce building) and various building long-term maintenance, the largest being £11.1m works on Dalton Ellis student residences.

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 Finance Committee.

Most of North Campus has now been handed over to ID Manchester (IDM), the University's joint venture with Bruntwood SciTech. The joint venture has continued to progress its detailed planning. The new business plan was signed off by all parties to the joint venture, it is engaging with both Manchester City Council and the local community and has submitted the Strategic Regeneration Framework to the Council for approval this Autumn. Despite the tough economic conditions, IDM's plans remain focused on delivering the vision of a dynamic world-class community, with innovation, collaboration and enterprise at its heart.

Capital commitments

The main capital commitments that were contracted but not yet provided for total £59.1m and comprise a number of items, the most significant being works in relation to zero carbon of £11.3m, Stopford teaching labs renovation (£5.6m which is grant

Figure 4: Capital additions

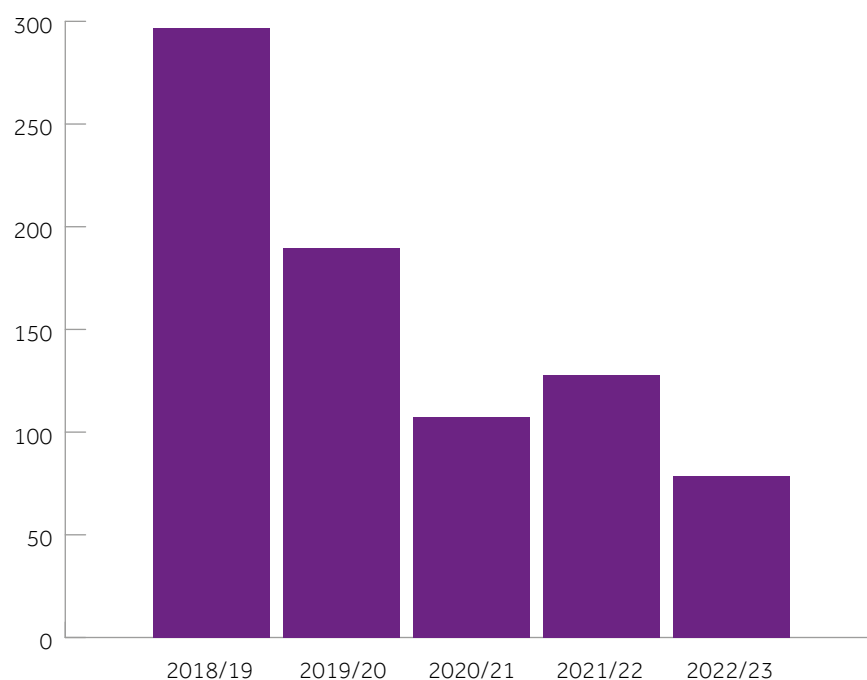
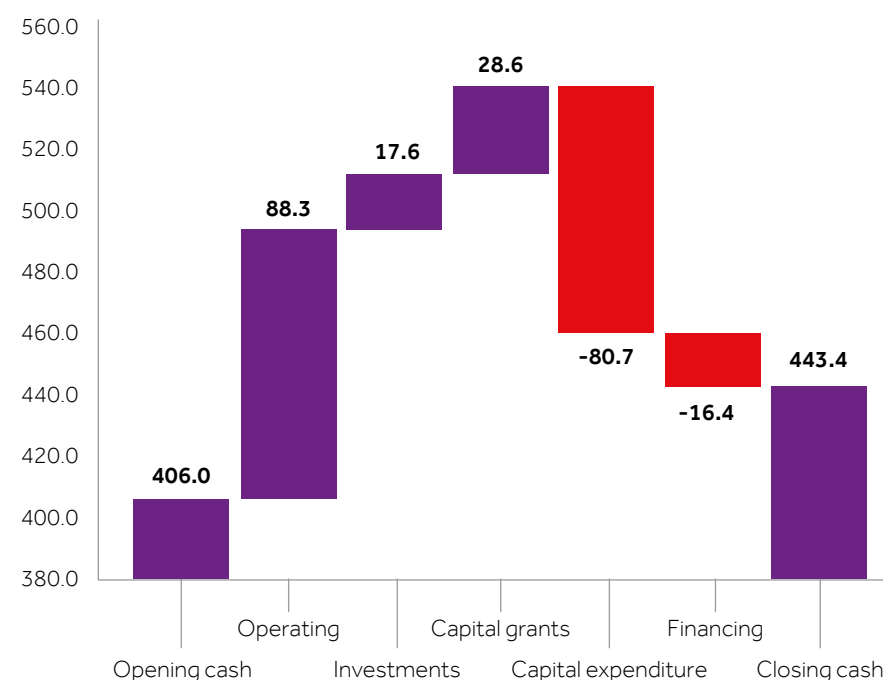


Figure 5: Movement in cash and current investments £m in 2022/23



funded) and refurbishment of certain parts of the library of £6.3m.

Authorised commitments not contracted for total £75.7m and mainly comprise: £29m further refurbishment works on the Chemistry building and £30m for long term capital maintenance budgeted for in 2023/24.

Cash and liquidity

Cash and current asset investments were £443.4m at 31 July 2023, an increase of £37.4m from the prior year. Liquidity days have remained relatively static with only a slight decrease to 143 days compared to 146 in 2021/22. The liquidity days' calculation adjusts expenditure 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 £174.4m (2022: £176.0m) and deposits held with bank and building societies of £270m (2022: £230m) which mature between 3 months and one year.

The main cash inflow shown in the cash flow statement in 2022/23 was £88.3m from operating activities; offset by investing activities of £74.5m (mainly capital spend, investment acquisition and deposit placement offset by capital grants received) and financing activities of £16.4m, primarily interest paid on the University's loans. The University's total net cash outflow for cash and cash equivalents was £2.6m (2022: inflow of £98.6m). 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.

Fixed asset investments

Investment performance

Of the University's total non-current investments of £218.6m, £208.0m relates to the University's endowment investment portfolio. The value of the University's investments remained largely unchanged as minimal investment gains or losses albeit £2m has been withdrawn for targeted investment in accordance with endowments, specific criteria.

The performance of the fund managers continues to be monitored by the Investment Sub-Committee (a sub-committee of Finance Committee) against investment targets set as part of the University's investment strategy. The asset allocation at 31 July 2023 was as follows:

| | |
|------------------------------|-----|
| Equity | 48% |
| Diversified growth fund | 21% |
| Property | 13% |
| Short Duration Credit | 9% |
| Absolute Return Fixed Income | 9% |

The University has set decarbonisation targets for its endowment investment portfolio for the period 2023-2027 within its Policy for Responsible

Investment. The University published its first 'Endowment Investment Portfolio Climate Change Report' in March 2023 for the year ended 31 July 2022, in line with the TCFD (Task Force on Climate-related Financial Disclosures) framework. The report confirms that:

- The University has reduced the Weighted Average Carbon Intensity (WACI) in the equity portfolio by c.55% relative to the 2019 position, compared to a target of a 50% reduction by 2027.
- The University's fixed income portfolio has a WACI which is 52% lower than the baseline year benchmark and is therefore ahead of its 2027 target of a 40% reduction by 2027.
- The reduction in energy usage within the property portfolio as at 2021 was c.7.8% versus the baseline year and the percentage of energy used which was from renewable sources was 64%. The University is therefore on track to meet its targets of a 10% reduction in energy usage and 100% of energy from renewable sources in relation to property investments.

Pension liabilities

The University's pension liabilities are significant, totalling £401.3m (2022: £411.8m). Of these, £292.5m (2022: £326.8m) relates to the obligation to fund the USS pension deficit. This liability increased substantially in 2021/22 due to the agreement of a new deficit recovery plan based on the actuarial valuation at 31 March 2020. The current year decrease is primarily due to the deficit repayments of £20.4m and a lower staff cost base than anticipated due to vacancy savings. This recovery 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 outcome of the March 2023 valuation is being considered and it is anticipated that, when finalised in 2023/24, the deficit liability will reduce significantly.

The remainder of £108.8m (2022: £85.0m) relates to the University's own scheme, UMSS and its participation in the local authority scheme, GMPF. These are valued on an FRS102 basis rather than the full actuarial basis. The UMSS liability has increased by £24m as investment values have decreased more than the fall in defined benefit

obligation. GMPF is in surplus, but the asset has not been recognised as the University does not have an automatic right to reimbursement and future contributions and deficit contributions remain unchanged.

Key financial risks

| | |
|--|--|
| UK Higher Education sector business model drives more dependency on international fees but risks key country dependency | <p>International student demand remains buoyant and, as in previous years, international full-time fees continue to make up an increasing proportion of our tuition fee income. Fundamentally this is a feature of the UK HE sector business model as Home tuition fees continue to remain unchanged.</p> <p>Home tuition fees remain fixed at £9,250 and are therefore declining in real terms as inflation continues to push the cost of teaching delivery upwards. A more sustainable approach to funding higher education is needed that is fair and affordable to students, while safeguarding the pipeline of science, skills and innovation which universities provide for the UK economy. However, there is currently a low government appetite for increased HE funding, leading universities to continue to be reliant on international students.</p> <p>International student numbers continue to be reliant on students from a relatively small number of countries (China being the dominant market). Investment is underway in order to diversify our student population further and to mitigate the risk of geopolitical disruption. In addition, international fee pricing is being reviewed to ensure it is aligned with the market and Manchester's global reputation. This limits further international student number increases but continues to require careful balancing to avoid increasing key country dependency.</p> <p>Our aim continues to be to ensure our international student population remains diverse and vibrant, with students able to meet others from around the world.</p> |
| Pay award pressure and cost of living concerns may significantly impact the University's cost base | <p>There is continued pressure on the University and sector cost base due to growth in wages and salaries and the continued impact of high inflation levels over which the University has limited control (for example, contractual increments and national pay bargaining).</p> <p>Cost of living pressures continue to impact staff and the University provided one off cost of living payments during 2022/23. These have been well-received but are not sustainable. There is continued industrial action going into 2023/24.</p> <p>The employment market remains buoyant and the University has high vacancy levels in some service areas as a consequence, putting pressure on its ability to deliver both projects and standard operations in some areas. However, due to changes in recruitment approach the level of vacancies is reducing.</p> <p>Projects to improve the efficiency of teaching, research and professional services are being progressed to hold down cost growth.</p> |
| Geo-political tension impacts on the operating model especially in relation to inflation and the supply chain | <p>The continued Russia - Ukraine conflict has further exacerbated issues the UK was already experiencing as a result of BREXIT and previously the global pandemic, including disrupted supply chains, more volatile commodity prices and higher transportation and shipping costs.</p> <p>Whilst energy costs are not at the levels seen 6 to 12 months ago, they are still high. The University has mitigated this risk by the implementation of new fixed pricing contracts and in the long run, as part of its zero carbon ambitions, it is aiming to have exclusive use of a large solar energy facility and looking at other means to cut emissions via its long-term maintenance strategy.</p> <p>The University is currently sheltered from the impact of interest rate rises as its long-term debt interest rates are fixed, with no current need to increase the quantum. The University's revolving credit facility is a floating rate but the University currently has no need to use the facility.</p> |
| Cyber risk | <p>The University has previously reported cyber risk as one of its key financial risks. Unfortunately, during the summer, the risk became a reality. Whilst much progress has been made to close down the impact of the cyber incident there is still work to be done restoring certain systems and dealing with the post-incident work. The University's finance system was not directly impacted. The University is working closely with its key stakeholders including the Information Commissioners Office (ICO).</p> <p>The University has complex IT infrastructure services and prior to the attack was investing significantly in improving its IT systems. Further investment is now rapidly being deployed and consequently other strategic investment projects are either being delayed or deferred. The complex IT infrastructure and operational needs of the University increases the inherent risk. The University will continue to invest to protect the University from future cyber-attacks and improve resilience, however the risk still remains high.</p> |

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 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 2023 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 and Statutes, the University takes reasonably practicable steps to ensure that freedom of speech within the law

is secured, and has adopted a Code of Practice on Freedom of Speech to enable this. In 2023-24, the University will review this Code and related documentation and practice to ensure compliance with the recently approved Higher Education (Freedom of Speech) Act. Details of the University's corporate governance arrangements are published on the University website: www.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.

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). The report concluded that the University's governance arrangements were good and effective with some areas of leading-edge practice. Over the course of the last two years, recommendations for improvement and enhancement have been implemented and preparations for the next external review will commence in 2023-24.

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, with a maximum membership of 23 and a lay majority. The Chair of the Board of Governors, Ms Philippa Hird, is appointed by the Board of Governors from within the lay category of the membership. Ms Hird took up her role on 1 September 2022, and is currently serving 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 executive management. The Chair is supported by a Deputy Chair, Mrs Ann 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 and Governance Committee has considered 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 approved amendments to the role of Deputy Chair to make it explicit that the role does not imply succession to the Chair, confirming its independence. 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 Board with the most recent exercise reporting to the Board in October 2023. 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 facilitated in the following ways in 2022-23:

- consideration of the first Annual Academic Assurance Reviews for Research, and for Teaching, Learning and Students, which were recommended by Senate to Audit and Risk Committee, and the Board of Governors. Both reviews received final formal approval at the February 2023 joint meeting of the Board of Governors and Senate. Consideration of the report by Audit and Risk Committee enabled identification of audits for inclusion within the internal audit programme.
- the first year of operation of the two Senate Academic Quality and Standards Committees for 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 the Deans of Faculty) and there is an open invitation for Board members to attend meetings of the Senate.

Many of the statutory powers reserved to Senate are regulatory in nature and control the academic business of the University. Senate's membership increased to 100 members (from 70) on 1 February 2023 comprising members from the following categories: ex-officio positions reserved for those with academic management responsibilities centrally and in the faculties, and Heads of Schools; elected members

(professorial and non-professorial) from across the three Faculties, who are elected to serve three year terms and Chairs of School Boards; a small number of co-opted members; and the executive officers of the Students' Union.

The Board of Governors has established several Committees, each of which report into the Board: these include an Audit and Risk Committee, a Finance Committee, a Remuneration Committee, a People Committee and a Nominations and Governance 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. As noted below, the Committee held a workshop examining

the connection between the strategic plan and the current portfolio of major change projects, the University's risk appetite in relation to the project portfolio, key threats to delivery, and the range of risk mitigations in place.

In June 2023, the University was subject to a cyber-attack, resulting in exfiltration of data by a hostile third party. Subsequent meetings of the Audit and Risk Committee (and the Board) focused on the University's response and management and mitigation of risk, which involved work in partnership with external agencies including the National Cyber Security Centre. A full lessons-learned exercise will be conducted in 2023-24. As noted below, and before the cyber incident, the University had already moved to strengthen its cyber resilience through the appointment of a Chief Information Security Officer.

The Audit and Risk Committee also receives regular reports on any cases raised under the University's Public Interest Disclosure (Whistleblowing) 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 considers and forwards to the Board the University's long-term financial plans, makes recommendations concerning borrowing, University budgets and the financial plans and forecasts provided to regulators.

The Nominations and Governance 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 promotes more constructive and challenging dialogue. 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, 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 the President and Vice-Chancellor and other relevant matters is enhanced with input from staff and student members of the Board of Governors. The Remuneration Committee report for the year ended 31 July 2023 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 2022-23. 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. 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, Directors of Professional 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 social responsibility performance of the University against agreed goals 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, International, and Cultural Institutes. 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 (approximately 85 members),

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. The benefits of recent reforms to General Assembly including a smaller, less prescriptive membership and opportunities for engagement with members outside formal meetings continued to be realised.

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 governing body and on the General Assembly.

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. Professor Rothwell will step down from the role of President and Vice-Chancellor at the end of 2023-24

and the search for her successor has begun.

