INTEGRATED REPORT 2017

University of Salford MANCHESTER

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

WELCOME

Welcome to our first Integrated Annual Report. This report summarises the activity of the University of Salford for the year ended 31 July 2017. It provides an overview of our business model and strategic objectives as well as the key factors that influence our performance.There is detail on our leadership and governance structures and an insight in to the decisions that are made in order to meet our commercial and wider responsibilities.

CONTENTS

OUR VISION AND MISSION

“BY PIONEERING EXCEPTIONAL INDUSTRY PARTNERSHIPS WE WILL LEAD THE WAY IN REAL WORLD EXPERIENCES PREPARING STUDENTS FOR LIFE.”

Our Industry Collaboration Zone strategy is about creating a 21st century version of our heritage. It is about putting industry, in the broadest sense of the word; from the NHS to manufacturing, from local government to digital media, at the heart of our curriculum and our research.

We are setting out to build a university where gaining work-placed skills and experiences is a fundamental to the education we provide; where we work with industry to address the needs and demands of the 21st century and help our community rise to public policy challenges.

OUR PURPOSE

Ever since we began life in 1896 as Salford Royal Technical Institute, serving industry and advancing the skills of working people have been at the heart of our purpose.

Today, we're closer to industry than ever, with more links with small and medium sized enterprises than any other university in Greater Manchester (HEBCIS 2015/16). We use these links to create courses that are contemporary, interdisciplinary and relevant to the world of work - many of them are accredited by industry bodies.

Collaboration and co-creation between industry partners, students and staff come to life across campus, to give our students a range of experiences outside of the lecture theatre. Work placements, live briefs, community and practice-based projects provide real-life experience that puts academic theory into practice.

We've always played a major role in improving the lives of our local communities and today we take this challenge more seriously than ever. Our research centres span the fields of arts, health, science, engineering, environment and management, working with local and national partners to find solutions to a wide range of societal and business challenges.

A UNIVERSITY FOR 50 YEARS

2017 is our 50th year and celebrations have taken place across the first part of the year. Highlights include the February launch of our new Coat of Arms at a Civic Reception here on campus, and a response to UK Government's Industrial Strategy at the House of Lords.

Prince Phillip, the first Chancellor of the University of Salford

Since 1967 the University of Salford has been recognised for world-renowned research across numerous academic areas. In 2016 our work on tracking wildlife regeneration in Chernobyl beat competition from every other university in the country to be given The Times Higher prestigious 'Research Project of the Year' Award.

For 50 years we have been one of the nation's biggest champions of widening participation in higher education. We continue to support one of the highest percentages of students coming from less privileged backgrounds, many of them the first in their family to get a degree. Providing these life-changing opportunities to everyone who wants them remains at the very core of who we are as a University.

The University's new Coat of Arms

OUR SCHOOLS

School of Arts & Media	School of the Built Environment	School of Computing, Science & Engineering

School of Environment & Life Sciences	School of Health Sciences	School of Health and Society	Salford Business School

Professional Services

SALFORD SETS US APART

Salford is part of Greater Manchester; a thriving, diverse city region in the North West of England. There's an entrepreneurial spirit here - we've got big ideas and we make them happen. But we also know how to have fun – with some of the greatest sports, culture and music scenes in the world, the University of Salford is home to anyone who loves to work hard and enjoy life.

Our main campus is set against Peel Park, one of the oldest public parks in England, and is just 2km from Manchester city centre. We've invested over £150 million in our campus over the past five years, creating state-of-the-art living and learning facilities that help prepare our graduates for the working world.

Our MediaCityUK campus shares a skyline with the BBC and ITV, providing a world-class university experience for our students. Greater Manchester is undergoing major Regional Devolution, with plans for an enormous regeneration strategy that will see unprecedented investment in the city-region.

The University of Salford and its students will be a vital part of the ongoing transformation of the North into a dynamic and unique place to live and work. All of these things are geared towards one overarching goal: equipping our students with the knowledge, skills and confidence to reach their career aspirations.

81 new students awarded scholarships, bursaries & prizes

£1,899,285.92 donated to support students, staff, research & facilities

A SPECTACULAR YEAR FOR SALFORD!

Financial Year 2016/17

University of Salford MANCHESTER
1967-2017 50 YEARS

843 alumni, parents, students & friends made a gift to the University of Salford

People from **43** countries donated to the University

25 students participated in 'Inspiring Salford' & became student mentors

10 seats named in our 'Name a Seat' campaign in New Adelphi and Chapman buildings

2 legacy gifts totalling **£55,000**

14 Salford Advantage Bursary scholars graduated

THE TEAM

Professor Helen Marshall
Vice-Chancellor

Professor Richard Stephenson
Deputy Vice-Chancellor

Dr Sam Grogan
Pro Vice-Chancellor
Student Experience

Jo Purves
Pro Vice-Chancellor for International and Regional Partnerships

Alison Blackburn
University Registrar

Louise Edwards-Holland
Director of HR

Julie Charge
Director of Finance

In 1967 we had 352 academic staff, this was up from the first 19 who started the Institute in 1896. Today we now have nearly 1,000 academic staff who are teaching 20,000 students.

1 OPERATING CONTEXT

In setting our strategy, we pay attention to changes in the sector and the wider policy landscape. As well as keeping a close watch on developments, each year we undertake a comprehensive environmental scanning exercise to understand what is changing, what might happen and, critically, what that means for us and how we should respond. Our key current areas of focus are:

1.1 DEMOGRAPHIC CHANGE AND THE IMPACT UPON DEMAND

The English 15-19 age group is in decline until 2019 and the 20-24 age group is projected to fall to 2024 before a return to growth. The rate of decline and subsequent growth for these age groups is similar for Greater Manchester. The population is also ageing with the number and proportion of older people continuing to rise in the UK. 18% of the population were aged 65 and over in mid-2016, up from 17.4% in 2013 and this is set to continue growing to 20.5% by 2026. The decline in the school leaver age group means that the overall size of the English Higher Education student market is shrinking. This will increase competitive pressures on a sector that is no longer restricted to a student number cap.

1.2 THE INTERNATIONAL STUDENT MARKET

The challenging international market will continue owing to economic difficulties in key markets for Salford (Middle East and parts of Africa). This challenge is coupled with increasing competition from foreign markets, in particular Canada and Australia who continue to grow their overseas students. Overseas Higher Education provision, notably in China and India, is also becoming more mature meaning that students from these countries are increasingly electing to study in their home country.

With overseas students remaining in net migration figures, there will be continued pressure from UK Visas and Immigration [UKVI] in terms of visa regulations and compliance. Requirements around academic contact time making some blended courses unviable, coupled with the reputational impact in overseas markets that will accrue from the Teaching Excellence Framework [TEF] means that recruiting overseas students will continue to be a challenge to the University.

In terms of size however, UN projections see the global population continuing to grow and reaching over 8.6bn by 2030, up from 7.6bn in 2017.

1.3 BREXIT

The UK Government is underway with negotiations for leaving the European Union although there are still many uncertainties about what this will mean longer term in the following key areas for our University:

Student recruitment:
EU students who are currently eligible to receive financial support and home fee status for undergraduate and postgraduate courses at English universities will continue to do so for courses they are currently enrolled on or will start in 2017/18 and 2018/19 (and for the duration of their course). Nothing is certain beyond this and unless similar provision is made, those from the EU will have to be classified as overseas students which could mean an increase in fees and no access to student loans. This would have a severe negative impact upon recruitment from this market.

