



University of Salford
A Greater Manchester University

University of Salford
Annual Report and Financial Statements
for the year ended 31st July 2003



03

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Annual Report

Introduction



Last year I highlighted the improved financial performance of the University. This year's Annual Accounts show that this progress is being maintained. An historical cost surplus of almost £3.5million and income growth of just under 10% is the best outturn for many years. It puts the University in a strong position to move forward with improving the campus and services to staff and students.

In 2002/03 Salford made significant progress in its mission to be a world class Enterprising University. At the centre of this is our engagement – through our teaching, research and academic enterprise – with 'real world' problems. This theme runs through each section of the Annual Report and provides the rationale for an increasing proportion of our work and how we are reshaping the University in every way to support it.

Engagement with real world problems means breaking down the traditional barriers between universities and the wider society but it also means breaking down academic barriers within the University. The Report shows how we are using new government research funding to strengthen our multi-disciplinary approach. The real world focus also means that we place a very high priority on working with partners in Salford and in the wider region. This has many facets – this year's examples include our development of an Innovation Forum Centre, our plans for a new Arts and Media Quarter and our continuing role in the Chapel Street Partnership and in the newly formed Manchester Knowledge Capital project. But equally important is the engagement of so many of our students as community volunteers.

No university that aims to connect with society as we do can afford to ignore those barriers that prevent people accessing and benefiting from what it has to offer. This is why we are now paying close attention to issues of diversity and equality of opportunity for our staff and students. Racial prejudice and discrimination deny both diversity and equality of opportunity and run counter to this University's core values and aspirations. This Annual Report describes how we are implementing a new Race Equality Policy and Action Plan and carrying out surveys of staff and students whose outcomes will help shape what we do about this vital topic. Having

an open and diverse institution is also a key to our success in making Salford a more internationally oriented university and over the last year we have given new impetus to this policy, as this Report shows.

In Teaching and Learning there were several notable successes in the past year: the QAA accolades for History and English, our new Foundation Degree in Community Governance and the public praise for the University's reshaping of the Faculty of Science, Engineering and Environment. Notable too is our pioneering development of Professorial Fellowships for distinguished university teachers. It means that excellence in all areas of academic activity – not just research – is fully recognised and rewarded at Salford.

The future for research will be shaped by the outcome of the current review of the Research Assessment Exercise. But in the past year we celebrated the award of the new 'grade 6' rating to our world class Built Environment group. Salford also hosted the highly successful British Association Festival of Science in early September 2003 and has had some outstanding successes in the fierce competition for EU research funding.

Salford's reputation for academic enterprise continues to grow regionally, nationally and internationally with some major successes to report over the past year. AE does not just involve academic staff, as we show here, it also engages support staff as well as students and includes, for example, a major outreach programme to small and medium sized businesses, a new Business Creation Unit to support doctoral students in developing innovative and commercially viable new technologies, and a major project which will shape the future of the National Health Service in our region.

Over the past few years we have systematically reviewed and improved our staffing policies to equip our staff to make a successful contribution to the work of building an Enterprising University and to realise their own personal ambitions too. This Report describes how we took this work forward last year. Two important staff surveys, on communications and on work place stress, have led to changes in both areas. One change is the replacement of "Update" with "US", a new and lively university newspaper.

Apart from staffing, the University is also now

placing a high priority on improving its estate and the infrastructure to make it 'fit for purpose'. The Annual Report outlines the first phase of a new building programme as well as our progress with modernising the University's IS systems. Together these programmes amount to the largest set of capital investments that we have carried out for very many years. They underline the importance of maintaining the income growth that has occurred over the past two years.

The University had a highly successful year in 2002/03. Much remains to be done however and there are now new uncertainties surrounding matters such as student funding and the future funding of teaching and research. I believe that the University is better prepared now than for some time past to respond positively to the challenges of higher education over the next few years.

Professor M Harloe

December 2003

Multidisciplinarity

In 2002/03 Salford's distinctive multidisciplinary approach to solving problems has been evidenced in a number of ways, including:

Science Research Investment Fund (SRIF)

The University received £4.2 million in the second round of this national scheme run by the Higher Education Funding Council for England to support research infrastructure. The University is to invest £2.25 million of its SRIF allocation in a series of 'Integrated Laboratories' to provide facilities for multiple research groups based around the real world, synergetic themes of Seeing, Thinking, Doing and Communicating. In addition to this, £100,000 is being invested in a 'Research Hotel'; an innovative concept of a collaborative scientific laboratory to promote interaction between researchers in the Bioscience and Health Science disciplines.

TransECH – fighting disease across boundaries

As an example of cross-disciplinary, national and international research collaboration, the TransECH Research Project is second to none. It is led by Professor Phil Craig, a world-leading Parasitologist from the Biosciences Research Institute, and Professor Mark Danson, Director of the Telford Institute of Environmental Sciences. The TransECH project brings together partners from around the globe to combat a rare but deadly disease of the liver transmitted by the tapeworm *Echinococcus multilocularis*. The project is supported by a £1.1 million grant from the US National Institute for Health and involves nine partner institutions from six countries with expertise in such diverse fields as epidemiology, ecology, microbiology, genetics, mathematics and earth observation. The project Initially focussed on remote areas of China where there were unusually high instances of the disease. The project partners are now entering the second phase of the research, seeking to apply the techniques developed in China and Tibet on this and similar parasitic diseases in Europe and the US.

Real World Focus

The University has produced a brochure illustrating our distinctive approach to research and highlighting the strong link at Salford between research and its application through academic enterprise. Developed in conjunction with Academic Enterprise, the Real World Focus brochure is accompanied by a DVD containing five video exemplars of the University's successful collaboration with businesses, industry and the community, showing how high quality research has had a lasting impact on the world around us.



The TransECH Research project

The University in the Locality and the Region

The University places great importance on its role in the both the local Salford community and in the wider Greater Manchester area and North West region. Much of this work is led by Professor James Powell, Pro-Vice-Chancellor (Enterprise and Regional Affairs) but it is also evidenced by the Vice-Chancellor's chairmanship of the North West Universities Association (NWUA), a collaboration between all higher education institutes of the North West. Jane Hanstock, Pro-Vice-Chancellor (Teaching and Learning) also chairs the NWUA Widening Participation and Skills Strategy Group. Key working relationships with the City of Salford and with the North West Development Agency (NWDA) have been developed further to the mutual benefit of all partners.

The University Estate

A later section of this report outlines estates developments over the year. Central to our ambitious capital plans for the next five years are our partnership arrangements with the City of Salford and with NWDA. The outline plans for the Adelphi Arts and Media Quarter are grounded on a commitment by the University and the City to work together. This scheme will not only improve the University's provision for teaching and learning for our Art, Design, Music and Media students, but will also provide the perfect base for enterprise development and for community arts projects – thus enhancing further the impressive regeneration of the Chapel Street area which has occurred over the past five years. Meanwhile, the NWDA is providing £6.5 million of capital resources to develop an Innovation Forum Centre on Frederick Road, opposite Technology House. This will provide over 45,000 sq ft of managed work space to enable new companies to develop themselves.

The Knowledge Capital Manchester

A prospectus setting out Greater Manchester's vision to become the Knowledge Capital of the UK has been accepted by the Office of the Deputy Prime Minister and was highlighted when he launched this year's Core Cities conference. A development team has been set up, including Salford's Vice-Chancellor, to turn the vision into working practice. Key in this is the creation of 10,000 jobs over the next ten years along the "arc of opportunity" – an area which stretches from the University of Salford in the west to the Piccadilly Station area in the east.

Healthier Salford

The University is leading two pioneering projects which will transform the health of our locality. The first, funded by the Department of Health, involves a range of Health Service organisations in developing a shared framework for health professional learning beyond initial registration, based very much on the needs of patients. The second, funded by the NWDA, is to identify the current and future education and training needs of Primary Care Trust workforces in the region.

Volunteering@Salford

This initiative helps students to gain experience that will enhance their employment prospects or help them decide on a further course of study through offering links through voluntary work with the local community.

Students are working with the Royal School for the Deaf in South Manchester, youth offending teams in Rochdale and a creative living centre in Prestwich, North Manchester. Students worked with children from CAMPUS member, Swinton High School, to stage a musical highlighting the potential harm caused by pollution to the oceans. Another group of students has worked with four local schools and a local not-for-profit business in staging a fashion show using recycled clothes provided by the business.



Volunteering@Salford
A children's science club
in Walkden



The Lowry, Salford Quays

Equality and Diversity



Dissemination

The Equal Opportunities Committee started the year by holding an "away half-day" at which committee members and Equality and Diversity Officers nominated by schools and support units were updated on recent changes in legislation, informed about the development of the University's Race Equality Policy and Action Plan and given the chance to discuss concerns and possible changes to University practice/procedure. Following the away day, schools and support units were asked to develop local equality and diversity action plans as a precursor to the incorporation of equality and diversity issues into mainstream planning processes. In parallel to these developments were briefings by Professor Joyce Hill, Director of the Equality Challenge Unit about the implications of recent changes in legislation to Council members (October 2002) and to the full Management Group (February 2003).

Race Equality Policy and Action Plan

A major task this year has been the review and updating of the University's Race Equality Policy and Action Plan in the light both of experience and of advice from HEFCE. In particular, consideration is being given to how the University might engage more effectively with internal and external stakeholders, how baseline monitoring data might be used to develop target setting and how it might more effectively prioritise its functions for impact assessment. The Equal Opportunities Committee is considering revised versions of the policy and the plan in November 2003. In parallel with this, a survey of staff perception of equality and diversity is being commissioned. This survey will cover not only race but other aspects of equality and diversity such as gender, disability and age. The work will be completed by the end of 2003/04.

Staff Development

Recognising the need to mainstream equality and diversity issues, a Staff Development Sub-Committee has been set up to review activity in this area and to establish an effective and comprehensive strategy. Key initiatives in 2002/03 were:

- general equality and diversity training for the 200 most senior managers,
- refresher recruitment and selection training for staff with responsibilities in this area,

- ad-hoc, bespoke sessions targeted at particular groups of staff .

A number of staff have been involved in working with local Equality and Diversity Officers helping them with the development of action plans. The University has also supported the creation of a regional mentoring scheme for women academics in science, engineering and technology.

Recruitment and Monitoring

A statement is to be added to all University recruitment advertising:

"The University of Salford is committed to an inclusive approach to promoting equality and diversity. We aim to have a more diverse workforce at all levels of the institution and welcome applications from people from minority ethnic background and people with disabilities."

Monitoring data for both students and staff have been considered by Equal Opportunities Committee. The student report included data relating to ethnicity, disability and gender over the past two academic years and allowed comparisons at faculty and school level. The staff report contained gender, age, ethnicity and disability information for all staff in post on 1 September 2002 and this information was broken down at faculty, school/research institute and support unit level. Job applicants over the period July 2002 to April 2003 were analysed in a similar way. The data is a useful benchmark and has been disseminated to local level to inform action plans. Work to establish suitable external comparators/benchmarks is being undertaken.

The Estate

An initial £712,000 capital funding was made available to the University by HEFCE as a contribution towards necessary work to improve access to buildings. The estimated total spend required to ensure complete SENDA compliance is in the region of £3.5 million. A further sum of £1.34 million has been made available in the period 2004 – 2006 by HEFCE. Priority has so far been given to work on communal areas, to ensure that the largest possible group of students benefit.

