Financial Statements

Year Ending 31 July 2011
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Membership of the Council 2010-11

Independent Members

Dr A Mawson [2] (Chair of Council, Chair of Nominations and Governance Committee)
Mr C Wells [1 2 3] (Deputy Chair of Council, Chair of Remuneration Committee and Lead Member for Estates)
Cllr D Antrobus (from 5.10.10)
Mr I Austin [1 2] (Chair of Audit Committee until 30.6.11)
Mr M Appleton [3] (Lead Member for College of Science and Technology)
Mr K Brady [1]
Mr T Britten [1] (Lead Member for Information Technology)
Dr M Burrows (Lead Member for Finance)
Mr N Collins [2] (Lead Member for Human Resources)
Mr P Crompton
Ms J Fawcett (Lead Member for College of Arts and Social Sciences)
Ms F Goodey
Mr J Greenough [2] (Lead Member for Performance)
Mr E Healey (from 25.3.11) [1] (Chair of Audit Committee from 30.6.11)
Mr M Johnson (from 24.11.10)
Mr N Renfrew
Ms C Shaw (until 25.3.11) [2 3]
Ms R Turner (Lead Member for Equality and Diversity)

Internal Members

Professor M Bull [2]
Mr R Chotai (student nominee)
Ms C Dangerfield (student nominee)
Ms L Doyle (until 25.3.11)
Professor M Hall [2 3] (Vice-Chancellor)
Professor H Takruri-Rizk MBE

Notes

(a) The number after a member denotes membership of one of the following Committees during 2010-11;

1. Audit Committee
2. Nominations and Governance Committee
3. Remuneration Committee

(b) During 2010-11 there were two co-opted members of the Audit Committee who were not members of Council: Dr A Smith and Mr E Healey (appointed to Council on 25.3.11).

(c) Other members of Nominations and Governance Committee who are not members of Council are: Mr W Smith, Professor C Pine, Professor A Alcock (until 25.11.10), Professor G Aouad, Mr K Barnes. Prof H Morris and Professor T Ritchings (from 13.7.11) (the last five named are members only for the consideration of candidates for the award of Honorary Degrees (Professor T Ritchings replaced Professor A Alcock)).

(d) In July 2010, Mr J Corner was engaged in an employment capacity by the University in relation to the MediaCity UK project and it was agreed that Mr Corner would stand down from membership of Council for the duration of this engagement.

The following page indicates member attendance at meetings.
**UNIVERSITY COUNCIL – Attendance Register 2010-11**

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<td><strong>Prof M Hall</strong></td>
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<td><strong>INDEPENDENT MEMBERS</strong></td>
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<td>Dr A Mawson (Chair)</td>
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<td>Mr C Wells (Deputy Chair)</td>
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<td>Mr J Greenough</td>
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<td>Mr E Healey</td>
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<td><strong>INTERNAL MEMBERS</strong></td>
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<td>Prof M Bull*</td>
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<td>Mr R Chotal</td>
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<td>Ms C Dangerfield</td>
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<td>Prof H Takuuri-Rizk</td>
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* Because of approved absence from the University, Prof Bull was exempt from attendance at Council meetings for a period of twelve months (ie for the whole of calendar year 2010).

- ✔ = present
- X = absent

Overall attendance rate by Council members was 83% in 2010-11.
Vice-Chancellor's Statement:

The year reported here was again framed by continuing instability in the higher education policy environment. The delay in the publication of the government’s White Paper proposals, and the continuing uncertainty during the period of consultation, has made it difficult to plan for the future provision of teaching and learning. In particular, the decision to reduce our allocation of funded student places in the face of increasing demand by well-qualified students presents us with sharp challenges in maintaining the quality and consistency of our provision. This has been accentuated by the abolition of Aim Higher and by the removal of support for our major feeder schools and colleges, putting added pressure on our commitment to widening participation. However, we had to a large extent anticipated this system level uncertainty in our provisions last year, and we are determined to maintain and improve the standard of learning and teaching at our university, and our role in providing access to students with the ability to succeed, whatever their circumstances.

During this year, we made considerable progress in necessary reforms to our organizational structure and professional services, moving successfully from four Faculties and twelve Schools to ten Schools located within three Colleges. This has already shown significant benefits in terms of the logical grouping of academic programmes and fields of research. We have made extensive changes to the ways in which we provide our Colleges with professional and administrative services, resulting in improved efficiency and greater quality of support; the year ahead will see these reforms extended to professional and administrative services in our Schools. We have also completed a successful re-branding exercise that more appropriately reflects our position and role within the core of the Manchester city region, contributing to local and regional economic growth, public services, education provision and engagement. As a key part of this repositioning, we have entered into partnerships with a number of Further Education Colleges, and we have provided strong support to proposed University Technical Colleges in our area. We are working closely with key city region agencies, including the Local Enterprise Partnership and the Greater Manchester Chamber of Commerce.

Our local and regional engagement is matched by the development of our international work. We continue to benefit from our partnership with RMIT University in Melbourne and we are working closely with Carnegie Mellon University in Pittsburgh. We have made considerable progress in developing strong connections in India and Sri Lanka, working closely with the British High Commissions in these countries, and with UK Trade and Industry. In developing these international links, we have concentrated on our chosen themes in research and innovation, where we have established expertise and research excellence. A key asset in this regard is our new campus at MediaCity Salford Quays, which opened successfully, on time and in budget, shortly after the end of the period reviewed in this report.

The pages that follow provide more details of these activities. I remain confident that, despite the turbulence in our domestic public policy environment, our university is in a strong position to achieve its strategic objectives across the full range of teaching, research and engagement.

Professor M Hall
Vice-Chancellor

23 November 2011
Operating and Financial Review 2010-11

1. **Strategic Plan and Goals**

Council adopted the current version of its Strategic Plan covering the period 2009-10 to 2017-18 in November 2009. The Strategic Plan which is available on our website, sets out the following mission and vision for the University;

**Mission**

"Salford is an enterprising University which transforms individuals and communities through excellent teaching, research, innovation and engagement"

**Vision**

"The University of Salford will be, by 2017, an outstanding University renowned for the quality of its engagement, humanity, global reach and leadership in research, innovation and education"

The Strategic Plan also sets out the following values and behaviours which the University will espouse and promote;

- the highest academic, professional and ethical standards and service to our stakeholders, clients and partners and in particular, putting our students first;
- supporting our people and recognising and rewarding excellence and leadership;
- working together for the advancement of the University;
- innovation, creativity, enterprise, courage;
- diversity, humanity, fairness and respect;
- pride in our heritage and the distinctive difference we make to the world;
- investing passion in all that we do.

In delivering the vision, the University is directed by six primary goals. These are described below;

**Goal 1 - Transforming Learning and Teaching**

To achieve standing for teaching quality in the first quartile of the UK Universities by 2017.

**Goal 2 - Transforming Research and Innovation**

To achieve national standing for research performance in the first quartile of UK Universities by 2017.

**Goal 3 - Transforming Engagement**

To substantially extend the University’s engagement and influence with government at all levels, agencies, industry, professional bodies, schools, colleges, persons of influence, our alumni and the community in support of our research and education mission and for transformation and social good.

**Goal 4 - Our People**

Recruiting, retaining, developing and supporting a workforce that enables the University to achieve its Vision and its Mission.

**Goal 5 - Transforming Infrastructure and Services**

To develop spaces, infrastructure and services of outstanding quality to support an ambitious, creative and confident learning organisation supported loyally by its staff and students and widely admired in the community.

**Goal 6 - Internationalising the University**

To foster a strong embedded culture of internationalism, which encourages our staff, students and stakeholders to view our world from both a local and a global
perspective, extends our international engagement, contributes to our teaching and research goals, extends our influence and reputation – to create a more powerful and recognised brand for the University of Salford.

Over the period of the Strategic Plan, the University is committed to developing around a set of distinctive, organising themes which will promote synergies between research and innovation, teaching and learning and engagement and serve as a guide to the development of collaboration and partnerships within and beyond the University. The organising themes which are set out below, have been carefully chosen to reflect the University’s current strengths and opportunities derived from change and challenge in the national and global economies.

The themes are:

- Built and Human Environment.
- Energy.
- Health and Wellbeing.
- Media, Digital Technology and the Creative Economy.

There has been a slight adjustment to the themes as described in the 2009-10 Operating and Financial Review. Current research focused on innovation and enterprise, human rights, social justice and security will be incorporated into the activities of the proposed Salford Institute for Public Policy and a new research cluster based on memory, text and place will complement the four main themes outlined above.

The University will continue to recognise and support existing areas of research excellence which do not fall naturally with the four themes where there is confidence that levels of attainment meet the highest standards required by the Research Excellence Framework and subsequent external measures of research quality.

Developments in the public policy context and external environment make this a time of great, perhaps unprecedented change, challenge and opportunity for the University. Whilst it is essential that our approach to strategic and operational planning reflect these external challenges, we are convinced that the ever more competitive market for students and higher education services adds further weight to the emphasis within our Vision, Mission and Goals on improving the quality of the student journey, developing our strengths in research and innovation and driving and diversifying revenue.

With that in mind, the following paragraphs set out the approach we are taking to achieve the goals articulated in the Strategic Plan.

2. **Goal 1 – Transforming Teaching and Learning**

The University has identified that the changes required to deliver the primary goal of achieving standing for teaching quality in the first quartile of UK Universities by 2017 are as follows:

- Develop an academic portfolio of compelling and flexibly delivered programmes responsive to the skills requirements of the UK and international economies.

- Embed a learning, teaching and enhancement strategy that drives teaching excellence and high quality learning outcomes. This strategy will incorporate admissions, progression and retention policy, access and widening participation strategy and strategies directed at delivering a consistently excellent student experience.

- Ensure we focus on providing a uniformly high class teaching and learning experience to all our students through excellent teaching practices.

- Establish an innovative approach to the learning and teaching environment including the wider adoption of education technologies at the leading edge which both enhance the learning experience and which reach students in the work place and beyond the North West of England.

- Proactively ensure that our research knowledge is exposed and integrated with our teaching and learning.

- Provide opportunities for our students to experience education overseas as part of their Salford experience and actively cultivate an internationalist, globalised learning environment within the University.

- Invest in teaching and learning facilities, student housing, sports and Student Union
facilities to enrich the student experience.

- A sustained focus on improving student retention, completion and graduation.

Over the course of the last year, the University has achieved the following in relation to this goal, assisted by the availability of increasingly sophisticated management information (at both School and programme level).

i) Embarked on a comprehensive review of its academic portfolio based on a number of underlying principles including minimum module credit size, targets for minimum and maximum student numbers for modules and programmes and common first year structures. A timetable for the review had been agreed; three Schools have already embarked on the review, with the bulk of activity scheduled to take place during 2011-12. The review programme will be completed during 2012-13.

ii) Approved a Learning and Teaching Strategy, following an exhaustive process of staff and student consultation. The Strategy sets out the following themes for future development, incorporated in the acronym, ASPIRE :

- Accessible Higher Education
- Student focused
- Pedagogically excellent
- Internationally orientated
- Research informed
- Employability and enterprise led

The strategy contains a number of supporting targets and Key Performance Indicators (e.g. to increase the number of students who select Salford as first choice, to maintain a position in the upper quartile for students from lower participation backgrounds, to increase the level of graduate employment) which will be monitored over the lifetime of the Strategy (2012-17). The Strategy is designed to ensure that research knowledge is exposed and integrated with teaching and learning and that the University provides opportunities for its students to experience education overseas as part of the Salford experience and actively cultivate an international focused, globalised learning environment within the University.

iii) Continued to develop and expand its approach to the adoption and implementation of education technologies (e.g. in relation to electronic submissions, the virtual learning environment and information literacy).

iv) After a period of consultation with schools, begun to formulate best practice guidance for improving student retention, progression and completion which will be the starting point for staff development and training in future years. A statement of expectation of academic staff in supporting students on programmes has been consulted upon widely and will be formally adopted early in 2011-12.

v) Continued to invest in facilities to enhance the student experience; project plans for the substantial refurbishment of the Chapman Building commencing in early 2011-12 have been agreed and subsequent to the year end planning applications for the creation of a new building for the College of Arts and Social Sciences and for new student residences has been approved. On 4 October 2011, 1,500 students began their studies at the new state of the art digital learning, teaching and research space at MediaCity UK on Salford Quays.

3. Goal 2 – Transforming Research and Innovation

The University has identified that the changes required to deliver the primary goal of achieving national standing for research performance in the first quartile of UK Universities by 2017 are as follows:

- Achieve year-on-year improvement in the quality and quantity of our research.

- Build and establish at least five areas of distinctiveness and institutional leadership through identified peaks of excellence, whilst maintaining and developing established areas of research excellence, likely to be recognised as 3 or 4* in the Research Excellence Framework whether or not they form integral parts of our Strategic Themes.

- Encourage a broadly based culture of research and innovation across the University.

- Increase our investment in people, organisation and technologies to build a research culture appropriate to realising peaks of excellence.
• Increase our capability and processes to exploit our know-how and establish a sustainable, high value portfolio of investment, commercialisation and technology transfer arrangements in the upper quartile of UK institutions for our peaks of excellence.

• Increase the cross-pollination of research into teaching to be comparable with best in class UK research-intensive institutions.

Preparations for the Research Excellence Framework (REF) exercise have continued throughout the past year through the REF Steering Group; submission leaders have now been appointed. Section 1 above refers to the development of the four distinctive themes which build on and develop the University’s existing research strength. In relation to the Energy theme, the construction and launch of the Energy House (in January 2011) was particularly noteworthy. The house (located in the Energy Hub, in the Cockcroft Building), is an "old-build", traditional pre-1919 Salford-style dwelling, constructed within an environmentally controlled laboratory in which levels of heat, light, humidity and wind can be independently controlled, thus enabling the development and testing of new low-carbon materials, technologies and products. Given that research has identified that carbon reduction should be concentrated on the "retrofit" of the existing 20 million plus housing stock which accounts for the majority of carbon emissions from domestic and commercial resources, this unique facility will provide an excellent focus for the University's work in the energy area.

Generally good progress has been made in the development of the themes with the establishment of a Themes Advisory Group chaired by the Vice-Chancellor.

Detailed key performance indicators in the area of research (including research income) are undergoing some realignment to reflect the rapidly changing external environment (e.g. reduction in RCUK budgets by 25% in the period 2011-2014 and greater concentration of research funding on fewer HEIs) and internal changes (e.g. embedding of Research Centre within Schools, realignment of themes).

The University has recorded a significant increase in both its overall research awards and its level of bidding activity in 2010-11. The final research awards figure was £8.4 million (excluding payment to partners) – an increase of £1.3 million from 2009-10 – and the total value of spend on its research projects rose by £1.1m to £9.5 million. The volume of bids also increased by over £0.8 million. The University's bidding success rate has improved and there are plans to build on this improvement by further increasing the volume of bids (and successful awards); a review of professorial staff will commence in 2011-12 and this will facilitate the development of revised performance indicators as targets in relation to research bid income. Consultancy, CPD and Spin-out targets are in the process of clarification and alignment to ensure consistency with HEIF 5 targets. Further examples of current research activity at the University are included in the Public Benefit section of the report.

4. **Goal 3 – Transforming Engagement**

To achieve the primary goal of substantially extending the University’s engagement and influence with a range of organisations and stakeholders in support of our research and education and for transformation of social good, the University has developed a multi-faceted approach designed to establish effective and mutually beneficial working relationships with the following:

- Development agencies
- Local, regional and central government
- Universities, regionally and overseas
- Other higher education and further education bodies
- Schools, teachers and parents
- The communities of Salford and the North West of England
- Employers, industry and professional bodies of interest to our Colleges and Schools
- Alumni
- All others who have a commitment to Salford and who through their expertise, network and influence are able to support the University.

Over the course of the past year, the University has been involved in a number of initiatives which illustrate the strength of collaborative arrangements with public sector partners in Salford and the wider Greater Manchester region. This includes; the "Better Life Chances" pilots, evidence based policy initiatives designed to transform public sector delivery in areas of greatest deprivation; the Schools Learning Partnership, an initiative involving Salford College and Salford City Council with the objective of designing new governance and support structures for Schools across Salford and a developing partnership aligning key strengths with the strategy of the Greater Manchester Local Enterprise Partnership.

The University has developed good working relationships with the SME business community through its work with the Greater Manchester Chamber of Commerce and Pro-Manchester. The University is also committed to enabling all its students to undertake some form of work based learning (through work experience,
internship or placement) and thus enhancing employability. Areas of current good practice and provision are being mapped to encourage embedding, with the aim of ensuring that all Salford students have access to some form of work related experience by 2014.

Other activities relating to community engagement, to student engagement within the curriculum, to the University's commitment to widen access to higher education, and to increasing participation from students from poorer socio-economic groups, are dealt with under the Public Benefit Section of the report.

5. **Goal 4 – Our People**

The University has committed to the following course of action to support the primary goal of recruiting, retaining, developing and supporting a workforce that enables the University to achieve its Vision and its Mission.

- Deliver a consistent, high performing organisation through outstanding leadership and management which is professionally supported and developed;
- Effectively recruit and retain high calibre staff and maximise the University’s attractiveness as an employer of choice;
- Build and optimize the University's capability through effective staff performance, development and deployment;
- Ensure high level of staff engagement and effective relations with staff individually through excellent communications and consultation;
- Establish an environment that supports employee health, safety, wellbeing, fairness and promotes equality and diversity.