Furthermore, lack of clarity around onward right to residency and work post study may further deter students from applying. EU students are already being put off from applying as latest UCAS application figures to UK universities shows a 5% decline year on year (as at June 2017). There may also be restrictions on outward student mobility including continued access to the Erasmus+ programme which facilitates study in Europe (and for European students to take up study opportunities in the UK). To offset the apparent reduction of EU students, some institutions are looking at establishing EU based campuses but this is by no means virgin territory with established American universities already having made inroads into this market. Nonetheless, trusted EU educational delivery partners will become more important to secure.

Research opportunities:
Research grant capture could be restricted if UK universities are excluded from EU research funds (e.g. European Research Council (ERC); European Regional Development Fund; Horizon 2020).

EU staff:
There is still a lack of clarity upon the right to the new settled status (in terms of cut off dates and time out of country) for EU national staff, who represent 23% of all academics at UK universities. No doubt as a consequence of the uncertainty over rights to residency and work, so far in 2016/17 over 1,300 EU staff have left British universities.

1.4 FUNDING OF HE

The Government's annual grant letter to HEFCE announced a cut of 5% to the teaching grant for 2017/18 from that awarded for 2016/17. There is a further 5% cut expected for 2018/19. The recurrent grant for Research funding will however increase by 2%. The Government has underlined its support for research as high on the list of priorities by announcing in the Autumn Statement (2016) an additional £4.7bn funding for Research and Innovation by 2020/21.

1.5 TEACHING EXCELLENCE FRAMEWORK

TEF is one of the key components of the new Higher Education & Research Act which passed into law in April 2017 and is a way of assessing the quality of teaching in Higher Education. One view is that the Government is also using this as a means to promote the marketisation of the HE sector through the introduction of ratings-related fees, and whilst the proposed link between fee setting and TEF rating has been postponed subject to the outcome of review in 2019, we must be prepared for the possibility that future tuition fee levels may become dependent on the University's TEF rating, potentially from 2020/21. This would force a market through price (fee) differentiation and, added to the perceived distinction of quality through the TEF rating system (Gold, Silver and Bronze), have a disadvantaging effect upon any institution rated as Bronze. Even without a link to fees, it is still critical to consider the ongoing reputational consequences as TEF ratings will have a bearing on applicant decision making, including those from overseas.

1.6 SECOND RESEARCH EXCELLENCE FRAMEWORK

The outcome of the *Research Excellence Framework (REF) Review: Building on Success and Learning from Experience*, otherwise known as the Stern Review, was published in July 2016. The purpose of the review was to examine how to make the REF more effective in identifying and fostering excellence, whilst keeping down costs, and reducing the burdens and distortions associated with the current REF processes.

The review recognised the importance of REF and the established dual support system comprising a quality-related (QR) block grant from the Funding Council and competitive funding allocated by the Research Councils. It also expressed commitment to maintaining and improving incentives for research excellence wherever it is found, and the principle of supporting and increasing interdisciplinary research and collaboration, including widening the definition of research impact.

The Government accepted the review findings and HEFCE, together with the other UK funding bodies, has undertaken a sector-wide consultation on how the Stern recommendations might be implemented in respect of eight main areas.
Of particular importance to Salford are proposals relating to: submitting all staff who are research active to the REF rather than just institution selected 'high performers'; whether research outputs should be portable if staff move institution and a broader definition of research impact that will do more to bring out cultural and societal benefits in addition to the more immediately assessable academic and economic impacts.

Initial decisions from the consultation have been published (Sep 2017) and included the implementation of an all staff return to REF. The timetable for REF2021 will therefore be tighter than usual, giving HEIs 3.5 years at most from the publication of the final REF rules to the submission deadline.

1.7 SKILLS GAP & THE UK GOVERNMENT'S INDUSTRIAL STRATEGY

In January the Government published its Industrial Strategy, a green paper that aims to support and grow the UK economy post-Brexit. The Strategy places a clear importance upon the potential contribution of universities across several of the pillars along with the intention to look at regional disparities in economic performance. It also announced that an additional £4.7 billion will be invested in R&D by 2020/21 which will clearly support research activity in the HE sector.

1.8 DEVOMANC AND IMPORTANCE TO THE REGION

Following the signing of the Devolution Agreement in 2014, three further agreements have been signed in July and November 2015, and March 2016. The range of devolved powers and responsibilities to the Greater Manchester region include fire services, transport, housing, planning, policing and criminal justice, health and social care, and adult education and skills.

The first mayor of the Greater Manchester city-region, Labour's Andy Burnham, was elected on 4th May 2017 and has already appointed Salford's mayor, Paul Dennett, as the new portfolio lead for housing, regeneration and homelessness which includes overseeing the rewrite of the Greater Manchester Spatial Framework which will decide how and where housing investment is prioritised. Related to this, we are already working with Salford City Council on its Anti-Poverty Taskforce.

> "The University of Salford has a long history of engagement with the local community in Salford and we are proud to be working closely with Salford City Council to provide the robust data that is needed to create policies which will have the greatest impact possible."
>
> **Dr Lisa Scullion**
> Associate Director of the University's Sustainable Housing and Urban Studies Unit

2 OUR STRATEGY

We have formulated our strategy to take account of the operating context as well as determining the strategic priorities that will enable us to achieve our vision and remain a sustainable institution.

2.1 UNIVERSITY STRATEGIC PLAN

Our Strategic Plan covers the period 2016-2021. The purpose enshrined in the vision of 'preparing students for life' through 'real world experiences' is underpinned by the creation of four Industry Collaboration Zones which act as a focus for collaboration within the University and with industry partners. We are now identifying and developing a series of exceptional industry partnerships, the characteristics of which include the ability to enrich the student experience and their employability prospects and to be a curriculum co-creator through design, delivery and integrated work based learning.

These partnerships also offer staff development opportunities through experience of industry best practice and enterprise and research opportunities. Delivery of the ICZ strategy will position the University of Salford as the first choice for students wanting an experience characterised by integrated work-based learning, a flexible, industry informed and research informed curriculum, underpinned by a commitment to a creative pedagogy and aligned to contemporary business models.

EVERY STUDENT HAS THE OPPORTUNITY FOR AN INTEGRATED WORK-BASED LEARNING EXPERIENCE

EVERY PROGRAMME IS CO-CREATED WITH INDUSTRY, AND DELIVERED WITH THE MAXIMUM FLEXIBILITY OF TIME, PLACE AND METHOD

RESEARCH AND ENTERPRISE ACTIVITIES ARE GROUNDED IN THE NEEDS OF INDUSTRY AND CONTRIBUTE TO MEETING A RANGE OF GLOBAL CHALLENGES

THE UNIVERSITY COMMUNITY ENACTS THE ICZ PRINCIPLES IN ALL ITS ACTIVITIES, ENSURING THE MAXIMUM CROSS UNIVERSITY CONTRIBUTION IS MADE TO ALL FOUR ICZS

THE UNIVERSITY IS DESTINATION OF CHOICE FOR HIGH QUALITY STUDENTS WHOSE FIT WITH INDUSTRY AS THE FUTURE WORKFORCE ENSURES HIGH LEVELS OF EMPLOYABILITY

> "Greater collaboration between universities and the private sector will make an important contribution to mitigating the impact of infrastructure on the environment and protecting the natural world. AECOM is proud to be working with the University of Salford on this initiative to increase understanding of the environmental and ecological aspects of infrastructure projects."
>
> **Peter Skinner**
> Chief Executive of Environment and Ground Engineering for Europe, Middle East, India and Africa at AECOM

2.2 INDUSTRY COLLABORATION ZONES (ICZS)

The development framework for our ICZs in 16/17 has provided the enabling infrastructure, leadership, organisational change and governance processes that effectively supported the creation and on-going development of the four ICZs in the area of Creative & Digital; Engineering & Environments; Health, Wellbeing & Society and Sport. The creation of exceptional industry partnerships are a key enabler for ICZs and work is well progressed in identifying who these partners will be. Programme ICZ readiness in terms of industry connectedness, opportunity for work based learning, internships and flexibility of delivery has been audited and changes are underway to implement this.