The International Dimension

Focus and principles

The University's determination to be strong regional player sits alongside its status as a university with world-class standing in many areas. The development of the European Research Area, the European Higher Education Area, and the convergence of HE qualifications Europe through the Bologna Process together with globalisation of higher education have prompted us to reflect upon what should be the focus of our international activities. There is now agreement over the main strands of development of the University's international dimension. These are:

- The recruitment, integration and support of international students
- Internationalising the curriculum, including creating learning opportunities worldwide for students and staff
- Active development of international research activity
- International partnerships to further a range of teaching/research/enterprise activities
- An international communications strategy

Out of the discussions have also come some underlying principles:

- Europe is "home" territory for any UK university.
- Many of the things we do already can only be enhanced by an international dimension. This does not have to mean doing a lot of new things, but doing a number of things rather differently.
- Collaboration and partnerships will get us further than going it alone in most areas of the strategy.
- We should plan incremental development, setting ourselves targets that can be resourced, monitored and met and the outcomes evaluated and reviewed.

Significant progress has been made over the last two years in most of the strands, and further areas of work have been identified. These strands of activity and the underlying principles underpin the University's European Policy Statement, which won us the award in 2003 by the European Commission of the European University Charter. The post of Regional Manager (Europe) has been created to support Schools and Faculties take forward our European Policy commitments.

Teaching and Learning

We have set ourselves an overall optimum target for international students to comprise 12% of the student population. The integration of and support for international students are very important and are being addressed through the Student Support Strategy and by specific actions in Schools and Support Units. Internationalising the curriculum is integrated within the overall Teaching and Learning priority objective of optimising the curriculum. Its development is intended to better reflect the cultural diversity of the student body, to help students prepare for careers in the global economy, and also to provide career development opportunities for staff. We recognise that more work needs to be done to create learning opportunities worldwide for students and staff and to encourage them to take up those opportunities.

Research

The success of the University's research is measured in the number of researchers recognised by peer review as being of international standing. Since the last RAE the pace has quickened further with several successful transnational collaborative bids under the European Framework 6 Programme which are reported elsewhere in this Annual Report.

The Future

In terms of other international partnerships, the University is at a crossroads. Although the enabling policies and procedures are in place, collaborative activity has been geographically and academically haphazard. The University has been mainly reactive to ad-hoc requests for collaboration, often driven by personal contacts amongst its academic staff or from the International Office. There now needs to be focussed strategic consideration of the ways in which the University wants to develop its international partnerships. This strategic review will be a major action for the coming year.



International Scholars
award ceremony

Teaching and Learning

2002-03 saw significant new programme development and external recognition of the high quality of our existing programmes.

External recognition

The University received several accolades for the quality of its teaching and learning. It was a double bill for the School of English, Sociology, Politics and Contemporary History when it was the subject of two QAA Developmental Engagements, the new interim quality assurance mechanism pending the introduction of full Institutional Audit. The two subjects covered were English and History and the School and the University were praised for our:

"comprehensive and effective mechanisms for maintaining and enhancing quality, innovative niche-market programmes that capitalise on staff research and, at all levels, staff (who) are accessible and helpful, with a strong sense of commitment to students, demonstrated in excellent pastoral and academic support".

The review team told us that the University had good cause to be confident and celebratory.

Our HEFCE funded pilot Foundation Degree in Community Governance, run by the School of Accounting, Economics and Management Science in conjunction with five of our Associate Colleges, made it a hat-trick for the University when it was also the subject of QAA review. The panel's report praised:

"the fundamental and continuing involvement of employers in the development of the curriculum, the high levels of achievement by students, the supportive learning environment provided by all members of the consortium and the good levels of resourcing available to all students and the robust quality assurance procedures".

The quality and real world relevance of our programmes were also recognised once again by a number of professional bodies. The Joint Validation Council validated the BSc (Hons) Physiotherapy and the BSc (Hons) Podiatry (with a new part-time route) while the BSc (Hons) Social Work was validated by the GSCC. Salford is the largest provider of Social Work education and training in the country and is set to expand even more having been successful in a highly competitive round of bidding for HEFCE funded additional student numbers. Meanwhile the British Psychological Society validated Psychology

both in Single and Joint Honours for 5 years. The University and the Faculty have invested strongly in the development of Psychology as a discipline and in November 2002 opened a new Psychology Laboratory.

The new
Psychology
Laboratory



New Programmes

These successes epitomise Salford's strengths in developing high quality programmes of study with an enterprising focus. We seek to be alert to regional and national development agendas, to engage in research which is recognised as being of international excellence and yet at the same time to keep the importance of the student experience fully in our sights.

The Salford approach was also recognised by Sir Peter Williams at the relaunch of the Faculty of Science, Engineering and Environment, based on two schools:

"What you've done here in Salford is nothing short of revolutionary. You have created a product for the 21st century. Your prospective undergraduates simply choose which of these two new schools best fit their aptitude, abilities and above all ambitions - computing, science and engineering, or environment and life sciences. You give them a real choice."



Sir Peter Williams and
Professor Steve Donnelly, the
Dean of Science, Engineering
and Environment

New programmes the two schools have developed include Wildlife and Practical Conservation, a Foundation Degree in Applied Biology, a BSc in Urban Regeneration, a Foundation Degree/BSc in Internet Computing and new ranges of BSc programmes in e-design in Aerospace, Automotive Technology, Innovation Technology, Business Systems, Infrastructure and Transport Systems, and BEng degrees in Aerospace Systems Engineering, Aviation Technology with Pilot Studies and Aircraft Engineering with Pilot Studies.

The University as a whole has continued to drive forward its learning and teaching development agenda, looking to a future where, with higher fees, more students may be part-time or work-based and where lifelong learning will underpin employment for life rather than a job for life. Learning technologies will increasingly underpin our provision and in the spring our new Learning Technologies Centre was opened with a number of key national speakers at the launch event. The Centre will provide a focus of credible advice and support for those staff wishing to develop and apply learning technologies for the promotion of flexible learning. We are also appointing four Learning Technologies Fellows to champion the wider introduction of learning technologies in each Faculty.

The Learning Technologies Centre



Supporting Teaching and Learning

2003 saw the appointment of the University's first four Professorial Fellows. This is a ground-breaking initiative to give recognition to those who, particularly in the area of teaching and learning, have over the years made significant contributions to the work of the University and have provided leadership to others but who have not developed the national and international profile required for promotion to a chair. Our newly articulated criteria for promotion to professor give equal importance to teaching, research and enterprise and make it clear to all staff how they should shape and evidence their portfolio of activities.

The Student Body

The University has continued to make a major contribution to widening participation, again significantly exceeding the benchmarks set for us by the Higher Education Funding Council. 2002-03 saw the launch of the national initiative - Aim Higher Partnerships for Progression - to raise aspirations among young people to go on to higher education. Salford has played a large part at both regional and sub-regional levels. Pro-Vice-Chancellor Jane Hanstock chairs the Aim Higher Partnerships for Progression Regional Steering Committee, while Mike Doyle, Head of Widening Participation, chairs the Greater Manchester Summer Schools Working Group and staff from across the University sit on the other Working Groups.

Meanwhile a record number of international students registered on undergraduate, postgraduate taught and research programmes, coming from some 81 countries around the globe. Recognising the important contribution our international students make to the life of the institution, the University has inaugurated an International Scholarships Programme, with an annual investment of over £100,000.

Research

The University has long had an enviable reputation for research that reaches across disciplinary and geographical boundaries in order to address the complexity of the problems which face us in the real world. Since 1992, its innovative multidisciplinary Research Institute structure has helped to create a collaborative culture, encouraging researchers to seek out colleagues in other disciplines, institutions, sectors and countries to create multidisciplinary partnerships that deliver surprising and imaginative results. The Government has intensified its support for collaborative research in the White Paper *The Future of Higher Education*, and Salford is well placed to be at the forefront of developments in this area.

'6' Rating for the Built and Human Environment and Information Systems

The University's Built and Human Environment Research Institute (BuHu) joined an elite group of research units after being awarded a "grade 6" research rating by HEFCE. Under measures introduced by Government to recognise and reward the very best of the top rated research groups, the submission, which was led by BuHu but also included researchers in Acoustics and Art and Design, was selected to receive additional funding to continue its excellent research. BuHu was already the biggest and best rated group in the country in this area, receiving a third of the total national QR funding available for Built Environment research.

And, if the latest HEFCE proposals are adopted, our researchers in the Information Systems Research Institute will share the elevated "grade 6" status next year in recognition of their return to the Library and Information Systems unit of assessment. This will mean that Salford will have two research groups in the UK research elite.

Salford Hosts the BA Festival of Science

In September 2003 the University played host to the British Association for the Advancement of Science (BA) annual Festival of Science. The event was highly successful, with over 5,000 visitors to the campus attending events covering every branch of the natural, physical and social sciences. As well as playing host to an international array of leading scientists, the University's own research was very much on the agenda, with Salford academics presenting on each day of the week long Festival.



Professor Trevor Cox and Daisy the Duck at the BA Festival

EU Framework 6 Projects

The University has been successful in securing a number of projects under the EU Framework 6 Programme which will deliver research over the next five years. These projects have been selected by the EU for their vision and scope, encompassing as they do wide geographical and disciplinary areas with rigour and imagination.

- Professor Steve Curwell leads a €7 million contract with 85 European Partners to deliver the first stage of INTELCITIES – providing a digital environment, access and the tools necessary to run a modern European city.
- Dr Laurence Kenney is negotiating a €15 million contract with 27 European Partners for HEALTHY AIMS, to develop microsystem technologies and communication for medical implants and ambulatory measurement systems that will drastically improve the quality of life of European citizens.
- Professor David Chadwick is a partner in TrustCoM, an ambitious project aimed at integrating existing technologies to create a novel reference framework for trust and contract management. The proposal includes major players in the IT sector, including Microsoft, IBM, Schlumberger and SAP, and will enable secure, collaborative business processing for networks of private and public organisations.
- Professor Yacine Rezgui is leading Salford's engagement in the VE-Forum project which aims to incubate a self-sustaining community involved in research in the virtual organisation domain.

Vice Chancellor's Research Scholarship Scheme

The Vice-Chancellor's Research Scholarship Scheme was launched in April 2002 with the aim of supporting those staff who are at the threshold of becoming research active. Under the scheme, which has so far benefited over 70 staff, participants receive £2,000 over two years as well as a 20% workload allowance from their school and mentor support from an established researcher. The scheme will continue to focus on providing tangible support for new staff as they join the University.

KIDSCAN – Building a bridge between the laboratory and the bedside

KIDSCAN Children's Cancer Research Centre was launched in December 2002 at the University and is set to be a major player in the fight against paediatric cancer. Based on the pioneering research expertise of the Centre for Molecular Drug Design led by Professor Alan McGown, the research facilities provided by the Centre will be invaluable to hospitals throughout Europe that are involved with clinical trials but lack the essential research facilities.



The Centre will focus on how the body handles cancer-fighting drugs and also the effect of the drugs on their target. It will make Salford an international research centre for the investigation of new treatments for children with cancer.

Kidscan

Salford Centre for Research and Innovation (SCRI) Launch

This year the Salford Centre for Research and Innovation (SCRI) was launched by Salford MP Hazel Blears at an event at the Royal Institute of Chartered Surveyors headquarters in London. The Centre was established with a £3m platform grant from the Engineering and Physical Sciences Research Council in recognition of the leading role the University has played in construction and built and human environment research. SCRI is collaborating closely with more than 60 national and international companies and institutions, representing all elements of the supply chain.

Academic Enterprise

Enterprise Integration

The University of Salford model for University-wide enterprise excellence has resulted in an outstanding 50% growth in academic enterprise activities this year. Associate Deans (Enterprise) in each Faculty and Associate Heads (Enterprise) in each School are vital to this sustained year-on-year growth, integrating academically enterprising activities with colleagues and students and working closely with the Academic Enterprise central team of knowledge transfer and funding specialists.