The University launched its leadership programme for senior managers throughout the organisation (both academic and professional and administrative services leaders) including the completion of 360 degree appraisal for all participants, facilitated action learning sets to enable managers to engage with peers in consideration of live management issues and management coaching and support facilitated through external consultants. The programme continues and its effectiveness is borne out by the results of the most recent Staff Experience Survey (“Our People, Our Views”) carried out during the first quarter of 2010-11. Headline results for the Survey include;

- overall satisfaction with current job is up to 80% from 73%;
- overall satisfaction with the University as an employer is up to 72% from 61%;
- overall satisfaction with the leadership and direction of the University is up to 58% from 37%; and
- 68% of staff felt that they had a good understanding of the long term strategy of the University.

(all comparisons are with the results of the previous Staff Experience Survey carried out in 2009)

Staff engagement, as measured through the survey, has also increased significantly (up by 10 percentage points to 49%), an especially positive outcome which places the University just outside the top quartile of UK organisations for this measure.

In addition to supporting the development of our people as managers, a range of managers' toolkits (blended learning interventions) have been developed and launched in tranches covering a range of issues that include managing and delivering change, implementing HR policies and procedures and managing environmental sustainability.

There is separate reference elsewhere to the Transformation Programme, which is a fundamental part of delivery of the Strategic Plan, bringing together a range of new and existing projects. At the conclusion of the Programme (in 2013), the University expects to have reduced staff numbers by 200; the avoidance of duplication and the clarification and definition of job roles will lead to increased efficiency, clearly documented process pathways and improved performance and quality of service in areas supporting the core business of the University.

A comprehensive and revised programme of Performance and Development Review is being rolled out across the institution and further technology enablement and systematic monitoring of this activity will be facilitated by the commissioning of a replacement HRM system which is scheduled to go live in April 2013.

Over the course of the past year, Council has approved a range of modernised Human Resources policies, including policies to enable implementation of the restructuring elements of the Transformation Programme and those have been rolled out across the University.

The University was successful in its ambition of inclusion within the top 100 UK employers in the Stonewall Workplace Equality Index, one of only four UK HEIs to achieve this (the University's ranking of 60th makes it the second highest ranked UK HEI). The Vice-Chancellor and senior colleagues have held productive
meetings with the various staff networks, including “Barriers to Advancement” meetings with individual staff networks in the first part of the year. A series of activities and events to promote equality and diversity took place during the year, through the “Listen!” programme, including the second World Muslim Music Day and the 100 Salford women exhibition highlighting the contribution of women at all levels throughout the University. The University’s Equality Action Plan (supporting implementation of the “Listen!” Equality and Diversity Strategy) was revised during the year.

6. **Goal 5 – Transforming Infrastructure and Services**

In order to deliver the primary goal of developing spaces, infrastructure and services of outstanding quality to support an ambitious, creative and confident learning organisation, the University has committed to the following:

- Delivering a multi-million pound investment in the campus and physical environment that transforms the look and feel of Salford over the next ten years.
- Being the prominent and creative academic prime mover and partner for MediaCity.
- Developing a strong and compelling brand position and reputation that proactively defines what we stand for and our distinctiveness in clearly defined and targeted markets.
- Investing in robust and resilient information and communications infrastructure that supports new and innovative learning and teaching technologies, outstanding research and modern professional and corporate services.
- Developing professional and corporate support services through a distinctive partnership with the academic community focused on the delivery of the University’s goals.
- Streamlined and automated processes that minimise bureaucracy and enable and empower academic endeavour.
- Providing distinctive, diverse and sympathetic services and facilities to students aimed at optimising their learning experience.
- Effectively supporting the governance of the University, its planning and performance and assuring the control structures which ensure a fully accountable, high performing and sustainable University.

A key element of delivery of this goal and other goals is the establishment and implementation of the Transformation Programme which has the objective of transforming the quality of the experience across the University by providing consistent, high-quality, sustainable, effective and efficient professional services that support the delivery of the University’s Strategic Plan. In addition to improved experience for both students and employees, key benefits will include reduction in staff costs (as referred to above), a reduction in non-pay costs and an increase in additional income. Key outcomes will be:

- lean, flexible and scalable business processes, e-enabled where appropriate;
- a single, accountable Professional Services organisation across the University;
- model College and School structures that meet local requirements whilst maximising economies of scale and sharing of best practice; and
- a sustainable cost base across Professional Services.

The programme brings together 22 existing or new projects and is progressing well. Collective and individual consultation processes for those affected by the first wave of reorganisation are nearing conclusion; staff affected by the programme are being offered a range of careers guidance and wellbeing support activities (including counselling and access to a 24 hour employee support helpline). The model College structures that have been developed, following the reshaping of four Faculties into three Colleges, are being implemented from September 2011, with model structures for the ten Schools (following the reconfiguration of the previous structure of twelve Schools) following in 2012. As part of the process, service catalogues and service level agreements defining services to be provided to Colleges and Schools are being developed for delivery by professional and administrative services.

The full operation of new processes is anticipated for academic year 2012-13 which will enable realisation of the targeted £4 – 6 million annualised pay cost reductions. The non-pay savings project (which involved an extensive consultation process and consideration and, in many cases, adoption of suggestions received) has identified opportunities for savings of up to £5.7 million by 2013-14, with further savings being sought to achieve our £7 million target. An example of this initiative was the relaunching of the new Travel Policy which has undergone substantial review and enhancement and will contribute to the delivery of £350,000 savings during 2011-12.

Implementation of the Campus Plan has continued over the course of the year, with Council confirming its commitment to the programme. The MediaCity UK building has been completed. As referred to in 2v) above, refurbishment of the Chapman Building and Lecture Theatres will begin shortly and planning permission has been received post year end for the construction of a new five storey Arts Building on the Peel Park Campus;
the design for the building will include a public square and access to the new student residences which also form part of the Campus Plan. Planning permission has also been received post year end for the construction of 2,100 bed student accommodation on campus. Consultation has begun on the proposed consolidation of the library onto a single site. Acquisition of key local sites, including Joule House, supporting the University’s strategic objectives has continued.

Construction of the building which will house the University’s presence at MediaCity UK has been completed on time and to budget and the building opened on 4 October 2011. The University will be positioned at the heart of MediaCity UK next to the BBC and in the same building as ITV. Cutting edge facilities in the new building include high definition television studios, radio broadcast studios, a digital media and performance lab, post-production and editing facilities, meeting pods and dubbing theatres. 1,500 students began their studies at MediaCity UK in October – the opening of the building represents the culmination of an intense four-year project involving hundreds of staff across sixteen separate workstreams to deliver one of the most technically advanced learning environments in the UK.

The past year has seen the implementation and completion of the ICT Transformation Programme, with the University’s IT team working alongside appointed contractors, Unisys. The principal aim of the programme is to ensure a stable, resilient and secure IT infrastructure. Benefits of the programme, once completed, include virtualisation of all servers and storage, a dual data centre configuration to ensure continuity of all systems and inbuilt storage and computing capacity to allow for a further two years estimated growth. Migration of all major systems to the new platform is scheduled for completion in October 2011.

After an extensive period of communication, the University has developed and approved a revised brand design and concept based on the core proposition of “true depth” and the communications concept of “real world impact”. Implementation of the brand, which includes use of the term “Manchester” as a locator/identifier in the logo (except on street furniture/way finder information) and, the adoption of red and black as the logo colours began early in the academic year 2011-12.

The University was one of sixteen participants in a CLC/Leadership Project on Effective Governance. The University used a tailored version of the toolkit devised for the project to review enablers of good governance and boardroom behaviour. Improvements arising from the project are in the process of being implemented and the Council intends to focus on the third leg of the toolkit, governance outcomes, during 2011-12.

In support of the University’s commitment to environment sustainability, Council approved a Carbon Management Plan which commits the University to reducing carbon emissions from its activities by 43% from the 2005-06 baseline by September 2020 (with an intermediate baseline of reducing emissions from the 2005-06 baseline by 30% by September 2015). To achieve carbon reduction and environmental sustainability aims, the University is concentrating on the following key strategic developments:

- embedding carbon management throughout the University community;
- energy and wider efficiency in buildings (space management and retrofit);
- building for energy efficiency (new builds and refurbishment);
- onsite energy generation;
- waste reduction and recycling;
- sustainable procurement;
- a low carbon transport fleet; and
- promoting and facilitating greener travel by staff and students.

Approval and adoption of the Plan contributed towards the University’s significantly improved performance in the People and Planet Green League Table in 2011; the University rose 80 places to 37th. The University will seek to build on this achievement in 2011-12.

7. **Goal 6 – Internationalising the University**

In order to deliver the primary goal of fostering a strong, embedded culture of internationalisation (amongst staff, students and other stakeholders) and extend the University’s engagement, the University recognises that it needs to adopt a comprehensive approach that becomes part of our philosophy and is embedded in core areas of delivery. The changes required to deliver this goal are:

- Implementation of our Teaching and Learning Strategy incorporating an internationalist globalised learning experience, a focus on employability and support for student exchanges/placements.
- Implementation of the Research and Innovation Strategy – specifically development of the research themes, an increase in international research collaborations and links, increase in research output and international PhDs.
- Development of a small number of high level strategic partnerships.
- Development and support for an International Alumni Strategy.
- Specific measures to increase international student recruitment as detailed in our International Recruitment Strategy.
- A significant increase in our international partnerships concerned with international student recruitment to on campus and off campus programmes (including articulations, joint programmes, exchanges and work placements).
- Development of our brand and communications strategy incorporating key messages and benefits for partners, prospective students and employees.
- Review of the student experience as embedded within the new Student Division with a focus on improving the international student experience.

In support of this goal, the University has developed an International Strategy, the key elements of which are incorporated in the acronym UNITE:

Understand and develop international partnerships
Nurture our reputation and global brand
Increase international research collaborations
Transform the programme portfolio
Enhance the student experience

As can be ascertained from the elements of the Strategy, the international agenda supports and underpins the University’s goals in relation to teaching and learning and research and innovation (for example by increasing international research collaboration and embedding internationalisation into the transformation of the programme portfolio). The strategy includes greater clarity around definitions of partnership at individual, School, College and institutional level with the aim of developing four distinctive and mutually beneficial partnerships at University level; the first two of these have been developed with the Royal Melbourne Institute of Technology and Carnegie Mellon University in Pittsburgh (as referred to in the Vice-Chancellor’s Statement).

Concrete examples of realisation of the strategy can be seen through the following;

- partnership with the Open University of Hong Kong to deliver the BSc (Hons) Psychology;
- partnership with IIT Mumbai, involving split-site delivery of the MSc in Robotics and Embedded Systems; and
- partnership with the Sino-British College, Shanghai in relation to articulation routes to Business related programmes.

Internationalisation is also a key element of the University’s efforts to enhance the student experience, with the aim of ensuring that all Salford’s programmes offer the best preparation for students as “global citizens” in a global employment context.

8. Risks to Achieving University Strategy

The University has continued to develop and mature its approach to assessment and reporting of risk and measurement and analysis of performance. Both the corporate risk register and the key performance indicator framework (the latter modelled on CUC guidance) are closely aligned to the Strategic Plan and its constituent goals. The University Executive monitors and reviews the risk register and KPIs on a regular basis; the most significant corporate risks are considered at each meeting of Audit Committee and Council, with the risk reporting framework allowing for the escalation of risks, depending on the internal and external environment. This process of escalation, refinement and emergence of new risk is informed by local risk registers at College, School and Professional Services level. KPIs are reviewed by Council at each meeting, informed by a management report which highlights key movements and the development of new indicators as definition of some projects/activities to deliver the goals matures.
Risks under closest scrutiny at the end of 2010-11 included:

a. **International recruitment following central government policy changes**
The short term risk to income associated with not attracting sufficient international students in any one year and the medium term risk to income from not having a balanced strategy for international recruitment and engagement that responds to the current policy landscape. The University response has been through the revision of the institution’s International Strategy, which was endorsed in August 2011, that addresses entry policies, marketing and admissions strategies which will be implemented with immediate effect.

b. **Domestic recruitment following policy changes to the funding regime**
The risk to income from either a fall in demand associated with the implementation of the new Higher Education funding regime or restrictions to places when compared to planning assumptions. The University response has been to set a prudent balanced budget for future years based upon a cautious forecast on short to medium term demand.

c. **Delivery of Professional Service Organisation and Process Re-engineering**
The risk associated with transition to a re-engineered delivery model for professional administrative services and the continued delivery of core services to students and other stakeholders. The University response has been through the implementation of a phased transformation programme with the organisational elements already delivered and re-engineered core processes to be implemented over the next 12 months.

d. **Ensuring optimal research bidding and conversion**
The risk to the award of research income through an ineffective approach to bidding. The University response has been to appoint a Research and Innovation Director and establish a Research and Innovation division in addition to implementing a performance management system to complement existing training and coaching programmes for all research active staff.

e. **Ensuring major Incident management**
The risk of prolonged disruption to business as usual in the event of a major incident affecting the University. The University response has been to establish duty manager roles amongst its senior staff, establish and train an incident management team and plan a major incident exercise with blue light services.

<table>
<thead>
<tr>
<th>Student Type and Funding Source</th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HEFCE</td>
<td>Non-HEFCE</td>
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<tr>
<td>Undergraduate</td>
<td>11,973</td>
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<td>Postgraduate - Taught</td>
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<tr>
<td>Postgraduate - Research</td>
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<td>381</td>
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<tr>
<td>Total</td>
<td>14,045</td>
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</tr>
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</table>

The University’s total student population rose by 55 (0.26%) to 20,955. Students funded by HEFCE fell by 246 (1.72%) to 14,045 but non HEFCE funded students rose by 212 (4.75%) and international students rose by 88 (4.0%).
Public Benefit

The University is an exempt charity under the terms of the Charities Act, 1993. The Council and Executive of the University has paid due regard to the Charity Commission’s guidance on the reporting of public benefit, and particularly to the supplementary guidance on the advancement of education, in accordance with the requirements of the Funding Council as the principal regulator of English higher education institutions under the Charities Act, 2006.

The University’s objects, as set out in its Charter, reflect institutional commitment to public benefit:

"The objects of the University shall be to advance education and knowledge by teaching and research, and is doing so to foster an academic environment which is enterprising and applied to business and the professions, and for the benefit of society at large."

The University’s Mission, Vision and Values as outlined above also reflect this commitment to public benefit with their emphasis on the transformative impact of the University (on individuals and communities) and service and benefits to society. It is clear that the University’s students derive direct benefit from the quality of the education, the opportunity this affords them for fulfilling and rewarding careers and to make a wider contribution to society. The vocational and applied nature of much of the University’s undergraduate and postgraduate portfolio (for example in the College of Health and Social Care) enables the University to supply graduates that meet local, regional and national workforce demands and to carry out research of direct benefit to service users and society at large.

The University’s focus on employability and broader social benefit is illustrated by the Salford Advantage programme, comprising an enhanced curriculum, co-curricular activities and opportunities for engagement. The University has set a target of all students being engaged in either work experience or placement activity by 2014, with the definition of placements encompassing community engagement and volunteering. To support this activity, areas of current good practice and provision are being identified to ensure that work experience across the University is and remains embedded.

The University’s Admissions and Retention and Widening Participation policies support and underpin its objective to widen access to higher education for all people who have the potential to succeed and to increase participation from people from lower socio-economic groups and disadvantaged backgrounds. The University’s commitment to widening participation is demonstrated by the composition of its student body, e.g.:

- 98% of students are from the state sector (compared to the sector average of 89%).
- 39% of students are from socio-economic groups 4-7, as defined by the National Statistics Socio-Economic classification (compared to the sector average of 31%).
- 28% of 18 and 19 year old students are from Black and Minority Ethnic backgrounds.

The University’s 2011-12 Access Agreement with the Office for Fair Access sets out support provided by the University (in addition to government grants) to lower income and under-represented groups; this includes both statutory bursaries (for all students entitled to Higher Education Maintenance Grant (HEMG)) and University specific bursaries (e.g. £500 for all students with a Salford postcode at the time of application who receive a HEMG (pro-rata for partial HEMG); up to 20 Salford Advantage Bursaries of £1,000 for the first year for students who are the first in their family to go to University and are in receipt of the full HEMG).

From 2012-13, the University will charge undergraduates fees of between £8,000 and £9,000 (average fee approximately £8,300). As part of the National Scholarship Programme, the University will offer a discount of £2,000 plus a cash bursary of £1,000 to first year students from the Greater Manchester area with a declared household income of less than £25,000 per year. In 2012-13 the University will have 388 such awards and they will be allocated via an application process and prioritised to care leavers and applicants from neighbourhoods where participation in HE is low. The University will also offer a discount of £1,000 plus a cash bursary of £1,000 to first year students who enter with 340 UCAS tariff points (or equivalent) under its Vice-Chancellor’s Excellence Scholarship. Students may be eligible to receive both the National Scholarship Programme award and the Vice-Chancellor’s Excellence Scholarship.

The University is also committed to a range of pre-entry activity to support its widening participation objectives. It has developed compact agreements with three partner FE colleges (Manchester, Salford and Trafford) to support learners from a widening participation background deemed by the college to have the potential to succeed in higher education. The project works with these learners for two years during level three studies and includes a “Skills for HE” module, designed to prepare students for higher education and to bridge the gap between further and higher education. The module is designed to provide the skills and
confidence required to succeed in higher education, including familiarisation with key academic and pastoral support, as well as providing residential experience on campus; successful completion of the module provides students with 40 UCAS tariff points. Early indications are that the programme will be a success and outcomes (including applications, progression and completion) will be carefully monitored.

Outreach work with local schools is also being undertaken in conjunction with further education partners; this includes generic and subject specific work to raise aspirations and attainment and the identification of clear pathways for progression to further and higher education.