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 Georgiou), the Vice-Presidents, the Registrar, Secretary and Chief Operating Officer (Mr Patrick Hackett), the Chief Financial Officer and the Director of People and Organisational Development 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 Operating Officer, who is also clerk to the governing body and responsible for 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. Registers of interest for all staff at Grade 6 and above 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 2023 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 Code 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 approach is risk based, derived from an evaluation of the likelihood and impact 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 2023 [NB Subject to formal confirmation].

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 regarding the accounts and accounting returns of the University.

The University of Manchester no longer meets the criteria of a 'body governed by public law' and is therefore not currently considered a contracting authority for the purposes of the Public Contracts Regulations 2015 and / or any replacement legislation. As a result, the University of Manchester will no longer be subject to the regime contained in The Public Contracts Regulations 2015 and / or any replacement legislation with effect from 1 August 2023 until further notice.

The University strives to apply value for money considerations to all its processes and activities, and this is supported by strong awareness and vigilance across the senior leadership 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 receives a comprehensive report on the Transparent Approach to

Costing (TRAC) analysis undertaken by the University, and a Uniac review in 2022-23 provided assurance on the compilation and management of the University's TRAC submission. 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 publishes a summary of its finances, including an analysis of how the £9,250 tuition fee is spent.

The University's Health, Safety and Wellbeing (HSW) Committee provides assurance to the Board of Governors on how the University is undertaking its duties regarding effective planning, ongoing control, monitoring and review of the health, safety and wellbeing management procedures. The HSW Committee monitors compliance and implementation of health, safety and wellbeing policies and action plans and recommends any action necessary to improve performance. The HSW Committee provides quarterly reports to the Audit and Risk Committee and the annual HSW report is recommended for approval by the Audit and Risk Committee to the Board.

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 framework (the internal auditors, 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 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 have increased the University's resilience, namely the addition of a specialist cyber-risk adviser to Audit and Risk Committee, the appointment of a Chief Information Security Officer and a Risk Manager (Resilience) to support business continuity and emergency response processes.

The format of the Risk Register was subject to significant review in 2022-23, and the most recent iteration ranks risks by the "delta" between total risk score and target risk score, with previous and required future trajectories mapped. Using this context, the Committee will, in 2023-24, give further consideration to risk appetite. As part of its approach to risk management, the Committee held a workshop examining the connection between the strategic plan and the

current portfolio of major change projects, the University's risk appetite in relation to the project portfolio, key threats to delivery, and the range of risk mitigations in place.

The University of Manchester public benefit statement and impact

Theme-Enhancing Quality of Teaching / Transformative Student Experiences

Enhancing the Quality of Teaching

One of the challenges in returning from pandemic teaching and learning has been figuring out which changes in practice we actually want to keep. For instance, we found that increasing the proportion of online assessments was very important for equality and inclusion, and helped reduce awarding gaps between different student groups. Our University-wide project 'Assessment for the Future', led by Professor Gabrielle Finn, is using these insights to develop a Manchester approach to assessment that is inclusive, authentic and trustworthy. The project is also leading our response to the pressing challenges (and opportunities) of Generative AI.

In January 2023 we submitted our provider and student submissions for the Teaching Excellence Framework (TEF), which is a condition of registration for all higher education institutions in England with more than 500 undergraduate students. A small writing team, working with Planning, the Students' Union and an Action Group drawn from around the University, pulled together a range of case studies showcasing our approach to teaching, learning and student support. We await ratings at the end of September.

TEF draws partly on data from the National Student Survey, and in the meantime we have received our NSS results for 2023. The Survey has changed considerably this year, with new questions and a four-point rather than a five-point scale for responses; so comparisons with previous years are not really possible. The new NSS focuses on an overall 'Positivity Score' based on the percentage of respondents choosing the two more positive options in their answers; our overall positivity score is 74.7%. While we remain in the lower quartile for the sector, 86% of our respondents see their courses

as intellectually stimulating, and our Students' Union had a very positive score of 74% (both above the English sector average of 84% and 72% respectively). The NSS shows that we clearly need to improve assessment and feedback, and aspects of student voice – work we have already embarked on through Assessment for the Future, and our emphasis on partnership and co-creation with our students. Of course, NSS relies on students giving their time to tell us about their experiences, and we are very pleased that this year 74% of our final year undergraduate students responded, 3% above the English sector average, and an uplift of 12% compared with our 62% response rate last year.

Many congratulations to Professor Jen O'Brien and Dr Jenny Silverthorne who have been awarded prestigious National Teaching Fellowships by Advance HE. As only 55 of these awards are available each year for the entire UK sector, this is a real success for Manchester. In the same awards round, we achieved our first ever Collaborative Award for Teaching Excellence, for Optometry. To support other colleagues in developing and enhancing their own teaching practice (with a view perhaps to being our future stars in these national awards!), we held our inaugural Teaching and Learning Conference in July 2023. Resources can be found here [ITL Teaching and Learning Conference 2023](#) | [Institute of Teaching and Learning](#) | [StaffNet](#) | [The University of Manchester](#) if you missed out – but don't worry, the conference will be back bigger and better next year!

Transformative Student Experiences

Cost of Living

In response to the Cost of Living crisis, we launched a pioneering £9 million financial support fund in collaboration with the Students' Union from summer 2022. This sector-leading initiative aims to support student wellbeing and success.

To address the pressing issue of student living costs, we developed an extensive cost of living support package and resource hub, catering to various financial needs, mental health support, and budgeting advice. The Students' Union were bolstered with £125k to support students with recreational grants, emergency loan funds and hardship payments. Seven "Cosy Campus" spaces have been established, providing students with relaxation areas equipped with hot water, microwave stations, washing-up facilities, and cosy seating with weekly 'free breakfasts' being given out to hundreds of students.

In total, 40,906 students received a direct Cost of Living payment (totalling £6,828,815), alleviating financial stress and enabling them to focus on their studies and personal growth. An additional payment went to 10,000 students from widening participation backgrounds, demonstrating our commitment to making a tangible difference in the lives of our student community.

This £9 million financial support package, announced in November 2022, reflects our unwavering dedication to fostering an inclusive and supportive learning environment, empowering students to excel academically and reach their full potential.

Student Experience Programme

In January 2023, a significant milestone in our ongoing commitment to enhancing the student experience through our Student Experience Programme (SEP) was reached by delivering the final new structures in key student-facing teams, marking a major step forward in our mission to provide exceptional support and services to our valued students.

During the period, several student-facing areas of the University have undergone their final transition to new structures, including the Teaching, Learning, and Student Experience

teams in Schools and Faculties, PGR teams within Faculties, Schools, and central directorates, as well as DSE Student and Academic Services and DSE Campus Life.

Student Minds University Mental Health Charter Programme

In September 2021, The University of Manchester announced its participation in the Student Minds University Mental Health Charter Programme, underscoring our commitment to the mental health and wellbeing of our students and staff. This initiative entails a thorough assessment of our current approach to mental health and wellbeing, guided by the University Mental Health Charter Framework.

The Charter Programme has given an additional focus and impetus to our existing institutional priority of student and staff mental health and wellbeing. It has helped to shine a light on our whole-University approach, encouraging us to reflect on our current approach and practice across all of the different framework themes. It has also provided us with a real opportunity to build on our developing practice of working in partnership with students in this area.

In 2023/24 we will conclude the peer assessment and independent evaluation stages of the programme and develop an ambitious action plan to further build on our whole-University approach to supporting the mental health and wellbeing of our students and staff.

Redevelopment of Fallowfield Campus Student Accommodation

In June 2023, we announced our visionary plans for the redevelopment of student accommodation on the Fallowfield campus, taking a significant step forward in enhancing the residential experience for our vibrant student community. The redevelopment will create new, high-quality, purpose-built student accommodation on the Fallowfield campus, providing a supportive and safe environment for students to thrive.

As part of a carefully phased redevelopment, we are committed to increasing the supply of modern bedrooms and student socialising

spaces, creating a truly inclusive residential experience. Local stakeholders, residents, and the wider community were invited to engage and share their valuable feedback on the emerging plans, as we recognise the significance of involving all stakeholders in this transformative project to ensure it aligns with the needs and aspirations of the local community.

We will replace existing bedspaces with up to 3,300 new state-of-the-art bedspaces, resulting in a total of up to 5,400 beds across the Fallowfield campus. By expanding the accommodation options, the University seeks to increase the number of available beds by up to 950, providing students with more choices and options for high-quality, modern living quarters across this popular campus.

Research impact

Research is fundamental to The University of Manchester. We're committed to the discovery of new knowledge as well as using our research expertise and pioneering spirit to deliver solutions to the world's biggest problems and transform lives. This is exemplified through our **Research Beacons, Research Institutes and Research Platforms**.

The University of Manchester's **five research beacons** exemplify how our pioneering discoveries, interdisciplinary collaboration and cross-sector partnerships are tackling global challenges.

Over the last year our researchers have continued to make a significant contribution to the drive towards net zero. Researchers have driven policy changes in nuclear energy ensuring all options are considered as part of the UK's low carbon energy future and have addressed the electrification challenge by exploring increased transmission capacity alongside the innovative decarbonisation of electricity networks.

Experts are harnessing bioprinting capabilities in space to protect the health of space explorers, while researchers in the National Graphene Institute are developing next-generation membranes for filtration and separation technology to enable more healthy, sustainable, and responsible plant-based food production.

Our biotechnologists are at the cutting edge of developing more

sustainable medicines, creating new building materials, improving disease diagnostics and finding solutions to the global plastic waste problem.

A multidisciplinary team of over 300 scientists and researchers and 400 clinicians and operational staff, the largest concentration in Europe, have moved into the new £150m cancer research centre at The Christie NHS Foundation Trust's site. Scientists working in the new Cancer Research UK Cancer Biomarker Centre are expediting new medicine development through global clinical trial sample analysis.

Researchers have continued to address inequalities both at home and around the world, including analysing the effects of austerity, highlighting the role of climate change on migration, challenging racial bias in the judiciary, and aspiring to improve health in the city region and around the globe.

Our platforms have connected and amplified collaborations across the University contributing to research, impact and engagement locally and beyond.

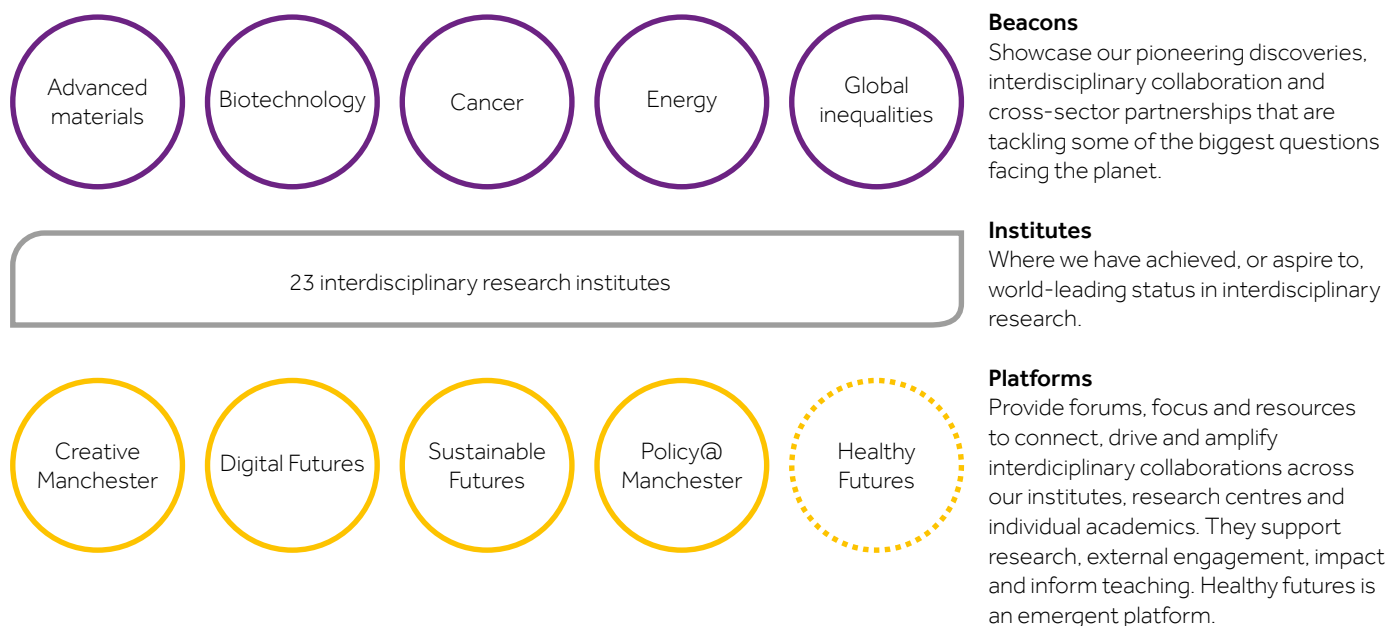
Through Creative Manchester, we have actively engaged in public research and cultural events, making impactful contributions to Manchester international festivals. Collaborations across the cultural sector have fostered community partnerships and enhanced student employability opportunities.

Our Sustainable Futures research platform has driven impactful interdisciplinary research in environmental sustainability supporting market ready innovations in energy, low carbon and construction and is working in partnership with industry and policy makers to improve plastics circularity.

With the support of Policy@Manchester, expert insights on space policy, productivity and economic performance, and health inequalities have informed engagement with politicians and policymakers. Researchers are contributing to the development of a race equality strategy for the Greater Manchester Combined Authority.

Our new Health Inequalities strategic interdisciplinary initiative will bring together researchers from primary care, medicine, business, law, policy, health economics, urban planning, data science, engineering and

Research impact



environmental health to work with external communities and stakeholders to close gaps in health inequalities locally, nationally and globally.

Research Exploitation

Enterprise and innovation are a critical part of our culture. Collaboration with business and other partners to develop innovations and the commercialisation and exploitation of our intellectual property (IP) form a fundamental part of our research impact. New companies and jobs have been created in the 2022/23 academic year, and valuable new products and services have been developed which have been commercialised nationally and internationally by our partners and through the formation of spin-out companies.

2022/23 was a good year in Business Engagement and Knowledge Exchange with new strategic partnerships established, existing partnerships renewed with several large multinational companies and awards from industry totalling £34.8m. The University continues to perform well in Knowledge Transfer Partnerships (KTPs) with eight new KTPs and five new projects awarded under the pilot scheme Accelerated Knowledge Transfer to Innovate. Our competitively-awarded Impact Acceleration Account (£7.9m), which is the 3rd largest in the UK and largest in the North, has been used to nurture new partnerships, drive

application and impact and support innovation. Our partnerships continue to support regional economic growth; 53% of business partners for KE projects were with SMEs, and 55% were based in the North West. The University was ranked 3rd nationally for collaborative research funding (£70.9m) in the last Higher Education Business-Community Interaction survey and we were awarded a sector leading position for Research Partnerships in the 3rd iteration of the Knowledge Exchange Framework (KEF). We were 6th in Europe for the number of collaborative publications with industry.

The University of Manchester Innovation Factory Ltd., a wholly owned subsidiary responsible for identifying and leading the commercialisation of IP developed and owned by the University, launched six new deep-tech and life science spinout companies in 2022/23. A total of £4.3m of first-time and £78.5m of follow-on investment was secured in spinout companies, and £3.3m of licensing income was generated from IP developed at and owned by the University. We were also awarded a sector leading position for IP and Commercialisation in the KEF. From 2004 to 2022, the University has exceeded its commercialisation KPI by achieving over £1bn of economic impact; £521.4m of gross value added and £541.9m of third party investment capital for the University's spin-out companies.

The Henry Royce Institute, headquartered at the University, received a further £95m for advanced materials research to accelerate the commercial exploitation of materials research and collaborate with business. The University was also at the centre of four new projects that have received a share of millions of pounds awarded to the GM Innovation Accelerator to turn cutting edge technologies into businesses in GM. Projects include the Turing Innovation Catalyst (cited in the budget speech) which aims to accelerate GM's £5bn digital economy by supporting existing start-ups and creating new ones, particularly in the field of AI (artificial intelligence). The Catalyst will also connect local people to opportunities and create an inclusive and diverse pipeline of AI practitioners with industry-relevant skills.