We have created the impact evaluation tools of the Logic Model and Impact Framework and these are in use to capture how, and by how much, ICZ activity is delivering benefits to stakeholders which include our students, staff and industry partners. ICZs also involve research and enterprise activities which will be increasingly interdisciplinary and tailored to the needs of industry.

2.3 PRODUCT PORTFOLIO (DIVERSIFICATION)

Given the changing demographics and the fall in the school leaver population, we are developing a larger UK-wide student base utilising market intelligence to target key areas and products (e.g. Degree Apprenticeships and articulation agreements with partner colleges). This is especially important as the University strategy includes growth in total student numbers.

Degree Apprenticeships are already underway with the first being delivered in 16/17 and a further eight planned for delivery from 17/18. These are expected to have an increasing share of total student numbers in subsequent years as their growth is now supported by the introduction of the Employment Levy from April 2017. The levy can be used by businesses over a certain size as funding for Continued Professional Development (CPD) and Degree Apprenticeships. Key industry demand so far is in Construction, Engineering, Business and Health – areas we are well positioned to capitalise on. We are directly involved in a number of trailblazer groups that will establish national standards for awards in these subjects. A further strength of the Salford offer is our partnership with our partner FE Colleges to have a single provider solution from levels 2 to 8.

Foundation Years:
All Schools have recruitment plans for Foundation Years for 2017/18 to support access to the University. Some of these are existing courses and many new ones have been developed to promote access to our degree courses after successful completion of a Foundation Year. The appeal of these courses is proving to be very high with a 50% increase on targeted recruitment numbers being achieved in 2017/18.

New courses:
The University undertakes an annual portfolio review and student number planning exercise which identifies new subject areas that can be developed. New courses for 2017/18 recruitment include BSc Chemistry, BSc Geography & Archaeology, BA Theatre & Performance Practice, BA Film and TV Set Design and BSc Psychology of Sport.

2.4 RESPONDING TO THE INDUSTRIAL STRATEGY

We have good reason to be optimistic about the Government's Industrial Strategy given the emphasis on the contribution of universities to its implementation and success, and specifically to Salford there are several links to our Industry Collaboration Zones (ICZs). The additional £4.7 billion to be invested in R&D by 2020/21 could open up opportunities for our ICZs in the form of PhDs in STEM (Science, Technology, Engineering and Mathematics) subjects and a range of technologies that could be supported via the Industrial Strategy Challenge Fund.

The pillar concerned with skills development and the focus on improving the quality and status of technical education also aligns well with our vision - although it remains unclear how the creation of new Institutes of Technology to deliver higher level skills will align and intersect with vocationally oriented degree programmes and Degree Apprenticeships offered by ourselves and the sector more widely.

For us, there is a particularly positive message around the emphasis on place and nuanced approaches to meet regional needs rather than a one-size-fits-all strategy. Universities have a central role to play in creating/developing regional economic growth and productivity; for example support for increased commercialisation of activity, attracting employers and growing highly skilled local populations.

2.5 REGIONAL

We have responded to a consultation by the Greater Manchester Combined Authority (GMCA) on a range of powers to control services in the region including (with most relevance to the University) education, skills and employment support. The response emphasises the need to ensure that regional adult education and skills provision supports the vibrant HE community in Greater Manchester, one of the largest student populations in an urban conurbation in the UK, including aligning this provision to the higher level skills opportunities offered by the region's HE providers. The Government's recent Industrial Strategy green paper signalled further ways in which the University can leverage its strengths in research and innovation and skills development to contribute to the Northern Powerhouse.

Senior University leaders are in ongoing discussions with the New Economy, which works on behalf of the GMCA and Greater Manchester Local Enterprise Partnership, to ensure that the University is well placed to contribute to the regional education, skills and growth agendas.

2.6 RESEARCH STRATEGY

The reforms outlined in the Stern review present a long term strategy for REF, with the impacts going beyond REF2021. It is likely that some benefits for the University of Salford, in particular those around increasing interdisciplinary research and proposals aimed at increasing the weighting of impact in the REF, will be intensified in REF2027/8.

In the light of this and other structural changes including the creation of UK Research & Innovation, we are currently re-examining the role of research within our overall strategy and understanding how we can continue to access research funding. In particular we are reviewing how we map onto the Industrial Strategy and be best positioned to access the Global Research Challenges Fund. We are following the developments for the post-Brexit status of Horizon 2020 funding which is still an area of uncertainty. Against this backdrop and also with the impetus brought by the creation if the Industry Collaboration Zones, we are currently in consultation with our research community and stakeholders to renew our commitment to research at Salford and developing a strategy to take us forward for the next decade.

2.7 INTERNATIONAL RECRUITMENT

Given the increasing difficulties experienced with recruiting international students, we are assessing our current territorial presence whilst continuing to develop international partners for Trans National Education (TNE). We are also extending the provision of Distance Learning (supported by technology enhanced learning techniques) to offset the drop in inward international recruitment.

In mitigation to the increased scrutiny on granting study visas, our dedicated UKVI compliance team has significantly reduced our visa refusal rate (down to 2.67%) through a clearer understanding of the financial sustainability of prospective students and the strengthening of attendance monitoring.

2.8 ANNUAL OPERATING PLAN SUMMARY CONTENT

This summary table from the University's Annual Operating Plan details the key priority areas for 2017/18:

Strategic priority area	Position as at Summer 2017	Expected progress by Summer 2018
Student Experience and Success and the Teaching Excellence Framework	NSS improvements made in Teaching, Assessment and Feedback and Academic Support	Consolidation of the improvements that will enable us to reach our targets
	Student non-continuation is below benchmark	Achieving benchmark for student non-continuation
	Employability shows sharp increase	DLHE results at or above target
Industry Collaboration Zones (ICZs)	ICZs are in development	ICZs have penetrated University culture and all academic activity is driven by ICZ principles
	Partnerships primarily developed from individual contacts and are School based	Exceptional partnerships, evaluated through the Impact Framework, are working for the whole University with key account management in place
	Collaborative working is predominantly ad hoc	Bespoke physical and virtual spaces in place to promote collaborative working and showcase events of work are underway
Academic Growth & Diversification	Degree Apprenticeships – standards being agreed and recruitment underway	Expanded numbers of Degree Apprenticeships with expected 100% year on year increase in registered numbers for 18/19
	Recruitment is predominantly local	Recruitment Strategy in place to grow numbers from outside the region; reduce the reliance on clearing and increase PGT