The University’s post entry support includes Study Skills Team, offering support across all areas of study, including literacy and numeracy, through a variety of mechanisms (individual appointments, workshops and drop in sessions). Development of a single data set and the introduction of a Student Participation Policy allows consistent monitoring of retention and progression; this is supported by the development of the Personal Tutoring System to provide a greater focus on the needs of widening participation students. The University’s work in relation to employability and the development of the Salford Advantage is referred to elsewhere on the agenda. The University’s support for students with disabilities is articulated in the Disability Statement shown below at paragraph 11.

The University of Salford Community Action team (USCATS) pilot scheme for students was launched in October 2010. This scheme built upon the volunteer brokerage and one-off activities that were previously available for students, to offer opportunities for projects which are managed in-house and delivered through a partnership agreement with relevant stakeholders to broaden the student experience. The scheme has included:

- development of gardening project with a local housing trust, Salix Homes to assist residents unable to tend their own garden;
- a habitat management project at Kersal Dale, in conjunction with the Salford City Council Ranger service and a local environment group, the Friends of Kersal Dale;
- pupil mentoring at a local high school; and
- a languages project, in conjunction with a number of other local statutory and voluntary agencies, to support gym users from other countries (including ESOL students).

The pilot is currently being reviewed with the intention of developing proposals for a fully fledged institutional scheme.

The University is also in the process of developing a Community Engagement Strategy which includes a Community Benefits Statement, ensuring that employment opportunities generated by the campus development flow into the local region (as well as providing opportunities for students). Other elements of the Strategy include:

- introduction of an annual award for outstanding work in community engagement by a member of staff (the Harold Riley Award);
- an annual report on Community Engagement to assess impact and provide information on activities across the University;
- working with student accommodation partners to encourage positive student behaviour in the community;
- community liaison activities involving local residents, local councillors and University staff; and
- developing Community Champions for the local area and partner agencies to increase opportunities for residents, support widening participation activities and integrate the City of Salford and its citizens into student experience.

From September 2011 all externally funded University events (e.g. the Vice-Chancellor’s Lecture series, the University's Arts Programme, Music Recitals and Literature Readings) will be managed centrally with a coordinated marketing approach and enhanced community outreach. This approach includes increased use of external space for University events, taking the University to the community as well as continuing to focus on efforts to bring the local community onto campus.

A particularly innovative and noteworthy community engagement project is being led by staff from the School of Art and Design. The project engages with young people from the Manchester region particularly at risk of becoming involved in gang and gun culture whether as victims, witnesses or offenders. The "Guns into Goods" project has the aim of removing firearms and replica guns from circulation and reducing the incidence of gun related crime; melted gun metals are used by young people in a creative process whereby original products and artefacts are designed and produced. The University is a partner in the project alongside CARISMA (Campaign Alliance for Removal, Inner South Manchester Area), the Greater Manchester Police and the Safer Schools Partnership.
Research carried out by Salford staff provides a range of benefits and a few examples of this are provided below. In addition members of staff engage actively in public debate in their particular area of expertise. As an example of this, Professor Keith Ross, from the School of Computing, Science and Engineering acted as a provider of expert opinion following the major accident at the Fukushima Nuclear Reactor in Japan. Professor Ross was appointed by the Guardian newspaper to act as the expert on their blog and was approached by a wide variety of journalists for his views on the situation.

Examples of other research providing benefits are:

- the work of Dr Richard Hayes and Professor Dilanthi Amaratunga for the Centre for Disaster Resilience in and around post Tsunami reconstruction in Japan;
- the work of Dr David Pye from the Centre for Molecular Drug Design in the School of Environment and Life Sciences on the use of sugars to combat skin cancer;
- partnership work by staff in the School of Nursing and Midwifery in relation to medicines management strategies, engaging young people in mental health research and research into dementia care in residential and nursing home settings;
- the work of Professor Ben Light from the School of Music, Media and Performance and Dr Pamela Ormandy, in the School of Nursing and Midwifery on the use of digital media to help young people manage their sexual health;
- in partnership with a variety of local agencies, the work of Professor Terence Fernando, Director of the University’s Think Lab, to develop a virtual reality map of Salford. The virtual reality platform facilitates scenario planning and capacity building to explore desirable futures, demonstrate barriers to progress, show interdependencies and explain different policy choices to inform speedier and more effective decision making; and
- work led by Dr Tracy Williamson in the College of Health and Social Care emphasizing the distinctive role of user involvement in the development of assistive technology.

The University’s research continues to be accessible through, USIR (University of Salford Institutional Repository), the University's open access repository which provides free access to research publications. Material can be read, downloaded and copied for non-commercial private study or research purposes.

The University is aware of the potential for harm or detriment to arise from its teaching research and has ethical approval processes embedded at College level to mitigate against this.

The work of Community Finance Solutions (CFS) (located in the School of Humanities, Languages and Social Sciences) continues to provide significant public benefit. CFS has spent over a decade empowering communities to address the problems of financial exclusion and affordable housing. The creation of microfinance loan funds has provided 20,000 businesses and individuals with affordable credit in some of England’s poorest neighborhoods.

11. Disability Statement

The University takes seriously its commitment to equality and diversity, and takes measures to meet the requirements of the Equality & Human Rights Act (2010). To this end, it provides support for disabled students in a variety of ways:

- Around 12% of the student population has a declared disability. Students and applicants are encouraged to disclose their disability and receive many opportunities to do so, from enquiry through application to registration and at any time throughout their studies. Early disclosure is especially encouraged through direct contact with applicants, and prospective students can have an appointment with a Disability Adviser at any time. Appointments are offered in the manner most suited to the students’ circumstances, with the majority a face-to-face basis, but with others via telephone, Text direct and MSN.

- The University has invested a great deal in disability support within Student Life in the Division for Students. Through the Disability Service and Counselling & Wellbeing Service, students with the full range of disabilities are supported, including specific learning difficulties, sensory impairments, health, physical, mobility and mental health issues.

- Students are provided with information, advice and guidance and advisers create student support plans, to ensure that students receive the support they need from the University to ensure their
experience matches that of their non-disabled peers. Advisers also assist students in the process for applying for Disabled Students Allowance (DSA).

- The Disability Service provides interim support for students in urgent need whilst they wait for their Disabled Students Allowance to be processed. This may be loan of equipment, non-medical helper support or taxi provision. Any costs incurred are then claimed back from the funding body once support is in place. Many students’ assessed needs exceed the maximum for DSA, and the university will cover the payments once the full allocation is exhausted. International and EU students, and home students on courses that do not attract DSA are also given support similar to that offered by DSA, from the Disability Service.

- The Disability Service has close links with local providers of non-medical helper support, which provide the support to the vast majority of the students with non-medical helper support needs.

- The University provides staff development on specific issues, for example, mental health awareness training and visual impairment awareness training. The University is currently involved in a Higher Education Academy project to promote best practice in inclusive teaching practice.

12. Financial review

Scope of the financial statements

The Financial Statements comprise the consolidated (Group) results of the University of Salford (University) and its subsidiary undertakings. The Group structure is set out in Note 13 of the accounts.

Five year trends

In autumn 2006 the home undergraduate student fee cap was raised from £1,175 to £3,000. This as well as the growth in overseas student income has resulted in tuition fees rising from £34.9m in 2006-07 to £62.7m in 2010-11 – a growth of 79.7%. In 2010-11 Student fees now account for 33% of total income and are now on a par with Higher Education Funding Council for England (HEFCE), whose grants also currently account for 33% of income. With student fees due to rise significantly from autumn 2012 student fees will become the major source of University finance over the next 4 years.
### Extracts from the Income & Expenditure Account

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</table>

### Historical Cost Surplus as a Percentage of Total Income

![Graph showing historical cost surplus as a percentage of total income from 2006-7 to 2010-11.]

Sector information is only available until 2009-10.

### Staff Costs as a Percentage of Total Income

![Graph showing staff costs as a percentage of total income from 2006-7 to 2010-11.]

### Net Cashflow as a Percentage of Total Income

![Graph showing net cashflow as a percentage of total income from 2006/7 to 2010/11.]

The fall in net cashflow as a percentage of total income in 2008-09 and 2009-10 reflects the impact of the significant restructuring undertaken in 2008-09 where staff numbers were ultimately reduced by 150 and the costs were paid out in both financial years 2008-09 and 2009-10. Following the completion of this restructuring the University has returned to a position where the University is generating a significantly higher cash inflow as a percentage of total income.

### Extracts from the Balance Sheet

<table>
<thead>
<tr>
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<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<td>Cash and Short Term Deposits</td>
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<td>Total Funds Excluding Pension Deficit</td>
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<td>86.4</td>
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<td>136.2</td>
</tr>
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</table>
2010-11 Financial Headlines

- Income fell by £2.2m (1.2%) to £187.4m.
- Historical cost surplus fell to £0.3m including the following exceptional charges/credit - fixed asset write downs of £2.9m, restructuring costs of £0.8m, demolition of property of 0.1m, and an exceptional VAT refund of (£1.3m).
- Short-term deposits and cash increased by £11.8m.
- Net current assets fell by £5.2m to 13.6m.
- Pension deficit falls by £4.4m to £32.9m.

Income and Expenditure

Total income fell by £2.2m (1.2%) to £187.4m. This reflects a reduction in (HEFCE) teaching grants of £4.3m following further clawback of £0.85m in respect of 2009-10, a cut in core grants of £2.1m following a student numbers cut and austerity cutbacks of £1.3m. Other services rendered income has fallen by £1.4m which primarily reflects a fall in income of the subsidiary company Salford Software of £2.1m. These falls in HEFCE grant and other services rendered have been partially offset by an increase in overseas student income of £1.6m, an increase in other teaching contracts income of £0.8m and an increase in research grant contracts of £1.1m.

Total expenditure increased by £1.3m – 0.6%. Staff costs, (excluding early retirement and voluntary severance and exceptional pension costs) increased by £1.1m (1.1%) reflecting investment in 22 academic posts and staff pay rises of 0.4% from August 2010. Recurrent staff costs accounted for 57.6% of total income in 2010-11 (56.3% in 2009-10).

Other operating expenses rose by £0.7m – 1.1% to £64.9m. Other operating expenses include two non recurrent items – a £2.9m write down of property and £and and a receipt of £1.3m VAT refund. Other significant movements include an additional £1.4m on Scholarships, bursaries and other student expenses. Professional and other fees has risen by £1.4m of spend – this expenditure includes £0.9m of expenditure on consultants reviewing the opportunities for savings within University’s non pay cost base funded by a HEFCE modernisation grant, £0.5m regarding the fees associated with the VAT reclaim which were incurred on a contingency basis, and an additional £0.5m spent on overseas recruitment fees. Subsidiary company expenditure has fallen by £1.4m reflecting lower activity within Salford Software and the disposal of the FE procurement division in 2009-10. There is also a reduction in expenditure of £0.8m in premises costs as 2009-10 included a number of one off refurbishment costs. Other reductions in expenditure included financial charges of £0.5m, equipment and furniture of £0.6m and leasing costs £0.3m.

Further exceptional redundancy costs of £0.8m were incurred as the University reduces the recurrent cost of its administration and support services within colleges under the Transformation Project.

The overall performance of the group was a small historical cost surplus of £0.3m. After adjusting for exceptional items and revaluation gains, the underlying performance was a historical cost surplus of £2.8m.
Subsidiaries Performance

The University's main trading subsidiary Salford Software generated a loss of £0.8m due to a challenging trading environment and a disputed debt of £0.6m with a major customer which has been fully reflected in the financial statements in 2010-11.

Balance Sheet

At 31 July 2011 the group's total net assets excluding pension liability was £169.1m which is £28.0m up on last year. This largely reflects the impact of the 5 year re-valuation of the estate undertaken by DTZ as at 31 July 2011 which increased the value of assets by £26m. Net current assets remain strong at £13.6m but have fallen by £5.2m as the University continues to invest in its estate.

The Net Pension liability has fallen by £4.4m which is largely due to the improved performance of the stock market to 31 July 2011.

Cash Flows

The University increased its cash holdings by £11.8m to a balance of £51.4m as at 31 July 2011. This is the combined effect of cash inflows of £12.5m from operating activities, less net capital expenditure of £17.1m, financing of £19.0m and repayments of £1.1m and servicing of loans of £1.7m and proceeds from the sale of the subsidiary FE procurement division of £0.1m.

Payment of creditors

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires institutions, in the absence of agreement to contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The University endeavoured to adhere to this policy during the year except where there were genuine reasons for dispute. Subject to the terms of individual contracts, where there are disputes on invoices, the University only withholding payment on the disputed element of the invoice.

In 2010 11 the University made no interest payments in respect of late payment of invoices (2009-10 £83).

Professional advisors

Bankers: Barclays Bank plc
Internal Auditors: KPMG LLP to 31 July 2011. PwC appointed from 1 August 2011.
External Auditors: Grant Thornton UK LLP
Investment Managers: Royal London Asset Management

Financial Strategy 2011-12 Onwards

The University will continue to invest in the student experience, including the enhancement of facilities, infrastructure and the campus environment. It has implemented the early phases of the Campus Development Plan, funded by a combination of existing internal resources and loan financing. The next phase includes the construction of on campus student residences, refurbishment of the Chapman teaching facilities and the construction of a centrally located Arts Building, the enhancement of the public domain within the campus and also significant investment in the sports facilities. These developments will be funded by a combination of agreed loan financing, current internal resources and commercial partnership arrangements. The University has developed a five year financial plan which fully recognises the increased debt servicing commitments and which is underpinned by a combination of income growth and cost reduction.

From 2012-13 the University has adopted a prudent approach with regard to potential UK student numbers in response to the recent HE funding reforms. In the medium to longer term the University intends to deliver a surplus of between 3-5% of income, however in the short term it is budgeting small surpluses recognising pressures on income and the costs of restructuring and service reform.
Conclusions and Future Prospects

The HE sector is entering a period of financial reform and uncertainty in the context of an international economic downturn and the University is responding to these external factors whilst safeguarding its core vision and values.

The University has begun planning for this in 2010-11 by reviewing its cost base with the objective of reducing Non Pay costs by a recurrent £7m from 2012-13. It has also commenced a restructuring of its administration and support services within Colleges with the objective of reducing its pay budget by up to £7m recurrently from 2013-14.

The University is fully committed to a significant Transformation Programme and the Teaching and Learning Strategy to enable the University to invest appropriately in ongoing service and operational improvements and to enhance the student experience. These factors will become more strategically significant to the ongoing sustainability and reputation of the University with the introduction of higher student fees and the development of an increasingly competitive market.

The University of Salford is positioning itself to demonstrate excellence in teaching and learning, research and innovation and the creation of the Salford Advantage in terms of supporting and developing its students in the transition from study through to employment.

13. Disclosure of information to auditors

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

Professor M Hall
Vice Chancellor
23 November 2011

Dr A Mawson
Chair of Council
23 November 2011
Statement of Council Primary Responsibilities

The Council is the executive governing body responsible for the finance, property, investments and general business of the University and for setting the general strategic direction of the institution. Its primary responsibilities may be summarised as follows:-

1. Strategic planning
   a) Considering and approving the vision, mission and strategic plans of the institution, longer-term business plans, key performance indicators and annual budgets, and ensuring that these meet the interests of stakeholders.

2. Monitoring effectiveness and performance
   a) Ensuring that there are in place appropriate arrangements for the management of the University, particularly through appointment of the Vice-Chancellor and Registrar and Secretary.
   b) Ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment.
   c) Monitoring institutional performance against plans and approved key performance indicators which, wherever possible and appropriate, are benchmarked against other institutions.
   d) Monitoring its own effectiveness as a governing body and reporting thereon.
   e) Putting in place suitable arrangements for monitoring the performance of the Vice-Chancellor and Registrar and Secretary.
   f) To conduct its business in accordance with best practice in corporate governance and with the principles of public life drawn up by the Committee of Standards in Public Life.

3. Finance
   a) Ensuring the solvency of the University and safeguarding its assets.
   b) Approving the financial strategy and the overall annual budget.
   c) Ensuring that the funds provided by the Funding Council are used in accordance with the terms and conditions specified in the HEFCE Financial Memorandum.
   d) Receiving and approving annual accounts.

4. Audit
   a) Directing and overseeing the University's arrangements for internal and external audit.

5. Estate management
   a) Approving and keeping under review an estates strategy that identifies the property and space requirements needed to fulfil the objectives of the University's strategic plan.
   b) Providing for a planned programme of maintenance for the University's estate.
   c) Considering and approving all acquisitions and all disposals of land and property.

6. Human resource management
   a) Approving the University's human resources strategy and policies, including remuneration policy.
   b) Ensuring the University has clear procedures for handling internal grievances and for managing conflicts of interest.
   c) Appointing the Vice-Chancellor and the Registrar and Secretary and setting the terms and conditions for these posts.

7. Equality and diversity
   a) Ensuring that the University fulfils its statutory duties in relation to equality and diversity, including the obligation to promote equality of opportunity for staff and students.
   b) Approving the University's Equality and Diversity Strategy
   c) Approving the University's access agreement with the Office for Fair Access and monitoring institutional performance.

8. Health and safety
   a) Oversight of the University's arrangements for ensuring the health and safety of staff, students and other individuals while they are on the University's premises and in other places where they may be affected by its operations.
   b) Ensuring that the institution has a written statement of policy on health and safety.

9. Students' Union
   a) Ensuring that the Students' Union operates in a fair and democratic manner and is accountable for its finances.
Corporate Governance Statement

1. The University is committed to best practice in all aspects of corporate governance and seeks, in particular, to apply the principles set out in Part 1 of the Committee of University Chairmen (CUC) Guide for Members of Higher Education Governing Bodies in the UK first published in November 2004 and reissued in February 2009. The purpose of this summary is to help the reader of the financial statements understand how the principles have been applied.