The University was also awarded funding to support GM's Advanced Diagnostic Accelerator, Development and Validation of Technology for Time Critical Genomic Testing, and the Sustainable Materials Translational Research Centre, with a particular focus on the Atom Valley Mayoral Development zone. Finally, the £1.7bn innovation district ID Manchester published its Strategic Regeneration Framework.

Theme Social Responsibility and Civic Engagement

The University of Manchester is unique in UK higher education in having social responsibility as a core goal. Significant progress has been made in all five areas of our Social Responsibility and Civic Engagement Plan. This has five key themes: Social Inclusion, Prosperous communities, Better health, Environmental sustainability and Cultural engagement. It is underpinned by a focus on People, Partnerships, Processes and Performance. These are just a small number of highlights achieved over the period.

Social inclusion

A new EDI strategy was launched based around three key priorities: Inclusive environment and culture; Diversity and equity across our community; Inclusive practice. Evidence was gathered and submitted for a new Race Equality Charter mark. We were rated 30th of all employers in the country for LGBTQ+ inclusion.

Staff in our Faculty of Engineering and Physical Sciences engaged a record 524,415 young people across 31 countries through the Great Science Share for Schools initiative.

A new impact report showed that 800 schools participated in 2,115 access and student success initiatives.

Prosperous communities

- > **10,000+ new jobs created**
- > **Over 1,500 new homes**
- > **New civic square and nature-led public spaces**
- > **Bringing historical buildings back to life**
- > **Retail, leisure, office and innovation spaces**
- > **Sustainable and regenerative**

We have engaged local communities and stakeholders with a new strategic regeneration framework for ID Manchester – our new £1.7bn joint-venture with Bruntwood SciTech. This innovation district will create over 10,000 new jobs and tackle some of humanity's greatest challenges.

Four new projects were launched as part of the government's Innovation Accelerator programme to support inclusive economic growth. We have been working with the Greater

Manchester Combined Authority and Rochdale Development Agency to support and develop the Atom Valley Mayoral Development Zone. Our Venture Further Awards supported the entrepreneurial talent of students and recent graduates with start-up funding. And we were proud to see our University feature as a good local employer in a special feature with the Manchester Evening News.

Better health

We developed new Standards for Patient and Public Involvement and Engagement (PPIE) were produced. An annual celebration of PPIE was organized involving local patients and citizens. A network for colleagues taking forward service learning in undergraduate education has been developed, focused on local public health priorities. And a new Health Tech Matters podcast was launched.

Environmental sustainability

A new strategy for Environmental Sustainability was developed and launched based around six key themes: Risk and climate resilience; Responsible procurement; Resource management; Travel and transport; Valuing nature; Construction and refurbishment. This is important because the University's Scope 1 and 2 carbon footprint fell by only 1.6% last year, far short of the 13% pathway (though is predicted to fall by ~10% in 2023).

We have published a report into the climate impact of our endowment investments which showed the carbon intensity of our endowment investments have reduced by 55% from 2019. We undertook work to understand our fuller 'Scope 3' emissions. And two labs have received gold Laboratory Efficiency Assessment Framework (LEAF) certificates after their audit in February.

Cultural engagement

Our University cultural institutions have worked to advance each of our core goals through their world-leading collections and engagement. Manchester Museum has received record numbers since its reopening early in 2023. This £15m initiative, which has benefited from significant contributions from supporters and external funders, has seen us open a two-storey extension with a new temporary exhibition space, the Lee Kai Hung Chinese Culture Gallery, a new

South Asian gallery, a Belonging Gallery and a re-imagined top-floor focused on collaboration with incubated social justice and environmental charities.

The Whitworth has appointed a new Director, Sook-Kyung Lee, to build on its mission to use art as a positive force for social change. The Jodrell Bank Centre for Engagement received a number of awards for its science engagement work at the new First Light Pavillion. The John Rylands Research Institute and Library has confirmed plans to transform the researcher and public-visitor experience, thanks to the John Rylands Next Chapter project, a £7.6 million capital investment. And our Creative Manchester platform worked with local partners to achieve excellent status by UNESCO for our UNESCO city of literature designation.

People, Partnerships and Processes.

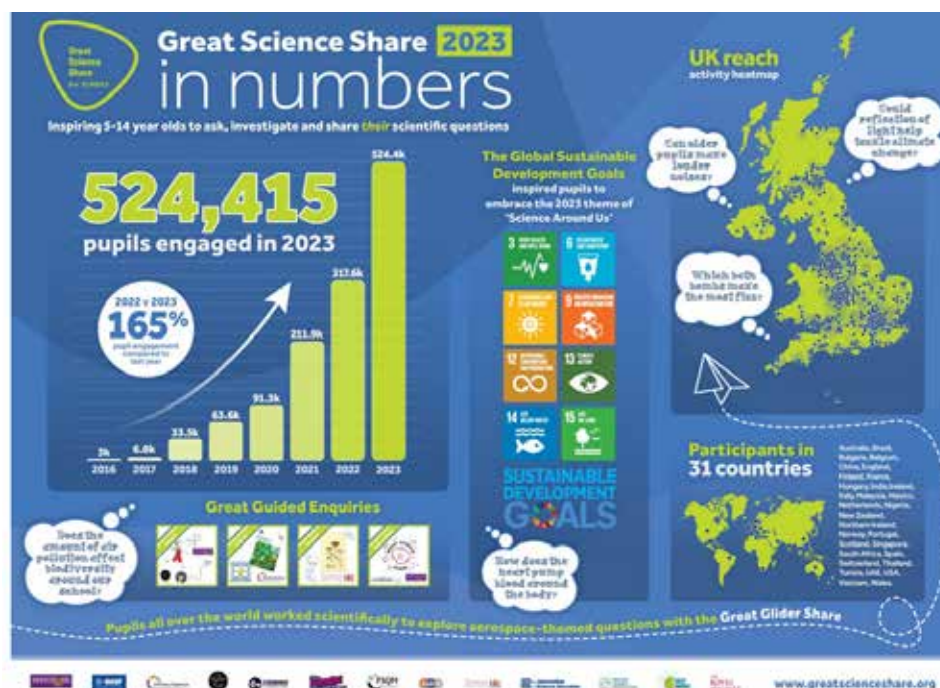
Underpinning our five social responsibility and civic engagement priorities are a focus on people, partnerships and processes. We developed and launched a new Public Engagement Framework. We undertook a self-assessment for our work on Public and Community Engagement as part of the government's Knowledge Exchange Framework. An application was made for the renewal of our Engage Watermark at the Gold level. A new Greater Manchester Citizens' Panel was launched to involve and engage with local residents. A new online Social Responsibility and Civic Engagement Series received over 500 engagements from staff with all elements. We hosted our annual Making a Difference Awards which recognised 16 winners across 8 categories for impact on social responsibility. And our annual Community Festival opened our doors to over 2,000 people from local communities to come onto campus and find out more about our work.

Performance

Performance on social responsibility and civic engagement is measured in two key ways through the *Our Future* plan. Our first measure is to feature in the top quintile for Public and Community Engagement in the Knowledge Exchange Framework. We are currently hitting this target. Our second measure is to feature in the top 2% of universities globally in the Times Higher Education University Impact Rankings. This ranking is based

on our performance towards achieving the United Nations' Sustainable Development Goals (SDGs).

In 2023, 1,705 universities submitted data to this ranking across 115 countries. Manchester came in the top 0.12% of universities in the world. We were placed second overall in the world, first in Europe and first in the UK. We are now the only university in the world to feature in the global top 10 of universities in each of the five years since the rankings were developed in 2019.



Community Festival

Trade union statement

The Trade Union (Facility Time Publication Requirements) Regulations 2017

1 April 2022 to 31 March 2023

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 2022 to 31 March 2023 is as follows:

Table 1 - Relevant union officials

| | |
|--|----------|
| Number of employees who were relevant union officials during the relevant period | 50 |
| Full-time equivalent employee number | 48.2 FTE |

Table 2 - Percentage of time spent on facility time

| Percentage of time | Number of Employees |
|--------------------|---------------------|
| 0% | 2 |
| 1-50% | 44 |
| 51%-99% | 0 |
| 100% | 4 |

Table 3 - Percentage of pay bill spent on facility time

| | |
|---|--------------|
| Total cost of facility time | £405,984 |
| Total pay bill | £637,475,847 |
| The percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100 | 0.06% |

Table 4 - Paid trade union activities

| | |
|--|-------|
| Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100 | 9.20% |
|--|-------|

Remuneration Committee report

for the year to 31 July 2023

The membership of the Committee is:

Mr Gary Buxton (Chair)
Ms Philippa Hird
Ms Caroline Johnstone
Mr Nick Hillman

A staff member and a student member of the Board of Governors attend 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.

Secretary to the Committee: Registrar, Secretary and Chief Operating Officer (RSCOO)

In attendance:

The Director of People & Organisational Development
The President and Vice-Chancellor (not present at the separate meeting to determine her salary)
The Head of People & Organisational Operations & Reward

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.

The Committee ensured that remuneration arrangements for 2022/23 were 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.

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 Policy 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 as appropriate for consistency and fairness.
- (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 & 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 Edward Astle with Philippa Hird as Chair of the Board of Governors.

To assist it in these tasks, the Committee received:

- information on the President and Vice-Chancellor's salary, including an overview of her performance from the Chair of the Board of Governors;

- recommendations for salary increases from the Senior Salaries Review Group in respect of Professional Services colleagues within Grade 9 roles;
- 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 2022/23

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

The University is seeking to create financial headroom to invest in staff, students, facilities and technology to effect improvements. This is a significant challenge considering the increased financial, geo-political and sector uncertainty, and response to industrial action. 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.

Against this background, the nationally negotiated pay award in 2022/23 was 3%, plus an interim 2% against the 2023/24 pay award initiated in February 2023 by UCEA, in advance of the annual award due in August in response to cost of living across the sector. This followed a 1.5% award in 2021/22. The Committee approved a recommendation from the Chair of the Board of Governors for a zero-pay award for the President and Vice-Chancellor respecting the request from the President and Vice-Chancellor for no increase to be awarded for herself; and approved the recommendation from the President and Vice-Chancellor for pay awards effective from 1 April 2023 for her direct reports.

Remuneration Policy for the Senior Leadership Team (2022-2023)

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 Georgiou | 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 Finance Officer are made via the Senior Salaries Review Group (SSRG) and reported to and reviewed 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 Directors of People and Organisational Development and Finance, 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 Directors of People and Organisational Development and Finance. 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 are not pensionable and are paid as a lump sum shortly after they are awarded. | Increases to base salary are determined annually taking into account: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 University currently contributes 21.1% of base salary to USS (inclusive of 6.2% deficit reduction contributions) 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 professional service 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 had historically been 1.5% of the total of the base salaries of professional service grade 9 posts;

however, exceptionally, the total value of the recommended awards was 3.14% of total pay pot in October 2022, which excluded contractual bonus payments. This was primarily due to a change in market pay data and general market recruitment and retention conditions, and to ensure fairness and equity in pay.

Salary increase 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.

During the 2022/23 year, due to the impacts of cost of living on employees, a further non-consolidated payment

was made to Grade 1-8 staff in the amount of £1000, paid half in November 2022 and half in January 2023. Colleagues at Grade 9 received the November portion only and had an election whether they wished to receive this or redirect through our Charity contribution scheme.

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-Chancellor's 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 |
|--------------|-------------------|-----------------------|-----------------------------|
| £36,333 | £53,423 | £86,912 | £29,762 |

The President and Vice-Chancellor's salary was 13.11 times greater than the lowest point on the University's pay spine as of October 2022, and 12.48 times greater than the lowest point following the interim uplift in February 2023.

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. In response to this, Grades 1 and 2 were adapted by reducing the number of points in Grade 2, and

increasing the points in Grade 1 to enable incremental progression.

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 |
|-------|---------------|--------------------------------------|-----------------------------|
| 22/23 | £36,333 | £260,399 | 1 : 7.2 |
| 21/22 | £37,467 | £260,399 | 1 : 6.9 |
| 20/21 | £38,017 | £260,399 | 1 : 6.8 |
| 19/20 | £41,757* | £260,399 | 1 : 6.2 |
| 18/19 | £36,261 | £260,399 | 1 : 7.2 |

* Above includes on-costs where the figures for the other years do not.

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 develop our Employee Value Proposition to enhance our attractiveness, in recognition that the benefits of working at the University extend beyond the direct package offered. Work to review, define and update the reward strategy is an objective moving forward.

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

After recruitment, remuneration analysis comes into alignment with the annual salary review cycle once in

post for more than 9 months, unless any concerns in relation to retention or equity arise, whereupon inclusion in the review would be considered. 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 a six month notice period. Also holds a contract as Professor of Physiology which is retained when leaving 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 Georgiou |
| 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 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 (ended July 2023) | Remuneration |
|---------------------------|--------------|
| 2023 | £260,399 |
| 2022 | £260,399 |
| 2021 | £260,399 |
| 2020 | £260,399 |
| 2019 | £260,399 |

Statement of the Board of Governors' responsibilities

for the year ending 31 July 2023

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 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.



Mrs 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 2023 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 2023 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 and challenging management to ensure all key factors were considered in their assessment.
- Obtaining and reviewing the cash flow forecasts for the period to 31 July 2025 which is more than twelve months from the date on which the financial statements were approved by the Board of Governors. The group has modelled various scenarios in their cash flow forecasts to incorporate unexpected changes to the forecasted liquidity of the group.
- Considering the appropriateness of the assumptions and methods used to calculate the forecasts and evaluating whether the assumptions

and methods utilised were appropriate to be able to make an assessment for the group.

- Reviewing 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 £13,446,000 (2022 - £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 institution was £13,418,000 (2022 - £12,054,000), based on 1% of revenue.

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 is based on the audit materiality as 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 £9,412,200 for the group and £9,392,600 for the parent institution.