Enterprise is not confined to our academic staff. Support Services host a number of innovative initiatives and activities, such as:

- the University's Finance Department leads the development of e-procurement within the higher education sector and this year its HEeP system won the Accountancy Age Award for Excellence in E-Business Innovation.
- the Graduate Gateway Programme, based in the Careers Service, which helps unemployed graduates from any UK University to understand business, prepare for the world of work and to find suitable employment. Over 150 placements are found every year with over 75% finding suitable jobs.

And students have shown their enterprising capability through such initiatives as:

- the BEST (Business Enterprise Support Team) programme now in its sixth year where students have established 13 start up companies encouraged by specialist business mentors, their enterprising academic tutors and the BEST programme team;
- the British Council contract to develop the soundtrack for the "Real UK" video of 16 year old competition winners, won by professional sound and video student Terry Higson.



Support for SMEs in the area of
Virtual Environments

Multi-disciplinary, "Real World" Enterprise

Key to our continued success in Academic Enterprise is our "real world", multi-disciplinary approach, offering appropriate solutions for external organisations and individuals, whether they are in the private sector, public sector, not-for-profit sector or in our local communities.

Over 70% of our staff have "real business" experience from diverse backgrounds which add to the culture and diversity of our programmes and initiatives and support multi-disciplinary teams formed using specialists from across the University:

- 25 programmes for 2,000 small and medium sized enterprises (SMEs), funded by Europe, were initiated this year with free specialist support from 200 sector and discipline experts in the University. They undertook generic health checks and two-week staff placements, as well as IT, e-commerce, e-business, creativity, marketing, language and culture, environment, business, skills and knowledge management support. Free access to tomorrow's technologies such as virtual environments and realisation techniques where Salford is world-leader, are critical for future wealth creation.
- The Business Creation Unit, part of the government funded Manchester Science Enterprise Centre, has won additional European funds of £390K with help from the Salford Funding Team. This unique unit encourages enterprising doctoral students to develop new technologies in a purpose-built incubation laboratory, pulling in a multi-disciplinary team of engineers, scientists, IT business and accounting experts, creative artists and designers, problem solvers, new product development specialists and marketers from all areas of the University. New postgraduate Masters modules have been developed and students are encouraged to give their ideas free rein within this supportive environment.

Enterprise Partnerships for Success

The University is renowned for its success through partnerships in teaching, research and in enterprise. We value the hundreds of partnerships we have forged and continue to build each year with external organisations and specialists.

- The University's focus for partnerships is CAMPUS, our corporate club for the region's business influencers and shapers, with a full programme of events, programmes, initiatives, lectures, workshops and social and sporting opportunities linked to the University's specialisms.
- One of the University's major strengths is the Construction sector where we have the only "grade 6" research rating in the country. Viva 2020 is a £2.4million 5 year programme with 30 international partners led by Professor Rachel Cooper and 6 in-house multi-disciplinary colleagues to develop urban sustainability for a 24 hour city, including the designing out of crime.



Preventing business crime - a workshop for small businesses

- In Arts and Media, Professor Ron Cook is leading the International Media Centre which has strong partnerships with major producers, programme makers and directors. In particular this year
 - Granada Media Group invited the University to be a formal media partner for sharing best practice, and providing real world opportunities and experience in live studios for students and for staff making programmes. They are also partners in the trend-setting community Channel M TV which had its

contract renewed this year for another 3 years.

- Granada TV has donated its Granada TV studio set to the University to give students a real world setting for their programmes
- Another Salford strength is Languages where our excellence is recognised in cross-disciplinary enterprising partnerships:
 - Jonathon Swift in the School of Management is managing a programme with the Chartered Institute of Marketing, Marketing Federation in Belgium, Peugeot Citroen, Czech Republic, Spain & Italy looking at constraints for 40 small businesses undertaking pan-European business. The programme provides free web-based cultural and language support run by Czech nationals.
 - Services for Export & Language (SEL) based in the School of Languages celebrated its fifteenth year in business this year, offering translations, language training, interpreting, voice-overs, country briefings in 30 different languages with native speakers.
 - The Regional Language Network North West based at the University is a partnership of the North West Development Agency and CILT, the new National Centre for Languages. Managed in the North West by Dr Cristina Sousa the network is expanding to embrace each region of England.
- Salford's Acoustics Laboratories houses the largest and most comprehensive 12-strong suite of testing and planning laboratories in the UK. This year a new purpose-built £200,000 Calibration Laboratory was added offering sound level meters, sound calibration, pistonphones, and microphone testing.

Accessing Enterprise

Enquiries through the University of Salford's aeXchange (the enterprise customer access and brokerage service) increased to over 1100 this year. It provides a clear pathway and support to our enterprising staff and students, partnerships, free programmes, leading edge technologies, information, know-how and expertise.

Tel 0161 295 3000 or email ae@salford.ac.uk
www.ae.salford.ac.uk

Developing Staff

The year began with the welcome news that the Higher Education Funding Council for England had fully approved the staffing strategy submitted by the University under the Council's Rewarding and Developing Staff initiative. This assures the University of continued funding to carry forward an ambitious programme to

- equip our staff to make a productive and creative contribution to the work of an enterprising university;
- implement the fundamental change programme arising from current national negotiations to introduce a single pay spine for all staff, underpinned by the adoption of a new grading structure and systematic job evaluation;
- promote equality and diversity within our workforce.

A key initiative in the first area has been the establishment of pilot workforce planning exercises in two academic schools and one support service. The pilots are for two years and the interim reports after one year are very encouraging. There is a pressing need for all units to be able to look five years ahead, assess the mix of skills they will then require and develop plans to move towards that mix. The pilots have been undertaken in consultation with the staff and trade unions and have involved extensive skills audits.

Moving towards job evaluation the University has identified its preferred scheme – HERA (Higher Education Role Analysis) and is now in a position to start pilot exercises, with a view to completing full job evaluation by summer 2006. A local imperative, reflected in the national discussions, is the wish to reward excellence and achievement and to tackle poor performance more effectively. Following extensive consultations across the University a new common merit award scheme for staff has been introduced which recognises more immediately the contribution that staff make to the strategic aims of the institution and its sub-units. For the first time, team performance can be explicitly recognised. In relation to poor performance, clearer procedures for discipline and grievance cases have been agreed for non-academic staff.

During the year the University has also updated a range of policies to reflect the equality and diversity agenda and other statutory changes. These include

new arrangements for maternity leave and pay, paternity leave, adoption leave, flexible working patterns.

The year was framed by two extensive staff surveys. At the start of the year, as part of its strategy for strengthening occupational health provision a survey of workplace stress was undertaken. This was co-ordinated by Dr A Weinberg, Senior Lecturer in Psychology, who has wide experience of such surveys elsewhere in the public sector. The results provide a useful baseline against which to judge progress in future years. Guidance on stress issues has been provided for managers, a system of stress assessments overseen by the Occupational Hygiene and Safety Service has been introduced, the nursing and support staffing of the Service has been strengthened and a confidential support helpline for staff has been provided.

The University also engaged Wirthlin Europe to conduct a communication audit among staff. The results, whilst generally positive compared with national benchmarks, re-emphasised many of the key points in the University's staff strategy. The Vice-Chancellor chaired a working party which has produced an extensive action plan to address communication issues across the institution. One of the first tangible results has been the relaunch of the University's internal newspaper in a tabloid, more informal style.



Awards to staff completing the European Computer Driving Licence course

Infrastructure and Support Services

The University's continuing investment in the enhancement of its infrastructure has again been at a high level during 2002/03 with significant progress being made on a number of Estates projects. Early in the year a project to renew and decentralise the University's heating plant was completed smoothly and at the end of the year the first phase of a project to reshape University House was signed off on schedule. The latter project has given University House a new façade and entrance area and has provided the required levels of access for disabled persons via a new glazed lift.

The Peel Park Campus Regeneration Project is a major scheme which will provide a number of benefits for the University. It will:

- enable the vacation of the under-utilised Meadow Road site,
- provide new accommodation for the Faculty of Science, Engineering and Environment which reflects the new academic structure of the Faculty,
- enable the Faculty of Business and Informatics to bring all of its activities together into co-located spaces.

The overall planning for this complex project has been completed and the first phase of the physical works, which have been scheduled over a total of three years, were completed in time for student enrolment in September 2003.

In parallel with this work, planning for the new building for the Faculty of Health and Social Care on the Frederick Road site moved forward well during the year. Contractors will start on site early in 2004



with completion due in late Spring 2005. When completed the University will be able to vacate Peel House at Eccles which currently houses most of the School of Nursing.

Alongside these structural schemes the University is also embarking on a rolling programme of teaching room enhancement. A further major step forward in dealing with the fabric, decoration and facilities of the worst of our teaching spaces was completed in

2002/03. This is now beginning to have a significant impact across the University, although much work still remains to be done to achieve the targets set for all parts of the Estate.

The other area of the University infrastructure in which significant investment was made in the past year is in the introduction and development of new software systems - particularly a new student information system. This system very much underpins all of the University's work with its students and its introduction is a major task involving virtually every part of the Institution. It is not surprising, therefore, that, particularly in the early stages, problems were encountered and many staff became involved in additional tasks that did not always have immediately apparent benefits. There is no doubt, however, that the past year has been a turning point for the project with very clear benefits beginning to emerge. It will, however, still be a number of years before the potential of the new system is fully realised and exploited by the University.

Alongside the new student information system, a new system that enables the whole of the University's teaching timetables to be generated centrally was rolled out for the second semester of 2002/03. The new process operated without serious hitch and offers for the future significant benefits in terms of convenience for both staff and students and in terms of more efficient utilisation of teaching space.

The major task of bringing together the University's two information divisions - Management Information Services and Academic Information Services, was effectively completed during the year. A new integrated staffing structure was agreed and has been progressively implemented. A unified Information Strategy has been developed for debate across the institution and adoption early in 2003/04.

International students commencing their studies at the University in 2002/03 found a warmer welcome to Salford thanks to a new "Meet and Greet" scheme organised jointly by Academic, External Relations and Campus & Residential Services Divisions working closely with the Students' Union. As a result of some highly effective teamwork, the new arrangements worked extremely well and enabled new students to find their way around, complete the necessary formalities and settle in with minimum fuss and trauma.



Above:
The new entrance to
University House
Below left:
The plan for the new
Faculty of Health & Social
Care Building

Statistics

Student numbers by mode as at December

	2002			2001		
	FT	PT	Total	FT	PT	Total
Undergraduate	12,174	2,638	14,812	11,845	3,059	14,904
Postgraduate - taught	1,125	1,396	2,521	902	1,309	2,211
Postgraduate - research	254	160	414	286	168	454
Further Education	-	68	68	89	292	381
Total	13,553	4,262	17,815	13,122	4,828	17,950

Source: Senate December 2002

Students by subject area as at December

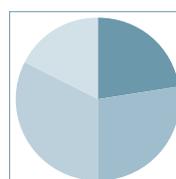
All figures exclude visiting/exchange students

	2002	2001
Arts, Media and Social Science	4,019	3,751
Business and Informatics	4,901	5,232
Health and Social Care	5,771	5,502
Science, Engineering and Environment	3,104	3,443
Education Development Unit	20	22
Total	17,815	17,950

Source: Senate December 2002

Students by subject area as at December 2002

- Arts, Media and Social Science
- Business and Informatics
- Health and Social Care
- Science, Engineering and Environment



Full-time students by domicile as at December

	2002			2001		
	Home	O/seas	Total	Home	O/seas	Total
Undergraduate	11,451	723	12,174	11,180	665	11,845
Postgraduate - taught	399	726	1,125	380	522	902
Postgraduate - research	132	122	254	165	121	286
Total	11,982	1,571	13,553	11,725	1,308	13,033

Source: Senate December 2002

Male:Female student ratio among all full-time (non-FE) undergraduates and postgraduates

51% Male

49% Female

Source: Student Information System data

Percentage of full-time, undergraduate, 'mature' students

32%

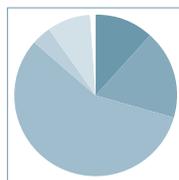
Number of Consortium colleges

36

Consortium Colleges are FE and 6th Form Colleges in the North West of England whose strategic developments link closely with those of the University. Through these partnerships we aim to ease progression into undergraduate education for all students.