2. In the opinion of the Council, the University complies with the principles set out in the Guide. Since 2008-09 Council has operated with a membership of 24 in accordance with the benchmark of good practice as set out in the Guide. The constitution ensures an independent/lay majority and adequate representation of internal stakeholder groups, management, staff and students.

3. The University is an independent corporation, whose legal status derives from a Royal Charter originally granted in 1967. Its objects, powers and framework of governance are set out in the Charter and its supporting statutes, the latest version of which, as mentioned above, was approved by Privy Council in 2008; further amendments were agreed in 2010.

4. The revised Charter and Statutes require the University to have two separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities as follows;

a) The Council – is the supreme governing body responsible for the finance, property and investments and general business of the University, and for setting the strategic direction. A statement of the primary responsibilities of the Council is set out on page 23. It has a majority of members from outside the University described as independent members, from whom the Chairman and Vice-Chairman must be drawn. A full statement of the membership for year 2009-10 is provided on page 3. None of the independent members receive any payment, apart from the reimbursement of expenses, for the work which they do for the University (details of expenses paid to or on behalf of trustees are contained on page 41).

b) The Senate – is the academic authority of the University with responsibility for monitoring the academic quality and standards of the University and draws its membership from the academic staff and students of the institution. Council delegates to Senate functions relating to the planning, co-ordination and supervision of the academic work of the University.

5. The principal academic and administrative officer of the University is the Vice-Chancellor who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the Financial Memorandum between the University and HEFCE, the Vice-Chancellor is the Designated Officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

6. The Council met four times in 2010-11 and was supported by three Committees, Audit, Nominations and Governance and Remuneration. The decisions and recommendations of these committees were reported to the Council. These committees were formally constituted with written terms of reference and specified membership, including a majority of lay or independent members (from whom the Chair for each Committee was selected). In addition, between Council meetings a Council Advisory Group comprising members of the University Executive and senior Council members met providing a regular and effective means of communication between senior management and Council. The Group ensured that there was consideration and coordination of Council business between meetings and that business was presented to Council in the most effective way. Further details of the three standing committees is set out in paragraph 8 below.

7. In other business areas previously handled by Committees, Council appointed independent members to act as lead members. Lead members have the responsibility for working with relevant members of the Strategic Leadership Team in their portfolio area to ensure that the area is well managed, that decisions are evidence based, have followed appropriate processes and are aligned to institutional and local strategy. Lead members report to Council on areas of responsibility assigned to them. The role of the lead member is not to manage the business area but to ensure that it is being well managed and that
managers are making appropriate, well-informed decisions and following due process. Key questions which the lead members report on to Council include:

a) to what extent are the objectives in the strategy/plans relating to the business area being delivered?

b) are the risks relating to activity in the business area being well managed?

c) is communication between the lead member and the management lead sufficient?

Lead Members have now been established for the areas of Estates, Finance, Human Resources, Information Technology and Performance. The Lead Member concept was extended in 2010-11 to include Equality and Diversity and the three newly constituted Colleges of the University.

8. The Audit Committee met four times in 2010-11 with the University's external and internal auditors in attendance. Whilst senior officers attend meetings of the Audit Committee, they are not members of the Committee, and the Committee has also met the external auditors and internal auditors for independent discussions. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the HEFCE as they affect the University's business and monitors adherence to regulatory requirements. The Remuneration Committee determines the remuneration of the Vice-Chancellor and the Registrar and Secretary and sets the remuneration policy for senior staff. The Nominations and Governance Committee advises Council on its membership and representation on other internal and external bodies and the operation and effectiveness of corporate governance arrangements.

9. As Principal Officer of the University, the Vice-Chancellor exercises considerable influence upon the development of strategy, the identification and planning of new developments and the shaping of the ethos of the institution. The Pro-Vice-Chancellors and other senior managers who comprise the Executive all contribute in various ways to this aspect of the institution, but the ultimate responsibility for what is done rests with the Council. The Executive Committee and the Audit Committee receive regular reports from the internal auditors, which include recommendations for improvement.

10. The University maintains a register of interests of members of the Council and Senior Officers, which may be consulted by arrangement with the Registrar and Secretary. Any enquiries about the constitution and governance of the University should be addressed to the Registrar and Secretary.

11. The effectiveness of governance arrangements was assessed both by the University's internal auditors and as part of the CUC/Leadership Foundation project on effective governance in higher education. The outcome of both reviews was positive; the exercises identified a number of opportunities for enhancement which are currently being considered.
Statement of the Council's Responsibilities and Internal Control

1. As the Council of the University of Salford, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the Council in the Charter and Statutes and the Financial Memorandum with the Higher Education Funding Council for England (HEFCE).

2. The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable it to ensure that the Financial Statements comply with the University's Charter of Incorporation, the 2007 Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and other relevant Accounting Standards. In addition, within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England and the Council of the University, the Council, through its designated officer, the Vice-Chancellor, is required to prepare Financial Statements for each financial year. Under those terms and conditions, the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and Group and of the surplus or deficit, and cash flows for that year.

3. In preparing these Financial Statements the Council ensures that:-
   a) suitable accounting policies have been selected and applied consistently;
   b) judgements and estimates have been made that are reasonable and prudent;
   c) applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
   d) Financial Statements have been prepared on the going concern basis, unless it is inappropriate to presume that the Group will continue in operation. The Council is satisfied that it 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.

4. The Council takes reasonable steps to:-
   a) ensure that funds from the HEFCE, the Training and Development Agency for Schools and the Chief Executive of Skills Funding are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and the funding agreement with the Training and Development Agency for Schools and any other conditions which HEFCE and the other funding bodies may from time to time prescribe;
   b) ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
   c) safeguard the assets of the Group and prevent and detect fraud (including compliance with anti-bribery legislation);
   d) secure the economical, efficient and effective management of the University's resources and expenditure.

5. The key elements of the Group's system of internal financial controls, which is designed to discharge the responsibilities set out above include the following:-
   a) clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
   b) a medium or short term planning process supplemented by annual budgets;
   c) regular reviews of academic and support service performance;
   d) clearly defined and formalised requirements for approval and control of expenditure, with capital expenditure being subject to formal detailed appraisal and review according to approval levels set by the University Council;

26
e) comprehensive Financial Regulations, detailing financial controls and procedures, approved by the University Council.

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

7. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently and economically. These procedures have been in operation throughout the year ended 31 July 2011 and up to the date of the approval of the financial report and accounts.

8. We have undertaken the following actions to embed our risk management strategy: -

a) In accordance with the approved Policy for Risk and Risk Management, maintained and reviewed a Corporate Risk Register.

b) Charged the University's Executive with overseeing the management of risk.

c) Requested the Audit Committee to provide advice on whether the University has an effective and mature risk management process.

d) Requested that the internal auditors adopt their audit planning arrangements, methodology and approach, so that the audit conforms to the latest professional standards reflecting the adoption of risk management.

9. We have ensured that our meeting calendar and agendas enable risk management and internal control to be considered on a regular basis during the year. Risk management has been incorporated more fully into the corporate planning and decision making processes of the institution.

10. We receive periodic reports from the Audit Committee concerning internal control, and we require regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.

11. In the academic year 2010-11, the University's internal audit service was provided by KPMG LLP which operates to standards defined in the HEFCE Audit Code of Practice. The internal auditors submit regular reports which include an independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. Based on the reviews undertaken during 2010-11, KPMG LLP concluded that the University had satisfactory arrangements in order to provide assurance to the Council over the effectiveness and adequacy of internal control.

12. Our review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the senior managers within the University who have responsibility for the development and maintenance of the internal control framework and by comments made by the external auditors in their management letter and other reports.

Dr Alan Mawson
Chair
23 November 2011
Independent auditor’s report to the Council of the University of Salford

We have audited the financial statements of the University of Salford (‘the University’) for the year ended 31 July 2011 which comprise the consolidated income and expenditure account, the statement of historical cost surpluses and deficits, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the University balance sheet, the consolidated cash flow statement, the statement of principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the University’s Council (‘the Council’), in accordance with the Charter and Statutes of the University and regulations made under section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the University’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and auditor

As explained more fully in the Statement of the Council’s Responsibilities set out on pages 26 and 27, the Council is responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed auditor under the Charities Act 1993 and report in accordance with regulations made under section 44 of the Charities Act 1993. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

We also report to you whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respects, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Higher Education Funding Council for England (‘the Funding Council’) and the Training and Development Agency for Schools. We read the operating and financial review and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements. We are not required to consider whether the statement of internal control (included as part of the Statement of the Council’s Responsibilities) covers all risks and controls, or to form an opinion on the effectiveness of the institution’s corporate governance procedures or its risk and control procedures.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB’s website at www.frc.org.uk/apb/scopes/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group’s and the University’s affairs as at 31 July 2011 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities Act 1993.
Opinion on other matters

In all material respects:

- income from the funding council, the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2011 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2011 has been applied in accordance with the University’s statutes and, where appropriate, with the financial memorandum with the funding council and the funding agreement with the Training and Development Agency for Schools.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the operating and financial review is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

[Signature]
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

25 November 2011
# Consolidated Income and Expenditure Account
for the Year Ended 31 July 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding Body Grants</td>
<td>1</td>
<td>61,439</td>
</tr>
<tr>
<td>Tuition Fees and Education Contracts</td>
<td>2</td>
<td>88,717</td>
</tr>
<tr>
<td>Research Grants and Contracts</td>
<td>3</td>
<td>9,550</td>
</tr>
<tr>
<td>Other Income</td>
<td>4</td>
<td>27,178</td>
</tr>
<tr>
<td>Endowment and Investment Income</td>
<td>5</td>
<td>512</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td>187,396</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff Costs</td>
<td>6</td>
<td>109,273</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>7</td>
<td>64,928</td>
</tr>
<tr>
<td>Depreciation of Tangible Fixed Assets</td>
<td>12</td>
<td>10,786</td>
</tr>
<tr>
<td>Interest and Other Finance Costs</td>
<td>8</td>
<td>3,227</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td></td>
<td>188,214</td>
</tr>
<tr>
<td>(Deficit) /Surplus after Depreciation of Tangible Fixed Assets at Valuation and Before Tax</td>
<td></td>
<td>(818)</td>
</tr>
<tr>
<td>Taxation</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>(Deficit) /Surplus before Exceptional items</td>
<td></td>
<td>(818)</td>
</tr>
<tr>
<td>Exceptional Items:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Loss) /Profit on Disposal of Fixed Assets and Sale of Further Education Procurement Division</td>
<td>11</td>
<td>(143)</td>
</tr>
<tr>
<td>Restructuring Costs</td>
<td>11</td>
<td>(765)</td>
</tr>
<tr>
<td>(Deficit) /Surplus on Operations After Depreciation of Assets at Valuation, Disposal of Assets and Tax</td>
<td></td>
<td>(1,726)</td>
</tr>
<tr>
<td>Surplus for the year transferred to accumulated income in endowment funds</td>
<td></td>
<td>(4)</td>
</tr>
<tr>
<td>(Deficit) /Surplus for the Year Retained within General Reserves</td>
<td></td>
<td>(1,722)</td>
</tr>
</tbody>
</table>

## Statement of Historical Cost Surpluses and Deficits

| (Deficit)/Surplus on Continuing Operations after Taxation | | (1,726) | 2,360 |

Difference between Historical Cost Depreciation and the Actual Charge for the Year calculated on the Revalued Amount

| 24 | 2,071 | 2,076 |

Realisation of Property Revaluation Gains of Previous Years

| 24 | - | 337 |

Historical Cost Surplus for the Year after Taxation

| 345 | 4,773 |
Consolidated Statement of Total Recognised Gains and Losses
for the Year Ended 31 July 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2010-11 £’000</th>
<th>2009-10 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Deficit) / Surplus on Continuing Operations after Depreciation of Assets at Valuation and Disposal of Assets and Tax</td>
<td>(1,726)</td>
<td>2,360</td>
</tr>
<tr>
<td>Actuarial Gain in Respect of Pension Schemes 33 (d) (a)</td>
<td>4,422</td>
<td>13,866</td>
</tr>
<tr>
<td>Revaluation of Property (b)</td>
<td>28,886</td>
<td>-</td>
</tr>
<tr>
<td>Total Recognised Gains relating to the year</td>
<td>31,582</td>
<td>16,226</td>
</tr>
</tbody>
</table>

Reconciliation

<table>
<thead>
<tr>
<th>Description</th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Reserves and Endowments</td>
<td>73,007</td>
<td>56,781</td>
</tr>
<tr>
<td>Total Recognised Gains for the Year</td>
<td>31,582</td>
<td>16,226</td>
</tr>
<tr>
<td>Closing Reserves and Endowments</td>
<td>104,589</td>
<td>73,007</td>
</tr>
</tbody>
</table>

(a) In the Budget statement on 22 June 2010, it was announced that index-linking for pension entitlements in the public sector would, in future, be linked to the Consumer Price Index ('CPI') in place of the Retail Prices Index ('RPI'). In 2009-10 the University treated this as a change in actuarial assumptions with the resulting gain of £6.9m being treated as an actuarial gain within the total actuarial gain recognised in the Consolidated Statement of Total Recognised Gains and Losses of £13.866m (See Note 33(b)).

(b) This reflects the revaluation of property carried out on 31 July 2011 by DTZ (Independent Consultant Surveyors).
Consolidated Balance Sheet
as at 31 July 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2011 £'000</th>
<th>2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible Assets</td>
<td>12</td>
<td>194,164</td>
</tr>
<tr>
<td>Investments</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td><strong>Endowment Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>443</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td>15</td>
<td>94</td>
</tr>
<tr>
<td>Debtors</td>
<td>16</td>
<td>13,595</td>
</tr>
<tr>
<td>Short Term Deposits</td>
<td>17</td>
<td>49,027</td>
</tr>
<tr>
<td>Cash at Bank and in Hand</td>
<td></td>
<td>2,344</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65,060</td>
</tr>
<tr>
<td>Less Creditors: Amounts Falling Due Within One Year</td>
<td>18</td>
<td>(51,495)</td>
</tr>
<tr>
<td><strong>Net Current Assets</strong></td>
<td></td>
<td>13,565</td>
</tr>
<tr>
<td><strong>Total Assets Plus Current Assets (Less Current Liabilities)</strong></td>
<td></td>
<td>208,173</td>
</tr>
<tr>
<td>Less: Creditors: Amounts Falling Due After More Than One Year</td>
<td>19</td>
<td>(37,870)</td>
</tr>
<tr>
<td>Less: Provisions for Liabilities</td>
<td>21</td>
<td>(1,251)</td>
</tr>
<tr>
<td><strong>Total Net Assets Excluding Pension Liability</strong></td>
<td></td>
<td>169,052</td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>33(d)</td>
<td>(32,880)</td>
</tr>
<tr>
<td><strong>Total Net Assets Including Pension Liability</strong></td>
<td></td>
<td>136,172</td>
</tr>
<tr>
<td>Deferred Capital Grants</td>
<td>22</td>
<td>31,583</td>
</tr>
<tr>
<td>Endowments</td>
<td>23</td>
<td>443</td>
</tr>
<tr>
<td>Revaluation Reserve</td>
<td>24</td>
<td>77,141</td>
</tr>
<tr>
<td>Income and Expenditure account excluding Pension Reserve</td>
<td>25</td>
<td>59,885</td>
</tr>
<tr>
<td>Pension Reserve</td>
<td>33(d)</td>
<td>(32,880)</td>
</tr>
<tr>
<td><strong>Income and Expenditure account including Pension Reserve</strong></td>
<td></td>
<td>27,005</td>
</tr>
<tr>
<td><strong>Total Funds</strong></td>
<td></td>
<td>136,172</td>
</tr>
</tbody>
</table>

The Financial Statements on pages 30 to 68 were approved by the Council on 23 November 2011 and signed on its behalf by:-

Dr A Mawson  
Chair of Council

Professor M Hall  
Vice-Chancellor

Ms K Brown  
Director of Finance

32
### University Balance Sheet
as at 31 July 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2011 £'000</th>
<th>2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible Assets</td>
<td>12</td>
<td>194,095</td>
</tr>
<tr>
<td>Investments</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td><strong>Endowment Assets</strong></td>
<td>14</td>
<td>443</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td>15</td>
<td>94</td>
</tr>
<tr>
<td>Debtors</td>
<td>16</td>
<td>11,268</td>
</tr>
<tr>
<td>Short Term Deposits</td>
<td>17</td>
<td>49,027</td>
</tr>
<tr>
<td>Cash at Bank and in Hand</td>
<td></td>
<td>1,987</td>
</tr>
<tr>
<td><strong>Less Creditors: Amounts Falling Due Within One Year</strong></td>
<td>18</td>
<td>(48,473)</td>
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<tr>
<td><strong>Net Current Assets</strong></td>
<td></td>
<td>13,903</td>
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<tr>
<td><strong>Total Assets Plus Current Assets (Less Current Liabilities)</strong></td>
<td></td>
<td>208,442</td>
</tr>
<tr>
<td>Less: Creditors: Amounts Falling Due After More Than One Year</td>
<td>19</td>
<td>(37,870)</td>
</tr>
<tr>
<td>Less: Provisions for Liabilities</td>
<td>21</td>
<td>(1,251)</td>
</tr>
<tr>
<td><strong>Total Net Assets Excluding Pension Liability</strong></td>
<td></td>
<td>169,321</td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>33(d)</td>
<td>(32,880)</td>
</tr>
<tr>
<td><strong>Total Net Assets Including Pension Liability</strong></td>
<td></td>
<td>136,441</td>
</tr>
</tbody>
</table>

| **Deferred Capital Grants** | 22 | 31,583 | 30,808 |
| **Endowments** | 23 | 443 | 447 |
| **Revaluation Reserve** | 24 | 77,141 | 50,326 |
| **Income and Expenditure account excluding Pension Reserve** | 25 | 60,154 | 58,994 |
| **Pension Reserve** | 33(d) | (32,880) | (37,273) |
| **Income and Expenditure account including Pension Reserve** | | 27,274 | 21,721 |
| **Total Funds** | | 136,441 | 103,302 |