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 £670,900 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 £13,446,000, 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 judgements made by the Board of 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 to be significant components and 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 |
|--|--|
| <p>Fraud in revenue recognition (£1,345m total income; 2022: £1,217m)</p> <p><i>Refer to the accounting policies (pages 46 and 47); and Notes 1-6 of the Consolidated Financial Statements</i></p> <p>Revenue is recognised in accordance with Section 23 Revenue of FRS 102 and sections 16, 17 and 18 of the Statement of Recommended Practice: Accounting for Further and Higher Education.</p> <p>We considered the risk of fraud in revenue recognition across the group's income streams:</p> <p>Research grants and contracts (£271.1m; 2022: £270.6m):</p> <ul style="list-style-type: none"> Research income recognition requires judgement at the year end in recognising accrued and deferred income. <p>Tuition fees (£659.9m; PY £638.2m):</p> <ul style="list-style-type: none"> 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. <p>Other income (£193.5m; PY £158.4m):</p> <ul style="list-style-type: none"> There is a risk that revenue is recorded incorrectly around the year end date. <p>Capital grants (included within research and other income) (£39.5m; PY £25.7m)</p> <ul style="list-style-type: none"> 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. | <p>Our audit procedures across all material revenue streams included:</p> <ul style="list-style-type: none"> Understanding and documenting the revenue processes for each material revenue stream. Identifying and performing a walkthrough of key controls over revenue processes for each material revenue stream. Reviewing the accounting policies to ensure these are appropriate and consistently applied. Reviewing the revenue receipts and transactions around the year end to ensure recognition in the correct period. <p><i>Research grants and contracts</i></p> <p>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.</p> <p>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.</p> <p>We reviewed project balances for any unusual balances, or balances not in line with our expectations.</p> <p><i>Tuition fees</i></p> <p>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.</p> <p>We tested the accuracy of student numbers and type by sample testing to student records and fees to published rates for the academic year.</p> <p>We sample tested other fee income to invoices and cash received.</p> <p><i>Other income</i></p> <p>Substantively tested a sample of other income back to source documents, such as invoice, contracts, grant agreements and cash.</p> <p>Based upon the audit procedures performed, we conclude that revenue has been appropriately recorded in the period in accordance with the requirements of Section 23 of FRS 102 and sections 16, 17 and 18 of the Statement of Recommended Practice: Accounting for Further and Higher Education.</p> <p><i>Capital income</i></p> <p>Substantively tested a sample of capital grants 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.</p> |

| | |
|---|--|
| Valuation of defined benefit liabilities in the University of Manchester Superannuation Scheme and the Greater Manchester Pension Fund (UMSS £547.5m and GMPF £94.1m; 2022: UMSS £725.5m and GMPF £110.2m) | |
| <p><i>Refer to the accounting policies (pages 49 and 50); and Notes 21 and 25 of the Consolidated Financial Statements. The University recognises three material pension schemes in the Statement of Financial Position.</i></p> <p>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 <i>Employee Benefits</i> of FRS 102 and section 21 of the Statement of Recommended Practice: Accounting for Further and Higher Education.</p> <p>Accounting for the technical liabilities related to these two schemes involves significant estimation and judgement in determining the actuarial assumptions.</p> <p>Management engaged an independent actuary to undertake the calculations on their behalf.</p> <p>We consider there to be a risk that the gross pension liability is materially misstated as a result of inappropriate actuarial assumptions.</p> | <p><i>Our audit procedures included:</i></p> <ul style="list-style-type: none"> • Understanding and documenting management's process for determining the pension assumptions and liability calculation, as performed by the independent actuary. • Obtaining and reviewing the report prepared by the independent actuary for each of the two Schemes to understand the key assumptions used in the calculation. • Engaging with 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, Consumer Price Index and Retail Price Index. • Confirming the independence of management's actuary and assessed their objectivity, competence, capability and scope of work. • Reviewing the accounting policies and disclosures in the financial statements to ensure compliance with accounting standards. <p>Based on the procedures performed we concluded that:</p> <ul style="list-style-type: none"> • 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 (£93.1m; 2022: £109.0m) | |
| <p><i>Refer to the accounting policies (pages 49 and 50); and Notes 21 and 25 of the Consolidated Financial Statements.</i></p> <p>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.</p> <p>The GMPF actuary uses a roll forward 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.</p> | <p><i>Our audit procedures included:</i></p> <p>Understanding and documenting management's process for determining the asset roll forward.</p> <p>Obtaining the report prepared by the independent actuary to understand the key assumptions used in the calculation.</p> <p>Confirming the independence of management's actuary and assessed their competency, capability and scope of work.</p> <p>Confirming the University's share of assets to the actuary report and that these are consistent year on year when compared to the published GMPF financial statements.</p> <p>Reviewing the accounting policies and disclosures in the financial statements to ensure compliance with accounting standards.</p> <p>Based on the procedures performed we concluded that the assumptions used were reasonable and the disclosures within the financial statements appropriate.</p> |

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; 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 which the Office for Students require us

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 with laws and regulations. We

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 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 in revenue recognition. 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 valuation of defined benefits assets and liabilities. We addressed the risk of fraud in revenue recognition 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, Financial Control and Research Finance to confirm whether there are any disputes in relation to research finance and understand 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 schemes, 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 with a law or regulation is removed from 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 23 July 2021 to audit the financial statements for the period ending 31 July 2022 and subsequent financial periods. Our total uninterrupted period of engagement is 3 years, covering the periods ending 31 July 2021 to 31 July 2023.

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

Date: XX November 2023

Financial Statements

For the year ended 31 July 2023



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 requirement 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 2023 the University held cash and cash equivalents of £173m, had net current assets £162m, 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 expiring March 2026 which had not been utilised as of 31 July 2023. The University complied with all covenant requirements for existing borrowing at 31 July 2023. All debt is unsecured. Subsequent to the year-end the University held cash and cash equivalents of £223m at 31 October 2023, 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 2025, a period of 20 months. They have reviewed a base case forecast and also severe but plausible downsides, extreme reverse

stress test scenarios and mitigating actions that the University can take to reduce costs at short notice. These forecasts show that the University has sufficient funds to meet its liabilities as they fall due for the period to 31 July 2025.

These scenarios also 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 2026. They also show that the University will still have sufficient headroom within the financial covenants in place in respect of both its Private Placement and Revolving Credit Facility.

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 20 months to 31 July 2025. Therefore, the Board of Governors continue to adopt 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 2023.
- 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 2023. 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 ventures are accounted for using the equity method.

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

Donations and endowments without performance related conditions are 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.

Balances between the University and its associates and joint ventures are not 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, but 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.

Where parts of a tangible fixed asset have different useful lives, they are 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.

Buildings under construction are included at cost, based on the value of architect's certificates and other costs incurred at 31 July 2023. 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, collections, specimens or structures of historic, scientific or artistic value that 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 are also capitalised where they can be reliably measured.

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.

Investment properties are measured initially at cost and subsequently at 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 Statement of Comprehensive Income in other operating expenses.

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 the amount of the obligation cannot be measured reliably.

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 University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne in substance by the University.

The 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 and is unable to identify its share of the underlying assets and liabilities 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 recovered) using the tax rates and laws that have been enacted 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 team. 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.

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. 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 less than 365 days old. If the policy was amended to include all debt over 270 days old, the provision would increase by £4.2m as at 31 July 2023.

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 estimated rental yield assumption was based on market information issued not long before the year end and is therefore considered to be reasonable. The rental assumption used was 9.25%. A 1% increase in the yield would reduce the valuation by £0.3m and a 1% decrease in the yield would increase the valuation by £0.3m.

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 introduction of hybrid working on its estate. They consider that the estate will continue to be fully utilised for the foreseeable future.

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 £30.3m relate to several specific items as set out in Note 21. This includes provisions for certain specific onerous contracts and dilapidations; a provision for the costs of exiting North Campus as a result of the move to the Manchester Engineering Campus Development (MECD); and a provision for demolition costs in relation to certain student residences based at Fallowfield in advance of planned redevelopment.

Taxation

The University establishes provisions based on reasonable estimates, for possible consequences of audits by 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 2023 or close to the year end.

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 as a defined contribution schemes as 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 2023

| | Notes | Consolidated | | University | |
|--|---------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | | Year Ended 31 July 2023 £'000 | Year Ended 31 July 2022 £'000 | Year Ended 31 July 2023 £'000 | Year Ended 31 July 2022 £'000 |
| Income | | | | | |
| Tuition fees and education contracts | 1 | 659,945 | 638,205 | 659,945 | 638,205 |
| Funding body grants | 2 | 184,180 | 136,462 | 184,180 | 136,462 |
| Research grants and contracts | 3 | 271,088 | 270,561 | 271,088 | 270,561 |
| Other income | 4 | 193,458 | 158,368 | 194,466 | 159,567 |
| Investment income | 5 | 17,430 | 4,169 | 17,426 | 4,169 |
| Donations and endowments | 6 | 18,564 | 9,362 | 18,564 | 9,362 |
| Total income | | 1,344,665 | 1,217,127 | 1,345,669 | 1,218,326 |
| Expenditure | | | | | |
| Staff costs | 7 | 624,009 | 597,252 | 613,432 | 592,392 |
| Changes in USS deficit recovery plan | 7 | - | 219,509 | - | 219,509 |
| Total staff costs | | 624,009 | 816,761 | 613,432 | 811,901 |
| Other operating expenses | 8 | 486,744 | 400,439 | 499,037 | 407,322 |
| Depreciation and amortisation | 11 & 12 | 95,851 | 78,974 | 95,439 | 78,559 |
| Interest and other finance costs | 9 | 31,272 | 20,802 | 31,272 | 20,802 |
| Total expenditure | | 1,237,876 | 1,316,976 | 1,239,180 | 1,318,584 |
| Surplus / (deficit) before other gains and share of operating surplus of associates | | 106,789 | (99,849) | 106,489 | (100,258) |
| Loss on investments (including investment properties) | | (381) | (3,932) | (381) | (3,932) |
| Share of operating surplus in associates | 15 | 524 | 604 | - | - |
| Surplus / (deficit) before tax | | 106,932 | (103,177) | 106,108 | (104,190) |
| Taxation | 10 | 322 | 175 | 322 | 143 |
| Surplus / (deficit) after tax | | 107,254 | (103,002) | 106,430 | (104,047) |
| Other comprehensive income | | | | | |
| Actuarial (losses)/gains in respect of pension schemes | 25 | (29,404) | 39,410 | (29,404) | 39,410 |
| Total comprehensive surplus / (deficit) for the year | | 77,850 | (63,592) | 77,026 | (64,637) |
| Endowment comprehensive deficit for the year | | (1,862) | (18,739) | (1,862) | (18,739) |
| Restricted comprehensive deficit for the year | | (8,362) | (1,503) | (8,362) | (1,503) |
| Unrestricted comprehensive surplus / (deficit) for the year | | 88,074 | (43,350) | 87,250 | (44,395) |
| | | 77,850 | (63,592) | 77,026 | (64,637) |

All items of income and expenditure relate to continuing activities.

Consolidated statement of changes in reserves

Year ended 31 July 2023

| (a) Consolidated | Income and expenditure account | | | Total |
|---|--------------------------------|---------------------|-----------------------|------------------|
| | Endowment £'000 | Restricted £'000 | Unrestricted £'000 | £'000 |
| Balance at 1 August 2022 | 223,486 | 8,816 | 1,576,126 | 1,808,428 |
| Surplus/(deficit) from the income and expenditure statement | (1,862) | 200 | 108,916 | 107,254 |
| Other comprehensive income | - | - | (29,404) | (29,404) |
| Release of restricted funds spent in year | - | (8,562) | 8,562 | - |
| Total comprehensive surplus / (deficit) for the year | (1,862) | (8,362) | 88,074 | 77,850 |
| Balance at 31 July 2023 | 221,624 | 454 | 1,664,200 | 1,886,278 |

| | | | | |
|---|----------------|--------------|------------------|------------------|
| Balance at 1 August 2021 | 242,225 | 10,319 | 1,619,476 | 1,872,020 |
| (Deficit)/surplus from the income and expenditure statement | (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)/surplus 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 |

| (b) University | Income and expenditure account | | | Total |
|---|--------------------------------|---------------------|-----------------------|------------------|
| | Endowment £'000 | Restricted £'000 | Unrestricted £'000 | £'000 |
| Balance at 1 August 2022 | 223,486 | 8,816 | 1,560,360 | 1,792,662 |
| Surplus/(deficit) from the income and expenditure statement | (1,862) | 200 | 108,092 | 106,430 |
| Other comprehensive income | - | - | (29,404) | (29,404) |
| Release of restricted funds spent in year | - | (8,562) | 8,562 | - |
| Total comprehensive surplus/(deficit) for the year | (1,862) | (8,362) | 87,250 | 77,026 |
| Balance at 31 July 2023 | 221,624 | 454 | 1,647,610 | 1,869,688 |

| | | | | |
|---|----------------|--------------|------------------|------------------|
| 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)/surplus 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 |

Consolidated statement of financial position

As at 31 July 2023

| | | Consolidated | | University | |
|--|-------|------------------|------------------|------------------|------------------|
| | Notes | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Non current assets | | | | | |
| Intangible assets and goodwill | 11 | 6,999 | 15,122 | 6,999 | 15,122 |
| Fixed assets | 12 | 2,054,098 | 2,064,971 | 2,053,770 | 2,064,377 |
| Heritage assets | 13 | 258,411 | 258,129 | 258,411 | 258,129 |
| Investments | 14 | 218,576 | 220,663 | 220,471 | 222,558 |
| Investments in associates | 15 | 11,539 | 11,015 | - | - |
| | | 2,549,623 | 2,569,900 | 2,539,651 | 2,560,186 |
| Current assets | | | | | |
| Stock | | 1,595 | 1,408 | 1,595 | 1,408 |
| Trade and other receivables | 16 | 192,028 | 190,333 | 192,420 | 191,718 |
| Investments | 17 | 270,000 | 230,000 | 270,000 | 230,000 |
| Cash and cash equivalents | | 173,375 | 175,966 | 165,527 | 169,670 |
| | | 636,998 | 597,707 | 629,542 | 592,796 |
| Less: Payables: amounts falling due within one year | 18 | (474,900) | (532,107) | (474,062) | (533,248) |
| Net current assets | | 162,098 | 65,600 | 155,480 | 59,548 |
| Total assets less current liabilities | | 2,711,721 | 2,635,500 | 2,695,131 | 2,619,734 |
| Payables: amounts falling due after more than one year | 19 | (393,931) | (393,812) | (393,931) | (393,812) |
| Provisions | | | | | |
| Pension provisions | 21 | (401,259) | (411,774) | (401,259) | (411,774) |
| Other provisions | 21 | (30,253) | (21,486) | (30,253) | (21,486) |
| Total net assets | | 1,886,278 | 1,808,428 | 1,869,688 | 1,792,662 |
| Restricted Reserves | | | | | |
| Income and expenditure reserve - endowment reserve | 22 | 221,624 | 223,486 | 221,624 | 223,486 |
| Income and expenditure reserve - restricted reserve | 23 | 454 | 8,816 | 454 | 8,816 |
| Unrestricted Reserves | | | | | |
| Income and expenditure reserve - unrestricted reserve | | 1,664,200 | 1,576,126 | 1,647,610 | 1,560,360 |
| Total Reserves | | 1,886,278 | 1,808,428 | 1,869,688 | 1,792,662 |

The financial statements were approved by the Governing Body on 23rd November 2023 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 2023

| | Notes | Year ended 31 July 2023 £'000 | Year ended 31 July 2022 £'000 |
|---|-------------|-------------------------------------|-------------------------------------|
| Cash flow from operating activities | | | |
| Surplus/(deficit) for the year | | 107,254 | (103,001) |
| Adjustment for non-cash items | | | |
| Depreciation and impairment | 12 | 88,366 | 75,993 |
| Amortisation of intangible assets | 11 | 7,485 | 2,981 |
| Loss on investments | | 381 | 3,932 |
| Increase in stock | | (186) | (332) |
| Increase in receivables | 16 | (1,695) | (64,568) |
| (Decrease)/increase in payables | 18-19 | (3,471) | 64,423 |
| (Decrease)/increase in pension provision | 21 | (39,919) | 206,105 |
| Increase in other provisions | 14, 15 & 21 | 8,979 | 2,324 |
| Share of operating surplus in associate | 15 | (524) | (604) |
| Adjustment for investing or financing activities | | | |
| Investment income | 5 | (16,086) | (4,169) |
| Interest payable | 9 | 17,909 | 17,904 |
| New endowments | 6 | (1,440) | (535) |
| Capital grant income | | (80,626) | (37,022) |
| Assets transferred to other operating expenditure | 11-12 | 1,875 | 2,518 |
| Net cash inflow from operating activities | | 88,302 | 165,949 |
| Cash flows from investing activities | | | |
| Proceeds from sales of fixed assets | | - | 185 |
| Disposal of non current asset investments | | 4,465 | 66,108 |
| Capital grant receipts | | 28,567 | 31,717 |
| (Placement)/withdrawal of deposits | | (40,000) | 30,000 |
| Investment income | | 16,086 | 4,170 |
| Payments made to acquire fixed assets | | (80,689) | (127,921) |
| Payments made to acquire investments | | (2,972) | (54,309) |
| Net cash outflow from investing activities | | (74,543) | (50,050) |
| Cash flows from financing activities | | | |
| Interest paid | | (17,790) | (17,790) |
| Endowment cash received | | 1,440 | 535 |
| Net cash outflow from financing activities | | (16,350) | (17,255) |
| (Decrease)/increase in cash and cash equivalents in the year | 26 | (2,591) | 98,644 |
| Cash and cash equivalents at beginning of the year | 26 | 175,966 | 77,322 |
| Cash and cash equivalents at the end of the year | 26 | 173,375 | 175,966 |