Degrees, diplomas and certificates awarded – 2002

- 566 HNDs/HNCs
- 835 UG diplomas/certificates
- 2,701 Undergraduate degrees
- 186 PG diplomas/certificates
- 417 Postgraduate degrees
- 43 PhDs



Source: Student Information System data

Known destinations of UK/EU graduates

	% of all 2002 graduates	% of all 2001 graduates
Entered employment	74.0	69.5
Further study or training	14.8	18.2
Believed unemployed (at Feb)	5.2	8.6
Unavailable for employment	6.0	3.7

Source: Careers Service

Staff numbers as at December

	2002	2001
Academic	812	842
Research	138	155
Other support staff	1587	1615
Total	2537	2612

Source: Personnel Division

Awards



Alison Pearsall and Maureen Donahoe,
Winners of the National Nurse of the Year Award



Wendy Li, Art & Design student, and winner of the top
prize at the 2003 Fashion Awareness Direct Awards



Nicky Grundy, External Relations Division,
Winner of the HEIST Young Marketeer of the Year Award

Financial Statements

for the year ended 31st July 2003

Membership of the Council 2002/2003

Ex-officio Members

Chancellor

Sir Walter Bodmer

Vice-Chancellor

Professor M Harloe

Pro-Vice-Chancellors

Professor P S Barrett

Professor P Bowker

Miss H J Hanstock

Professor J A Powell

Representative Members

Salford City Council

Councillor W B Pennington

Association of Greater Manchester Authorities

Councillor D Boden (to July 2003)

Appointed Members (Court)

Mr R Batters

Dr N Chamberlain

Mr K Franklin (to December 2002)

Mr R Lees-Jones (to July 2003)

Dr C Tyler (from October 2002)

Mr C Wells

Appointed Members (Senate)

Professor C G Collier (to July 2003)

Mr G Cove (to January 2003)

Ms R Eyres (from January 2003)

Mr M Garrity

Mr A Hamilton

Ms J Jones (to January 2003)

Dr E M Laws

Professor B Longhurst (from January 2003)

Professor C Roberts

Professor R Towell

Co-opted Members

Members co-opted by the Council

Mr A Gibson (Chairman)

Mr T Britten (from January 2003)

Mr J H Pownall

Mrs J Procter

Mr A Ruia

Dr A J P Sabberwal

Mr R M C Shields (Deputy Chairman) (to July 2003)

Mr K Simmons

Mr J C Willis

Mr D G Wilson

Mr N Renfrew

*One member of the
Academic Related Staff of the University*
Mr G Kerry

*One member of the non-academic staff of the
University not paid on academic related scales*
Mrs B Beswick (to 30 October 2002)

Two Members of the Students' Union
Ms S Corr (to 31 July 2003)
Ms E Hulley (to 31 July 2003)

Financial Review

Scope of the Financial Statements

- 1 The Financial Statements comprise the consolidated (Group) results of the University of Salford (University) and its subsidiary undertakings. The Group structure is set out on page 23.

Income and Expenditure Account

- 2 The Group Income and Expenditure for the years to 31 July are summarised as follows:

	2002-03	2001-02
	£'000	£'000
Income	126,175	115,154
Expenditure	122,676	114,450
Surplus Before	3,499	704
Exceptional Charges	(4,889)	-
Exceptional Charges	(4,889)	-
(Deficit)/Surplus	<u>(1,390)</u>	<u>704</u>

Income

- 3 The University's income in 2002/03 rose by £11m (9.6%) compared with the previous year. This was a substantial increase which reflects the significant efforts made in recent years to improve marketing and income generation. The most significant increases were in funding council grants, tuition fees from overseas students, education contracts with the National Health Service and other services rendered.
- 4 Expenditure increased by £8.2m (7.2%), significantly less than the increase in income. Staffing costs, excluding the cost of early retirements and voluntary severance, rose by £4.2m (6.3%) reflecting a small increase in staff, annual pay increases and internal promotions. The total pay bill represents some 59% of expenditure which approximates to the average for the sector. There was a substantial increase of £1.6m in retirement and severance costs due to the restructuring of the University's Faculty of Science, Engineering and the Environment. Other Operating Expenses increased by £2.7m (7%) reflecting effective budgetary control. The exceptional charge of £4.9m was to provide against a potential loss on the disposal of the University's Meadow Road campus in

anticipation of its planned closure in 2005 and to write off the book value of a small building, Statham Street, which has been demolished.

- 5 The result for the year is an excellent surplus before exceptional charges of £3.5m which represents a substantial increase over the surplus of £0.7m attained in the previous year. The exceptional charge of £4.9m converted the surplus into a deficit of £1.4m. However, the Group's result assessed on the basis of historical cost, that is excluding depreciation charges which result from property valuations, was a surplus of £3.4m (2002: £2.1m). The result has increased income and expenditure reserves to £27.2m (2002: £23.8m) which represents 86 days expenditure (excluding depreciation) (2002:81 days). The University is therefore making excellent progress towards its target of 100 days expenditure in reserves.

Balance Sheet

- 6 The Group made relatively modest capital investments during the year of £4.8m (2002:£5.3m). Of this amount some £1.3m was invested in buildings, mainly refurbishments, and £3.5m was spent on major equipment purchases. Of the capital investment some £2.6m was financed through capital grants received and the remainder was financed from internal resources. The University has a substantial capital programme planned over the next few years including a new Health Faculty Building, and the refurbishment of the Peel Park Campus.
- 7 The Group's net current assets at 31 July 2003 were £8.5m (2002: £3.1m), a level which experience shows is more than adequate. The Group's net liquidity has also been improved and cash and investments increased by £4.5m to £21.3m, the equivalent of 67 days expenditure. This is also more than adequate for day to day liquidity and provides the University with an opportunity to finance some forthcoming capital expenditure from resources already generated. The University's long term borrowings have been reduced from £14.3m to £12.1m which is comparatively low within the Higher Education Sector and provides scope for the University to

finance a significant proportion of its proposed capital investment through further borrowing.

Student Numbers

- 8 The number of higher education students attending the University in 2002/03 increased compared to the previous year. Student numbers are detailed in the Statistics section of the Annual Report.

Professional Advisors

- | | |
|---------------------|--|
| 9 Bankers | Barclays Bank plc |
| Internal Auditors | Universities Internal Audit Consortium |
| External Auditors | KPMG LLP |
| Investment Managers | Royal London Asset Management |

Employment of Disabled Persons

- 10 Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of existing employees becoming disabled every effort is made to ensure that their employment with the University continues and that appropriate training is arranged. It is the policy of the University that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee Involvement

- 11 The University places considerable value on the involvement of its employees and on good communication with them. The University publishes an official newsletter which is made available to all staff and separate supplements are published when the need arises. Staff are encouraged to participate in formal and informal consultation at University, Faculty and School level, sometimes through the membership of formal Committees.

Conclusion

- 12 The Council is satisfied that the Group has adequate resources to continue in operation for the foreseeable future and, for this reason, the going concern basis continues to be adopted in the preparation of the Financial Statements. The University intends to maintain its sound underlying financial position through sustained income generation and investment in new developments.

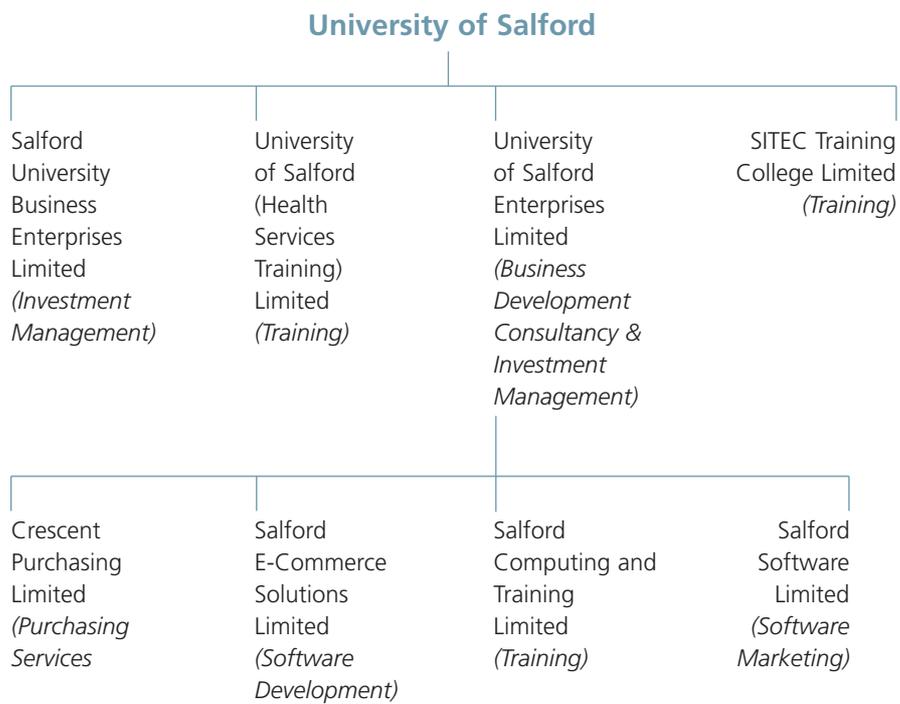
Professor M H Harloe
Vice-Chancellor

16 December 2003

Group Structure

Group Structure

The principal subsidiaries of the University at 31 July 2003 are set out below:-



Corporate Governance Statement

- 1 The University is committed to best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose 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 all the provisions of the combined code, in so far as they apply to the Higher Education Sector, throughout the year ended 31 July 2003.
- 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 was approved by the Privy Council in 1999.
- 4 The Charter and Statutes require the University to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities, as follows:-
 - (a) **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. It has a majority of members from outside the University, described as lay members, from whom its Chairman and Deputy Chairman must be drawn. Also included in its membership are representatives of the staff of the University and the student body. None of the lay members receive any payment, apart from the reimbursement of expenses, for the work which they do for the University. The Council is responsible for the University's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.
 - (b) **The Senate** – is the academic authority of the University and draws its membership from the academic staff and the students of the institution. Its role is to direct and regulate the teaching and research work of the University.
 - (c) **The Court** – is a large, mainly formal body (somewhat akin to the shareholders' meeting of a large public company). It offers a means whereby the wider interests served by the University can be associated with the institution, and provides a public forum where members of the Court can raise any matters about the University. The Court normally meets once a year to receive the Annual Report and Financial Statements of the University. In addition, major changes to the constitution of the University may require the approval of Court before they can be submitted to the Privy Council. A majority of the members of the Court must be from outside the University, representing the local community and other designated bodies with an interest in the work of the University, but the membership also includes representatives of the staff of the University (both academic and non-academic) and the student body.
- 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 formal Financial Memorandum between the University and the Higher Education Funding Council for England, 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 Although the Council meets at least four times each academic year, much of its detailed work is initially handled by Committees, in particular the Finance Committee, the Personnel Committee, the Estates Committee, the University Services Committee, the Nominations Committee, the Remuneration Committee and the Audit Committee. The decisions and recommendations

of these Committees are formally reported to the Council. These Committees are formally constituted with written terms of reference and specified membership, including a significant proportion of lay members (from whom the Chairman will be selected). The Finance Committee inter alia recommends to the Council the University's annual revenue and capital budget and monitors performance in relation to the approved budgets. The Remuneration Committee determines the remuneration of the Vice-Chancellor and the Registrar and Secretary and sets the remuneration policy for senior staff.