The Financial Statements on pages 30 to 66 were approved by the Council on 23 November 2011 and signed on its behalf by:

Dr A Mawson  
Chair of Council

Professor M Hall  
Vice-Chancellor

Ms K Brown  
Director of Finance
### Consolidated Cash Flow Statement
for the Year Ended 31 July 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Cash Inflow from Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>12,532</td>
<td>3,232</td>
</tr>
<tr>
<td>28</td>
<td>(1,658)</td>
<td>(993)</td>
</tr>
<tr>
<td>29</td>
<td>(17,125)</td>
<td>(920)</td>
</tr>
<tr>
<td><strong>Acquisitions and disposals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of FE procurement division</td>
<td></td>
<td>125</td>
</tr>
<tr>
<td><strong>Net Cash (Outflow) /Inflow before Use of Liquid Resources and Financing</strong></td>
<td></td>
<td>(6,126)</td>
</tr>
<tr>
<td>30</td>
<td>(11,924)</td>
<td>1,723</td>
</tr>
<tr>
<td><strong>Financing</strong></td>
<td></td>
<td>17,836</td>
</tr>
<tr>
<td>31</td>
<td>17,836</td>
<td>(899)</td>
</tr>
<tr>
<td><strong>(Decrease)/ Increase in Cash in the Year</strong></td>
<td></td>
<td>(214)</td>
</tr>
<tr>
<td>32</td>
<td>(214)</td>
<td>2,143</td>
</tr>
</tbody>
</table>

### Reconciliation of Net Cash Flow to movement in Net Funds for the year ended 31 July 2011

<table>
<thead>
<tr>
<th>Description</th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Decrease)/ Increase in Cash in the Year</td>
<td></td>
<td>(214)</td>
</tr>
<tr>
<td>Increase/(Decrease) in Short Term Deposits</td>
<td>11,924</td>
<td>(1,723)</td>
</tr>
<tr>
<td>Drawdown of HEFCE Loans</td>
<td>(120)</td>
<td>(180)</td>
</tr>
<tr>
<td>Drawdown of Barclays Loans</td>
<td>(18,834)</td>
<td>-</td>
</tr>
<tr>
<td>Repayment of Loans and Leases</td>
<td>1,118</td>
<td>1,079</td>
</tr>
<tr>
<td><strong>Change in Net Funds</strong></td>
<td>(6,126)</td>
<td>1,319</td>
</tr>
<tr>
<td><strong>Net Funds at Beginning of Year</strong></td>
<td>16,574</td>
<td>15,255</td>
</tr>
<tr>
<td><strong>Net Funds at End of Year</strong></td>
<td>10,448</td>
<td>16,574</td>
</tr>
</tbody>
</table>
Statement of Principal Accounting Policies

1. Basis of Preparation

These Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards (United Kingdom Generally Accepted Accounting Practice). They conform to guidance published by the Higher Education Funding Council for England (HEFCE).

2. Basis of Accounting

The Financial Statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

3. Basis of Consolidation

The consolidated Financial Statements include the University and all its subsidiaries for the financial year to 31 July 2011. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include those of the Students’ Union because the institution does not control those activities.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

4. Income Recognition

Funding council block grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account in the period in which it is earned. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments.

5. Access Funds

Access funds the institution receives and disburses as paying agent on behalf of the Funding Council are excluded from the income and expenditure of the University.
6. Leases and Hire Purchase Contracts

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Operating leases are those where the benefits and risks of ownership have not been substantially transferred to the University. Lease incentives are recognised on a straight line basis over the term of the lease.

7. Taxation

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) 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’s principal activities are exempt from Value added Tax (VAT), but certain ancillary supplies are liable to VAT at various rates. The University receives no exemption in respect of Value Added Tax on purchases. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

The University’s subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

8. Land and Buildings

Land and buildings are stated at valuation, the basis of valuation is a combination of depreciated replacement cost, existing use and open market value. Full valuations are carried out every 5 years by independent Chartered Surveyors. Interim reviews are carried out every 3 years by an appropriately qualified member of the Estates Department. Land and Building additions since the last valuation on 31 July 2011 and assets in the course of construction are valued at cost while all other Land and Building are based on the valuation at 31 July 2011. Assets under the course of construction does not include any interest costs incurred during construction.

Refurbishment costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

Depreciation
Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the University of up to 50 years on the amount at which the tangible fixed asset is included in the balance sheet. A review for impairment of fixed assets is carried out if there are significant events or changes in circumstances which indicate that the carrying amount of the fixed asset may not be recoverable.

Refurbishment costs are depreciated over 10 years.

Assets while in the course of construction are not depreciated.

Acquisition with the aid of specific grants
Where buildings are acquired with the aid of specific grants, they are capitalised and depreciated. The related grants are credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Repairs and maintenance
Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

9. Equipment

Equipment costing less than £20,000 per individual item or group of related items is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated on a straight line basis over their expected useful life of between 2 and 20 years.
Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the policy set out above, with the related grant credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Where equipment is acquired with the aid of a research grant the equipment is capitalised and depreciated over the period of the research grant. The related research grants are treated as deferred capital grants and released to income over the life of the research grant.

10. Investments

Fixed asset investments are carried at historical cost less any provision for impairment in value.

11. Endowment Assets

Endowment assets are held in the form of cash and liquid resources and are included in the balance sheet at market value.

12. Stock

Stock is stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock.

13. Cash Flows and Short Term Deposits

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise assets held as readily disposable store of value. They include bank certificates of deposit held as part of the University's treasury management policy which may be only withdrawn at more than 24 "working" hours notice.

14. Foreign Currency Translations

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

15. 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.

16. Accounting for Charitable Donations

Unrestricted Donations
Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Endowment Funds
Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. There are two main types:

- Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donation sum into income.
- Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.
Total Return on Investment for Permanent Endowments
Total return is the whole of the investment return received by the institution on the permanent endowment funds regardless of how it has arisen.

The total return, less any part of the return which has previously been applied for the purpose of the University, remains in the unapplied total return fund. This fund remains part of the permanent endowment until such time as a transfer is made to the income and expenditure account.

Donations for fixed assets
Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

17. Accounting for Retirement Benefits

The University contributes to the Universities Superannuation Scheme (USS), the Local Government Superannuation Scheme (LGPS) and the Teachers Pension Scheme (TPS). All schemes are defined benefit schemes which are contracted out of the Second State Pension (S2P). The assets of the USS and TPS are held in separate trustee-administered funds. Because of the nature of the schemes, the schemes' assets are not hypothecated to individual institutions and scheme-wide contributions are set. The University is therefore exposed to actuarial risks associated with other universities employees and is unable to identify its share of the underlying assets and liabilities of these schemes on a consistent and reasonable basis and therefore as required by FRS17 "Retirement benefits", accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period. The University is able to identify its share of assets and liabilities of the LGPS and thus the University applies the requirements of FRS 17 for defined benefit schemes. This means assets are included at market value, measured on a bid price basis where applicable, and scheme liabilities are measured on an actuarial basis using the projected unit method; these liabilities are discounted at the current rate of return on AA rated corporate bonds. The post retirement deficit is included on the University's balance sheet.

The current service cost and any past service costs are included in the income and expenditure account within operating expenses and the net impact of the expected charge on unwinding of the discount on scheme liabilities less the expected return on scheme assets is included within either interest payable. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

18. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits 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 discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

Contingent assets are disclosed by way of a note, where there is a possible, rather than present, asset arising from a past event.
## Notes to the Accounts

### 1. Funding Body Grants

<table>
<thead>
<tr>
<th></th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Education Funding Council for England</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teaching Grants</td>
<td>44,524</td>
<td>48,824</td>
</tr>
<tr>
<td>Research Grants</td>
<td>7,194</td>
<td>7,444</td>
</tr>
<tr>
<td>Other Specific Grants</td>
<td>6,704</td>
<td>6,805</td>
</tr>
<tr>
<td>Deferred Capital Grants released in year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings (Note 22)</td>
<td>1,232</td>
<td>1,295</td>
</tr>
<tr>
<td>Equipment (Note 22)</td>
<td>1,785</td>
<td>1,835</td>
</tr>
<tr>
<td></td>
<td>61,439</td>
<td>66,203</td>
</tr>
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</table>

### 2. Tuition Fees and Education Contracts

<table>
<thead>
<tr>
<th></th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time Students Charged Home Fees</td>
<td>36,880</td>
<td>36,547</td>
</tr>
<tr>
<td>Full-time Students Charged Overseas Fees</td>
<td>18,662</td>
<td>17,039</td>
</tr>
<tr>
<td>Part-time Students</td>
<td>5,484</td>
<td>5,609</td>
</tr>
<tr>
<td>Other Teaching Contracts</td>
<td>26,031</td>
<td>25,194</td>
</tr>
<tr>
<td>Short Courses</td>
<td>1,122</td>
<td>1,284</td>
</tr>
<tr>
<td>Research Training Support Grants</td>
<td>518</td>
<td>678</td>
</tr>
<tr>
<td></td>
<td>88,717</td>
<td>86,351</td>
</tr>
</tbody>
</table>

### 3. Research Grants and Contracts

<table>
<thead>
<tr>
<th></th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Councils</td>
<td>3,966</td>
<td>3,728</td>
</tr>
<tr>
<td>UK Charities</td>
<td>553</td>
<td>287</td>
</tr>
<tr>
<td>Central Government</td>
<td>1,564</td>
<td>1,732</td>
</tr>
<tr>
<td>Industry</td>
<td>789</td>
<td>542</td>
</tr>
<tr>
<td>European Union Central</td>
<td>1,423</td>
<td>1,261</td>
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<tr>
<td>European Union Other</td>
<td>239</td>
<td>100</td>
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<tr>
<td>Other Overseas</td>
<td>47</td>
<td>27</td>
</tr>
<tr>
<td>Knowledge Transfer Partnerships</td>
<td>869</td>
<td>685</td>
</tr>
<tr>
<td>Deferred Equipment Grants released in year (Contained within Note 22)</td>
<td>100</td>
<td>118</td>
</tr>
<tr>
<td></td>
<td>9,550</td>
<td>8,470</td>
</tr>
</tbody>
</table>
Notes to the Accounts

4. Other Income

<table>
<thead>
<tr>
<th></th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residencies, Catering and Conferences</td>
<td>7,237</td>
<td>7,165</td>
</tr>
<tr>
<td>Other Services Rendered</td>
<td>13,581</td>
<td>14,970</td>
</tr>
<tr>
<td>Other Income Generating Activities</td>
<td>5,606</td>
<td>5,439</td>
</tr>
<tr>
<td>Deferred Capital Grants released in year :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings (Note 22)</td>
<td>652</td>
<td>652</td>
</tr>
<tr>
<td>Equipment (Contained within Note 22)</td>
<td>102</td>
<td>102</td>
</tr>
<tr>
<td></td>
<td>27,178</td>
<td>28,328</td>
</tr>
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</table>

5. Endowment and Investment Income

<table>
<thead>
<tr>
<th></th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
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</thead>
<tbody>
<tr>
<td>Investment Income and Other Interest Receivable</td>
<td>568</td>
<td>341</td>
</tr>
<tr>
<td>Allocated to Standardisation of Pension Benefits for Former University College Staff Provision (Note 21)</td>
<td>(56)</td>
<td>(55)</td>
</tr>
<tr>
<td></td>
<td>512</td>
<td>286</td>
</tr>
</tbody>
</table>

6. Staff Costs

The staff numbers by major category (including senior post holders) employed by the University during the period, expressed as full-time equivalent:-

<table>
<thead>
<tr>
<th></th>
<th>2010-11 Number</th>
<th>2009-10 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic</td>
<td>1,032</td>
<td>1,010</td>
</tr>
<tr>
<td>Adminstrative, Including clerical and manual</td>
<td>1,408</td>
<td>1,422</td>
</tr>
<tr>
<td></td>
<td>2,440</td>
<td>2,432</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and Salaries</td>
<td>86,114</td>
<td>85,149</td>
</tr>
<tr>
<td>Social Security Costs</td>
<td>7,157</td>
<td>7,057</td>
</tr>
<tr>
<td>Other Pension Costs (Note 33)</td>
<td>14,683</td>
<td>14,616</td>
</tr>
<tr>
<td></td>
<td>107,954</td>
<td>106,822</td>
</tr>
<tr>
<td>Early Retirement and Voluntary Severance</td>
<td>1,319</td>
<td>1,411</td>
</tr>
<tr>
<td></td>
<td>109,273</td>
<td>108,233</td>
</tr>
</tbody>
</table>
Notes to the Accounts

Staff Costs (Continued)

Emoluments of the Vice-Chancellor

<table>
<thead>
<tr>
<th></th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>192</td>
<td>191</td>
</tr>
<tr>
<td>Benefits in Kind</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Merit Award</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>204</strong></td>
<td><strong>193</strong></td>
</tr>
<tr>
<td>Pension Contributions</td>
<td>31</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total Emoluments</strong></td>
<td><strong>235</strong></td>
<td><strong>223</strong></td>
</tr>
</tbody>
</table>

Remuneration of Other Higher Paid Staff Over £100,000

(Excluding employer’s pension contributions, but including pension contributions paid by the employer under the salary sacrifice scheme introduced March 2009).

<table>
<thead>
<tr>
<th>Salary Band</th>
<th>2010-11 Number</th>
<th>2009-10 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>£100,001 - £110,000</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>£110,001 - £120,000</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>£120,001 - £130,000</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>£170,001 - £180,000</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

In 2010-11 one member of staff left the University and was paid a severance of £112,000 and £82,000 additional pension contributions were incurred.

Trustee Expenses

Payments to Council members for serving as a Council member

No payments were made in 2010-11 to Council members for serving as a Council member. (2009-10 Nil)

Expenses paid to and on behalf of Council members

In March 2011, £1,320 was paid on behalf of 12 Council members attending an overnight Council retreat and £308 was paid in respect of a Council meal in November 2010. During 2010-11, expenses totalling £5,585 were paid to and on behalf of 5 Council members in respect of travel, hotel and course costs.
### Notes to the Accounts

#### 7. Other Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scholarships, Bursaries &amp; Other Student Expenses</td>
<td>11,045</td>
<td>9,601</td>
</tr>
<tr>
<td>Catering</td>
<td>1,030</td>
<td>1,246</td>
</tr>
<tr>
<td>Student Union Grant</td>
<td>881</td>
<td>884</td>
</tr>
<tr>
<td>IT Supplies and Lease Costs</td>
<td>3,552</td>
<td>3,825</td>
</tr>
<tr>
<td>Books and Periodicals including Online Access</td>
<td>2,496</td>
<td>2,258</td>
</tr>
<tr>
<td>Printing Stationery and Office Expenses</td>
<td>1,789</td>
<td>1,660</td>
</tr>
<tr>
<td>Licences/Insurance/Subscriptions</td>
<td>1,497</td>
<td>1,462</td>
</tr>
<tr>
<td>Telephones</td>
<td>405</td>
<td>499</td>
</tr>
<tr>
<td>Equipment and Furniture including Hire and Maintenance</td>
<td>2,987</td>
<td>3,632</td>
</tr>
<tr>
<td>Financial Charges</td>
<td>281</td>
<td>755</td>
</tr>
<tr>
<td>Consumables</td>
<td>619</td>
<td>633</td>
</tr>
<tr>
<td>Vehicle and Transport Costs</td>
<td>545</td>
<td>543</td>
</tr>
<tr>
<td>Professional and Other Fees</td>
<td>9,935</td>
<td>8,551</td>
</tr>
<tr>
<td>Agency and Contract Staff</td>
<td>4,455</td>
<td>4,548</td>
</tr>
<tr>
<td>Staff Travel &amp; Subsistence Costs</td>
<td>3,548</td>
<td>3,698</td>
</tr>
<tr>
<td>Marketing</td>
<td>1,662</td>
<td>1,740</td>
</tr>
<tr>
<td>Staff Recruitment &amp; Welfare</td>
<td>521</td>
<td>809</td>
</tr>
<tr>
<td>Premises, Maintenance and Repairs</td>
<td>6,916</td>
<td>7,698</td>
</tr>
<tr>
<td>Rates, Rents and Utilities</td>
<td>4,624</td>
<td>4,133</td>
</tr>
<tr>
<td>Exceptional Fixed Asset Write Downs</td>
<td>2,896</td>
<td>-</td>
</tr>
<tr>
<td>Security</td>
<td>578</td>
<td>638</td>
</tr>
<tr>
<td>Exceptional VAT Refund</td>
<td>(1,303)</td>
<td>-</td>
</tr>
<tr>
<td>Subsidiary Company Expenditure</td>
<td>3,969</td>
<td>5,377</td>
</tr>
</tbody>
</table>

**Total:** 64,928

---

**Fees and Expenses includes:**

- External auditors remuneration in respect of audit of the University: 45 (41)
- External auditors remuneration in respect of audit of the University's subsidiaries: 12 (10)
- External auditors remuneration in respect of other audit services: 27 (16)
- Internal auditors' remuneration in respect of internal audit services: 127 (123)
- Internal auditor's remuneration in respect of non - audit services: 648 (192)
- Operating lease rentals land & buildings: 620 (539)
- Operating lease other: 1,209 (910)
Notes to the Accounts

8. Interest and Other Finance Costs

On Bank Loans, Overdrafts and Other Loans:

- Repayable wholly or partly in more than 5 years: 2,163, 1,271
- Net Charge on Pension Schemes (Note 33d): 1,057, 2,412
- Students' Union Deposit Interest: 7, 8

Total: 3,227, 3,691

The Students’ Union deposits funds with the University for onward investment and the University pays the Students’ Union the interest earned.