Notes to the financial statements

Year ended 31 July 2023

| 1 Tuition fees and education contracts | Consolidated | | University | |
|--|----------------|----------------|----------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Full-time home and EU students | 222,045 | 226,495 | 222,045 | 226,495 |
| Full-time international students | 384,597 | 356,228 | 384,597 | 356,228 |
| Part-time students | 31,301 | 33,363 | 31,301 | 33,363 |
| Short course fees | 21,946 | 21,946 | 21,946 | 21,946 |
| Research training support grants | 56 | 173 | 56 | 173 |
| | 659,945 | 638,205 | 659,945 | 638,205 |

| 2 Funding body grants | Consolidated | | University | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Recurrent grant | | | | |
| Research England recurrent grant | 96,320 | 81,069 | 96,320 | 81,069 |
| Office for Students recurrent grant | 33,251 | 30,890 | 33,251 | 30,890 |
| Office for Students capital grant | 210 | 30 | 210 | 30 |
| Research England capital grant | 40,948 | 11,278 | 40,948 | 11,278 |
| Other recurrent grants | 3,551 | 3,507 | 3,551 | 3,507 |
| Specific grants | | | | |
| Special initiatives | 9,900 | 9,688 | 9,900 | 9,688 |
| | 184,180 | 136,462 | 184,180 | 136,462 |

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 | 36,968 | 34,414 | 36,968 | 34,414 |
| Grant income from other bodies | 196,942 | 396,952 | 196,893 | 396,952 |
| Fee income for taught awards (exclusive of VAT) | 611,239 | 589,740 | 611,239 | 589,740 |
| Fee income for research awards (exclusive of VAT) | 297,847 | 26,518 | 297,847 | 26,518 |
| Fee income from non-qualifying courses (exclusive of VAT) | 21,946 | 21,946 | 21,946 | 21,946 |
| | 1,164,942 | 1,069,570 | 1,164,893 | 1,069,570 |

| 3 Research grants and contracts | Consolidated | | University | |
|---|----------------|----------------|----------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Research councils | 118,798 | 118,629 | 118,798 | 118,629 |
| UK based charities | 55,287 | 60,047 | 55,287 | 60,047 |
| UK central government, hospitals and health authorities | 41,271 | 36,793 | 41,271 | 36,793 |
| UK industry and commerce | 16,727 | 14,500 | 16,727 | 14,500 |
| Overseas | 37,827 | 39,292 | 37,827 | 39,292 |
| Other sources | 1,178 | 1,300 | 1,178 | 1,300 |
| | 271,088 | 270,561 | 271,088 | 270,561 |

The above includes £13.7m (2022: £18.9m) relating to income recognised in respect of capital additions.

Included within the above is £160.1m (2022: £155.4m) 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 (2022: £nil).

Notes to the financial statements (continued)

Year ended 31 July 2023

| 4 Other income | Consolidated | | University | |
|--|----------------|----------------|----------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Residences, catering and conferences | 57,668 | 52,587 | 57,668 | 52,587 |
| Other grants | 48,587 | 39,472 | 48,538 | 39,472 |
| Income from supply of goods and services | 16,198 | 17,422 | 16,198 | 17,422 |
| Income from reimbursed salary costs | 14,258 | 14,869 | 14,258 | 14,869 |
| Premises income | 2,410 | 2,701 | 3,464 | 3,659 |
| Consultancy | 2,676 | 2,675 | 2,676 | 2,675 |
| Other capital income | 25,817 | 6,779 | 25,817 | 6,779 |
| Other | 25,844 | 21,863 | 25,847 | 22,104 |
| | 193,458 | 158,368 | 194,466 | 159,567 |

Included within the above is £53.5m (2022: £48.7m) 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 (2022: £nil).

| 5 Investment income | Consolidated | | University | |
|--|---------------|---------------|---------------|---------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Interest from short-term investments | 12,424 | 1,488 | 12,420 | 1,488 |
| Endowment income | 3,603 | 2,657 | 3,603 | 2,657 |
| Investment income | 59 | 24 | 59 | 24 |
| Net interest income on defined benefit pension | 1,344 | - | 1,344 | - |
| | 17,430 | 4,169 | 17,426 | 4,169 |

| 6 Donations and endowments | Consolidated | | University | |
|----------------------------|---------------|---------------|---------------|---------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| New endowments | 1,440 | 535 | 1,440 | 535 |
| Donations | 17,124 | 8,827 | 17,124 | 8,827 |
| | 18,564 | 9,362 | 18,564 | 9,362 |

| 7 Staff costs | Consolidated | | University | |
|--|----------------|----------------|----------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Staff Costs: | | | | |
| Wages and salaries | 478,188 | 429,635 | 469,371 | 425,592 |
| Social security costs | 53,390 | 48,100 | 52,698 | 47,762 |
| Pension costs | 91,733 | 118,967 | 90,733 | 118,504 |
| Early retirement and voluntary severance (ERVS) scheme costs | 698 | 550 | 630 | 534 |
| | 624,009 | 597,252 | 613,432 | 592,392 |
| Change in USS deficit recovery plan | - | 219,509 | - | 219,509 |
| | 624,009 | 816,761 | 613,432 | 811,901 |

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 £2.6m for the year ended 31 July 2023 (2022: £1.9m).

Termination benefits (including ERVS costs) amounting to £1.2m (2022 : £1.1m) were paid to members of staff who left the University or its subsidiaries for the year ended 31 July 2023. These payments were made to 197 people in the year ended 31 July 2023 (2022 : 254 people). The majority relate to the University voluntary severance scheme.

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 £nil (2022: £4.7m) in relation to a payment made by the University to UMSS. This prior year amount 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 extended the deficit recovery period from 2028 to 2038, the University incurred an additional charge of £219.5m in the prior year relating to an increase in the provision for deficit reduction contributions.

| | Consolidated | | University | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 2023 No. | 2022 No. | 2023 No. | 2022 No. |
| Average staff numbers | | | | |
| Academic | 2,955 | 2,988 | 2,955 | 2,988 |
| Research | 1,778 | 1,867 | 1,778 | 1,867 |
| Administrative and management | 1,740 | 1,634 | 1,654 | 1,555 |
| Clerical and secretarial | 1,987 | 2,029 | 1,987 | 2,029 |
| Technical | 2,048 | 1,973 | 2,048 | 1,973 |
| Total number of staff | 10,508 | 10,491 | 10,422 | 10,412 |

The number of staff disclosed relate to full time equivalents.

The full-time equivalent basic salary of higher paid staff which, 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 through 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, 113 staff held clinical roles in 2022/23 (2021/22: 86 staff (restated)).

Notes to the financial statements (continued)

Year ended 31 July 2023

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

| | Consolidated | | University | |
|---------------------|--------------------|-------------|--------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Average FTE | Average FTE | Average FTE | Average FTE |
| | Number of | Number of | Number of | Number of |
| | Employees | Employees | Employees | Employees |
| £100,001 - £105,000 | 78 | 25 | 77 | 25 |
| £105,001 - £110,000 | 43 | 27 | 43 | 27 |
| £110,001 - £115,000 | 32 | 35 | 32 | 35 |
| £115,001 - £120,000 | 27 | 9 | 26 | 8 |
| £120,001 - £125,000 | 16 | 16 | 16 | 16 |
| £125,001 - £130,000 | 19 | 11 | 19 | 11 |
| £130,001 - £135,000 | 10 | 12 | 10 | 11 |
| £135,001 - £140,000 | 15 | 8 | 15 | 8 |
| £140,001 - £145,000 | 11 | 9 | 9 | 9 |
| £145,001 - £150,000 | 6 | 7 | 5 | 7 |
| £150,001 - £155,000 | 8 | 6 | 8 | 5 |
| £155,001 - £160,000 | 6 | 4 | 6 | 4 |
| £160,001 - £165,000 | 6 | 2 | 6 | 2 |
| £165,001 - £170,000 | 3 | 1 | 3 | 1 |
| £170,001 - £175,000 | 2 | 4 | 2 | 3 |
| £175,001 - £180,000 | 3 | 1 | 3 | 1 |
| £180,001 - £185,000 | 5 | 2 | 5 | 1 |
| £185,001 - £190,000 | 2 | 4 | 1 | 4 |
| £190,001 - £195,000 | 3 | - | 2 | - |
| £195,001 - £200,000 | 2 | 2 | 2 | 2 |
| £200,001 - £205,000 | 3 | 4 | 3 | 4 |
| £205,001 - £210,000 | 2 | - | 2 | - |
| £210,001 - £215,000 | 3 | - | 2 | - |
| £215,001 - £220,000 | - | 2 | - | 1 |
| £225,001 - £230,000 | 1 | - | 1 | - |
| £230,001 - £235,000 | 1 | - | 1 | - |
| £235,001 - £240,000 | 1 | - | 1 | - |
| £250,001 - £255,000 | 1 | 1 | 1 | - |
| £255,001 - £260,000 | - | 1 | - | 1 |
| £260,001 - £265,000 | 2 | 1 | 2 | 1 |
| £265,001 - £270,000 | 2 | - | 1 | - |
| £295,001 - £300,000 | 2 | - | 2 | - |
| £305,001 - £310,000 | 1 | 1 | 1 | 1 |
| £340,001 - £345,000 | - | 1 | - | 1 |
| £370,001 - £375,000 | 1 | - | 1 | - |
| | 317 | 196 | 308 | 189 |

Included in the costs reported are termination payments totalling £120k (2022 : £nil) which were paid to 2 individuals (2022 : 0 individuals) whose annual remuneration exceeded £100,000.

| | Consolidated and University | |
|---|-----------------------------|---------------|
| | 2023 £'000 | 2022 £'000 |
| Emoluments of the President and Vice-Chancellor: | | |
| Salary | 260 | 260 |
| Benefits | 1 | 1 |
| Pension contributions to USS in respect of 6.3% (2022: 6.3%) enhanced opt-out | 16 | 15 |
| | 277 | 276 |

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 33.

The President and Vice-Chancellors' basic salary is 8.0 times (2022: 9.3 times) the median pay of staff (£32,414) (2022: £27,919) 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 7.8 times (2022: 9.7 times) the median total remuneration of staff (£35,543) (2022: £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).

| | 2023 £'000 | 2022 £'000 |
|---|---------------|---------------|
| Amount of expenses claimed by members of the Board of Governors during the year | 4 | 10 |
| Number of members of the Board of Governors claiming expenses | 3 | 15 |

Key management personnel

Key management personnel are the members of the Senior Leadership Team as defined in the Remuneration Report on page 33 and comprising the President and Vice-Chancellor; Deputy President and Vice-Chancellor; the three Faculty Deans; the three Vice-Presidents of Policy (Teaching, Learning and Students; Research; and Social Responsibility); 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 | |
|---------------------------------|-----------------------------|---------------|
| | 2023 £'000 | 2022 £'000 |
| Key management personnel | 2,898 | 2,220 |

The Remuneration Committee Report on page 33 sets out more detail in respect of senior staff pay.

| | Consolidated and University | |
|---|-----------------------------|---------------|
| | 2023 £'000 | 2022 £'000 |
| Access and Participation staff costs | | |
| Access Investment | 3,561 | 2,971 |
| Disability Support | 3,379 | 2,334 |
| Research and Evaluation | 735 | 640 |
| | 7,675 | 5,945 |

Notes to the financial statements (continued)

Year ended 31 July 2023

| 8 Analysis of other operating expenses | Consolidated | | University | |
|--|----------------|----------------|----------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Academic and related expenditure | 152,111 | 130,765 | 160,849 | 138,117 |
| Central administration and services | 134,933 | 109,581 | 135,754 | 111,642 |
| Premises | 93,178 | 61,131 | 91,168 | 59,784 |
| Residences, catering and conferences | 30,424 | 29,596 | 34,977 | 29,596 |
| Research grants and contracts | 75,240 | 66,826 | 75,240 | 66,826 |
| Other expenses | 858 | 2,540 | 1,049 | 1,357 |
| | 486,744 | 400,439 | 499,037 | 407,322 |

Lease payments recognised as an expense in the year amounted to £21.1m for the group (2022 : £23.8m)

| | 2023 £'000 | 2022 £'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 | 210 | 197 |
| Non-audit fees payable to the University's auditor | 11 | - |
| Total fees | 210 | 197 |

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 | |
|---------------------------------------|---------------|---------------|
| | 2023 £'000 | 2022 £'000 |
| Access and Participation Costs | | |
| Access Investment | 4,012 | 3,413 |
| Financial Support (i) | 12,329 | 12,476 |
| Disability Support (ii) | 4,305 | 2,860 |
| Research and Evaluation | 744 | 655 |
| | 21,390 | 19,404 |

Included in these costs above is £7,674k (2022: £5,945k) which is disclosed in note 7 Staff costs.

(i) includes £56k (2022: £47k) 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 £1,648k (2022: £1,477k).

A copy of the 2022/23 APP plan can be found at <https://documents.manchester.ac.uk/display.aspx?DocID=44186>

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 the financial systems and were analysed to exclude those that are not eligible to be included in the return (e.g. those for ELQ students).

Main differences to the Access and Participation Plan

Financial support was higher than plan due to enhanced support funding in response to factors such as cost-of-living crisis.

Increased spend on disability support is due to higher number of students registering as disabled and accessing support - an additional 926 students registered with the service in 2022/23 compared to 2021/22.

Access Investment spend increased from plan due to the rise in face-to-face activity following lifting of Covid-19 restrictions.