- 7 The Audit Committee meets at least three times a year, with the University's external and internal auditors in attendance. 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 Higher Education Funding Council for England as they affect the University's business and monitors adherence to the regulatory requirements. Whilst Senior Officers attend meetings of the Audit Committee as necessary, they are not members of the Committee and the Committee has power to meet the External Auditors or Internal Auditors for independent discussions.
- 8 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 the senior officers who comprise The Executive Group 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 Group and the Audit Committee receive regular reports from the internal auditors, which include recommendations for improvement.
- 9 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. The Statutes of the

University specify that the Registrar and Secretary should act as Secretary of the Council. Any enquiries about the constitution and governance of the University should be addressed to the Registrar and Secretary.

Statement of the Council's Responsibilities and Internal Control

- 1 As the Council of 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.
- 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 to enable it to ensure that the Financial Statements are prepared in accordance with the University's Charter of Incorporation, the 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 which 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 causing the Financial Statements to be prepared 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 Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Higher Education Funding Council for England and any other conditions which the Higher Education Funding Council for England 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;
 - (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;
 - (e) comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance Committee;
- 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 2003.
- 8 We have undertaken the following actions to initiate our risk management strategy: -
- (a) Drafted and adopted a risk management policy.
 - (b) Commissioned and adopted a risk management strategy.
 - (c) Held a risk management workshop for senior staff to identify the institution's objectives and risks, and determined a control strategy for each of the significant risks.
 - (d) Charged the University's Executive Group with overseeing the management of risk.
 - (e) Requested the Audit Committee to provide advice on the effectiveness of the establishment and implementation of risk management.
 - (f) Requested that the internal auditors adapt 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 agenda 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 addition to the actions mentioned above, in the coming year the institution plans to: -
- (a) Continue with a programme of risk awareness training.
 - (b) Arrange for reports from budget holders, senior managers and project managers on risk management activities.
- 12 The University's internal audit service is provided by Universities Internal Audit Consortium (UNIAC) which operates to standards defined in the Higher Education Funding Council for England Audit Code of Practice and which was last reviewed for effectiveness by the Higher Education Funding Council for England Audit Service in May 2002. The internal auditors submit regular reports which include the head of internal audit's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.
- 13 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.

Mr A Gibson
Chairman

16 December 2003

Auditors' Report to the University's Council

We have audited the financial statements on pages 30 to 57, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the accounting policies set out on pages 35 and 36.

This report is made solely to the Council, in accordance with the Charter and Statutes of the University. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council, for our audit work, for this report or for the opinions we have formed.

Respective Responsibilities of Council and Auditors

The University's Council is responsible for preparing the Financial Statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practice Board, the Higher Education Funding Council for England and our profession's ethical guidance.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions. We also report to you whether, income from funding bodies, 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 and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

We also report to you if, in our opinion, the Financial Review is not consistent with the Financial Statements, if the University has not kept proper accounting records, the accounting records do not agree with the Financial Statements or if we have not received all the information and explanations we require for audit.

We have also, at the request of the Council, reviewed whether the statements on pages 24 to 27 reflects the University's compliance with the relevant provisions of the Combined Code specified for our review in so far as they apply to the Higher Education sector, and we report if it does not. We are not required to consider whether the statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the University's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Financial Review and Statement of Council's Responsibilities and Internal Control, and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the University's Council in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the institution's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion:-

- a the Financial Statements give a true and fair view of the state of affairs of the University and the Group at 31 July 2003 and of the deficit of income over expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions;
- b in all material respects, income from the Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the University have been applied for the purposes for which they were received.
- c in all material respects income has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England dated 1 August 2000.

KPMG LLP

Manchester

Chartered Accountants and Registered Auditors

16 December 2003

Consolidated Income and Expenditure Account

for the year ended 31 July 2003

	Note	2002-03 £'000	2001-02 £'000
Income			
Funding Council Grants	1	49,231	45,976
Tuition Fees & Education Contracts	2	42,582	38,131
Research Grants and Contracts	3	6,234	6,031
Other Income	4	27,584	24,577
Endowment and Investment Income	5	544	439
Total Income		<u>126,175</u>	<u>115,154</u>
Expenditure			
Staff Costs	6	74,295	68,509
Other Operating Expenses	7	41,192	38,546
Depreciation	8	6,335	6,480
Interest Payable	9	854	915
Total Expenditure	10	<u>122,676</u>	<u>114,450</u>
Surplus/(Deficit) Before Exceptional Items, Tax and Minority Interest		3,499	704
Exceptional Items	11	<u>(4,889)</u>	-
(Deficit)/Surplus on Continuing Operations After Depreciation of Fixed Assets at Valuation and Disposal of Assets but before Taxation and Minority Interests		(1,390)	704
Taxation	12	-	-
Equity Minority Interests		(27)	9
(Deficit)/Surplus on Continuing Operations After Depreciation of Fixed Assets at Valuation, Disposal of Assets, Taxation and Minority Interests		<u>(1,417)</u>	<u>713</u>

Consolidated Statement of Historical Cost Surpluses and Deficits

for the year ended 31 July 2003

	Note	2002-03 £'000	2001-02 £'000
(Deficit)/Surplus on Continuing Operations before Taxation and Minority Interests		(1,390)	704
Difference between Historical Cost Depreciation and the Actual Charge for the Year calculated on the Revalued Amount	25	1,342	1,342
Release from Revaluation Reserve Related to Anticipated Loss on Disposal of Meadow Road Campus	25	3,439	-
Release from Revaluation Reserve Related to Demolition of Statham Street Building	25	74	-
Historical Cost Surplus for the Year before Taxation and Minority Interests		3,465	2,046
Historical Cost Surplus for the Year after Taxation and Minority Interests		3,438	2,055

Consolidated Statement of Recognised Gains and Losses

for the year ended 31 July 2003

	2002-03 £'000	2001-02 £'000
(Deficit)/Surplus on Continuing Operations after Depreciation of Fixed Assets at Valuation, Disposal of Assets and Taxation before Minority Interests	(1,390)	704
Endowment Interest	37	48
Endowment Donations	156	161
Endowments Released to Income and Expenditure	(265)	(338)
Revaluation of Property	-	18,134
Total Recognised (Losses)/Gains for the Year	(1,462)	18,709
Reconciliation		
Opening Reserves, Endowments and Minority Interests	69,148	50,439
Total Recognised (Losses)/ Surpluses for the Year	(1,462)	18,709
Closing Reserves, Endowments and Minority Interests	67,686	69,148

Consolidated Balance Sheet

as at 31 July 2003

	Note	2003 £'000	2002 £'000
Fixed Assets			
Tangible Assets	13	107,390	115,580
Investments	14	73	92
		<u>107,463</u>	<u>115,672</u>
Endowment Asset Investments	15	938	1,010
Current Assets			
Stock	16	122	109
Debtors	17	10,527	8,935
Investments	18	19,447	15,715
Cash at Bank and in Hand		1,825	1,013
		<u>31,921</u>	<u>25,772</u>
Creditors: Amounts Falling Due Within One Year	19	<u>(23,434)</u>	<u>(22,662)</u>
Net Current Assets		<u>8,487</u>	<u>3,110</u>
Total Assets Less Current Liabilities		116,888	119,792
Creditors: Amounts Falling Due After More Than One Year	20/21	(12,509)	(13,573)
Provisions for Liabilities and Charges	22	(8,925)	(8,110)
Net Assets		<u>95,454</u>	<u>98,109</u>
Deferred Capital Grants	23	27,768	28,961
Specific Endowments	24	938	1,010
Reserves			
Revaluation Reserve	25	39,223	44,078
Income and Expenditure Reserve	26	27,262	23,824
		<u>95,191</u>	<u>97,873</u>
Group Funds		95,191	97,873
Equity Minority Interests		263	236
Total Funds		<u>95,454</u>	<u>98,109</u>

The Financial Statements on pages 30 to 57 were approved by the Council on 16 December 2003 and signed on its behalf by:-

Professor M H Harloe

Mr R Batters FCA

Mr R Corner CPFA

Vice-Chancellor

Chairman of Finance Committee

Director of Finance

University Balance Sheet

as at 31 July 2003

	Note	2003 £'000	2002 £'000
Fixed Assets			
Tangible Assets	13	107,201	115,306
Investments	14	2	3
		<u>107,203</u>	<u>115,309</u>
Endowment Asset Investments	15	938	1,010
Current Assets			
Stock	16	111	105
Debtors	17	8,367	7,735
Investments	18	19,447	15,715
Cash at Bank and in Hand		1,086	47
		<u>29,011</u>	<u>23,602</u>
Creditors: Amounts Falling Due Within One Year	19	<u>(22,190)</u>	<u>(20,961)</u>
Net Current Assets		<u>6,821</u>	<u>2,641</u>
Total Assets Less Current Liabilities		114,962	118,960
Creditors: Amounts Falling Due After More Than One Year	20/21	(11,304)	(13,523)
Provisions for Liabilities and Charges	22	<u>(8,925)</u>	<u>(8,110)</u>
Net Assets		<u>94,733</u>	<u>97,327</u>
Deferred Capital Grants	23	27,768	28,961
Specific Endowments	24	938	1,010
Reserves			
Revaluation Reserve	25	39,223	44,078
Income and Expenditure Reserve	26	<u>26,804</u>	<u>23,278</u>
Total Funds		<u>94,733</u>	<u>97,327</u>

The Financial Statements on pages 30 to 57 were approved by the Council on 16 December 2003 and signed on its behalf by:-

Professor M H Harloe
Mr R Batters FCA
Mr R Corner CPFA

Vice-Chancellor
Chairman of Finance Committee
Director of Finance

Consolidated Cash Flow Statement

for the year ended 31 July 2003

	Note	2002-03 £'000	2001-02 £'000
Cash Flow from Operating Activities	30	8,805	9,237
Returns on Investments and Servicing of Finance	31	(273)	(428)
Capital Expenditure and Financial Investment	32	(1,932)	(4,217)
Management of Liquid Resources	33	(3,609)	(6,396)
Financing	34	(2,179)	1,921
Increase/(Decrease) in Cash in the Year		<u>812</u>	<u>117</u>
Reconciliation to Net Funds			
Increase/(Decrease) in Cash in the Year	35	812	117
Increase/(Decrease) in Investments	35	3,609	6,396
New Loans	34	-	(2,600)
Repayment of Loans and Leases	34	2,179	679
Movement in Net Funds in the Year	35	<u>6,600</u>	<u>4,592</u>
Net Funds at 1 August 2002	35	1,084	(3,508)
Net Funds at 31 July 2003	35	<u>7,684</u>	<u>1,084</u>

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 in Further and Higher Education Institutions issued in June 2000 and in accordance with applicable Accounting Standards. They conform to guidance published by Higher Education Funding Council for England.

2 Basis of Accounting

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

3 Basis of Consolidation

The consolidated Financial Statements include the University and its subsidiary undertakings. 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 sales and profits are eliminated fully on consolidation. In accordance with Financial Reporting Standard (FRS) 2, the activities of the Student Union have not been consolidated because the University does not control those activities.

4 Recognition of Income

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Income from specific endowments and donations is included to the extent of the relevant expenditure incurred during the year, together with any related contributions towards overhead costs.

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

Non-recurrent grants from Funding Councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

5 Maintenance of Premises

The University has a rolling long term maintenance plan, which forms the basis of the ongoing maintenance of the estate. The costs of long term and routine corrective maintenance are charged to the income and expenditure account as incurred.