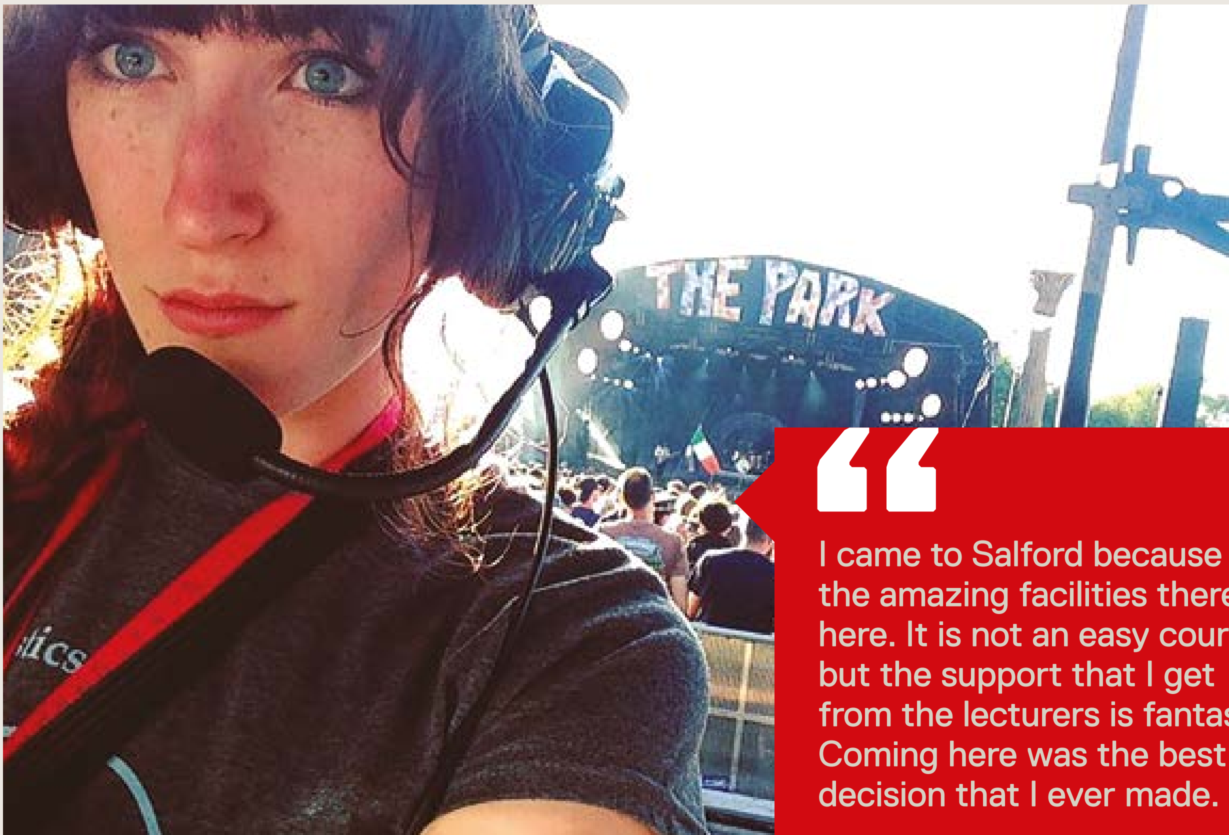
3 PERFORMANCE

This can be demonstrated across a series of performance measures of which those relating to teaching quality from the National Student Survey (NSS) and employability from the Destination of Leavers from Higher Education survey (DLHE) form a particular focus for the University.

3.1 NSS RESULTS (TEF RELATED AND OVERALL SATISFACTION)

NSS Measure	The teaching on my course			Assessment and feedback			Academic support			Overall satisfaction		
Year of Publication	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
UoS % Agree	85	85	85	75	76	75	81	80	80	84	82	83
Sector % Agree	85	87	87	73	74	73	80	82	82	84	86	86

The NSS measures student satisfaction across a range of teaching quality and student experience criteria. The measures extracted here are those that are included in the TEF and we have also shown the overall satisfaction which, whilst not taken into account in the TEF, shows the level of overall satisfaction that the students have expressed. The figures show the percentage of students that agree with a range of statements within each category.



“I came to Salford because of the amazing facilities there are here. It is not an easy course, but the support that I get from the lecturers is fantastic. Coming here was the best decision that I ever made.”

Elle Kalavsky
BEng Audio Acoustics

3.2 EMPLOYABILITY

The Destinations of Leavers in Higher Education (DLHE) survey results for the 2015/16 graduating cohort show a significant improvement and will result in a closing in to the TEF benchmark as the three year average has also increased. Work to support students with their employability prospects continues to be a main area of focus through such initiatives as the Student Success Award which draws upon extracurricular activity and the gaining of transferable skills. The table shows the results for UK first degree graduates in work and / or further study six months after graduating as well as those in highly skilled employment or study which counts those students in graduate level jobs or higher (postgraduate) level study.

DLHE (Destinations of Leavers in Higher Education) UK 1st Degree Graduates, 6 months after graduating

DLHE measure	In work and/or further study			In highly skilled employment or higher level study		
Year of Publication	2017	2016	2015	2017	2016	2015
UoS %	92	87	88	71	61	59
Sector Median %	95	94	94	73	72	68

6th

Our improvement is the 6th largest in the sector

3.3 UNIVERSITY KPIs

The University KPIs are categorised according to their relevance to TEF, REF and overall Institutional Sustainability.

- For overall recruitment the University is pursuing a strategy of growth. This is supported through diversification of the portfolio and national marketing initiatives based upon the Industry Collaboration Zones and taking into account the market context of declining demographics in the school leaver age population. The University is also underway with a re-balancing of recruitment activity towards higher tariff students to maintain quality and a positive impact on TEF related metrics.
- The outlook for growth for inward international recruitment has had to be tempered (whilst retaining a level of growth) in response to the continuing difficulties experienced in overseas markets as described. Recruitment to TNE has however grown more strongly and is set to continue to do so which reflects the changing nature of the opportunity in the overseas market. The University is aiming for overall student number growth in international students over the course of the Strategic Plan.

University Key Performance Indicators

		Actuals		
Category	**Core indicator**	**2016/17**	**2015/16**	**2014/15**
TEF	Teaching on my course (%)	85	85	85
	Assessment & Feedback (%)	75	76	75
	Academic Support (%)	81	80	80
	Highly Skilled Graduates (%)	70.7	60.1	58.8
	Non-Continuation (%)	11.8	13.9	11.7
REF	Research Active Staff (%)	87	78	77
	Research Income (£ '000s)	5,523	6,203	5,937
	Enterprise Income (£ '000s) (Per HEBCIS return including elements of research and CPD activity)	13,399	15,633	16,664
Institutional Sustainability	Surplus/(Deficit) % of Income	3.3	3.4	(2.6)
	Pay to income ratio %	54	53.7	56.2
	Overall recruitment (FTE) [All students including franchise]	19,848	19,541	18,565
	Inward international (FTE)	1,562	1,951	2,244
	TNE recruitment (FTE)	1,702	1,550	1,172

4 OUTLOOK AND RISK

4.1 TOP FIVE RISKS

As described under Operating Context, we are conscious of the turbulence in the sector and the wider policy environment. The main mitigation to this uncertainty is in the strategic response that the organisation makes. Alongside the external risks there are also a number of internal factors to which the University could become vulnerable if they were not closely managed. The following table is an extract from the full University Risk Register and shows the most concerning risks and those upon which we are particularly focussed.