9. Analysis of Expenditure by Activity (Excluding exceptional restructuring costs and costs on the disposal of fixed assets)

<table>
<thead>
<tr>
<th>Staff Costs</th>
<th>Other Operating Expenses</th>
<th>Depreciation</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10/11 £’000</td>
<td>09/10 £’000</td>
<td>10/11 £’000</td>
<td>09/10 £’000</td>
</tr>
<tr>
<td>Academic Departments</td>
<td>65,990</td>
<td>62,992</td>
<td>11,554</td>
<td>10,000</td>
</tr>
<tr>
<td>Academic Services</td>
<td>4,924</td>
<td>6,229</td>
<td>4,945</td>
<td>4,908</td>
</tr>
<tr>
<td>Administration &amp; Student Services</td>
<td>19,502</td>
<td>20,787</td>
<td>19,923</td>
<td>18,655</td>
</tr>
<tr>
<td>Premises</td>
<td>5,861</td>
<td>5,502</td>
<td>11,704</td>
<td>12,823</td>
</tr>
<tr>
<td>Residencies, Catering and Conferences</td>
<td>1,248</td>
<td>1,301</td>
<td>4,981</td>
<td>6,365</td>
</tr>
<tr>
<td>Research Grants and Contracts</td>
<td>4,763</td>
<td>4,130</td>
<td>2,477</td>
<td>1,742</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>6,985</td>
<td>7,292</td>
<td>9,344</td>
<td>9,697</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109,273</strong></td>
<td><strong>108,233</strong></td>
<td><strong>64,928</strong></td>
<td><strong>64,190</strong></td>
</tr>
</tbody>
</table>

10. Taxation

There is no UK Corporation tax payable by the various organisations within the Group.
### Notes to the Accounts

#### 11. Exceptional Items

<table>
<thead>
<tr>
<th>Description</th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss on demolition of the Wallness Pub</td>
<td>(143)</td>
<td>-</td>
</tr>
<tr>
<td>Profit on Disposal of Salford University Purchasing Services Limited's</td>
<td>-</td>
<td>856</td>
</tr>
<tr>
<td>(formerly called Crescent Purchasing Limited) Procurement Division.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit on Disposal of Holly Cottage</td>
<td>-</td>
<td>257</td>
</tr>
<tr>
<td>Restructuring Costs (a)</td>
<td>-</td>
<td>64</td>
</tr>
<tr>
<td>Reorganisation Costs (b)</td>
<td>-</td>
<td>(1,531)</td>
</tr>
<tr>
<td>Reorganisation Costs (c)</td>
<td>(765)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(908)</td>
<td>(354)</td>
</tr>
</tbody>
</table>

(a) Restructuring costs incurred in the prior year includes the cost of payments to staff under the University’s voluntary severance scheme (including any pension liabilities) in relation to the Realising Our Vision exercise and restructuring programme.

(b) These relate to the costs of reorganising the Estates and Information Services Department and redundancies at Salford Software.

(c) These relate to the costs of reorganising the Professional Services Support Unit under the Transformation Project.
## Notes to the Accounts

### 12. Tangible Assets

<table>
<thead>
<tr>
<th></th>
<th>Land and Buildings £'000</th>
<th>Assets in the Course of Construction £'000</th>
<th>Equipment £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Historical Cost/Valuation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 August 2010</td>
<td>155,935</td>
<td>1,728</td>
<td>40,588</td>
<td>198,251</td>
</tr>
<tr>
<td>Additions</td>
<td>146</td>
<td>24,948</td>
<td>10,140</td>
<td>35,234</td>
</tr>
<tr>
<td>Disposals</td>
<td>(126)</td>
<td>-</td>
<td>(16)</td>
<td>(142)</td>
</tr>
<tr>
<td>Revaluation at 31 July 2011</td>
<td>(7,047)</td>
<td>-</td>
<td>-</td>
<td>(7,047)</td>
</tr>
<tr>
<td><strong>At 31 July 2011</strong></td>
<td>148,908</td>
<td>26,676</td>
<td>50,712</td>
<td>226,296</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 August 2010</td>
<td>26,630</td>
<td>-</td>
<td>27,769</td>
<td>54,399</td>
</tr>
<tr>
<td>Charge for the Year</td>
<td>6,530</td>
<td>-</td>
<td>4,256</td>
<td>10,786</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>(16)</td>
<td>(16)</td>
</tr>
<tr>
<td>Revaluation at 31 July 2011</td>
<td>(33,037)</td>
<td>-</td>
<td>-</td>
<td>(33,037)</td>
</tr>
<tr>
<td><strong>At 31 July 2011</strong></td>
<td>123</td>
<td>-</td>
<td>32,009</td>
<td>32,132</td>
</tr>
<tr>
<td><strong>Net Book Value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 July 2011</td>
<td>148,785</td>
<td>26,676</td>
<td>18,703</td>
<td>194,164</td>
</tr>
<tr>
<td>At 1 August 2010</td>
<td>129,305</td>
<td>1,728</td>
<td>12,819</td>
<td>143,852</td>
</tr>
</tbody>
</table>

The Land and Building assets of the University are freehold and were revalued on 31 July 2011 by DTZ (Independent Consultant Surveyors) on a existing use basis.

The "Assets in the course of Construction" includes Building fit out and equipment in respect of the Media City Development.
Notes to the Accounts

12. Tangible Assets (Continued)

The University has valued land and buildings using three valuation bases as detailed in the Principal Accounting Policies. The net book value of the Land and Buildings and the Land and Buildings included within the Assets in the Course of Construction can be analysed as:-

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 £'000</th>
<th>2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 Existing Use Value (Primarily office type buildings)</td>
<td>8,870</td>
<td>11,234</td>
</tr>
<tr>
<td>2011 Valuation Depreciated Replacement Cost (Primarily educational buildings and halls of residence)</td>
<td>139,869</td>
<td>105,188</td>
</tr>
<tr>
<td>Historical Cost (Including the Land and Building element of Assets in the Course of Construction)</td>
<td>20,787</td>
<td>14,611</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>169,526</strong></td>
<td><strong>131,033</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Land and Buildings</th>
<th>Assets in the Course of Construction</th>
<th>Equipment</th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
</tbody>
</table>

**University**

Historical Cost/Valuation

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 £'000</th>
<th>2011 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 August 2010</td>
<td>155,935</td>
<td>1,728</td>
</tr>
<tr>
<td>Additions</td>
<td>146</td>
<td>24,948</td>
</tr>
<tr>
<td>Disposals</td>
<td>(126)</td>
<td>-</td>
</tr>
<tr>
<td>Revaluation at 31 July 2011</td>
<td>(7,047)</td>
<td>-</td>
</tr>
<tr>
<td><strong>At 31 July 2011</strong></td>
<td><strong>148,908</strong></td>
<td><strong>26,676</strong></td>
</tr>
</tbody>
</table>

Depreciation

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 £'000</th>
<th>2011 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 August 2010</td>
<td>26,630</td>
<td>-</td>
</tr>
<tr>
<td>Charge for the Year</td>
<td>6,530</td>
<td>27,452</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>4,210</td>
</tr>
<tr>
<td>Revaluation at 31 July 2011</td>
<td>(33,037)</td>
<td>-</td>
</tr>
<tr>
<td><strong>At 31 July 2011</strong></td>
<td><strong>123</strong></td>
<td><strong>31,682</strong></td>
</tr>
</tbody>
</table>

Net Book Value

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 £'000</th>
<th>2011 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 July 2011</td>
<td>148,785</td>
<td>26,676</td>
</tr>
<tr>
<td>At 1 August 2010</td>
<td>129,305</td>
<td>1,728</td>
</tr>
</tbody>
</table>

The Land and Building assets of the University are freehold and were revalued on 31 July 2011 by DTZ (Independent Consultant Surveyors) on a existing use basis.

The "Assets in the course of Construction" includes Building fit out and equipment in respect of the Media City Development.
Notes to the Accounts

13. Investments

Consolidated

Trade Investments

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Principal Activity</th>
<th>Class of Shares</th>
<th>Percentage Held %</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Salford Enterprises Limited</td>
<td>Business Development, Consultancy and Investment Management</td>
<td>Ordinary</td>
<td>100.0 %</td>
</tr>
<tr>
<td>University of Salford (Health Services Training) Limited</td>
<td>Training</td>
<td>Ordinary</td>
<td>100.0%</td>
</tr>
<tr>
<td>Skyscope Limited</td>
<td>Management of a Representative office in China</td>
<td>Ordinary</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

At the 31 July 2011, the University of Salford owned the following subsidiary companies which are all registered and operating in England and Wales:

At the 31 July 2011 the University of Salford Enterprises Limited owned the following subsidiary companies which are all registered and operating in England and Wales:

Salford Software Limited

Salford University Purchasing Services Limited

At the 31 July 2011 the University of Salford owned the following trade investments which are all registered and operating in England and Wales:

NFAB Limited

The University also had a small shareholding in CVCP Properties plc, a company set up by Universities UK to own its head office building in central London.
Notes to the Accounts

13. Investments (Continued)

At the 31 July 2011 the University of Salford Enterprises Limited owns the following trade investments which are all registered in England and Wales:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Principal Activity</th>
<th>Class of Shares</th>
<th>Percentage Held %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Photonics Research Systems Limited</td>
<td>Fluorescence &amp; luminescence products &amp; services</td>
<td>Ordinary</td>
<td>24.0%</td>
</tr>
<tr>
<td>CVD Technology Limited</td>
<td>Chemical vapour deposition design services</td>
<td>Ordinary</td>
<td>20.0%</td>
</tr>
<tr>
<td>The Protocol Lab Limited</td>
<td>Process protocol software for construction industry</td>
<td>Ordinary</td>
<td>20.0%</td>
</tr>
<tr>
<td>Contraception Education Limited</td>
<td>Sexual health education products &amp; services</td>
<td>Ordinary</td>
<td>7.4%</td>
</tr>
<tr>
<td>One Central Park Limited</td>
<td>Property management services</td>
<td>Ordinary</td>
<td>20.0%</td>
</tr>
<tr>
<td>Lacerta Rehabilitation Limited</td>
<td>Orthotic &amp; prosthetic clinical &amp; manufacturing services</td>
<td>Ordinary</td>
<td>15.0%</td>
</tr>
<tr>
<td>BioMech Technologies International Limited</td>
<td>Medical Insole Products</td>
<td>Ordinary</td>
<td>15.0%</td>
</tr>
</tbody>
</table>

The investments in Photonics Research Systems Ltd, CVD Technology Limited, The Protocol Lab Limited and One Central Park Limited are all treated as trade investments as the University does not have significant influence over these companies either due to its shareholding and/or board representation.

14. Endowment Asset Investments

<table>
<thead>
<tr>
<th></th>
<th>2011 £'000</th>
<th>2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated and University</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 August 2010</td>
<td>447</td>
<td>462</td>
</tr>
<tr>
<td>Decrease in Cash Balances</td>
<td>(4)</td>
<td>(15)</td>
</tr>
<tr>
<td>Balance at 31 July 2011</td>
<td>443</td>
<td>447</td>
</tr>
</tbody>
</table>

All the endowment funds are invested in Short Term deposits in accordance with the University Treasury Management Policy.

15. Stock

<table>
<thead>
<tr>
<th></th>
<th>2011 £'000</th>
<th>2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building and Engineering Stores</td>
<td>94</td>
<td>108</td>
</tr>
<tr>
<td></td>
<td>94</td>
<td>108</td>
</tr>
</tbody>
</table>

University

<table>
<thead>
<tr>
<th></th>
<th>2011 £'000</th>
<th>2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and Engineering Stores</td>
<td>94</td>
<td>108</td>
</tr>
<tr>
<td></td>
<td>94</td>
<td>108</td>
</tr>
</tbody>
</table>
Notes to the Accounts

16. Debtors

<table>
<thead>
<tr>
<th></th>
<th>2011 £'000</th>
<th>2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts Falling Due Within One Year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Debtors</td>
<td>4,846</td>
<td>5,592</td>
</tr>
<tr>
<td>Amounts Due on Research Grants and Contracts</td>
<td>1,619</td>
<td>984</td>
</tr>
<tr>
<td>Accrued Income</td>
<td>2,717</td>
<td>3,414</td>
</tr>
<tr>
<td>Other Debtors and Prepayments</td>
<td>3,538</td>
<td>3,025</td>
</tr>
<tr>
<td><strong>University</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts Falling Due Within One Year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Debtors</td>
<td>4,161</td>
<td>4,869</td>
</tr>
<tr>
<td>Amounts Due on Research Grants and Contracts</td>
<td>1,619</td>
<td>984</td>
</tr>
<tr>
<td>Accrued Income</td>
<td>1,790</td>
<td>2,310</td>
</tr>
<tr>
<td>Other Debtors and Prepayments</td>
<td>2,216</td>
<td>1,860</td>
</tr>
<tr>
<td>Amounts Owed by Subsidiary Undertakings</td>
<td>1,482</td>
<td>1,145</td>
</tr>
<tr>
<td><strong>Debtors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts Falling Due After One Year</td>
<td>875</td>
<td>1,125</td>
</tr>
</tbody>
</table>

17. Short Term Deposits

<table>
<thead>
<tr>
<th></th>
<th>2011 £'000</th>
<th>2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated and University</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 July 2011</td>
<td>49,470</td>
<td>37,438</td>
</tr>
<tr>
<td>Allocated to Endowment Investments (Note 14)</td>
<td>(443)</td>
<td>(447)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>49,027</td>
<td>36,991</td>
</tr>
</tbody>
</table>

The University places funds with Royal London Asset Management for investment in short term deposits in accordance with the University's Treasury Management policy and has a specific short term investment with Lloyds TSB.
Notes to the Accounts

18. Creditors: Amounts Falling Due Within One Year

<table>
<thead>
<tr>
<th></th>
<th>2011 £'000</th>
<th>2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank and Other Loans</td>
<td>1,964</td>
<td>1,118</td>
</tr>
<tr>
<td>Research Contract Payments Received on Account</td>
<td>2,991</td>
<td>2,364</td>
</tr>
<tr>
<td>Trade Creditors</td>
<td>14,427</td>
<td>6,777</td>
</tr>
<tr>
<td>Social Security and Other Taxation Payable</td>
<td>2,628</td>
<td>3,224</td>
</tr>
<tr>
<td>Other Payroll Creditors</td>
<td>1,387</td>
<td>1,351</td>
</tr>
<tr>
<td>Accruals</td>
<td>12,631</td>
<td>6,605</td>
</tr>
<tr>
<td>Other Creditors</td>
<td>85</td>
<td>246</td>
</tr>
<tr>
<td>Deferred Income</td>
<td>14,293</td>
<td>10,839</td>
</tr>
<tr>
<td>Provision for overpayment of Teaching Grant</td>
<td>-</td>
<td>1,500</td>
</tr>
<tr>
<td>Students' Union Deposit</td>
<td>1,089</td>
<td>977</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>51,495</td>
<td>35,001</td>
</tr>
</tbody>
</table>

| **University**         |            |            |
| Bank and Other Loans   | 1,964      | 1,118      |
| Research Contract Payments Received on Account | 2,991 | 2,364 |
| Trade Creditors        | 13,942     | 5,983      |
| Social Security and Other Taxation Payable | 2,336 | 2,488 |
| Other Payroll Creditors| 1,387      | 1,351      |
| Accruals               | 12,268     | 6,327      |
| Other Creditors        | 85         | 246        |
| Deferred Income        | 12,162     | 7,858      |
| Provision for overpayment of Teaching Grant | - | 1,500 |
| Amounts Due to Subsidiary Undertakings | 249 | 1,640 |
| Students' Union Deposit | 1,089   | 977        |
| **Total**              | 48,473     | 31,852     |

The Students’ Union deposit is money invested with the University of Salford so that Salford Student’s Union can take advantage of the better investment returns achievable by the University of Salford. These investment returns are then paid over to Salford Student’s Union.
Notes to the Accounts

19. Creditors: Amounts Falling Due After More Than One Year

<table>
<thead>
<tr>
<th></th>
<th>2011 £'000</th>
<th>2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank and Other Loans</td>
<td>37,570</td>
<td>20,700</td>
</tr>
<tr>
<td>HEFCE Loan</td>
<td>300</td>
<td>180</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>37,870</td>
<td>20,880</td>
</tr>
<tr>
<td><strong>University</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank and Other Loans</td>
<td>37,570</td>
<td>20,700</td>
</tr>
<tr>
<td>HEFCE Loan</td>
<td>300</td>
<td>180</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>37,870</td>
<td>20,880</td>
</tr>
</tbody>
</table>

20. Borrowings: Bank Loans and Mortgages

<table>
<thead>
<tr>
<th></th>
<th>2011 £'000</th>
<th>2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>University and Consolidated</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts Falling Due Within 1 Year</td>
<td>1,964</td>
<td>1,118</td>
</tr>
<tr>
<td>Amounts Falling Due between 1 to 2 Years</td>
<td>2,016</td>
<td>1,164</td>
</tr>
<tr>
<td>Amounts Falling Due between 2 to 5 Years</td>
<td>6,441</td>
<td>3,596</td>
</tr>
<tr>
<td>Amounts Falling Due After 5 Years or More</td>
<td>29,113</td>
<td>15,940</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>39,534</td>
<td>21,818</td>
</tr>
</tbody>
</table>

Analysis of Loans

<table>
<thead>
<tr>
<th>Year Obtained Loan</th>
<th>Security</th>
<th>Year Repayable</th>
<th>Interest Rate</th>
<th>Balance Outstanding £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>Centenary Building</td>
<td>2017</td>
<td>Variable on Libor</td>
<td>2,570</td>
</tr>
<tr>
<td>2004</td>
<td>Mary Seacole Building</td>
<td>2030</td>
<td>Fixed at 5.86%</td>
<td>13,090</td>
</tr>
<tr>
<td>2007</td>
<td>Law Building</td>
<td>2032</td>
<td>Fixed at 5.18%</td>
<td>5,040</td>
</tr>
<tr>
<td>2010</td>
<td>None</td>
<td>2035</td>
<td>Fixed at 5.18%</td>
<td>18,834</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>39,534</td>
</tr>
</tbody>
</table>

The University formally drew down a further £566,000 in respect of the 2010 loan facility in August 2011.
Notes to the Accounts

21. Provisions for Liabilities
Consolidated and University
As at 1 August 2010
Utilised in Year
Interest on Funds (Note 5)
Transfer from Income and Expenditure Account
As at 31 July 2011

<table>
<thead>
<tr>
<th></th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 August 2010</td>
<td>1,129</td>
</tr>
<tr>
<td>Utilised in Year</td>
<td>-</td>
</tr>
<tr>
<td>Interest on Funds (Note 5)</td>
<td>56</td>
</tr>
<tr>
<td>Transfer from Income and Expenditure Account</td>
<td>66</td>
</tr>
<tr>
<td>As at 31 July 2011</td>
<td>1,251</td>
</tr>
</tbody>
</table>

The provision is for the standardisation of pension benefits for former University College Salford Staff.