6 Foreign Currency Translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

7 Pension Schemes

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), Greater Manchester Pension Fund (GMPF) and the Teachers Pension Scheme (TPS). Details of the last valuation and contributions for each scheme are stated in Note 36. Pension costs are assessed on the latest actuarial valuations of the Schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the Group benefits from the employees' services.

8 Land and Buildings

Land and Buildings are valued every 5 years in accordance with FRS15. The basis of valuation is a combination of the depreciated replacement cost and open market value. Additions in the intervening 5 years, prior to valuation are valued at cost. Land which is held freehold is not depreciated as it is considered to have an

indefinite useful life. Buildings are depreciated over their expected useful lives up to a maximum of 50 years.

Where building works are carried out to improve buildings, the refurbishment costs are capitalised and depreciated over their useful economic life. Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings. 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 assets may not be recoverable.

9 Equipment

Equipment, including computers and software, costing more than £20,000 per individual item or group of related items is capitalised in the year of acquisition. Capitalised equipment is stated at cost and depreciated on a straight line basis over its expected useful life of between 3 and 20 years. Equipment which is not capitalised is charged to the Income and Expenditure Account as incurred.

Where equipment is acquired with the aid of specific grants (except for research grants) it is capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the equipment.

In the case of research grants the equipment is capitalised and depreciated over the period of the research grants. The related research grants are treated as deferred capital grants and released to income over the life of the research grant.

10 Leased Assets

Costs in respect of operating leases are charged on a straight line basis over the lease term.

11 Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Endowment asset investments are included in the balance sheet at market value. Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

12 Stocks

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

13 Taxation

The University and SITEC Training College Limited are exempt charities within the meaning of schedule 2 of the Charities Act 1993 and as such are charities within the meaning of section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, they are potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 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 and SITEC Training College Limited receive no similar exemption in respect of Value Added Tax (VAT).

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

14 Liquid Resources

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

15 Provisions

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

Notes to the Accounts

1	Funding Council Grants	2002-03	2001-02
		£'000	£'000
	Higher Education Funding Council		
	Teaching Funds	37,513	36,101
	Research Funds	5,723	5,175
	Other	3,161	2,294
	Release of Land & Buildings Grants (Note 23)	766	757
	Release of Equipment Grants (Note 23)	828	942
	Learning and Skills Council	1,240	707
		<u>49,231</u>	<u>45,976</u>
2	Tuition Fees and Education Contracts	2002-03	2001-02
		£'000	£'000
	Full-time Students	10,738	10,606
	Full-time Students Charged Overseas Fees	11,073	9,125
	Part-time Students	3,509	3,408
	Research Training Support Grants	174	88
	Other Teaching Contracts	16,944	14,612
	Short Courses	144	292
		<u>42,582</u>	<u>38,131</u>
3	Research Grants and Contracts	2002-03	2001-02
		£'000	£'000
	Research Councils	2,543	2,398
	UK Charities	249	196
	Central Government	1,417	1,294
	Industry	830	479
	European Union Central	796	1,300
	European Union Other	233	254
	Other Overseas	166	110
		<u>6,234</u>	<u>6,031</u>
4	Other Income	2002-03	2001-02
		£'000	£'000
	Residencies, Catering and Conferences	8,455	8,454
	Other Services Rendered	14,366	10,495
	Other Income Generating Activities	4,309	5,111
	Release of Land & Buildings Grants (Note 23)	208	226
	Release of Equipment Grants (Note 23)	246	291
		<u>27,584</u>	<u>24,577</u>

5	Endowment and Investment Income	2002-03	2001-02
		£'000	£'000
	Investment Income and Other Interest Receivable	803	613
	Allocated to Pension Provisions (Note 22)	(487)	(464)
	Allocated to Specific Endowments (Note 24)	(37)	(48)
	Transferred from Specific Endowments (Note 24)	265	338
		<u>544</u>	<u>439</u>

6.	Staff Costs	2002-03	2001-02
		Number	Number
	The staff numbers by major category (including senior post holders) employed by the University during the period, expressed as full-time equivalent was:		
	Academic	1,108	1,080
	Administrative, including clerical, manual and other	1,609	1,614
		<u>2,717</u>	<u>2,694</u>

	2002-03	2001-02
	£'000	£'000
Wages and Salaries	61,293	58,026
Social Security Costs	4,533	4,229
Other Pension Costs (Note 36)	6,052	5,415
	<u>71,878</u>	<u>67,670</u>
Early Retirement and Voluntary Severance	2,417	839
	<u>74,295</u>	<u>68,509</u>

Emoluments of the Vice-Chancellor

Salary and Benefits in Kind	<u>138</u>	<u>126</u>
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The emoluments of the Vice-Chancellor, Professor M H Harloe, include salary and benefits in kind. The taxable benefits in kind total £283 for 2002-03 (2001-02 £345). Additionally, the University's pension contributions to USS were paid at the same rates as for the other academic staff and amounted to £19,218 (2001-02: £17,564)

Remuneration of Other Higher Paid Staff	2002-03	2001-02
	Number	Number
Excluding employer's pension contributions, but including employer's National Insurance		
£ 50,001 - £ 60,000	53	32
£ 60,001 - £ 70,000	19	14
£ 70,001 - £ 80,000	7	6
£ 80,001 - £ 90,000	2	1
£ 90,001 - £100,000	1	2
£100,001 - £110,000	<u>2</u>	<u>-</u>

7 Other Operating Expenses	2002-03	2001-02
	£'000	£'000
Fees and Invoiced Staff	1,554	1,670
Staff Expenses (including travel, hospitality and conferences)	2,825	2,742
Student Expenses	1,959	3,033
Marketing	912	830
Vehicle and Transport Costs	368	369
Consumables	916	751
Information Services	4,862	4,756
Communications	979	1,086
Other School Running Costs	64	91
Stationery/Photocopying/Printing	1,705	1,493
Equipment and Furniture	2,111	2,101
Fees and Expenses	6,148	4,573
Licences/Insurance/Subscriptions	1,879	1,625
Catering	673	744
Household Expenses	258	272
Financial Charges	175	974
Security	758	795
Utilities/Rates/Rents	4,512	4,708
Premises Maintenance	4,395	2,614
Subsidiary Company Expenditure	4,139	3,319
	<u>41,192</u>	<u>38,546</u>
Fees and Expenses includes:-		
External Auditors' Remuneration	42	42
Other Services from External Auditor	56	63
Internal Auditors' Remuneration	68	77
	<u>68</u>	<u>182</u>
8 Depreciation	2002-03	2001-02
	£'000	£'000
The depreciation charge has been funded by:-		
Deferred Capital Grant (Note 23)	2,048	2,216
Revaluation Reserve (Note 25)	1,342	1,342
General Income	2,945	2,922
	<u>6,335</u>	<u>6,480</u>

9 Interest Payable	2002-03	2001-02
	£'000	£'000
Student Union Deposit Interest	53	59
Bank and Other Loans not Wholly Repayable within Five Years	774	850
Loan Interest Payable	827	909
Other Interest Payable, including Finance Leases	27	6
	<u>854</u>	<u>915</u>

The Students' Union deposits funds with the University for onward investment with Royal London Asset Management

10 Analysis of Expenditure by Activity (Excluding Exceptional Items)

	Staff Costs		Other Operating Expenses		Depreciation		Interest		Total	
	02/03 £000	01/02 £000	02/03 £000	01/02 £000	02/03 £000	01/02 £000	02/03 £000	01/02 £000	02/03 £'000	01/02 £'000
Academic Departments	44,319	42,056	7,711	7,706	2,290	2,761	-	-	54,320	52,523
Academic Services	3,811	3,395	3,631	3,328	894	779	-	-	8,336	7,502
Administration	8,299	7,723	7,783	6,070	940	818	-	-	17,022	14,611
Premises	4,425	4,400	5,750	4,719	465	431	428	450	11,068	10,000
Residencies, Catering and Conferences	2,388	2,083	4,656	4,729	908	880	346	401	8,298	8,093
Research Grants and Contracts	2,481	2,363	2,800	2,669	392	378	-	-	5,673	5,410
Other Expenses	8,572	6,489	8,861	9,325	446	433	80	64	17,959	16,311
	<u>74,295</u>	<u>68,509</u>	<u>41,192</u>	<u>38,546</u>	<u>6,335</u>	<u>6,480</u>	<u>854</u>	<u>915</u>	<u>122,676</u>	<u>114,450</u>

11 Exceptional Items	2002-03	2001-02
	£'000	£'000
Exceptional Charge for the Disposal of the Meadow Road Campus (Note 13)	6,354	-
Deferred Capital Grant Release for the Meadow Road Campus (Note 23)	(1,747)	-
Net Exceptional Charge in relation to the Disposal of the Meadow Road Campus	4,607	-
Exceptional Write Down for the Demolition of the Statham Street Building	282	-
Exceptional Items	<u>4,889</u>	<u>-</u>

12 Taxation

There is no UK Corporation tax payable by the various organisations within the Group.

13 Tangible Assets	Land & Buildings £'000	Equipment £'000	Total £'000
Consolidated			
Historical Cost/Valuation			
At 1 August 2002	110,689	19,215	129,904
Additions	1,252	3,529	4,781
Disposals	(325)	(2,494)	(2,819)
At 31 July 2003	<u>111,616</u>	<u>20,250</u>	<u>131,866</u>
Depreciation			
At 1 August 2002	3,477	10,847	14,324
Charge for the Year	3,525	2,810	6,335
Exceptional Charge (Note 11)	6,354	-	6,354
Disposals	(43)	(2,494)	(2,537)
At 31 July 2003	<u>13,313</u>	<u>11,163</u>	<u>24,476</u>
Net Book Value			
At 31 July 2003	<u>98,303</u>	<u>9,087</u>	<u>107,390</u>
At 1 August 2002	<u>107,212</u>	<u>8,368</u>	<u>115,580</u>

Land and Buildings with a net book value of £45,512 million have been funded from Treasury sources. Should these Land & Buildings be sold the University would either have to surrender the proceeds to the Treasury or use them in accordance with the University's Financial Memorandum with the Higher Education Funding Council for England. The Land & Building assets of the University are freehold and were revalued on 1 August 2001 by Dunlop Heywood Lorenz (Chartered Surveyors).

		2003 £'000	2002 £'000
The net book value of the Land & Buildings can be analysed as:-			
2001 Valuation	Depreciated Replacement Cost	89,485	99,339
	Market Value	6,170	6,310
Historical Cost		2,648	1,563
		<u>98,303</u>	<u>107,212</u>

13	Tangible Assets (continued)	Land & Buildings £'000	Equipment £'000	Total £'000
University				
Historical Cost/Valuation				
	At 1 August 2002	110,586	18,556	129,142
	Additions	1,251	3,388	4,639
	Disposals	(325)	(2,494)	(2,819)
	At 31 July 2003	<u>111,512</u>	<u>19,450</u>	<u>130,962</u>
Depreciation				
	At 1 August 2002	3,416	10,420	13,836
	Charge for the Year	3,504	2,604	6,108
	Exceptional Charge (Note 11)	6,354	-	6,354
	Disposals	(43)	(2,494)	(2,537)
	At 31 July 2003	<u>13,231</u>	<u>10,530</u>	<u>23,761</u>
Net Book Value				
	At 31 July 2003	<u>98,281</u>	<u>8,920</u>	<u>107,201</u>
	At 1 August 2002	<u>107,170</u>	<u>8,136</u>	<u>115,306</u>
14	Investments		2003 £'000	2002 £'000
Consolidated				
	Trade Investments		<u>73</u>	<u>92</u>
University				
	Shares in Group Undertakings		-	1
	Trade Investments		<u>2</u>	<u>2</u>
			<u>2</u>	<u>3</u>

14 Investments (continued)

Shares in Group Undertakings at 31 July 2003 represents investments, by the University and/or University of Salford Enterprises Limited in the following Companies which are all registered and operating in England and Wales.