Strategic Priority Area	Mitigating activity (and overall status of actions)
Failure to meet targeted improvements in programme quality and retention leads to lost opportunity for students alongside loss in income to the University and undermines performance in the TEF.	Work is currently being led by the PVC (Student Experience) to protect and improve performance in this area. Major initiatives include: / Setting up of Programme Development Teams to ensure all courses are aligned to, and can deliver, the goals of the Industry Collaboration Zones; / Development of services, facilities and enhancement of the student experience via the Campus Masterplan (for physical estate) and One Digital Campus (for IT); / Enhanced participation monitoring supported by new School retention officers; / Engagement with the Student Union and further development of student voice mechanisms via AskUS (student advice and support).
Upward pressure on pay and pension costs as a result of: increases in NICs; increased pension liabilities; the introduction of the apprenticeship levy and continued pressure on pay negotiations will become too high for the University to sustain.	Mitigation will begin through factoring in anticipated increases into plans and budgets and will continue through the following: / Careful management of the staffing base; / Schools to identify resourcing plans that align with anticipated income/ contribution levels and Student Staff Ratios; / Hold a central contingency; / Undertake a strategic sustainability plan across the University.
Failure to meet planned student recruitment targets (Home/EU and Inward International) and associated income impacts long term financial sustainability and limits opportunities for investment in strategic priorities.	Mitigation is directed at improved product, choice, delivery and quality through: / Active management of portfolio through identifying new opportunities aligned to our Industry Collaboration Zones along with broadening delivery options to include 4 year degrees, accelerated degrees, Foundation Years; distance learning, blended learning. / Ensure that there is a well-articulated and communicated brand / Broaden geographic reach for recruitment outside of Greater Manchester and the North West. / Ensure effective recruitment and conversion activities including close monitoring of student recruitment by programme. / Articulate value of PG in promotional activities such as the effect on future salaries. / Effective communication to international partner agents and other representatives to dispel myths of the actual and perceived impact of UK immigration policy. / Continue to grow a more balanced diverse portfolio of overseas markets. / Employ a proactive PR strategy to highlight successes and research excellence to overseas markets. / Leverage the influence and connections of alumni in specific targeted overseas markets.
Changes in government policy in matters related directly or indirectly to higher education can impact the University's activities.	/ Proactively monitor political and economic situation, actively engage with local and national policy and lobby Government via UUK and Alliance. / Appointment of PVC International and Regional partnerships; continue to build strong partnerships with overseas institutions to support exchanges and research collaborations. / Reduce reliance on EU research grants through diversifying research income to include more contract research aligned to ICZs. / Regular meetings of the Brexit task group to assess potential impact and ways to mitigate risk. / The University Research Delivery Plan will focus on areas of excellence with Schools which can also align with and exploit opportunities arising from the Industrial Strategy.
Inability to grow the research profile post REF 2014 results in reduced income and impacts the University's research standing.	Mitigation will concentrate on protecting and improving the reputation of the University alongside growing income through the following key initiatives: / Update Research Centre and REF strategies (including re-modelling the REF outcomes) in line with the recommendations from the Stern review. / Implement more targeted bidding across research and enterprise. / Align Research Centres to Industry Collaboration Zones. / Grow PGR community to develop future research talent. / Implement internal peer review and comply with the University and HEFCE Open Access policies.

4.2 RISK APPETITE

Whilst the external environment contains risks it also presents opportunities and we have chosen to take on a level of risk on a small number of high risk, high return projects that will need to be carefully and closely managed. An example of this is the opportunity that has been pursued to create a joint academic enterprise in Bahrain. We do not employ a single fixed risk appetite (e.g. intolerance of any 'high' rated risks) and take a case by case approach to risk that prioritises risks and projects according to the capacity and available resources within the University and the extent to which the risk would impact upon the achievement of University priorities. It is expected that the external environment will continue to remain turbulent and there are still plenty of unknowns (e.g. with regard to Brexit and the long term implications of the HE and Research Act) which means that it is likely that the risk profile will shift and maintaining an active understanding of risk appetite will be critical.

FINANCIAL PERFORMANCE

KEY FINANCIAL HIGHLIGHTS

2016/17

£6.5m
Surplus for the Year

£33.4m
Comprehensive Income for the Year

£24.4m
Cash flow from operating activities

£69.1m
Net assets

2015/16

£8.8m
Surplus for the Year

(£4.7m)
Comprehensive Expenditure for the Year

£21.7m
Cash flow from operating activities

£35.7m
Net assets

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

Surplus after tax
In 2016-17 we made a surplus after tax of £6.5m which represents 3.3% of total income.

Total Comprehensive Income
The total Comprehensive Income was £33.4m after favourable actuarial movements of £23.4m on the Greater Manchester Pension Fund (GMPF) and favourable hedge movements on loans of £3.5m. These positive movements are welcome after two consecutive years of adverse movements on both the pension fund and loan hedges.

Income
In 2016-17 total income increased by £3.2m (1.7%) to £195.1m.

Total tuition fees and educational contracts increased by £2.5m (1.7%) to £152.4m. All areas of tuition fees and educational contracts grew except for international students which fell by £4.2m (20.8%) to £16.1m due to a combination of factors including; a fall in the price of oil in the University's key markets; tighter UKVI requirements for overseas students and a perception in some markets that the UK is not as welcoming to HE students as some of its competitor countries.

Movements in other income areas were relatively small - HEFCE funding body grants increased by £0.6m (3.0%) to £19.7m while research grants and contracts fell by £0.7m (11.3%) to £5.5m and Other Income increased by £0.7m (4.3%) to £16.2m. Within "Other Income" the residencies income has increased by £1.5m which is due to an increase in nominations in respect of the onsite accommodation Campus Living Villages (CLV). Corresponding expenditure has increased by £1.5m to £5m within operating expenditure.

Expenditure
Total expenditure increased by £6.0m (3.3%) to £188.5m.

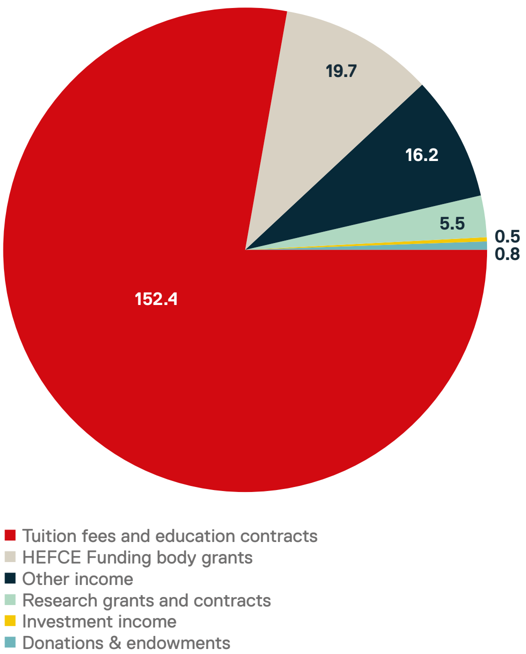
Staff costs increased by £5.8m (5.8%) to £105.3m. This reflects an increase in staff numbers of 83, a 1.1% pay rise, staff increments and the impact of a full years' rise in employers national insurance and pension contributions following the increase in April 2016. Staff costs now accounts for 54.0% of income compared to 51.8% in 2015-16 and this ratio continues to be closely monitored.

Other operating expenses increased by £1.0m (1.5%) to £63.8m with the largest single increase being the increase in the CLV nominations expenditure. The financial charges are a credit as the University has collected student fees where a bad debt provision has previously been made.

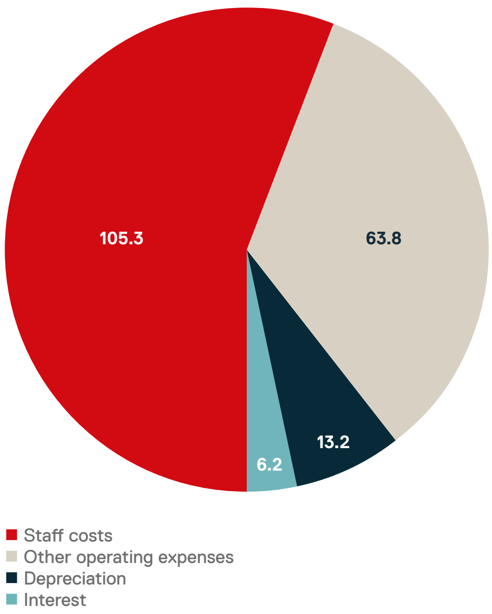
Depreciation has fallen by £0.1m to £13.2m while interest has fallen by £0.6m to £6.2m largely due to a fall in the notional interest charged on the Greater Manchester Pension Fund deficit.