22. Deferred Capital Grants

<table>
<thead>
<tr>
<th></th>
<th>Funding Council £'000</th>
<th>Other £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated and University</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 August 2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>18,363</td>
<td>6,680</td>
<td>25,043</td>
</tr>
<tr>
<td>Equipment</td>
<td>4,974</td>
<td>791</td>
<td>5,765</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>23,337</td>
<td>7,471</td>
<td>30,808</td>
</tr>
<tr>
<td><strong>Cash Receivable</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>4,443</td>
<td>203</td>
<td>4,646</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,443</td>
<td>203</td>
<td>4,646</td>
</tr>
<tr>
<td><strong>Released to Income and Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings (Notes 1 &amp; 4)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment (Notes 1, 3 &amp; 4)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,017</td>
<td>854</td>
<td>3,871</td>
</tr>
<tr>
<td>At 31 July 2011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>17,131</td>
<td>6,028</td>
<td>23,159</td>
</tr>
<tr>
<td>Equipment</td>
<td>7,632</td>
<td>792</td>
<td>8,424</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>24,763</td>
<td>6,820</td>
<td>31,583</td>
</tr>
</tbody>
</table>
## Notes to the Accounts

### 23. Endowments

#### Consolidated and University

<table>
<thead>
<tr>
<th></th>
<th>£’000</th>
<th>£’000</th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Restricted</td>
<td>Permanent</td>
<td>Total</td>
</tr>
<tr>
<td><strong>Opening Balances:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Value</td>
<td>151</td>
<td>129</td>
<td>280</td>
</tr>
<tr>
<td>Accumulated Income</td>
<td>70</td>
<td>97</td>
<td>167</td>
</tr>
<tr>
<td><strong>At 1 August</strong></td>
<td>221</td>
<td>226</td>
<td>447</td>
</tr>
<tr>
<td>New Endowments</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Income for the year</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Expenditure for the Year</td>
<td>(4)</td>
<td>(4)</td>
<td>(8)</td>
</tr>
<tr>
<td><strong>At 31 July 2011</strong></td>
<td>(1)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
</tbody>
</table>

**Represented by:**

<table>
<thead>
<tr>
<th></th>
<th>£’000</th>
<th>£’000</th>
<th>£’000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Restricted</td>
<td>Permanent</td>
<td>Total</td>
</tr>
<tr>
<td>Capital Value</td>
<td>151</td>
<td>129</td>
<td>280</td>
</tr>
<tr>
<td>Accumulated Income</td>
<td>69</td>
<td>94</td>
<td>163</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>220</td>
<td>223</td>
<td>443</td>
</tr>
</tbody>
</table>

### 24. Revaluation Reserve

<table>
<thead>
<tr>
<th></th>
<th>University £’000</th>
<th>Consolidated £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 August 2010</td>
<td>50,326</td>
<td>50,326</td>
</tr>
<tr>
<td>Transfer to Income and Expenditure Account (Note 25)</td>
<td>(2,071)</td>
<td>(2,071)</td>
</tr>
<tr>
<td>Revaluation of properties</td>
<td>28,886</td>
<td>28,886</td>
</tr>
<tr>
<td><strong>At 31 July 2011</strong></td>
<td>77,141</td>
<td>77,141</td>
</tr>
</tbody>
</table>

### 25. Income and Expenditure Reserve

<table>
<thead>
<tr>
<th></th>
<th>University £’000</th>
<th>Consolidated £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 August 2010</td>
<td>58,994</td>
<td>59,507</td>
</tr>
<tr>
<td>Transfer from Revaluation Reserve (Note 24)</td>
<td>2,071</td>
<td>2,071</td>
</tr>
<tr>
<td>Transfer from Pension Reserve (Note 26)</td>
<td>29</td>
<td>29</td>
</tr>
<tr>
<td>Loss for the Financial Year</td>
<td>(940)</td>
<td>(1,722)</td>
</tr>
<tr>
<td><strong>As at 31 July 2011</strong></td>
<td>60,154</td>
<td>59,885</td>
</tr>
</tbody>
</table>

The £2,071,000 transfer from the revaluation reserve is the difference between the historical cost depreciation and the actual charge for the year calculated on the revalued amount.
### 26. Pension Reserve

<table>
<thead>
<tr>
<th>University £’000</th>
<th>Consolidated £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 August 2010</td>
<td>37,273</td>
</tr>
<tr>
<td>Actuarial Gain (Note 33d)</td>
<td>4,422</td>
</tr>
<tr>
<td>Transferred to Income and Expenditure Reserve (Note 25)</td>
<td>(29)</td>
</tr>
<tr>
<td><strong>Pension Reserve at 31 July 2011</strong></td>
<td><strong>32,880</strong></td>
</tr>
</tbody>
</table>

### 27. Reconciliation of Consolidated Operating (Deficit) /Surplus to Net Cash Inflow from Operating Activities

<table>
<thead>
<tr>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>(Deficit)/Surplus on Operations After Depreciation of Assets at Valuation and Disposal of Assets and Tax</td>
<td>(1,726)</td>
</tr>
<tr>
<td>Depreciation (Note 12)</td>
<td>10,786</td>
</tr>
<tr>
<td>Property Write Down following Valuation</td>
<td>2,896</td>
</tr>
<tr>
<td>Loss/(Profit) on Disposal of Fixed Assets</td>
<td>124</td>
</tr>
<tr>
<td>Deferred Capital Grants Released to Income (Note 22)</td>
<td>(3,871)</td>
</tr>
<tr>
<td>Investment Income (Note 5)</td>
<td>(512)</td>
</tr>
<tr>
<td>Interest and Other Finance Costs (Note 8)</td>
<td>3,227</td>
</tr>
<tr>
<td>Decrease in Stocks</td>
<td>14</td>
</tr>
<tr>
<td>Decrease in Debtors</td>
<td>421</td>
</tr>
<tr>
<td>Increase/(Decrease) in Creditors</td>
<td>2,079</td>
</tr>
<tr>
<td>Increase in Provisions</td>
<td>122</td>
</tr>
<tr>
<td><strong>Pension Costs less Contributions Payable</strong></td>
<td><strong>(1,028)</strong></td>
</tr>
<tr>
<td><strong>Net Cash Inflow from Operating Activities</strong></td>
<td><strong>12,532</strong></td>
</tr>
</tbody>
</table>

### 28. Returns on Investments and Servicing of Finance

<table>
<thead>
<tr>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Income from Short Term Investments (Note 5)</td>
<td>512</td>
</tr>
<tr>
<td>Interest Paid (Note 8)</td>
<td>(2,170)</td>
</tr>
</tbody>
</table>

(1,698) | (993)
Notes to the Accounts

29. Capital Expenditure and Financial Investment

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of Tangible Fixed Assets</td>
<td>(26,011)</td>
<td>(7,084)</td>
</tr>
<tr>
<td>Proceeds from Sales of Fixed Assets</td>
<td>-</td>
<td>850</td>
</tr>
<tr>
<td>Investment Disposal</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Endowment Received</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Endowment Assets Disposed</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Deferred Capital Grants Received</td>
<td>8,880</td>
<td>5,299</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(17,125)</td>
<td>(920)</td>
</tr>
</tbody>
</table>

30. Management of Liquid Resources

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movement in Students' Union Deposit</td>
<td>112</td>
<td>(59)</td>
</tr>
<tr>
<td>(Placement) Withdrawal of Short Term Deposits</td>
<td>(12,036)</td>
<td>1,782</td>
</tr>
<tr>
<td><strong>Net Cash (Outflow) / Inflow</strong></td>
<td>(11,924)</td>
<td>1,723</td>
</tr>
</tbody>
</table>

31. Analysis of Changes in Consolidated Financing

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>21,998</td>
<td>22,897</td>
</tr>
<tr>
<td>New Loans</td>
<td>18,954</td>
<td>180</td>
</tr>
<tr>
<td>Repayments of Amounts Borrowed</td>
<td>(1,118)</td>
<td>(1,079)</td>
</tr>
<tr>
<td><strong>Net Amount Repaid during the year</strong></td>
<td>17,836</td>
<td>(899)</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>39,834</td>
<td>21,998</td>
</tr>
</tbody>
</table>

32. Analysis of Changes in Consolidated Net Funds

<table>
<thead>
<tr>
<th></th>
<th>1 August 2010</th>
<th>Cash Flow</th>
<th>31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Short Term Deposits</td>
<td>36,991</td>
<td>12,036</td>
<td>49,027</td>
</tr>
<tr>
<td>Students' Union Deposit</td>
<td>(977)</td>
<td>(112)</td>
<td>(1,089)</td>
</tr>
<tr>
<td></td>
<td>36,014</td>
<td>11,924</td>
<td>47,938</td>
</tr>
<tr>
<td>Cash at Bank and in Hand</td>
<td>2,568</td>
<td>(214)</td>
<td>2,344</td>
</tr>
<tr>
<td>Debt Due Within One Year</td>
<td>(1,118)</td>
<td>(846)</td>
<td>(1,964)</td>
</tr>
<tr>
<td>Debt Due Over One Year</td>
<td>(20,880)</td>
<td>(18,990)</td>
<td>(37,870)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16,574</td>
<td>(6,126)</td>
<td>10,448</td>
</tr>
</tbody>
</table>
33. Pension Schemes

The three principal schemes for the University's staff are the Universities Superannuation Scheme (USS), the Teacher's Pension Scheme (TPS) and the Greater Manchester Pension Fund (GMPF).

The total pension cost for the University and its subsidiaries was: -

<table>
<thead>
<tr>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>USS -Note 33(a)</td>
<td>11,201</td>
</tr>
<tr>
<td>GMPF-Note 33(b)</td>
<td>2,678</td>
</tr>
<tr>
<td>TPS -Note 33(c)</td>
<td>754</td>
</tr>
<tr>
<td>Other Pension Schemes</td>
<td>50</td>
</tr>
<tr>
<td>(Note 6)</td>
<td>14,683</td>
</tr>
<tr>
<td>USS Early Retirement Costs</td>
<td>462</td>
</tr>
<tr>
<td>GMPF Curtailments and Settlements and Past Service Costs</td>
<td>184</td>
</tr>
<tr>
<td>TPS Curtailments and Settlements</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Pension Costs</strong></td>
<td><strong>15,329</strong></td>
</tr>
</tbody>
</table>

The University contribution rates at 31 July were:

<table>
<thead>
<tr>
<th>2011 %</th>
<th>2010 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>USS</td>
<td>16.0</td>
</tr>
<tr>
<td>GMPF</td>
<td>15.3</td>
</tr>
<tr>
<td>TPS</td>
<td>14.1</td>
</tr>
</tbody>
</table>

The University also pays an additional contribution at 1.5% of pensionable salaries into a University 'top up scheme' for certain former University College Salford staff (Note 21).

33(a). Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme, a defined benefit scheme, which is externally funded and contracted out of the State Second Pension. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Ltd. The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the Board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

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

33(a). Universities Superannuation Scheme (USS) (Continued)

The latest triennial valuation was at 31 March 2008. This was the first valuation for USS under the new scheme – specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical pensions. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2011 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England’s target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

Male members' mortality
PA92 MC YoB tables – rated down 1 year

Female members' mortality
PA92 MC YoB tables – No age rating

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65
22.8 (24.8) years

Males (females) currently aged 45
24.0 (25.9) years

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme’s technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 107% funded; on a buy-out basis (i.e. assuming the Scheme has discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.
Notes to the Accounts

33(a). Universities Superannuation Scheme (USS) (Continued)

Since March 2008 global investment markets have continued to fluctuate and as at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has taken this all into account in his funding level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3% pa to 2.9% pa. The actuary has estimated that the funding level as at 31 March 2011 under the scheme specific funding regime had fallen from 103% to 98% (a deficit of circa £700 million). Over the past twelve months, the funding level has improved from 91%, as at 31 March 2010 to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the three years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions). The next formal valuation is as at 31 March 2011 and this will incorporate updated assumptions agreed by the trustee company.

With effect from 1 October 2011, the new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on the future funding levels.

On the FRS17 basis, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

Surpluses or deficits which arise at future valuations may impact on the institution’s future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Change in assumption</th>
<th>Impact on scheme liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation rate of interest</td>
<td>Increase / decrease by 0.5%</td>
<td>Decrease / Increase by £2.2 billion</td>
</tr>
<tr>
<td>Rate of pension increases</td>
<td>Increase / decrease by 0.5%</td>
<td>Decrease / Increase by £1.5 billion</td>
</tr>
<tr>
<td>Rate of salary growth</td>
<td>Increase / decrease by 0.5%</td>
<td>Increase / decrease by £0.7 billion</td>
</tr>
<tr>
<td>Rate of Mortality</td>
<td>More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)</td>
<td>Increase by £1.6 billion</td>
</tr>
</tbody>
</table>

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector.

The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funds level on the scheme's technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the trustee makes to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2011, USS had over 142,000 active members and the University had 1,144 members participating in the scheme.
Notes to the Accounts

33(b). Greater Manchester Pension Fund (GMPF)

The University participates in the GMPF, which is an externally funded defined benefit pension scheme, which is contracted out of the State Second Pension, where contributions payable are held in a trust separately from the University.

The following information is based upon a full actuarial valuation of the fund as at 31 March 2010 updated to 31 July 2011 and a full actuarial valuation of the fund as at 31 March 2007 updated to 31 July 2010 by a qualified independent actuary (Hymans Robertson).

Under the definitions set out in FRS 17, the GMPF is a multi-employer defined benefit pension scheme. In the case of the GMPF, the actuary of the scheme has identified the University’s share of its assets and liabilities as at 31 July 2011.

The pension scheme assets are held in a separate Trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interest of the fund’s beneficiaries. The appointment of trustees to the fund is determined by the scheme’s trust documentation. The trustees are responsible for setting the investment strategy for the Scheme after consultation with professional advisers.

The material assumptions used by the actuary for FRS 17 at 31 July 2011 were:

<table>
<thead>
<tr>
<th></th>
<th>31 July 2011</th>
<th>31 July 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Increase Rate</td>
<td>2.7%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Salary Increase Rate (a)</td>
<td>4.5%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Expected Return on Assets</td>
<td>6.2%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Discount Rate</td>
<td>5.3%</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

(a) The salary increase assumption is 1% pa nominal until 31 March 2013 reverting to the long term rate shown thereafter.

Life expectancy is based on the Fund’s VitaCurves with improvements in line with the Medium Cohort and 1% underpin from 2010. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

<table>
<thead>
<tr>
<th></th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Pensions</td>
<td>20.1 years</td>
<td>22.9 years</td>
</tr>
<tr>
<td>Future Pensions</td>
<td>22.5 years</td>
<td>25.0 years</td>
</tr>
</tbody>
</table>

Future pensioners are assumed to be 45 at 31 March 2010.
33(b). Greater Manchester Pension Fund (GMPF) (Continued)

Historic mortality
Life expectancies for the below year ends are based on the PFA92 and PMA92 tables. The allowance for future life expectancies is shown in the table below.

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Prospective Pensioners</th>
<th>Pensioners</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 July 2010</td>
<td>year of birth, medium cohort and 1% p.a. minimum improvements from 2007</td>
<td>year of birth, medium cohort and 1% p.a. minimum improvements from 2007</td>
</tr>
<tr>
<td>31 July 2009</td>
<td>Calendar year 2033</td>
<td>Calendar year 2017</td>
</tr>
<tr>
<td>31 July 2008</td>
<td>Calendar year 2033</td>
<td>Calendar year 2017</td>
</tr>
<tr>
<td>31 July 2007</td>
<td>Calendar year 2017</td>
<td>Calendar year 2004</td>
</tr>
</tbody>
</table>

Age ratings were applied to the PFA92 and PMA92 tables based on membership profile.

Commutation – An allowance is included for future retirements elected to take 50% of the maximum additional tax-free cash up to HMR&C limits for pre-April 2008 service and 75% of the maximum tax –fee cash for post-April 2008 service.

The breakdown of the expected return on assets by category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Long Term Rate of Return Expected at 31 July 2011</th>
<th>Long Term Rate of Return Expected at 31 July 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>7.0%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Bonds</td>
<td>4.6%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Property</td>
<td>5.1%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Cash</td>
<td>4.0%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

The expected return on assets is based on the long term rates of return on the market value of equities, bonds, cash and other assets at 31 July.