Company Name	Principal Activity	Class of Shares	%
Salford Software Limited	Software Marketing	Ordinary	100.0
University of Salford (Health Services Training) Limited	Training	Ordinary	100.0
University of Salford Enterprises Limited	Business Development , Consultancy and Investment Management	Ordinary	100.0
Salford University Business Enterprises Limited	Investment Management	Ordinary 'A' Preference	76.5 63.3
SITEC Training College Limited	Training	Company Limited by Guarantee	50.0
Skyscope Limited	Investment Property	Ordinary	50.0
Salford Computing and Training Services Limited	Training	Ordinary	100.0
Salford E-Commerce Solutions Limited	Software Development	Ordinary	100.0
Crescent Purchasing Limited (formerly Mystic Solutions Limited)	Purchasing Services	Ordinary	100.0

Trade investments by University of Salford Enterprises Limited and/or University of Salford in Companies registered and operating in England and Wales comprise:-

Company Name	Principal Activity	Class of Shares	%
Learning Facilitation Limited	Education and Training	Ordinary	25.1
Photonics Research Systems Limited	Consultancy	Ordinary	24.0
AUR Hydropower Limited	Dormant	Ordinary	14.8
The Incubation Partnership Limited	Business Incubation	Limited by Guarantee	25.0
Channel M Limited	Television	Ordinary	20.0
Insys Limited	Dormant	Ordinary	49.0
Westhead Marketing Limited (formally Learning Pack Ltd)	Dormant	Ordinary	50.0
SUPER Services Limited	Entertainment	Ordinary	2.0
National Centre for Business & Sustainability Limited	Research	Limited by Guarantee	50.0
Video Arts Limited	Media Training	Ordinary	0.2
Casmir Limited	Knowledge Management Systems	Ordinary	5.0
CVD Technology Limited	Industrial Processes	Ordinary	20.0
Learning Expanse Limited	E-Learning Software	Ordinary	20.0
The Protocol Lab Limited	Construction Industry Software	Ordinary	20.0
Contraception Education Limited	Board Game	Ordinary	7.5
Foodparks UK Limited	Business Parks	Ordinary	10.0

15	Endowment Asset Investments	2003	2002
		£'000	£'000
Consolidated and University			
	At 1 August 2002	1,010	1,139
	(Decrease)	(72)	(129)
	At 31 July 2003	<u>938</u>	<u>1,010</u>

All the endowment funds are invested in Short Term Investments in accordance with the treasury management policy of the University.

16	Stock	2003	2002
		£'000	£'000
Consolidated			
	Work in Progress and General Stock	11	4
	Building and Engineering Stores	88	82
	Catering Stock	23	23
		<u>122</u>	<u>109</u>
University			
	Building and Engineering Stores	88	82
	Catering Stock	23	23
		<u>111</u>	<u>105</u>

17	Debtors	2003	2002
		£'000	£'000
Consolidated			
	Amounts Falling Due Within One Year		
	Trade Debtors	5,377	5,267
	Amounts due on Research Grants and Contracts	1,129	986
	Accrued Income	3,152	1,875
	Prepayments	869	807
		<u>10,527</u>	<u>8,935</u>
University			
	Amounts Falling Due Within One Year:		
	Trade Debtors	3,337	3,978
	Amounts Due on Research Grants and Contracts	1,128	986
	Accrued Income	3,002	1,777
	VAT Debtor	112	-
	Prepayments	684	554
	Amounts Owed by Subsidiary Undertakings	104	440
		<u>8,367</u>	<u>7,735</u>

18 Investments	2003	2002
	£'000	£'000
Consolidated and University		
Short Term Investments	20,385	16,725
Allocated to Endowment Investments (Note 15)	(938)	(1,010)
	<u>19,447</u>	<u>15,715</u>
19 Creditors: Amounts Falling Due Within One Year	2003	2002
	£'000	£'000
Consolidated		
Students' Union Deposit	1,450	1,327
Current Portion of Long Term Creditors	784	744
Research Contract Payments Received on Account	1,712	1,968
Trade Creditors	2,117	1,750
Social Security and Other Taxation Payable	2,278	2,285
Other Payroll Creditors	874	771
Accruals	8,877	5,040
Other Creditors	126	116
Deferred Income	5,216	8,661
	<u>23,434</u>	<u>22,662</u>
University		
Students' Union Deposit	1,450	1,327
Current Portion of Long Term Creditors	784	744
Research Contract Payments Received on Account	1,712	1,968
Trade Creditors	1,878	1,341
Social Security and Other Taxation Payable	1,563	1,804
Other Payroll Creditors	875	771
Accruals	6,411	4,737
Deferred Income	4,598	5,434
Other Creditors	126	116
Amounts Due to Subsidiary Undertakings	2,793	2,719
	<u>22,190</u>	<u>20,961</u>

20	Creditors: Amounts Falling Due After More Than One Year	2003	2002
		£'000	£'000
Consolidated			
	Deferred Income	1,155	-
	Mortgages Secured on Residential and Other Property	11,304	13,523
	Unsecured Loan	50	50
		<u>12,509</u>	<u>13,573</u>
University			
	Mortgages Secured on Residential & Other Property	<u>11,304</u>	<u>13,523</u>
21	Borrowings	2003	2002
21 (a)	Bank Loans and Mortgages	£'000	£'000
Consolidated			
	Amounts Falling Due Within 1 Year	784	738
	Amounts Falling Due Within 1 to 2 Years	882	828
	Amounts Falling Due Within 2 to 5 Years	2,831	2,663
	Amounts Falling Due After 5 Years or More	7,641	10,082
		<u>12,138</u>	<u>14,311</u>
University			
	Amounts Falling Due Within 1 Year	784	738
	Amounts Falling Due within 1 to 2 Years	832	778
	Amounts Falling Due Within 2 to 5 Years	2,831	2,663
	Amounts Falling Due After 5 Years or More	7,641	10,082
		<u>12,088</u>	<u>14,261</u>
21 (b)	Finance Leases		
The net finance lease obligations to which the Group is committed are:-			
Consolidated and University			
	Within 1Year	-	6
	Between 1 and 2 Years	-	-
		<u>-</u>	<u>6</u>

22 Provisions for Liabilities & Charges

	Enhanced Pension Benefits Payable to Retired Staff	Standardisation of Pension Benefits to Former University College Salford Staff	Total
	£000	£000	£000
As at 1 August 2002	7,796	314	8,110
Expenditure in Year	(646)	-	(646)
Interest on Funds (Note 5)	468	19	487
Transfer from Income and Expenditure Account	872	102	974
As at 31 July 2003	<u>8,490</u>	<u>435</u>	<u>8,925</u>

23 Deferred Capital Grants

	Land & Buildings £'000	Equipment £'000	Total £'000
Consolidated and University			
Higher Education Funding Council Grants			
At 1 August 2002	21,370	1,262	22,632
Grant Received	303	1,754	2,057
Released to Income and Expenditure (Note 1)	(766)	(828)	(1,594)
Exceptional Release (Note 11)	(1,408)	-	(1,408)
At 31 July 2003	<u>19,499</u>	<u>2,188</u>	<u>21,687</u>
Other Grants			
At 1 August 2002	5,833	496	6,329
Grant Received	303	242	545
Released to Income and Expenditure (Note 4)	(208)	(246)	(454)
Exceptional Release (Note 11)	(339)	-	(339)
At 31 July 2003	<u>5,589</u>	<u>492</u>	<u>6,081</u>
Total			
At 31 July 2003	<u>25,088</u>	<u>2,680</u>	<u>27,768</u>
At 1 August 2002	<u>27,203</u>	<u>1,758</u>	<u>28,961</u>

24 Specific Endowments	2003	2002
	£'000	£'000
Consolidated and University		
At 1 August 2002	1,010	1,139
Additions	156	161
Interest (Note 5)	37	48
Transferred to Income and Expenditure Account (Note 5)	(265)	(338)
At 31 July 2003	<u>938</u>	<u>1,010</u>
	2003	2002
	£'000	£'000
Representing:		
Fellowship and Scholarship Funds	-	161
Prize Funds	284	290
Chair and Lectureship Funds	281	316
Other Funds	373	243
	<u>938</u>	<u>1,010</u>
25 Revaluation Reserve		
	University	Consolidated
	£'000	£'000
At 1 August 2002	44,078	44,078
Transferred to Income and Expenditure Account (Note 26)	(1,342)	(1,342)
Transferred to Income and Expenditure Account on Loss on Disposal of Meadow Road Campus (Note 26)	(3,439)	(3,439)
Transferred to Income and Expenditure Account on Decision to Demolish Statham Street Building (Note 26)	(74)	(74)
At 31 July 2003	<u>39,223</u>	<u>39,223</u>
26 Income and Expenditure Reserve		
	University	Consolidated
	£'000	£'000
At 1 August 2002	23,278	23,824
Transferred from Revaluation Reserve (Note 25)	1,342	1,342
Transferred from Revaluation Reserve on Decision to Demolish Property (Note 25)	74	74
Transferred from Revaluation Reserve on Loss on Disposal of Meadow Road Campus (Note 25)	3,439	3,439
Deficit for the Financial Year	(1,329)	(1,417)
As at 31 July 2003	<u>26,804</u>	<u>27,262</u>

27 Financial Commitments	2003	2002
	£'000	£'000
At 31 July the annual commitment under non-cancellable operating leases were as follows:		
Consolidated		
Within One Year	533	576
Between Two and Five Years	1,881	1,789
Over Five Years	36	36
	<u>2,450</u>	<u>2,401</u>
University		
Within One Year	533	576
Between Two and Five Years	1,881	1,789
	<u>2,414</u>	<u>2,365</u>
28 Capital Commitments	2003	2002
	£'000	£'000
Consolidated		
Commitments Contracted at 31 July	1,514	187
Authorised but not Contracted at 31 July	26,245	25,223
	<u>26,245</u>	<u>25,223</u>
University		
Commitments Contracted at 31 July	1,514	167
Authorised but not Contracted at 31 July	26,205	25,182
	<u>26,205</u>	<u>25,182</u>
29 Contingent Liability		
The Group has no contingent liabilities as at 31 July 2003 (2002 £nil). The University has provided a letter of comfort to Barclays Bank plc for Salford E-Commerce Solutions Ltd's overdraft. The overdraft was £242,201 at 31 July 2003.		
30 Reconciliation of Consolidated Operating Surplus/(Deficit) to Net Cash Inflow from Operating Activities	2002-03	2001-02
	£'000	£'000
(Deficit)/Surplus before Taxation	(1,390)	704
Depreciation (Note 8)	6,335	6,480
Exceptional Item (Note 11)	4,889	-
Deferred Capital Grants Released to Income (Note 22)	(2,048)	(2,216)
Investment Income (Note 5)	(544)	(439)
Interest Payable and Similar Charges (Note 9)	854	915
(Increase)/Decrease in Stocks	(13)	17
(Increase)/Decrease in Debtors	(1,592)	913
Increase/(Decrease) in Creditors	1,764	2,890
Increase/(Decrease) in Provisions	815	311
Endowments Released to Income (Note 5)	(265)	(338)
Net Cash Inflow from Operating Activities	<u>8,805</u>	<u>9,237</u>