The loss on disposal of fixed assets is primarily in respect of the costs of completion of the demolition of Constantine and Horlock accommodation block.

Income Analysis - £m



Expenditure Analysis - £m



Balance Sheet

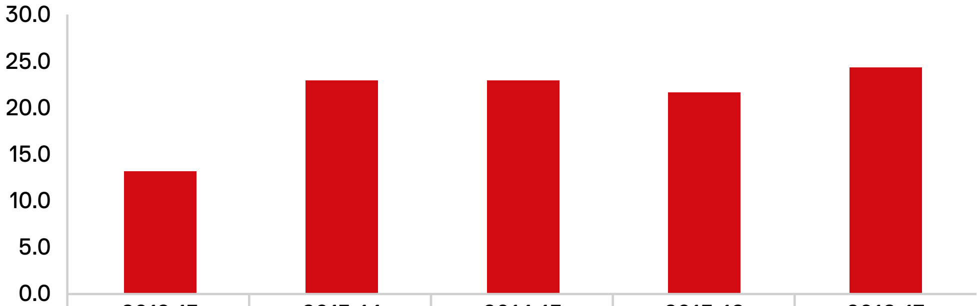
At the 31 July 2017 our net assets had increased by £33.4m to £69.1m primarily due to an actuarial gain on the local government scheme of £23.4m, an underlying trading surplus of £6.5m and a gain on the loan hedges of £3.5m.

We continue to have healthy net current assets of £51.1m (£47.1m at 31 July 2016), with cash and short term net investments of £79.9m (£74.0m at 31 July 2016) which is enough to cover 166 days of expenditure.

We have secured borrowing including derivatives and finance leases of £82.1m (£89.6m at 31 July 2016) which represents 42.0% of income. This is a higher level of gearing than the sector average and we will be looking to finance future capital expenditure through our current cash holdings and internally generated resources rather than additional borrowing.

We have pension provisions totalling £ 79.4m (£101.5m at 31 July 2016) which includes a deficit in the GMPF scheme of £51.1m, obligation to fund deficit on USS pension of £16.5m and enhanced Teachers' Pension Scheme liabilities of £11.3m.

Cash flow

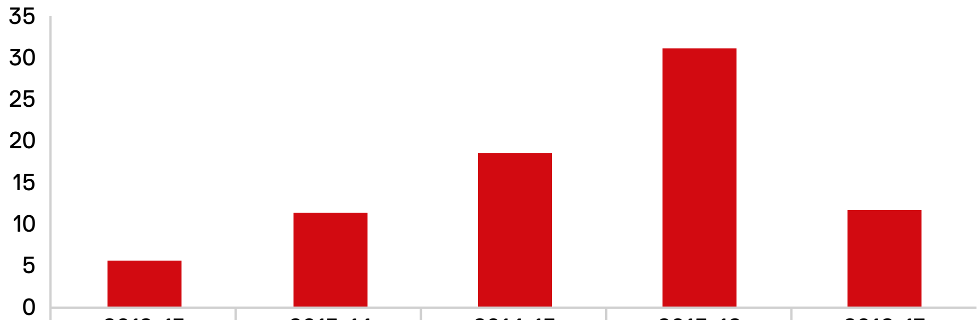


	2012-13	2013-14	2014-15	2015-16	2016-17
■	13.2	23.1	22.9	21.7	24.4

Cash flow from operating activities is £24.4m (2015-16 £21.7m) which is 12.5% of income.

Cash flow generation continues to be the key financial metric for us. We recognise that we need to generate above the sector average in order to service our loans and to continue to invest in our students experience.

Capital Expenditure



	2012-13	2013-14	2014-15	2015-16	2016-17
■	5.6	11.3	18.6	31.2	11.1

We continue to invest in our estate and equipment spending £11.1m. Schemes in 2016-17 included the completion and fit out of the New Adelphi building and a number of smaller improvements including an ongoing major refurbishment of the library facilities, creation of a translational medicine facility and a multi faith centre.

Payment of Creditors
The Late Payment of Commercial Debts (Interest) Act 1998 and Late Payment of Commercial Debts Regulations 2002 and 2013 requires institutions, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. We endeavoured to adhere to this policy during the year except where there were genuine reasons for dispute. Subject to the terms of individual contracts, where there are disputes on invoices, we only withhold payment on the disputed element of the invoice.

During 2016-17 the University paid 99% [2015-16: 98%] of invoices received within 30 days. Under the new legislation the University is required to report the value of notional interest due on invoices that are paid late and for 2016-17 this is £64. [2015-16 £4,542]

Professional Advisors
Bankers
Lloyds Bank plc and Barclays Bank plc

Internal Auditor
RSM Risk Assurance Services LLP

External Auditor
KPMG LLP

Conclusion and Future Prospects
2016-17 is the fourth year of generating over £20m of cash from our core operating activities and we continue to make steady progress in creating a University which prepares students for life through real world experiences.

Key challenges for us and the sector include:
- **Funding of the sector**. In 2017-18 home undergraduate fees have risen to £9,250 but both the Conservative and Labour parties are intending to review the level of tuition fees and the level of state support.
- **Funding of pensions**. The USS trustees are currently reviewing their scheme following the March 2017 actuarial valuation and initial indications are that either benefits to members are cut or University contributions will need to rise to maintain benefits. During 2016-17 GMPF completed their actuarial valuation and this has resulted in a small rise in contributions to 21.1%.
- **The impact of Brexit**. The impact is still not clear but in the medium term there may be an adverse impact on EU and overseas tuition income and EU research grants.

Recruitment for 2016-17 has been slightly below budget for home students but is up on the previous year. Re-registration of second and third year students has been better than budget and we will again target the generation of at least £20m of cash from our core operating activities during 2017-18. This is part of our plan to create a financially sustainable model with continued investment in facilities and staff that continue to support the delivery of our strategy.