The fair value of employer assets were:

<table>
<thead>
<tr>
<th>Category</th>
<th>31 July 2011 £'000</th>
<th>31 July 2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>66,077</td>
<td>62,331</td>
</tr>
<tr>
<td>Bonds</td>
<td>18,463</td>
<td>13,550</td>
</tr>
<tr>
<td>Property</td>
<td>4,859</td>
<td>5,420</td>
</tr>
<tr>
<td>Cash</td>
<td>7,774</td>
<td>9,033</td>
</tr>
<tr>
<td></td>
<td>97,173</td>
<td>90,334</td>
</tr>
</tbody>
</table>

The following amounts were measured in accordance with FRS17:

Analysis of the Amount Shown in the Balance Sheet

<table>
<thead>
<tr>
<th>Category</th>
<th>31 July 2011 £'000</th>
<th>31 July 2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Value of Employer Assets</td>
<td>97,173</td>
<td>90,334</td>
</tr>
<tr>
<td>Present Value of Funded Liabilities</td>
<td>(116,588)</td>
<td>(113,763)</td>
</tr>
<tr>
<td>Net Underfunding in Funded Plans</td>
<td>(19,415)</td>
<td>(23,429)</td>
</tr>
<tr>
<td>Present Value of Unfunded Liabilities</td>
<td>(3,998)</td>
<td>(4,288)</td>
</tr>
<tr>
<td>Net Liability</td>
<td>(23,413)</td>
<td>(27,717)</td>
</tr>
</tbody>
</table>
Notes to the Accounts

33(b). Greater Manchester Pension Fund (GMPF) (Continued)

Analysis of the Amount Charged to Staff Costs within Operating (Deficit)/ Surplus

<table>
<thead>
<tr>
<th></th>
<th>2010-11 £'000</th>
<th>% of Pay</th>
<th>2009-10 £'000</th>
<th>% of Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Cost</td>
<td>2,678</td>
<td>14.1</td>
<td>3,257</td>
<td>16.5</td>
</tr>
<tr>
<td>Past Service Cost in respect of efficiency and other early retirements</td>
<td>49</td>
<td>0.3</td>
<td>370</td>
<td>1.9</td>
</tr>
<tr>
<td>Curtailments and Settlements</td>
<td>71</td>
<td>0.4</td>
<td>378</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Total Operating Charge</strong></td>
<td><strong>2,798</strong></td>
<td></td>
<td><strong>4,005</strong></td>
<td></td>
</tr>
</tbody>
</table>

Analysis of Net Charge on Pension Scheme

<table>
<thead>
<tr>
<th></th>
<th>2010-11 £'000</th>
<th>% of Pay</th>
<th>2009-10 £'000</th>
<th>% of Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected Return on Pension Scheme Assets</td>
<td>(5,783)</td>
<td>(30.4%)</td>
<td>(5,132)</td>
<td>(26.0%)</td>
</tr>
<tr>
<td>Interest on Pension Scheme Liabilities</td>
<td>6,362</td>
<td>33.4%</td>
<td>7,016</td>
<td>35.6%</td>
</tr>
<tr>
<td><strong>Net Charge</strong></td>
<td>579</td>
<td></td>
<td>1,884</td>
<td></td>
</tr>
<tr>
<td>The actual return on Pension Scheme Assets was</td>
<td>10,589</td>
<td></td>
<td>12,202</td>
<td></td>
</tr>
</tbody>
</table>

Amounts Recognised in the Statement of Total Recognised Gains and Losses

<table>
<thead>
<tr>
<th></th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Return Less Expected Return on Pension Scheme Assets</td>
<td>828</td>
<td>7,090</td>
</tr>
<tr>
<td>Experience Gains and Losses Arising on the Scheme Liabilities</td>
<td>3,518</td>
<td>589</td>
</tr>
<tr>
<td>Change in Financial and Demographic Assumptions Underlying the Scheme Liabilities – (a)</td>
<td>76</td>
<td>6,187</td>
</tr>
<tr>
<td>Actuarial Gain recognised in Statement of Gains and Losses</td>
<td>4,422</td>
<td>13,886</td>
</tr>
</tbody>
</table>

Changes in the Present Value of the Defined Benefit Pension Obligations are as follows:

<table>
<thead>
<tr>
<th></th>
<th>31 July 2011 £'000</th>
<th>31 July 2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Defined Benefit Obligation</td>
<td>(118,051)</td>
<td>(116,137)</td>
</tr>
<tr>
<td>Current Service Cost</td>
<td>(2,678)</td>
<td>(3,257)</td>
</tr>
<tr>
<td>Interest Cost</td>
<td>(6,362)</td>
<td>(7,016)</td>
</tr>
<tr>
<td>Contributions by Members</td>
<td>(1,236)</td>
<td>(1,262)</td>
</tr>
<tr>
<td>Actuarial Gains-(a)</td>
<td>3,594</td>
<td>6,776</td>
</tr>
<tr>
<td>Past Service Costs</td>
<td>(49)</td>
<td>(370)</td>
</tr>
<tr>
<td>Losses on Curtailments</td>
<td>(71)</td>
<td>(378)</td>
</tr>
<tr>
<td>Contributions in Respect of Unfunded Benefits Paid</td>
<td>293</td>
<td>302</td>
</tr>
<tr>
<td>Estimated Benefits Paid</td>
<td>3,974</td>
<td>3,281</td>
</tr>
<tr>
<td>Closing Defined Benefit Obligation</td>
<td>(120,586)</td>
<td>(118,051)</td>
</tr>
</tbody>
</table>

(a) The actuarial gain for 2009-10 includes a £6,865,000 gain in respect of the change in actuarial assumption from RPI to CPI as detailed in the Note on page 31.
Notes to the Accounts

33(b). Greater Manchester Pension Fund (GMPF) (Continued)

Changes in the Present Value of the Fair Value of Assets are as follows: | 31 July 2011 | 31 July 2010 |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Opening Fair Value of Employer Assets</td>
<td>90,334</td>
</tr>
<tr>
<td>Expected Return on Assets</td>
<td>5,783</td>
</tr>
<tr>
<td>Contributions by Members</td>
<td>1,236</td>
</tr>
<tr>
<td>Contributions by the Employer</td>
<td>2,966</td>
</tr>
<tr>
<td>Contributions in Respect of Unfunded Benefits</td>
<td>293</td>
</tr>
<tr>
<td>Actuarial Gains</td>
<td>828</td>
</tr>
<tr>
<td>Estimated Unfunded Benefits Paid</td>
<td>(293)</td>
</tr>
<tr>
<td>Estimated Benefits Paid</td>
<td>(3,974)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>97,173</strong></td>
</tr>
</tbody>
</table>

History of Experience Gains and Losses

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Fair Value of Scheme Assets</td>
<td>97,173</td>
<td>90,334</td>
<td>77,473</td>
<td>78,185</td>
<td>88,825</td>
</tr>
<tr>
<td>Present Value of Defined Benefit Obligation</td>
<td>(120,586)</td>
<td>(118,051)</td>
<td>(116,137)</td>
<td>(96,291)</td>
<td>(97,542)</td>
</tr>
<tr>
<td>Deficit in the Scheme</td>
<td>(23,413)</td>
<td>(27,717)</td>
<td>(38,664)</td>
<td>(18,106)</td>
<td>(8,717)</td>
</tr>
<tr>
<td>Experience Gains / (Losses) on Assets</td>
<td>828</td>
<td>7,090</td>
<td>(6,946)</td>
<td>(17,259)</td>
<td>2,565</td>
</tr>
<tr>
<td>Experience Gains/(Losses) on Liabilities</td>
<td>3,518</td>
<td>589</td>
<td>(81)</td>
<td>4,655</td>
<td>186</td>
</tr>
</tbody>
</table>

Changes in the Amounts Recognised in the Statement of Total recognised Gains and Losses (STRGL) are as follows:

<table>
<thead>
<tr>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Opening Cumulative STRGL</td>
<td>(4,615)</td>
</tr>
<tr>
<td>Actuarial Gain</td>
<td>4,422</td>
</tr>
<tr>
<td>Closing Cumulative STRGL</td>
<td>(193)</td>
</tr>
</tbody>
</table>

The estimate for the contribution by the employer to the Local Government Pension scheme for 2011-12 is £2,956,000.
Notes to the Accounts

33(c). Teachers’ Pension Scheme (TPS)

Under the definitions set out in FRS 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its current service contributions to the scheme as if it were a defined contribution scheme.

The TPS is an unfunded defined benefit scheme. Contributions on a “pay as you go” basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. The pension cost is assessed every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

<table>
<thead>
<tr>
<th>Latest actuarial valuation</th>
<th>31 March 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial method</td>
<td>Prospective Benefits</td>
</tr>
<tr>
<td>Gross Investment returns per annum</td>
<td>6.5%</td>
</tr>
<tr>
<td>Real rate of return in excess of:</td>
<td></td>
</tr>
<tr>
<td>Prices</td>
<td>3.5%</td>
</tr>
<tr>
<td>Earnings</td>
<td>2.0%</td>
</tr>
<tr>
<td>Rate of real earnings growth</td>
<td>1.5%</td>
</tr>
<tr>
<td>Present Value of notional assets at date of last valuation</td>
<td>£163,240m</td>
</tr>
<tr>
<td>Present Value of notional liabilities at date of last valuation</td>
<td>£166,500m</td>
</tr>
<tr>
<td>Net deficit</td>
<td>£3,260m</td>
</tr>
</tbody>
</table>

A number of early retirement benefits have been granted to TPS members and in this case the University is able to identify its share of the liabilities relating to early retirement.

The major assumptions used were:

<table>
<thead>
<tr>
<th>31 July</th>
<th>31 July 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2010-11</td>
</tr>
<tr>
<td>Total Interest Rate for Calculating Interest on Pension Liabilities</td>
<td>5%</td>
</tr>
<tr>
<td>Net Interest Rate to Discount Scheme Liabilities</td>
<td>2.75%</td>
</tr>
<tr>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Present Value of Unfunded Liabilities</td>
<td>9,467</td>
</tr>
<tr>
<td>Analysis of the Amount Charged to the Income and Expenditure Account</td>
<td>2010-11</td>
</tr>
<tr>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>Curtailments and Settlements</td>
<td>-</td>
</tr>
</tbody>
</table>
Notes to the Accounts

33(c). Teachers' Pension Scheme (TPS) (Continued)

<table>
<thead>
<tr>
<th>Analysis of Net Return on TPS Scheme Early Retirements</th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on Pension Liabilities</td>
<td>478</td>
<td>528</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Movements in Deficit During Year</th>
<th>31 July 2011 £'000</th>
<th>31 July 2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Defined Benefit Obligation</td>
<td>-9,556</td>
<td>-9,570</td>
</tr>
<tr>
<td>Contributions in respect of Unfunded Benefits</td>
<td>567</td>
<td>565</td>
</tr>
<tr>
<td>Impact of Settlements and Curtailments</td>
<td>-</td>
<td>(23)</td>
</tr>
<tr>
<td>Interest and Pension Liabilities</td>
<td>(478)</td>
<td>(528)</td>
</tr>
<tr>
<td>Closing Defined Benefit Obligation</td>
<td>(9,487)</td>
<td>(9,556)</td>
</tr>
</tbody>
</table>

The estimated contributions in respect of Unfunded Benefits for 2011-12 is £681,000.

33 (d). Pension Fund Summary

The implementation of FRS 17 'Retirement Benefits' resulted in the pension scheme deficits and actuarial gains being included in the Financial Statements as follows:

<table>
<thead>
<tr>
<th>Income and Expenditure Account – Interest Paid</th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Manchester Pension Fund – Note 33(b)</td>
<td>579</td>
<td>1,884</td>
</tr>
<tr>
<td>Teachers' Pension Scheme Early Retirement – Note 33(c)</td>
<td>478</td>
<td>528</td>
</tr>
<tr>
<td></td>
<td>1,057</td>
<td>2,412</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Statement of Total Recognised Gains and Losses</th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Gains</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greater Manchester Pension Fund – Note 33(b)</td>
<td>4,422</td>
<td>13,866</td>
</tr>
<tr>
<td></td>
<td>4,422</td>
<td>13,866</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance Sheet – Pension Scheme Deficits</th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Manchester Pension Fund – Note 33(b)</td>
<td>(23,413)</td>
<td>(27,717)</td>
</tr>
<tr>
<td>Teachers' Pension Scheme Early Retirement – Note 33(c)</td>
<td>(9,467)</td>
<td>(9,556)</td>
</tr>
<tr>
<td></td>
<td>(32,880)</td>
<td>(37,273)</td>
</tr>
</tbody>
</table>
Notes to the Accounts

34. Operating Lease Commitments

<table>
<thead>
<tr>
<th></th>
<th>2011 £'000</th>
<th>2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land and Buildings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within One Year</td>
<td>446</td>
<td>25</td>
</tr>
<tr>
<td>Between Two and Five Years</td>
<td>84</td>
<td>494</td>
</tr>
<tr>
<td>Over Five Years</td>
<td>2,483</td>
<td>2,586</td>
</tr>
<tr>
<td></td>
<td>3,013</td>
<td>3,105</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within One Year</td>
<td>131</td>
<td>150</td>
</tr>
<tr>
<td>Between Two and Five Years</td>
<td>1,033</td>
<td>700</td>
</tr>
<tr>
<td></td>
<td>1,164</td>
<td>850</td>
</tr>
</tbody>
</table>

**University**

<table>
<thead>
<tr>
<th></th>
<th>2011 £'000</th>
<th>2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and Buildings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within One Year</td>
<td>424</td>
<td>25</td>
</tr>
<tr>
<td>Between Two and Five Years</td>
<td>84</td>
<td>447</td>
</tr>
<tr>
<td>Over Five Years</td>
<td>2,483</td>
<td>2,586</td>
</tr>
<tr>
<td></td>
<td>2,991</td>
<td>3,058</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within One Year</td>
<td>131</td>
<td>150</td>
</tr>
<tr>
<td>Between Two and Five Years</td>
<td>1,033</td>
<td>700</td>
</tr>
<tr>
<td></td>
<td>1,164</td>
<td>850</td>
</tr>
</tbody>
</table>

35. Capital Commitments

<table>
<thead>
<tr>
<th></th>
<th>2011 £'000</th>
<th>2010 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated and University</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitments Contracted at 31 July</td>
<td>7,680</td>
<td>2,346</td>
</tr>
<tr>
<td>Authorised but not Contracted at 31 July</td>
<td>11,385</td>
<td>38,860</td>
</tr>
</tbody>
</table>

36. Contingent Liabilities

Further to the sale of John Lester and Eddie Colman student accommodation residencies to Campus Living Villages in 2008-09 the University has entered into a nominations agreement where the University guarantees minimum levels of occupancy over the next 4 years. The size of the guarantee gradually falls over this period.

The University is, along with over one hundred other higher education institutions, a member of mutual association which provides indemnity against terrorism risks. The association provides up to £325 million cover through a combination of existing funds from member contributions, reinsurance and, in the event of a major claim, a £15 million internal loan facility which each member University would utilise in proportion to its contribution share, to fund the claim. An amount drawn under this facility would be repayable over 7 years. No such draw down has been made to date.
Notes to the Accounts

37. Access Funds

<table>
<thead>
<tr>
<th></th>
<th>2010-11 £'000</th>
<th>2009-10 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Brought Forward</td>
<td>29</td>
<td>22</td>
</tr>
<tr>
<td>HEFCE Grants</td>
<td>614</td>
<td>641</td>
</tr>
<tr>
<td>Interest Earned</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Administration Costs</td>
<td>(1)</td>
<td>(4)</td>
</tr>
<tr>
<td>Disbursed to Students</td>
<td>(557)</td>
<td>(632)</td>
</tr>
<tr>
<td>Balance Carried Forward</td>
<td>87</td>
<td>29</td>
</tr>
</tbody>
</table>

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

38. Related Party Transactions

Due to the nature of the University’s operations and the composition of the Council, 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 Council may have an interest. In accordance with FRS8 “Related party transactions” these are disclosed where members of the University of Salford’s Council members 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.

The University undertook transactions with the following public sector bodies and a charity to which Council members had connections –Salford City Council, Manchester College and Salix Homes and various NHS bodies including The Christie NHS Foundation Trust, Salford Primary Care Trust and University Hospital of South Manchester NHS Trust and the children’s charity Kidscan as well as Manchester University.

All transactions involving organisations in which a member of the Council may have an interest are declared and conducted at arms length, in accordance with the University’s Financial Regulations and normal procurement procedures.

The University has taken advantage of the exemption allowed by FRS 8 not to disclose transactions between wholly owned group companies.

The Salford University Students’ Union has a relationship with the University. The financial transactions between the two organisations can be summarised as:-

<table>
<thead>
<tr>
<th></th>
<th>2010-11 £’000</th>
<th>2009-10 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Grant Paid to Students' Union from University</td>
<td>881</td>
<td>884</td>
</tr>
<tr>
<td>Payments made to the Students’ Union from the University for Services provided</td>
<td>29</td>
<td>24</td>
</tr>
<tr>
<td>Payments made to the University from Students’ Union for Services provided</td>
<td>(96)</td>
<td>(115)</td>
</tr>
</tbody>
</table>

At the 31 July 2011 Student’s Union had £1,089,000 (2010: £977,000) invested with the University of Salford as detailed in Note 18.

At the 31 July 2011 the University had a creditor with the Students Union of £1,000 (2010: £1,000) and a debtor with the Student’s Union of £57,000 (2010 : £9,000).