Research and Evaluation lower spend on staff costs compared to plan due to vacancies and staff changes.

| 9 Interest and other finance costs | Consolidated | | University | |
|--|---------------------|---------------|-------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Other loans | 17,909 | 17,904 | 17,909 | 17,904 |
| Net interest cost on defined benefit pension | 2,546 | 1,756 | 2,546 | 1,756 |
| Unwinding of USS pension deficit funding | 10,817 | 1,142 | 10,817 | 1,142 |
| | 31,272 | 20,802 | 31,272 | 20,802 |

| 10 Taxation | Consolidated | | University | |
|--|---------------------|--------------|-------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Recognised in the Statement of comprehensive income | | | | |
| Current tax | | | | |
| Current tax | (322) | (143) | (322) | (143) |
| Foreign tax | - | (32) | - | - |
| Current tax credit | (322) | (175) | (322) | (143) |
| Deferred tax | | | | |
| Origination and reversal of timing differences | - | - | - | - |
| Deferred tax credit | - | - | - | - |
| Total tax credit | (322) | (175) | (322) | (143) |
| Tax received in year | (146) | (97) | - | - |

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 | |
|---|---------------------|------------------|-------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Surplus/(deficit) before taxation | 106,932 | (103,176) | 106,108 | (104,190) |
| Surplus/(deficit) multiplied by the standard rate of corporation tax in the UK of 21% (2022: 19%) | 22,456 | (19,604) | 22,283 | (19,796) |
| Effect of: | | | | |
| (Deficit)/surplus falling within charitable exemption | (22,283) | 19,796 | (22,283) | 19,796 |
| Museum and galleries tax credit claim | (322) | (143) | (322) | (143) |
| Other differences attributable to subsidiaries and associates | (173) | (224) | - | - |
| Deferred tax movement | - | - | - | - |
| Total tax credit | (322) | (175) | (322) | (143) |

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 2023

| 11 Intangible assets and goodwill | Consolidated | | University | |
|---|---------------|---------------|---------------|---------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Cost | | | | |
| At 1 August 2022 | 23,668 | 22,956 | 24,167 | 23,456 |
| Assets transferred to other operating expenditure | (651) | - | (651) | - |
| Additions at cost | 13 | 712 | 13 | 711 |
| Disposals | (34) | - | - | - |
| At 31 July 2023 | 22,996 | 23,668 | 23,529 | 24,167 |
| Depreciation and amortisation | | | | |
| At 1 August 2022 | 8,546 | 5,565 | 9,045 | 6,065 |
| Amortisation | 7,485 | 2,981 | 7,485 | 2,980 |
| Disposals | (34) | - | - | - |
| At 31 July 2023 | 15,997 | 8,546 | 16,530 | 9,045 |
| Net book value | | | | |
| At 31st July 2023 | 6,999 | 15,122 | 6,999 | 15,122 |

Included in intangible assets and goodwill is £nil (2022: £0.7m) 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 2022 | 2,289,935 | 158,440 | 344,064 | 2,792,439 |
| Transferred to other operating expenditure | - | (1,224) | - | (1,224) |
| Additions at cost | - | 75,430 | 3,287 | 78,717 |
| Transfers between categories | 145,027 | (165,656) | 20,629 | - |
| Disposals | - | - | (3,151) | (3,151) |
| At 31 July 2023 | 2,434,962 | 66,990 | 364,829 | 2,866,781 |
| Depreciation | | | | |
| At 1 August 2022 | 400,188 | - | 327,280 | 727,468 |
| Charge for the year | 65,139 | - | 23,227 | 88,366 |
| Disposals | - | - | (3,151) | (3,151) |
| At 31 July 2023 | 465,327 | - | 347,356 | 812,683 |
| Net book value | | | | |
| At 31 July 2023 | 1,969,635 | 66,990 | 17,473 | 2,054,098 |
| At 31 July 2022 | 1,889,747 | 158,440 | 16,784 | 2,064,971 |

| | Freehold land and buildings £'000 | Assets under construction £'000 | Fixtures, fittings, tools and equipment £'000 | Total £'000 |
|--|---|---------------------------------------|---|------------------|
| (b) University | | | | |
| Cost | | | | |
| At 1 August 2022 | 2,287,391 | 158,440 | 340,518 | 2,786,349 |
| Transferred to other operating expenditure | - | (1,224) | - | (1,224) |
| Additions at cost | - | 75,430 | 3,141 | 78,571 |
| Transfers between categories | 145,027 | (165,656) | 20,629 | - |
| Disposals | - | - | (3,141) | (3,141) |
| At 31 July 2023 | 2,432,418 | 66,990 | 361,147 | 2,860,555 |
| Depreciation | | | | |
| At 1 August 2022 | 396,236 | - | 325,736 | 721,972 |
| Charge for the year | 65,139 | - | 22,815 | 87,954 |
| Disposals | - | - | (3,141) | (3,141) |
| At 31 July 2023 | 461,375 | - | 345,410 | 806,785 |
| Net book value | | | | |
| At 31 July 2023 | 1,971,043 | 66,990 | 15,737 | 2,053,770 |
| At 31 July 2022 | 1,891,155 | 158,440 | 14,782 | 2,064,377 |

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 2023, freehold land and buildings included £219.8m (2022: £219.8m) in respect of freehold land which is not depreciated.

The gain on disposal of fixed assets for the year ended 31 July 2023 was £Nil (2022 : £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 2022/23 was as follows:

| Consolidated and University | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|----------------|----------------|----------------|----------------|----------------|
| Cost | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 August | 258,129 | 257,979 | 257,637 | 257,539 | 257,239 |
| Additions: | | | | | |
| Acquisitions purchased with specific donations | - | - | - | - | - |
| Acquisitions purchased with Endowment funds | 282 | 150 | 275 | - | - |
| Acquisitions purchased with University funds | - | - | 67 | 98 | - |
| Total cost of acquisition purchased | 282 | 150 | 342 | 98 | - |
| Value of acquisition by donation | - | - | - | - | 300 |
| Additions | - | - | - | - | - |
| Total acquisitions capitalised | 282 | 150 | 342 | 98 | 300 |
| At 31 July | 258,411 | 258,129 | 257,979 | 257,637 | 257,539 |

Notes to the financial statements (continued)

Year ended 31 July 2023

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 readily 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.

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 deterioration 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 | |
|---|----------------|----------------|----------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Analysis of closing balance | | | | |
| Interest in subsidiary undertakings (14a) | - | - | 1,895 | 1,895 |
| Investment properties (14b) | 2,711 | 3,075 | 2,711 | 3,075 |
| Investments carried at fair value through the Statement of Comprehensive Income (14c) | 215,745 | 217,359 | 215,745 | 217,359 |
| Investments carried at amortised cost (14d) | - | - | - | - |
| Investments held at cost less impairment (14e) | 120 | 229 | 120 | 229 |
| | 218,576 | 220,663 | 220,471 | 222,558 |

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 2022 | - | 3,075 | 217,359 | - | 229 | 220,663 |
| Additions | - | - | 292 | 2,160 | 520 | 2,972 |
| Disposals | - | - | (2,000) | (2,160) | (305) | (4,465) |
| Revaluation of investment properties | - | (364) | - | - | - | (364) |
| Net appreciation of investment portfolio and other listed investments | - | - | (17) | - | - | (17) |
| Reclassification between categories | - | - | 111 | - | (111) | - |
| Impairment provision in the year | - | - | - | - | (213) | (213) |
| At 31 July 2023 | - | 2,711 | 215,745 | - | 120 | 218,576 |

| University | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
|--|--------------|--------------|----------------|----------|------------|----------------|
| At 1 August 2022 | 1,895 | 3,075 | 217,359 | - | 229 | 222,558 |
| Additions | - | - | 292 | 2,160 | 520 | 2,972 |
| Disposals | - | - | (2,000) | (2,160) | (305) | (4,465) |
| Revaluation of investment properties | - | (364) | - | - | - | (364) |
| Net appreciation of investment portfolio | - | - | (17) | - | - | (17) |
| Reclassification between categories | - | - | 111 | - | (111) | - |
| Impairment provision in the year | - | - | - | - | (213) | (213) |
| At 31 July 2023 | 1,895 | 2,711 | 215,745 | - | 120 | 220,471 |

Notes to the financial statements (continued)

Year ended 31 July 2023

14 Non current investments (continued)

(a) Interests in subsidiary undertakings

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

| | Group Holding % | University 2023 £ | 2022 £ | Description |
|---|-----------------------|-------------------------|------------------|--|
| Graphene Enabled Systems Limited | 100 | - | - | Dissolved 26 July 2022 |
| UMIST Ventures Limited | 100 | 1 | 1 | Dissolved 4 July 2023 |
| University of Manchester Innovation Factory Limited | 100 | 50,000 | 50,000 | Management of intellectual property |
| 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 | Dissolved 18th July 2023 |
| 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) PTE 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 | 1,894,779 | |

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. The wholly owned subsidiaries of The University of Manchester Worldwide Limited are identified above with an asterisk.

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 £2.7m (2022: £3.1m) 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 2023 by senior management at the University and there has been a decrease in value of £0.4m.

| | Consolidated | | University | |
|--|----------------|----------------|----------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| (c) Investments carried at fair value | | | | |
| Listed investments | 211,686 | 214,662 | 211,686 | 214,662 |
| Other investments | 4,059 | 2,697 | 4,059 | 2,697 |
| | 215,745 | 217,359 | 215,745 | 217,359 |
| (d) Investments carried at amortised cost | | | | |
| Long-term cash deposits and uninvested bank balances | - | - | - | - |
| | - | - | - | - |
| (e) Investments carried at cost less impairment | | | | |
| Other investments | 120 | 229 | 120 | 229 |
| | 120 | 229 | 120 | 229 |

| | Consolidated | | University | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| 15 Investments in Associates | | | | |
| Analysis of closing balance | | | | |
| At 1 August 2022 | 11,015 | 10,411 | - | - |
| Share of profits | 524 | 604 | - | - |
| At 31 July 2023 | 11,539 | 11,015 | - | - |

The Group had the following associated undertakings as at 31 July 2023:

| Name of associate | Class of share capital held | Proportion held by the University and Group | Share of net assets 2023 £'000 | Share of net assets 2022 £'000 |
|--|-----------------------------|---|-----------------------------------|-----------------------------------|
| Manchester Science Partnerships Limited Financial year end 30 September | £1 ordinary | 12.2% | 11,712 | 11,015 |
| ID Manchester Limited Financial year end 30 September | £1 ordinary | 35% | (173) | - |
| | | | 11,539 | 11,015 |

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

Notes to the financial statements (continued)

Year ended 31 July 2023

| 16 Trade and other receivables | Consolidated | | University | |
|--|----------------|----------------|----------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Trade receivables | 51,087 | 70,410 | 51,044 | 70,357 |
| Other receivables | 2,124 | 2,411 | 1,759 | 1,753 |
| Accrued income on research grants and contracts | 84,317 | 74,415 | 84,317 | 74,415 |
| Prepayments and other accrued income | 54,350 | 43,097 | 53,950 | 42,774 |
| Amounts due from subsidiary companies | - | - | 1,200 | 2,419 |
| Amounts due from associate companies and spin outs | 150 | - | 150 | - |
| | 192,028 | 190,333 | 192,420 | 191,718 |

There are no debtors due in over one year on both a consolidated and University only basis in the current and prior year.

| 17 Current investments | Consolidated | | University | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Deposits maturing: | | | | |
| Between three months and one year | 270,000 | 230,000 | 270,000 | 230,000 |
| Balance at 31 July 2023 | 270,000 | 230,000 | 270,000 | 230,000 |

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 2023 the weighted average interest rate of these fixed rate deposits was 4.91% per annum (2022: 1.38%) and the remaining weighted average period for which the interest rate is fixed on these deposits was 67 days (2022: 61 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 | |
|--|----------------|----------------|----------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Trade payables | 54,543 | 65,781 | 54,414 | 65,464 |
| Social security and other taxation payable | 13,971 | 18,223 | 13,839 | 18,121 |
| Amounts owed to group undertakings | - | - | 771 | 2,957 |
| Other payables | 39,528 | 39,724 | 38,725 | 39,020 |
| Deferred income on research | 193,499 | 188,226 | 193,499 | 188,226 |
| Accruals and other deferred income | 173,359 | 220,153 | 172,814 | 219,460 |
| | 474,900 | 532,107 | 474,062 | 533,248 |

Accruals and deferred income includes an amount of £0.05m (2022: £0.83m) 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 | |
|-----------------------------------|----------------|----------------|---------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Donations | 784 | 29,793 | 784 | 29,793 |
| Grant income (excluding research) | 37,040 | 89,874 | 36,984 | 89,874 |
| Other income | 62,261 | 38,285 | 62,195 | 38,218 |
| | 100,085 | 157,952 | 99,963 | 157,885 |

| 19 Payables: amounts falling due after more than one year | Consolidated | | University | |
|---|----------------|----------------|----------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Other loans | 393,931 | 393,812 | 393,931 | 393,812 |
| | 393,931 | 393,812 | 393,931 | 393,812 |

| 20 Borrowings | Consolidated | | University | |
|---|----------------|----------------|----------------|----------------|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Unsecured borrowings at amortised cost: | | | | |
| Bond | 294,359 | 294,253 | 294,359 | 294,253 |
| Other loans | 99,572 | 99,559 | 99,572 | 99,559 |
| | 393,931 | 393,812 | 393,931 | 393,812 |
| Analysis of unsecured loans: | | | | |
| Due in five years or more | 393,931 | 393,812 | 393,931 | 393,812 |
| | 393,931 | 393,812 | 393,931 | 393,812 |

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 (2022: £99.6m).

The University has in place a three year Revolving Credit Facility (RCF) of £150m which expires on 18th March 2026. The University has not yet needed to draw down against this facility.

Notes to the financial statements (continued)

Year ended 31 July 2023

21 Provisions for liabilities

| | Obligation to fund deficit on USS pension £'000 | Defined benefit obligations (Note 25) £'000 | Total pensions provisions £'000 | Other provisions £'000 | Total £'000 |
|--|--|--|--|------------------------------|-----------------|
| (a) Consolidated | | | | | |
| Balance at 1 August 2022 | 326,787 | 84,987 | 411,774 | 21,486 | 433,260 |
| Utilised during the year | (20,433) | (25,171) | (45,604) | (6,855) | (52,459) |
| Additions in year | - | - | - | 15,622 | 15,622 |
| Charged to the Statement of Comprehensive Income | (13,885) | 48,974 | 35,089 | - | 35,089 |
| Balance at 31 July 2023 | 292,469 | 108,790 | 401,259 | 30,253 | 431,512 |
| | | | | | |
| | Obligation to fund deficit on USS pension £'000 | Defined benefit obligations (Note 25) £'000 | Total pensions provisions £'000 | Other provisions £'000 | Total £'000 |
| (b) University | | | | | |
| Balance at 1 August 2022 | 326,787 | 84,987 | 411,774 | 21,486 | 433,260 |
| Utilised during the year | (20,433) | (25,171) | (45,604) | (6,855) | (52,459) |
| Additions in year | - | - | - | 15,622 | 15,622 |
| Charged to the Statement of Comprehensive Income | (13,885) | 48,974 | 35,089 | - | 35,089 |
| At 31 July 2023 | 292,469 | 108,790 | 401,259 | 30,253 | 431,512 |

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 as well as 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:

| | 2023 | 2022 |
|---------------|---|---|
| Discount rate | 5.52% | 3.31% |
| Salary growth | 6.4% for the first year and then 3.9% thereafter | 4.6% for the first year and then 3.9% 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 2023 | Approximate impact |
|--|--------------------|
| 0.5% pa decrease in discount rate | £11.0m |
| 0.5% pa increase in salary inflation over duration | £11.1m |
| 0.5% pa increase in salary inflation year 1 only | £1.4m |
| 0.5% increase in staff changes over duration | £10.8m |
| 0.5% increase in staff changes year 1 only | £1.4m |
| 1% increase in deficit contributions | £46.5m |

Other provisions

Other provisions includes the following: £9.7m (2022: £Nil) relating to the demolition of Owens Park in Fallowfield, £10.5m (2022: £9.4m) in relation to provisions for onerous contracts, £6.8m (2022: £10.0m) relating to the exit from North Campus, and £3.3m (2022: £2.1m) other provisions.