Professor Helen Marshall
Vice Chancellor
24 November 2017

Dr Mike Burrows
Acting Chair of Council

GOVERNANCE

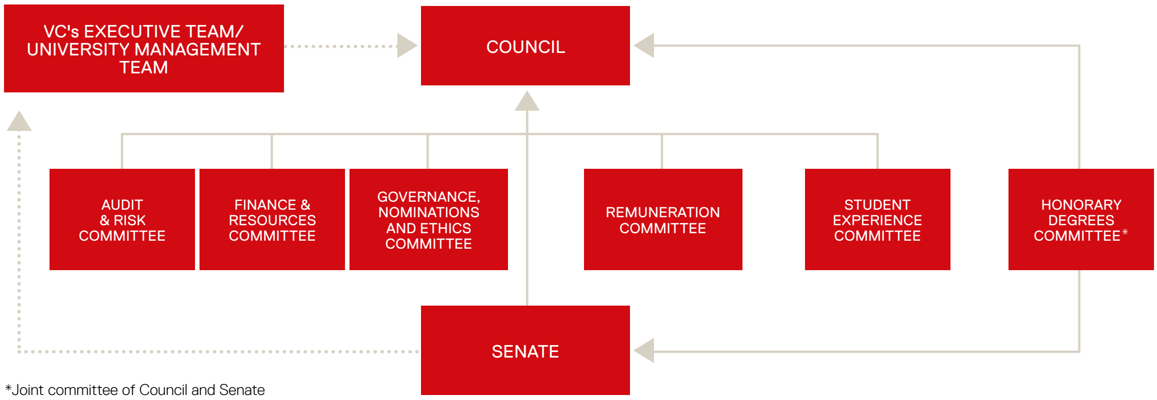
MEMBERSHIP OF THE COUNCIL 2016/17

	Name and expiry of term date	**Audit and Risk [ARC]**	**Finance & Resources [FRC]**	**Governance and Nominations and Ethics [GNEC]**	**Remuneration Committee [Remcom]**	**Student Experience [SEC]**	**Honorary Degrees**
Independent Members	Baroness Beverley Hughes *June 2017* *Chair of Council*		Ex-officio	Ex-officio	Ex-officio	✓	✓
	Dr Mike Burrows *from June - 2017* *Interim Chair of Council*		Ex-officio		✓		✓
	Geoff Bean *July 2018*	✓				✓	
	Phil Cusack *July 2018*				✓		
	Garry Dowdle *July 2020*		✓				
	Jill Evans *July 2017*		✓		✓		
	Julia Fawcett *July 2017*				✓		
	Ben Gallop *July 2019*						
	Ian Moston *July 2018*	✓					
	Sean O'Hara *July 2020* *Interim Chair of FRC from July 2017*		✓				International
	Sam Plant *July 2019*			✓			✓
	Susan Price *July 2018*					✓	
	Joyce Redfearn *July 2020*			✓		✓	✓
	Tom Russell July 2019		✓				
	Councillor Paul Longshaw *September 2017*	✓					

	Name and expiry of term date	**Audit and Risk [ARC]**	**Finance & Resources [FRC]**	**Governance and Nominations and Ethics [GNEC]**	**Remuneration Committee [Remcom]**	**Student Experience [SEC]**	**Honorary Degrees**
Staff & Student Members	Helen Marshall *Ex-Officio*		Ex-officio	Ex-officio	Ex-officio		Ex-officio
	Margaret Rowe *2019*					✓	
	Amina Helal *July 2019*					✓	
	Tony Warne *July 2017*	✓					
	Ceewhy Ochoga *July 2017*					✓	✓
	Jelili Mustapha *July 2017*					✓	

Carl Acton and Brent Wilkinson were co-opted members of the Audit and Risk Committee during 2016-17.
The members of the University Council are trustees for Charitable Law Purposes.

University Governance at a Glance



*Joint committee of Council and Senate

CORPORATE GOVERNANCE STATEMENT

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

The Council is comprised of a maximum of twenty four Council members, the majority of whom must be independent. The procedure for the appointment of Independent and Internal Members is prescribed in Ordinances. The Council elects a Chair from among the Independent Members. Internal Members include the Vice-Chancellor, a minimum of three staff members, of whom: one is appointed by the Senate; one is appointed from among the academic staff of the University; and one is nominated from among all other staff of the University. Two student members are nominated by the Students' Union.

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 Statutes, the latest versions of which were approved by Privy Council in 2016.

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

The University Council is the University's supreme governing body. It has responsibility for the management and administration of the revenue, property and finances of the University and delegates many of its powers to the Vice-Chancellor and executive management. It is responsible for ensuring that there is a robust system of risk management and control in place and it manages the institution's activities to ensure it remains sustainable and financially viable.

Council devolves management of the University to the Vice-Chancellor and the Vice-Chancellor's Executive Team. Council devolves oversight and governance of all academic matters to the University's Senate.

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

The specific responsibilities of the Vice-Chancellor in relation to the Council include:

- implementing the decisions of the Council or ensuring that they are implemented through the relevant part of the institution's management structure;
- initiating discussion and consultation including, where appropriate, consultation with the staff and the Senate on proposals concerning the University's future development, and ensuring that such proposals are presented to Council;
- responsibility to Council, as the accountable officer designated by the Council under the terms of the Memorandum of Assurance and Accountability between HEFCE and the University, for ensuring compliance with the terms of the memorandum and for providing HEFCE with clear assurances to this effect.

Under the terms of the Financial Memorandum between the University and HEFCE, the Vice-Chancellor is the Designated Officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

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

The University maintains a register of interests of members of the Council and Senior Officers, which is published on the University's website. Any enquiries about the constitution and governance of the University should be addressed to the University Secretary. In 2016/2017 the independent consultancy The Good Governance Institute began a governance review considering the effectiveness and efficiency of governance in the University. This work is still ongoing.

PUBLIC BENEFIT

The University has charitable status as one of the exempt charities listed in Schedule 3 to the Charities Act 2011. It is therefore exempt from certain requirements of the Act, including the need to register with the Charity Commission. The Council and Executive of the University have paid due regard to the Charity Commission's guidance on the reporting of public benefit, and particularly to the supplementary guidance on the advancement of education, in accordance with the requirements of the Funding Council [HEFCE] as the principal regulator of English higher education institutions under the Charities Act 2011. The University's objects, as set out in its Charter, reflect institutional commitment to public benefit: "The objects of the University shall be to advance education and knowledge by teaching and research, and in doing so to foster an academic environment which is enterprising and applied to business and the professions, and for the benefit of society at large."

Public benefit is delivered through a focus on:

- Making education accessible to all – as demonstrated by our historic and ongoing commitment to widening participation
- Ensuring that we contribute to the wider Salford community – as demonstrated by our acclaimed Dementia Institute
- Contributing to industry through talent development – as demonstrated by our commitment to creating courses that respond to industry needs and demands
- Ensuring that we remain a sustainable institution both for our students and our staff – as demonstrated by our strategic approach

STATEMENT OF COUNCIL PRIMARY RESPONSIBILITIES

The Council has identified a number of primary responsibilities covering:

- Strategic planning which includes considering and approving the vision, mission and strategic plans of the institution, longer-term business plans, key performance indicators and annual budgets, and ensuring that these meet the interests of stakeholders.
- Ensuring that statutory duties are complied with in respect of inclusion, equality and diversity, and health and safety.
- Monitoring the effectiveness and performance of the University including:
- Ensuring that there are in place appropriate arrangements for the management of the University, particularly through appointment of the Vice-Chancellor and other designated senior positions.
- Ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment.
- Monitoring institutional performance against plans and approved key performance indicators which, wherever possible and appropriate, are benchmarked against other institutions.
- Monitoring its own effectiveness as a governing body and reporting thereon.
- Putting in place suitable arrangements for monitoring the performance of the Vice-Chancellor and other designated senior positions.
- To conduct its business in accordance with best practice in corporate governance and with the principles of public life drawn up by the Committee of Standards in Public Life.

The Council delegates aspects of assurance to a committee structure currently comprising six standing committees, this structure was implemented to improve clarity around the decision making process and to enhance the flow of information to Council. The areas considered by the relevant committees are listed below:

Audit and Risk Committee:
[*Chaired by Geoff Bean and met four times during 2016-17*]

- Internal audit
- External audit
- Institutional risk
- Health & Safety
- Regulatory compliance

Finance & Resources Committee:
[*Chaired by Dr Mike Burrows to May 2017 & then Sean O'Hara to date. Met five times during 2016-17*]

- Financial performance and solvency
- Estate management
- Human resources

Student Experience Committee:
[*Chaired by Baroness Beverley Hughes until May 2017 and then Professor Susan Price to date and met four times during 2016-17*]

- Inclusion and Diversity
- Student Satisfaction
- Academic connectivity

Governance, Nominations and Ethics:
[*Chaired by Sam Plant and met four times during 2016-17*]

- Non-academic ethical matters
- Succession planning and Council membership
- Corporate governance arrangements

Honorary Degrees:
[*Chaired by Professor Helen Marshall and met twice during 2016-17*]

- Honorary Degrees
- Fellowships

Remuneration Committee:
[*Chaired by Jill Evans and met four times during 2016-17*]

- Senior management pay and remuneration

STATEMENT OF THE COUNCIL'S RESPONSIBILITIES AND INTERNAL CONTROL

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

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable it to ensure that the Financial Statements comply with the University's Charter of Incorporation, the 2015 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 HEFCE and the Council of the University, the Council, through its designated officer, the Vice-Chancellor, is required to prepare financial statements for each financial year. Under those terms and conditions, the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and Group and of the surplus or deficit, and cash flows for that year.