31	Returns on Investments and Servicing of Finance		2002-03	2001-02
			£'000	£'000
	Income from Endowments (Note 24)		37	48
	Income from Short Term Investments (Note 5)		544	439
	Interest Paid (Note 9)		(854)	(915)
			<u>(273)</u>	<u>(428)</u>
32	Capital Expenditure and Financial Investment		2002-03	2001-02
			£'000	£'000
	Tangible Assets Acquired (Note 13)		(4,781)	(5,326)
	Endowment Assets Disposed (Note 15)		72	129
	Investments Disposed/(Purchased) (Note 14)		19	(51)
	Deferred Capital Grants Received (Note 23)		2,602	870
	Endowments Received (Note 24)		156	161
			<u>(1,932)</u>	<u>(4,217)</u>
33	Management of Liquid Resources		2002-03	2001-02
			£'000	£'000
	Movement in Students' Union Deposit		123	(61)
	Movement in Investments		(3,732)	(6,335)
	Net Cash (Outflow) from Management of Liquid Resources		<u>(3,609)</u>	<u>(6,396)</u>
34	Analysis of Changes in Consolidated Financing		2002-03	2001-02
			£'000	£'000
	At 1 August 2002		14,317	12,396
	Unsecured Loan Repayable by 2011 from Bank of Scotland		-	2,550
	Loan from North West Universities Purchasing Consortium		-	50
	Repayments of Amounts Borrowed		(2,179)	(679)
	Net Amount (Repaid)/Borrowed During the Year		<u>(2,179)</u>	<u>1,921</u>
	At 31 July 2003		<u>12,138</u>	<u>14,317</u>
35	Analysis of Changes in Consolidated Net Funds	1 August 2002	Cash Flow	31 July 2003
		£'000	£'000	£'000
	Investments	15,715	3,732	19,447
	Students' Union Deposit	(1,327)	(123)	(1,450)
		<u>14,388</u>	<u>3,609</u>	<u>17,997</u>
	Cash at Bank and in Hand	1,013	812	1,825
	Debt Due Within One Year	(744)	(40)	(784)
	Debt Due Over One Year	(13,573)	2,219	(11,354)
		<u>1,084</u>	<u>6,600</u>	<u>7,684</u>

36 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: -

	2002-03	2001-02
	£'000	£'000
USS -Note 36(a)	4,041	3,718
TPS -Note 36(b)	762	600
GMPF -Note 36(c)	1,243	1,089
Other Pension Schemes	6	8
	<u>6,052</u>	<u>5,415</u>

The pension costs have been prepared on a SSAP 24 basis as detailed in Note 7 of the Principal Accounting Policies. The Accounting Standards Board is proposing to account for pension costs on a new basis as detailed in Financial Reporting Standard 17 (FRS 17). The Accounting Standards Board guidance requires the impact of FRS 17 to be separately disclosed in the notes to the accounts.

36(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 trustee administered fund.

SSAP 24

The cost recognised within the accounts for the year in the income and expenditure account were equal to the contributions paid to the scheme for the year (14% of total pensionable salaries).

The main results and assumptions of the valuation of the USS are as follows: -

Latest Actuarial Valuation date	31 March 2002
Valuation method	Projected Unit
Value of assets	£19,938m
Value of past service liabilities	£19,776m
Surplus of assets	£162m
Funding level for accrued benefits	101%
Investment return per annum for past service liabilities	5.0%
Salary increase per annum for past service liabilities	3.7%
Pension increases per annum for past service liabilities	2.7%
Investment return per annum for future service liabilities	6.0%
Salary increases per annum for future service liabilities	3.7%
Pension increases per annum for future service liabilities	2.7%

36(a) Pension Schemes (continued)

The institution contribution rate required for future service benefits alone at the date of valuation was 14.25% of salaries but it was agreed that the institution contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5 million (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on the Institution's future contribution commitment. The next formal actuarial valuation is due as at 31 March 2005 when the above rates will be reviewed.

FRS 17

Under the definitions set out in FRS 17 (Retirement Benefits), the USS 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 contributions to the scheme as if it were a defined contribution scheme. The University has set out above the information available on the surplus in the scheme and the implications for the University in terms of the anticipated contribution rates.

36(b) Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme 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.

SSAP 24

The pension cost is assessed every five 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: -

Latest actuarial valuation	31 March 2001
Actuarial method	Prospective Benefits
Investment returns per annum	7.0%
Salary scale increases per annum	5.0%
Market value of notional assets at date of last valuation	£102,010m
Proportion of members' accrued benefits covered by the actuarial value of the assets	100%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employers' contributions. The University paid contributions of 7.4% (including 0.2% in respect of benefit improvements to the scheme) from 1 August 2001 to 31 March 2002, 8.35% from 1 April 2002 to 31 March 2003 and 13.5% from 1 April 2003 to 31 July 2003. The costs recognised within the accounts for the year in the income and expenditure account were equal to the contributions paid to the scheme.

FRS 17

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 contributions to the scheme as if it were a defined contribution scheme.

36 Pension Schemes (continued)**36(c) 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.

SSAP 24

The costs recognised within the surplus/(deficit) for the year in the Income and Expenditure Account were equal to the contributions paid to the scheme for the year.

The main results and assumptions of the valuation of GMPF are as follows: -

Latest Actuarial Valuation date	31 March 2001
Valuation method	Projected Unit
Market value of assets	£6,261m
Value of past service liabilities	£5,995m
Surplus of assets	£306m
Funding level for accrued benefits	105%
Investment return per annum on equities for past service liabilities	6.25%
Investment return per annum on bonds for past service liabilities	5.25%
Salary increase per annum for past service liabilities	4.3%
Pension increases per annum for past service liabilities	2.8%
Investment return per annum on equities for future service liabilities	6.5%
Investment return per annum on bonds for future service liabilities	5.5%
Salary increase per annum on future service liabilities	4.3%
Pension increase per annum for future service liabilities	2.8%

The University paid contributions of 8% from August 2001 to March 2002, 8.6% from April 2002 to March 2003 and 9.3% from April 2003 to July 2003. Surpluses and deficits are spread over employees' future service lives, and the pensions charge recorded by the University during the account period were equal to the contributions payable.

FRS 17

The following information is based upon a full actuarial valuation of the fund as 31 March 2001 updated to 31 July 2001 and 31 July 2002 by a qualified independent actuary (Hymans Robertson).

	31 July 2002	31 July 2001
Inflation	2.6%	2.4%
Rate of increase in salaries	4.1%	3.9%
Rate of increase in pensions	2.6%	2.4%
Discount rate for liabilities	5.5%	6.0%

36. Pension Schemes (continued)

The assets in the scheme, of which the University's share is estimated at 0.97% (2002/2003 0.89%), and the expected rates of return were: -

	Value at 30 June 2003 £'000	Value at 30 June 2002 £'000
Equities	3,874,800	3,666,000
Bonds	809,000	1,049,000
Property	556,100	523,000
Cash	374,000	371,000
Total Market Value of Assets	<u>5,613,900</u>	<u>5,609,000</u>
	Long term Rate of Return Expected at 30 June 2003	Long term Rate of Return Expected at 30 June 2002
Equities	8.0%	8.0%
Bonds	5.0%	5.5%
Property	6.0%	6.0%
Cash	3.5%	4.0%

The Pension Fund is unable to provide asset information at 31 July 2003. The above information has been used to estimate the University's estimated asset shown at 31 July 2003.

	2003 £'000	2002 £'000
University's Estimated Asset Share	54,453	50,445
Present Value of Scheme Liabilities	(66,957)	(53,724)
Present Value of Unfunded Liabilities	(4,334)	-
Total Value of Liabilities	<u>(71,291)</u>	<u>(53,724)</u>
Deficit in the Scheme	<u>(16,838)</u>	<u>(3,279)</u>

36. Pension Schemes (continued)

Under the transitional arrangements of FRS 17, no provision has been made by the University for its share of the deficit of the scheme. If provision were made, the following entries would be made:

Consolidated Balance Sheet

	2003 £'000	2002 £'000
Net assets excluding FRS 17 pension asset*	98,846	98,109
Net pension (liability)/asset	(16,838)	(3,279)
Net assets including FRS 17 pension (liability)/asset	<u>82,008</u>	<u>94,830</u>
Consolidated Reserves		
Income and expenditure account excluding FRS 17 pension (liability)/asset*	30,654	23,824
Pension reserve	(16,838)	(3,279)
Income and expenditure account including FRS 17 pension (liability)/asset	<u>13,816</u>	<u>20,545</u>

University Balance Sheet

	2003 £'000	2002 £'000
Net assets excluding FRS 17 pension (liability)/asset*	98,125	97,327
Net pension (liability)/asset	(16,838)	(3,279)
Net assets including FRS 17 pension (liability)/asset	<u>81,287</u>	<u>94,048</u>
University Reserves		
Income and Expenditure account excluding FRS 17 pension (liability)/asset*	30,196	23,278
Pension reserve	(16,838)	(3,279)
Income and expenditure account including FRS 17 pension (liability)/asset	<u>13,358</u>	<u>19,999</u>

*Amount excludes the 2003 SSAP 24 provision for GMPF scheme under funding including within the Consolidated /University Balance Sheet

Under the transitional arrangements of FRS 17, the University's pension charge for the year calculated under FRS 17 assumptions is not included in the financial statements (as this is currently calculated on a SSAP24 basis). If the charge had been included on an FRS 17 basis, the following entries would be made: -

Analysis of the amount charged to the income and expenditure account

	2002-03 £'000	2001-02 £'000
Service Cost	1,785	1,905
Past Service Cost	30	213
Curtailments and Settlements	725	240
Total Operating Charge	<u>2,540</u>	<u>2,358</u>

36. Pension Schemes (continued)**Analysis of net return on pension scheme**

	2002-03 £'000	2001-02 £'000
Expected Return on Pension Scheme Assets	3,569	3,539
Interest on Pension Scheme Liabilities	(3,239)	(3,323)
Net Return	<u>330</u>	<u>216</u>

Amounts recognised in the statement of recognised gains and losses

	2002-03 £'000	2001-02 £'000
Actual Return Less Expected Return on Pension Scheme Assets	(6)	(9,467)
Experience Gains and Losses Arising on the Scheme Liabilities	(4,448)	576
Charge in Financial and Demographic Assumptions Underlying the Scheme Liabilities	(8,138)	4,436
Actuarial Gains/(Losses) Recognised in Gains and Losses	<u>(12,592)</u>	<u>(4,455)</u>

Movements in surplus during year

	2002-03 £'000	2001-02 £'000
(Deficit)/Surplus in Scheme at Beginning of Year	(3,279)	2,011
Current Service Charge	(1,785)	(1,905)
Contributions	1,243	1,089
Past Service Costs	(30)	(213)
Impact of Settlements and Curtailments	(725)	(240)
Net Interest/Return on Assets	330	434
Actuarial Gain/(Loss)	(12,592)	(4,455)
(Deficit) in Scheme at End of Year	<u>(16,838)</u>	<u>(3,279)</u>

History of experience gains or losses

	2002-03 £'000	2001-02 £'000
Difference Between the Expected and Actual Return on Assets Amount	6	(9,467)
% of Scheme Assets	0.0%	(18.89%)
Experience (Losses)/Gains on Scheme Liabilities Amount	(4,448)	576
% of Scheme Liabilities	(6.2%)	1.1%
Total Amounts Recognised in Statement of Total Recognised Gains and Losses Amount	(12,592)	(4,455)
% of Scheme Liabilities	(17.7%)	8.3%

37 Access Funds	2002-03	2001-02
	£'000	£'000
Balance Brought Forward	84	26
HEFCE Grants	1,143	1,140
Interest Earned	15	18
Administration Costs	(31)	(28)
Disbursed to Students	(1,164)	(1,072)
Balance Carried Forward	<u>47</u>	<u>84</u>

38 Related Party Transactions

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

	2002-03	2001-02
	£'000	£'000
Annual Grant Paid to Students' Union from University	620	615
Contribution from Students' Union to University for the Refurbishment of University House	(303)	-
Travel Agency and Other Services Paid to Students' Union from University	474	497
Payments made to the University from Students' Union for Services Provided	<u>(109)</u>	<u>(90)</u>



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