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 | 2023 Total £'000 |
|---|--|--|-----------------------------------|------------------------|
| Balances as at 1 August 2022 | | | | |
| 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 |
| New endowments | 1,273 | 37 | 130 | 1,440 |
| Investment income | 2,354 | 245 | 1,004 | 3,603 |
| Expenditure from capital and income | (1,895) | (245) | (5,177) | (7,317) |
| | 1,732 | 37 | (4,043) | (2,274) |
| Increase in market value of investments | 263 | 27 | 122 | 412 |
| At 31 July 2023 | 148,528 | 14,357 | 58,739 | 221,624 |
| Represented by: | | | | |
| Capital | 138,659 | 14,357 | 55,031 | 208,047 |
| Accumulated income | 9,869 | - | 3,708 | 13,577 |
| | 148,528 | 14,357 | 58,739 | 221,624 |
| The following assets are currently held relating to endowments: | | | | |
| Investments | 120,516 | 12,478 | 47,830 | 180,824 |
| Property | 18,143 | 1,879 | 7,201 | 27,223 |
| Cash | 9,869 | - | 3,708 | 13,577 |
| | 148,528 | 14,357 | 58,739 | 221,624 |

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 2023 £'000 | Opening accumulated income £'000 | Dividend income £'000 | Expenditure from income £'000 | Closing accumulated Income £'000 |
|--|--|---|-----------------------------|--|---|
| <i>Significant funds and charities which are over 1% of net assets</i> | | | | | |
| Hallsworth Fund | 35,909 | 952 | 604 | (676) | 880 |
| Simon Fund | 19,130 | 483 | 326 | (372) | 437 |
| <i>Funds and charities which are less than 1% of net assets</i> | | | | | |
| Fellowships and scholarships (30 funds) | 32,558 | 1,854 | 559 | (299) | 2,114 |
| Prize funds (7 funds) | 3,067 | 273 | 52 | (65) | 260 |
| Chairs and lectureships (14 funds) | 31,100 | 1,355 | 533 | (317) | 1,571 |
| Other (68 funds) | 86,283 | 8,377 | 1,529 | (1,591) | 8,315 |
| | 208,047 | 13,294 | 3,603 | (3,320) | 13,577 |

Notes to the financial statements (continued)

Year ended 31 July 2023

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 |
| Balance as at 1 August 2022 | 8,163 | 653 | 8,816 |
| Capital grants utilised | (8,163) | - | (8,163) |
| New donations with restrictions | - | 200 | 200 |
| Expenditure | - | (399) | (399) |
| Balance as at 31 July 2023 | - | 454 | 454 |

24 Financial Instruments

| | Consolidated | | University | |
|--|----------------|----------------|----------------|----------------|
| Categories of financial instruments | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Financial assets | | | | |
| <i>Financial assets at fair value through Statement of Consolidated Income</i> | | | | |
| Listed investments | 211,686 | 214,662 | 211,686 | 214,662 |
| Other investments | 4,059 | 2,697 | 4,059 | 2,697 |
| <i>Financial assets that are equity instruments measured at cost less impairment</i> | | | | |
| Other investments | 120 | 229 | 120 | 229 |
| <i>Financial assets that are debt instruments measured at amortised cost</i> | | | | |
| Bank and building society deposits maturing between 3 months and one year | 270,000 | 230,000 | 270,000 | 230,000 |
| Cash and cash equivalents | 173,375 | 175,966 | 165,527 | 169,670 |
| Trade and other receivables | 53,361 | 72,821 | 54,153 | 74,529 |
| | 712,601 | 696,375 | 705,545 | 691,787 |
| <i>Financial liabilities measured at amortised cost</i> | | | | |
| Loans | 393,931 | 393,812 | 393,931 | 393,812 |
| Trade and other payables | 94,071 | 105,505 | 93,910 | 107,441 |
| | 488,002 | 499,317 | 487,841 | 501,253 |

24 Financial Instruments (Continued)

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 which 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 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 twelve month basis. Access to sufficient facilities such as a revolving credit facility fall 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 £211.7m are exposed to price risk but this exposure is within the University's risk appetite. The University has procured three year forward contracts for its energy out to March 2026. The contracts come with the option to extend for a further two years.

The University held £270m deposit investments with more than three months and less than twelve 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 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.

Notes to the financial statements (continued)

Year ended 31 July 2023

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 | |
|--|-----------------|----------------|-----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Statement of Comprehensive Income - net pension cost in year | | | | |
| USS | 62,085 | 79,481 | 61,292 | 79,145 |
| UMSS | 17,281 | 29,206 | 17,281 | 29,206 |
| GMPF | 858 | 1,266 | 858 | 1,266 |
| NHSPS | 3,548 | 3,558 | 3,548 | 3,558 |
| University of Manchester Pension Saver | 7,900 | 5,433 | 7,693 | 5,306 |
| Other | 61 | 23 | 61 | 23 |
| Pension costs within on-going staff costs (note 7) | 91,733 | 118,967 | 90,733 | 118,504 |
| Change in USS deficit recovery plan | - | 219,509 | - | 219,509 |
| Net pension costs shown separately on the face of the Statement of Comprehensive Income | - | 219,509 | - | 219,509 |
| Net interest income on defined benefit pension (note 5) | (1,344) | - | (1,344) | - |
| Net Interest cost on defined benefit pension (note 9) | 2,546 | 1,756 | 2,546 | 1,756 |
| Unwinding of USS deficit pension deficit funding | 10,817 | 1,142 | 10,817 | 1,142 |
| Total pension costs | 103,752 | 341,374 | 102,752 | 340,911 |
| Other comprehensive income - actuarial (loss)/gain in respect of pension schemes | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| University of Manchester Superannuation Scheme | (27,753) | 37,822 | (27,753) | 37,822 |
| Greater Manchester Pension Fund | (1,651) | 1,588 | (1,651) | 1,588 |
| | (29,404) | 39,410 | (29,404) | 39,410 |
| Balance sheet - Pension scheme deficits (note 21) | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| University of Manchester Superannuation Scheme | 107,811 | 83,779 | 107,811 | 83,779 |
| Greater Manchester Pension Fund | 979 | 1,208 | 979 | 1,208 |
| | 108,790 | 84,987 | 108,790 | 84,987 |

(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 deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised in the Consolidated Statement of Comprehensive Income.

25 Pension schemes (Continued)

The total cost charged to the Consolidated Statement of Comprehensive Income is £62.1m (2022: £299.1m) 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 £22.5m (2022: £22.1m).

As at 31 July 2023 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 the 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 assumptions used relate 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:

| | 2023 | 2022 |
|-----------------------------------|------|------|
| Males currently aged 65 (years) | 24.0 | 23.9 |
| Females currently aged 65 (years) | 25.6 | 25.5 |
| Males currently aged 45 (years) | 26.0 | 25.9 |
| Females currently aged 45 (years) | 27.4 | 27.3 |

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 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

| | 2023 | 2022 |
|---------------------------|---|---|
| Discount rate | 5.52% | 3.31% |
| Pensionable salary growth | 6.4% for the first year and then 3.9% thereafter | 4.6% for the first year and then 3.9% thereafter |

Notes to the financial statements (continued)

Year ended 31 July 2023

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 2023 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 (2022: £3.6m).

(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 £7.9m (2022: £5.4m).

(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 2022 and the most recent full valuation agreed in October 2023 showed a deficit of £76.3m. The University has agreed with the Trustee that it will eliminate the deficit over a period of 6 years to 1 November 2029 by the payment of annual contributions of £8.384m per annum, payable quarterly and increasing at the fixed rate of 3.5% each 1 August. 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 £2.1m per annum in respect of expenses.

25 Pension schemes (Continued)

The full actuarial valuation was updated to 31 July 2023 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:

| | 2023 | 2022 |
|--|---|--|
| Discount rate | 5.05% | 3.50% |
| Inflation (RPI) | 3.20% | 3.15% |
| Inflation (CPI) | 2.80% | 2.75% |
| Salary growth | 6.4% for the first year and then 3.9% thereafter | 3.65% |
| Allowance for revaluation of deferred pensions of RPI or 5% if less | 3.20% | 3.15% |
| Allowance for revaluation of deferred pensions of CPI or 5% if less | 2.80% | 2.75% |
| Allowance for pension in payment increases of RPI or 5% if less | 2.89% | 3.03% |
| Allowance for pension in payment increases of CPI or 5% if less | 2.69% | 2.70% |
| Allowance for pension in payment increases of CPI or 3% if less | 2.04% | 2.20% |
| Allowance for commutation of pension for cash at retirement | No allowance | No allowance |
| The mortality assumptions adopted imply the following life expectancies: | 2023 Life expectancy at age 62 Years | 2022 Life expectancy at age 62 Years |
| Male retiring in 2023 | 22.2 | 23.9 |
| Female retiring in 2023 | 24.9 | 26.0 |
| Male retiring in 2043 | 23.2 | 25.3 |
| Female retiring in 2043 | 26.2 | 27.5 |

The assets and liabilities within the scheme at 31 July were as follows:

| | 2023 £'000 | 2022 £'000 |
|---|------------------|-----------------|
| Equities | 122,075 | 161,502 |
| Bonds | 211,829 | 345,366 |
| Property | 105,806 | 134,828 |
| Fair value of scheme assets | 439,710 | 641,696 |
| Present value of defined benefit obligation | (547,521) | (725,475) |
| Deficit in the scheme | (107,811) | (83,779) |

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:

| | 2023 £'000 | 2022 £'000 |
|---|-----------------|---------------|
| <i>Recognised in Statement of Comprehensive Income:</i> | | |
| Current service cost | 15,594 | 26,710 |
| Expenses | 1,687 | 1,864 |
| Total operating charge | 17,281 | 28,574 |
| Net interest cost | 2,546 | 1,733 |
| Total recognised in surplus for the year | 19,827 | 30,307 |
| <i>Taken to Other Comprehensive Income:</i> | | |
| Return on scheme assets (excluding amounts included in net interest cost) | (226,548) | (193,418) |
| Experience gains and losses | (26,986) | (72,310) |
| Remeasurements - changes in demographic and financial assumptions | 225,781 | 303,550 |
| Total amount recognised in Other Comprehensive Income | (27,753) | 37,822 |

Notes to the financial statements (continued)

Year ended 31 July 2023

25 Pension schemes (Continued)

| Reconciliation of opening and closing balances of the defined benefit obligation | 2023 £'000 | 2022 £'000 |
|--|----------------|----------------|
| At start of year | 725,475 | 922,746 |
| Current service cost | 15,594 | 26,710 |
| Interest expense | 25,042 | 15,535 |
| Contributions by scheme participants | 348 | 362 |
| Actuarial gains | (198,795) | (231,240) |
| Benefits paid | (20,143) | (18,044) |
| Increase due to effect of transfers | - | 9,406 |
| At end of year | 547,521 | 725,475 |

During the previous 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. Also, in the prior year 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. No bulk transfer occurred in the year to 31 July 2023.

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 enacting this equalisation and has agreed with the employer to use Method B. 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 2023 includes an estimated past service cost of £345,000 (2022: £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 | 2023 £'000 | 2022 £'000 |
|---|----------------|----------------|
| At start of year | 641,696 | 808,843 |
| Administrative expenses paid from plan assets | (1,687) | (1,864) |
| Interest income | 22,496 | 13,802 |
| Actuarial (losses) | (226,548) | (193,418) |
| Contributions by the University and subsidiaries | 23,548 | 23,241 |
| Contributions by scheme participants | 348 | 362 |
| Benefits paid | (20,143) | (18,044) |
| Increase due to effect of transfers | - | 8,774 |
| At end of year | 439,710 | 641,696 |

The actual loss on the scheme assets over the year ended 31 July 2023 was £204.0m (2022: £180.8m).

Sensitivity analysis

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

| Change in assumptions at 31 July 2023 | Approximate impact on defined benefit obligation |
|---|--|
| 0.5% decrease in discount rate | £0.6m increase |
| 0.25% pa increase in inflation linked assumptions | £0.6m increase |
| One year increase in life expectancy | £0.6m 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%.

(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

25 Pension schemes (Continued)

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 2022 and this most recent full valuation showed a surplus of £1,021m for all members and a funding level of 104%. The University currently pays contributions at a rate of 22.9% of pensionable pay and annual additional contributions of £729k for 2022/23. The contribution rate of 22.9% remains unchanged for the year commencing 1 August 2023 as do the annual additional contributions at £729k.

The best estimate of contributions to be paid by the University and its subsidiaries to the scheme for the year commencing 1 August 2023 is £1.4m (2022: £1.4m).

The full actuarial valuation was updated to 31 July 2023 on an FRS 102 (28) basis by a qualified actuary, independent of the scheme's sponsoring employer.

The actuarial valuation updated at 31 July 2023 on an FRS 102 (28) basis showed a net scheme surplus position of £53.4m 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. The University is not entitled to any unconditional refunds from the scheme and the contribution rate and amount of deficit contributions remain unchanged. 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 and as a reduction in the value of the scheme assets.

| The major assumptions used by the actuary are detailed below: | 2023 | 2022 |
|---|-------|-------|
| Discount rate | 5.10% | 3.45% |
| Inflation (CPI) | 3.05% | 2.80% |
| Salary growth (composite rate) | 4.10% | 4.01% |
| Pension increase rate | 3.05% | 2.80% |

| The mortality assumptions adopted imply the following life expectancies: | 2023 | 2022 |
|--|--|------------------------------------|
| | Life expectancy at age 65 Years | Life expectancy at age 65 Years |
| Male retiring in 2023 | 19.5 | 20.3 |
| Female retiring in 2023 | 22.9 | 23.2 |
| Male retiring in 2043 | 20.9 | 21.6 |
| Female retiring in 2043 | 24.9 | 25.1 |

| The assets and liabilities within the scheme at 31 July were as follows: | 2023 £'000 | 2022 £'000 Restated |
|--|---------------|---------------------------|
| Fair value of scheme assets | 93,149 | 108,997 |
| Present value of defined benefit obligation | (94,128) | (110,205) |
| Deficit in the scheme | (979) | (1,208) |

| The split of assets by type is as follows: | 2023 | 2022 |
|--|------|------|
| Equities | 71% | 68% |
| Bonds | 14% | 13% |
| Property | 8% | 9% |
| Cash | 7% | 10% |

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 prior year fair value of scheme assets and the defined benefit obligation have been restated as explained on page 83. There is no change to the prior year net deficit in the scheme.

Notes to the financial statements (continued)

Year ended 31 July 2023

25 Pension schemes (Continued)

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

| | 2023 £'000 | 2022 £'000 |
|---|---------------|---------------|
| <i>Recognised in Statement of Comprehensive Income:</i> | | |
| Current service cost | 949 | 1,541 |
| Past service cost | 138 | 39 |
| Movement in the unfunded scheme | (229) | (314) |
| Total operating charge | 858 | 1,266 |
| Net interest (income)/cost | (1,344) | 23 |
| Total recognised in surplus for the year | (486) | 1,289 |

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

| | | |
|---|----------------|--------------|
| <i>Taken to Other Comprehensive Income:</i> | | |
| Return on scheme assets (excluding amounts included in net interest cost) | (2,253) | 1,364 |
| Remeasurements - changes in demographic and financial assumptions | 25,199 | 39,386 |
| Adjustment to reduce the scheme funded element to £Nil | (14,560) | (38,827) |
| Other experience | (10,037) | (335) |
| Total amount recognised in Other Comprehensive Income | (1,651) | 1,588 |

| | | |
|---|-----------------------|------------------------------------|
| Reconciliation of opening and closing balances of the defined benefit obligation | 2023 £'000 | 2022 £'000 Restated |
| At start of year | 110,205 | 150,244 |
| Current service cost | 949 | 1,541 |
| Past service cost | 138 | 39 |
| Movement in the unfunded scheme | (229) | (314) |
| Interest expense | 3,698 | 2,281 |
| Contributions by scheme participants | 205 | 200 |
| Actuarial (gains) | (16,052) | (39,051) |
| Benefits paid | (4,786) | (4,735) |
| At end of year | 94,128 | 110,205 |

| | | |
|---|------------|--------------|
| Analysis of defined benefit obligation | | |
| Present value of funded liabilities | - | - |
| Present value of unfunded liabilities | 979 | 1,208 |
| | 979 | 1,208 |

| | | |
|--|-----------------------|------------------------------------|
| Reconciliation of opening and closing balances of the fair value of scheme assets | 2023 £'000 | 2022 £'000 Restated |
| At start of year | 108,997 | 147,351 |
| Interest income | 5,042 | 2,258 |
| Actuarial (losses)/gains | (3,143) | 1,364 |
| Adjustment to reduce the scheme funded element to £Nil | (14,560) | (38,827) |
| Contributions by the University | 1,394 | 1,386 |
| Contributions by scheme participants | 205 | 200 |
| Benefits paid | (4,786) | (4,735) |
| At end of year | 93,149 | 108,997 |

25 Pension schemes (Continued)

The prior year restatement of the movement for both the defined benefit obligation and fair value of scheme assets relates to the reclassification of the adjustment to reduce the net funded part of the scheme to £Nil. The adjustment transfers £38.8m from an increase in the defined benefit obligation to a decrease in the value of the scheme assets in order to comply with FRS 102 guidance.

The actual return on the scheme assets over the year ended 31 July 2023 was 1.9% (2022: 2.5%)

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 2023 | Approximate impact on defined benefit obligation |
|---|--|
| 0.1% decrease in discount rate | 1% or £1.3m increase |
| 0.1% pa increase in salary increase rate | 0% or £0.2m increase |
| 0.1% pa increase in pension increase rate | 1% or £1.2m increase |
| One year increase in life expectancy | 4% or £3.7m 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 1 August 2022 £'000 | Cash Flows £'000 | At 31 July 2023 £'000 |
|---------------------------|------------------------------|------------------------|-----------------------------|
| Cash and cash equivalents | 175,966 | (2,591) | 173,375 |
| | 175,966 | (2,591) | 173,375 |

27 Consolidated reconciliation of net cash

| | At 1 August 2022 £'000 | Cash Flows £'000 | Non cash changes £'000 | At 31 July 2023 £'000 |
|-----------------------------------|------------------------------|------------------------|------------------------------|-----------------------------|
| Cash and cash equivalents | 175,966 | (2,591) | - | 173,375 |
| Current investments (note 17) | 230,000 | 40,000 | - | 270,000 |
| Debt due after one year (note 20) | (393,812) | - | (119) | (393,931) |
| Net cash | 12,154 | 37,409 | (119) | 49,444 |

28 Capital and other commitments

| | Consolidated | | University | |
|---|----------------|----------------|----------------|----------------|
| Provision has not been made for the following capital commitments at 31 July 2023 | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Authorised not contracted for | 75,653 | 100,689 | 75,653 | 100,689 |
| Contracted not provided | 59,102 | 37,688 | 59,102 | 37,688 |
| | 134,755 | 138,377 | 134,755 | 138,377 |

Notes to the financial statements (continued)

Year ended 31 July 2023

29 Lease obligations

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

| | Consolidated | | 2023 | 2022 |
|---|---------------------|--------------|---------------|---------------|
| | Land & Buildings | Other Leases | Total | Total |
| | £'000 | £'000 | £'000 | £'000 |
| Payable during the year | 19,361 | 1,697 | 21,058 | 23,827 |
| <i>Future minimum lease payments due:</i> | | | | |
| Not later than one year | 15,200 | 1,410 | 16,610 | 10,382 |
| Later than one year but not later than five years | 13,440 | 3,028 | 16,468 | 16,117 |
| Later than five years | 16,146 | 309 | 16,455 | 10,174 |
| Total lease payments due | 44,786 | 4,747 | 49,533 | 36,673 |

| | University | | 2023 | 2022 |
|---|-------------------|--------------|---------------|---------------|
| | Land & Buildings | Other Leases | Total | Total |
| | £'000 | £'000 | £'000 | £'000 |
| Payable during the year | 18,215 | 632 | 18,847 | 20,951 |
| <i>Future minimum lease payments due:</i> | | | | |
| Not later than one year | 14,054 | 345 | 14,399 | 7,999 |
| Later than one year but not later than five years | 12,695 | 180 | 12,875 | 11,869 |
| Later than five years | 16,146 | 309 | 16,455 | 10,174 |
| Total lease payments due | 42,895 | 834 | 43,729 | 30,042 |

| 30 Contingent liabilities | Consolidated | | University | |
|----------------------------------|---------------------|--------------|-------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £'000 | £'000 | £'000 | £'000 |
| Undrawn investment commitments | 1,004 | 1,297 | 1,004 | 1,297 |
| Demolition costs | 6,761 | - | 6,761 | - |
| | 7,765 | 1,297 | 7,765 | 1,297 |

A commitment of up to £2.5m (2022: £2.5m) to invest in the Epidarex Capital III Fund has been given by the University. To date £1.5m (2022: £1.2m) has been invested in the Fund. It is anticipated that the remainder of the investment commitment will be requested within the next five years.

The University has submitted a planning application for the redevelopment of part of the Fallowfield campus, which would include the demolition of some existing student accommodation. A provision has been recognised for the costs of demolition of Owens Park which is no longer in use (see note 21), but accommodation at Oak House and Woolton Hall is still operational during 2023/24 and there is not considered to be an obligation to demolish these sites at 31 July 2023. The estimated cost of demolition, should the University be required to meet these costs, is £6.8m.

The University may have future liabilities arising as a consequence of the recent cyber incident which cannot currently be quantified.

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 |
| BAe Systems plc | 822 | - | 187 | - |
| Cancer Research UK | 30,312 | - | - | 1,746 |
| Engineering & Physical Sciences Research Council | 80,513 | - | 213 | - |
| GlaxoSmithKline plc | 256 | - | 141 | - |
| Graphene Innovations Manchester Ltd | 231 | - | 156 | - |
| Guangdong Wanyin Technology Development Co Ltd | 248 | - | 248 | - |
| Jones Lang Lasalle (JLL) | - | 362 | - | - |
| Manchester Science Partnerships | - | 115 | - | - |
| Manchester University NHS Foundation Trust | 15,895 | 8,807 | 2,106 | 4,564 |
| The British Academy | 1,015 | 22 | - | 411 |
| The Royal Society | 5,137 | 286 | - | 549 |
| University of Cambridge | 178 | 1,207 | 13 | 22 |
| University of Manchester Students Union | 624 | 837 | 263 | 124 |
| University of Warwick | 223 | - | 23 | - |
| | 135,454 | 11,636 | 3,350 | 7,416 |

Notes to the financial statements (continued)

Year ended 31 July 2023

31 Related party transactions (Continued)

BAe Systems plc

BAE Systems provide some of the world's most advanced, technology-led defence, aerospace and security solutions, employing a skilled workforce of more than 93,000 people in around 40 countries. It works with partners to develop, engineer, manufacture, and support products and systems to deliver military capability, protect national security, and keep critical information and infrastructure secure. One member of the senior leadership team is a member of the University of Manchester Framework Partnership board member.

Cancer Research UK (CRUK)

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 board member of CRUK.

Engineering & Physical Sciences Research Council

The Engineering and Physical Sciences Research Council (EPSRC) is the main funding body for engineering and physical sciences research in the UK. Its diverse portfolio ranges from digital technologies to clean energy, manufacturing to mathematics, advanced materials to chemistry. EPSRC invests in world-leading research and skills to advance knowledge and deliver a sustainable, resilient and prosperous UK. One member of the senior leadership team is a board member of EPSRC.

GlaxoSmithKline plc (GSK)

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

Graphene Innovations Manchester Ltd

Graphene Innovations Manchester Ltd designs graphene-based compounds and production systems that allow partners to commercialize graphene-enhanced products at scale, unlocking competitive advantage, sustainability, and cost reduction. One member of the senior leadership team is a member of the shadow board of the company.

Guangdong Wanyin Technology Development Co Ltd

Guangdong Wanyin Technology Development Co., Ltd. is a high-tech limited liability company specializing in energy conservation and emission reduction of cement enterprises. One member of the senior leadership team is a consultant to the company.

Jones Lang Lasalle (JLL)

JLL help buy, build, occupy and invest in a variety of assets including industrial, commercial, retail, residential and hotel real estate. From tech startups to global firms, its clients span industries including banking, energy, healthcare, law, life sciences, manufacturing, and technology. One lay board member is Global Head of Sustainability Services and Environmental, Social and Governance at JLL.

Manchester Science Partnerships (MSP)

Manchester Science Partnerships is a strategic public, private, academic, 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, 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 of MSP.

Manchester University NHS Foundation Trust

The Manchester University NHS Foundation Trust was formed when the University 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 Hospital, 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.

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 Academy Audit Committee and Research. A member of the senior leadership team is a Fellow and a Chair of the Audit Committee and Research and Higher Education Policy Committee of the British Academy.

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 of the Royal Society.

University of Cambridge

The University of Cambridge is one of the world's foremost research universities. The University is made up of 31 Colleges and over 150 departments, faculties, schools and other institutions. Its mission is 'to contribute to society through the pursuit of education, learning, and research at the highest international levels of excellence'. One lay board member is the former Chief Executive at Cambridge Enterprise, University of Cambridge.

University of Manchester Students' Union (UMSU)

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 UMSU.

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 of Warwick.

32 Amounts disbursed as agent (Consolidated and University)

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

| Student Training Bursaries | 2023 £'000 | 2022 £'000 |
|--------------------------------------|-----------------------|-----------------------|
| Balance unspent at beginning of year | 80 | 90 |
| Funding Council grants | 2,057 | 2,747 |
| Disbursed to students | (2,042) | (2,757) |
| Balance unspent at year end | 95 | 80 |

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.

The 2021/22 amounts in respect of tangible fixed assets, heritage assets and investment properties have been restated in order to split these assets out between pre- and post-implementation of the US required disclosures in accordance with the US Department of Education requirements. The implementation date is 1st August 2019. The relevant sections that have been restated are identified as such in the tables below.

Notes to the financial statements (continued)

Year ended 31 July 2023

33 US Financial Responsibility Supplemental Schedule (continued)

| Location | UK Description | US description | 2022 / 2023 | | 2021 / 2022 | |
|---|---|--|-------------|-----------|-------------|-----------|
| | | | £'000 | £'000 | £'000 | £'000 |
| Expendable Net Assets | | | | | | |
| Consolidated statement of financial position | Income and expenditure reserve - unrestricted reserve | Net assets without donor restrictions | - | 1,664,200 | - | 1,576,126 |
| Consolidated statement of financial position | Income and expenditure reserve - endowment reserve, Income and expenditure reserve - restricted reserve | Net assets with donor restrictions | - | 222,078 | - | 232,302 |
| Note 31 Related party transactions | Balance due to the University recognised within the financial statements | Secured and Unsecured related party receivable | 3,349 | - | 6,086 | - |
| Note 31 Related party transactions | Balance due to the University recognised within the financial statements | Unsecured related party receivable | - | 3,349 | - | 6,086 |
| Consolidated statement of financial position and Note 14 Non current investments | Fixed assets, Heritage assets and Investment properties | Property, plant and equipment, net (includes Construction in progress) | 2,315,220 | - | 2,326,175 | - |
| Restated Consolidated statement of financial position, Note 12 Tangible fixed assets, Note 13 Heritage assets and Note 14 Non current investments | Balance for all items pre 1st August 2019 - Freehold land and buildings (note 12) plus Fixtures, fittings, tools and equipment (note 12) plus, Heritage assets and Investment properties. Less any depreciation and disposals | Property, plant and equipment - pre-implementation | - | 1,466,595 | - | 1,512,044 |
| Restated 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 | - | - | - | - |
| Restated Note 12 Tangible fixed assets and note 13 heritage assets | Freehold land and buildings (note 12) plus Fixtures, fittings, tools and equipment (note 12) plus Heritage assets (note 13) and investment properties (note 14) since 1st August 2019 | Property, plant and equipment - post-implementation without outstanding debt for original purchase | - | 781,634 | - | 655,691 |
| Note 12 Tangible fixed assets | Assets under construction | Construction in progress | - | 66,990 | - | 158,440 |
| 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 | - | - | - | - |

| Location | UK Description | US description | 2022 / 2023 | | 2021 / 2022 | |
|---|--|---|-------------|-----------|-------------|-----------|
| | | | £'000 | £'000 | £'000 | £'000 |
| Expendable Net Assets | | | | | | |
| Consolidated statement of financial position | Intangible assets and goodwill | Intangible assets - other | - | 6,999 | - | 15,112 |
| Restated Consolidated statement of financial position | Pension provisions | Post-employment and pension liabilities | - | 401,259 | - | 411,774 |
| Restated Consolidated statement of financial position | Borrowings: amounts falling due after more than one year at 31 July 2023 | Long-term debt - for long term purposes | 393,931 | - | 393,812 | - |
| Consolidated statement of financial position | Borrowings: amounts falling due after more than one year at 31 July 2019 | Long-term debt - for long term purposes pre-implementation | - | 393,484 | - | 393,484 |
| Consolidated statement of financial position | Not applicable - the University has not incurred new borrowing since implementation | Long-term debt - for long term purposes post-implementation | - | - | - | - |
| n/a | Not applicable - the University did not draw down on any new borrowings in 2022/23 | Long-term debt - for long term purposes post-implementation | - | - | - | - |
| n/a | Not applicable - the University did not draw down on any new borrowings in 2022/23 | 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 any annuities | Annuities with donor restrictions | - | - | - | - |
| Note 22 Endowment reserves | Expendable endowments at 31 July 2023 | Term endowments with donor restrictions | - | 58,739 | - | 62,660 |
| n/a | Not applicable - the University does not have any life income funds | Life income funds with donor restrictions | - | - | - | - |
| Note 22 Endowment reserves | Restricted and unrestricted permanent endowments at 31 July 2023 | Net assets with donor restrictions: restricted in perpetuity | - | 162,885 | - | 160,826 |
| Total Expenses and Losses | | | | | | |
| Consolidated statement of comprehensive income | Total expenditure | Total expenses without donor restrictions - taken directly from Statement of Activities | - | 1,237,876 | - | 1,316,976 |
| Consolidated statement of comprehensive income | Investment income, Loss on investments (including investment properties), Share of operating surplus in associates, Actuarial (losses)/gains in respect of pension schemes | Non-Operating and Net Investment (loss) | - | 11,831 | - | (40,251) |

Notes to the financial statements (continued)

Year ended 31 July 2023

33 US Financial Responsibility Supplemental Schedule (continued)

| Location | UK Description | US description | 2022 / 2023 | | 2021 / 2022 | |
|--|---|---|-------------|-----------|-------------|-----------|
| | | | £'000 | £'000 | £'000 | £'000 |
| Total Expenses and Losses | | | | | | |
| Consolidated statement of comprehensive income and Note 14 Non current investments | Investment income, Net appreciation of investment portfolio and other listed investments | Net investment losses | - | (17,413) | - | 40 |
| n/a | Not applicable | Pension-related changes other than net periodic costs | - | - | - | - |
| Modified Net Assets | | | | | | |
| Consolidated statement of financial position | Income and expenditure reserve - unrestricted reserve | Net assets without donor restrictions | - | 1,664,200 | - | 1,576,126 |
| Consolidated statement of financial position | Income and expenditure reserve - endowment reserve, Income and expenditure reserve - restricted reserve | Net assets with donor restrictions | - | 222,078 | - | 232,302 |
| n/a | Not applicable - the University does not have any goodwill balances outstanding | Intangible assets - goodwill | - | - | - | - |
| Consolidated statement of financial position | Intangible assets and goodwill | Intangible assets - other | - | 6,999 | - | 15,112 |
| Note 31 Related party transactions | Balance due to the University recognised within the financial statements | Secured and Unsecured related party receivable | 3,349 | - | 6,086 | - |
| Note 31 Related party transactions | Balance due to the University recognised within the financial statements | Unsecured related party receivable | - | 3,349 | - | 6,086 |
| Modified Assets | | | | | | |
| Consolidated statement of financial position | Non current assets, Current assets | Total Assets | - | 3,186,620 | - | 3,167,607 |
| 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 | - | - | - | - |
| Consolidated statement of financial position | Intangible assets and goodwill | Intangible assets - other | - | 6,999 | - | 15,112 |
| Note 31 Related party transactions | Balance due to the University recognised within the financial statements | Secured and Unsecured related party receivable | 3,349 | - | 6,086 | - |
| Note 31 Related party transactions | Balance due to the University recognised within the financial statements | Unsecured related party receivable | - | 3,349 | - | 6,086 |

| Location | UK Description | US description | 2022 / 2023 | | 2021 / 2022 | |
|--|---|---|-------------|-----------|-------------|-----------|
| | | | £'000 | £'000 | £'000 | £'000 |
| Net Income Ratio | | | | | | |
| Consolidated statement of comprehensive income | Unrestricted comprehensive surplus / (deficit) for the year | Change in Net Assets Without Donor Restrictions | - | 88,074 | - | (43,350) |
| Consolidated statement of financial position | Total income less Investment income | Total Revenue and Gains | - | 1,327,235 | - | 1,212,958 |

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Created by the Division of Communications,
Marketing and Student Recruitment

Royal Charter Number RC000797
21755 11.23