In preparing these Financial Statements the Council ensures that:

a) suitable accounting policies have been selected and applied consistently;

b) judgements and estimates have been made that are reasonable and prudent;

c) applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;

d) Financial Statements have been prepared on the going concern basis, unless it is inappropriate to presume that the Group will continue in operation. The Council is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the Financial Statements.

The Council takes reasonable steps to:

a) ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which HEFCE may from time to time prescribe;

b) ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;

c) safeguard the assets of the Group and prevent and detect fraud (including compliance with anti-bribery legislation);

d) secure the economical, efficient and effective management of the University's resources and expenditure.

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 professional support service departments;

b) a medium or short term planning process supplemented by annual budgets;

c) regular reviews of academic and professional 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 University Council.

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.

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 2017 and up to the date of the approval of the financial report and accounts.

We have undertaken the following actions in respect of our risk management strategy:

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

b) Charged the Vice Chancellor's Executive Team with overseeing the management of risk.

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

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

We receive periodic reports from the Audit and Risk 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.

In the academic year 2016/17, the University's internal audit service was provided by RSM Risk Assurance Services LLP which operates to standards defined in the HEFCE Audit Code of Practice. The internal auditors submit regular reports which include an independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. Based on the reviews undertaken during 2016/17, RSM Risk Assurances Services LLP concluded that the University had adequate and effective arrangements in place, to provide assurance to the Council over the effectiveness and adequacy of internal control.

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

Dr Mike Burrows
Interim Chair of Council
24 November 2017

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE UNIVERSITY OF SALFORD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of The University of Salford ("the University") for the year ended 31 July 2017 which comprise the Consolidated and University Statement of Comprehensive Income and Expenditure, Consolidated Statement of Changes in Reserves, Consolidated and University Balance Sheet, Consolidated Cash Flow Statement and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2017, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of HEFCE's Accounts Direction to higher education institutions for 2016-17 financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

Other information

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

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

Council responsibilities

As explained more fully in their statement set out on page 29, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the HEFCE Audit Code of Practice (effective 1 August 2016) issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group and the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council, in accordance with the Charters and Statutes of the Institution. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Council for our audit work, for this report, or for the opinions we have formed.

Timothy Cutler
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St Peter's Square, Manchester, M2 3AE
29 November 2017

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

YEAR ENDED 31 JULY 2017

	Notes	Year Ended 31 July 2017 Consolidated £'000	Year Ended 31 July 2017 University £'000	Year Ended 31 July 2016 Consolidated £'000	Year Ended 31 July 2016 University £'000
Income					
Tuition fees and education contracts	1	152,371	147,774	149,879	146,207
Funding body grants	2	19,724	19,724	19,148	19,148
Research grants and contracts	3	5,504	5,504	6,203	6,203
Other income	4	16,237	16,125	15,565	15,340
Investment income	5	479	477	770	767
Donations and endowments	6	825	1,518	406	997
Total income		195,140	191,122	191,971	188,662
Expenditure					
Staff costs	7	105,310	102,951	99,491	96,907
Other operating expenses	9	63,780	62,428	62,828	62,241
Depreciation	11	13,197	13,197	13,328	13,328
Interest and other finance costs	8	6,181	6,195	6,780	6,794
Total expenditure		188,468	184,771	182,427	179,270
Surplus before other gains/(losses)		6,672	6,351	9,544	9,392
(Loss) on disposal of fixed assets		(197)	(197)	(650)	(650)
Gain / (Loss) on disposal of investments		52	52	(41)	(41)
Surplus before tax		6,527	6,206	8,853	8,701
Taxation	10	(3)	(3)	(52)	(52)
Surplus for the year		6,524	6,203	8,801	8,649
Actuarial gain/ (loss) in respect of pension schemes	28	23,390	23,390	(9,283)	(9,283)
Change in fair value of hedging financial instruments	29	3,479	3,479	(4,220)	(4,220)
Total comprehensive income/ (expenditure) for the year		33,393	33,072	(4,702)	(4,854)

CONSOLIDATED AND UNIVERSITY STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE (CONTINUED)
YEAR ENDED 31 JULY 2017

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	**University £'000**	Consolidated £'000	University £'000
Represented by:				
Endowment comprehensive income for the year	111	111	(27)	(27)
Restricted comprehensive income for the year	344	344	229	229
Unrestricted comprehensive income for the year	32,938	32,617	(4,904)	(5,056)
	33,393	33,072	(4,702)	(4,854)
Surplus for the year attributable to:				
University	6,524	6,203	8,801	8,649

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 JULY 2017

	Income and Expenditure Account					
	Endowment	Restricted	Unrestricted	Hedge reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2015	488	585	(10,392)	(10,653)	60,341	40,369
Surplus/(deficit) from the income and expenditure statement	(27)	229	8,599	-	-	8,801
Other comprehensive income	-	-	(9,283)	(4,220)	-	(13,503)
Transfers between revaluation and income and expenditure reserve	-	-	3,443	-	(3,443)	-
Total comprehensive income for the year	(27)	229	2,759	(4,220)	(3,443)	(4,702)
Balance at 1 August 2016	461	814	(7,633)	(14,873)	56,898	35,667
Surplus/(deficit) from the income and expenditure statement	111	344	6,069	-	-	6,524
Other comprehensive income	-	-	23,390	3,479	-	26,869
Transfers between revaluation and income and expenditure reserve	-	-	3,998	-	(3,998)	-
Total comprehensive income for the year	111	344	33,457	3,479	(3,998)	33,393
Balance at 31 July 2017	572	1,158	25,824	(11,394)	52,900	69,060

The accompanying notes form part of the financial statements.

UNIVERSITY STATEMENT OF CHANGES IN RESERVES
YEAR ENDED 31 JULY 2017

	Income and Expenditure Account					
	Endowment	Restricted	Unrestricted	Hedge reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2015	488	585	(12,105)	(10,653)	60,341	38,656
Surplus/(deficit) from the income and expenditure statement	(27)	229	8,447	-	-	8,649
Other comprehensive income	-	-	(9,283)	(4,220)	-	(13,503)
Transfers between revaluation and income and expenditure reserve	-	-	3,443	-	(3,443)	-
Total comprehensive income for the year	(27)	229	2,607	(4,220)	(3,443)	(4,854)
Balance at 1 August 2016	461	814	(9,498)	(14,873)	56,898	33,802
Surplus/(deficit) from the income and expenditure statement	111	344	5,748	-	-	6,203
Other comprehensive income	-	-	23,390	3,479	-	26,869
Transfers between revaluation and income and expenditure reserve	-	-	3,998	-	(3,998)	-
Total comprehensive income for the year	111	344	33,136	3,479	(3,998)	33,072
Balance at 31 July 2017	572	1,158	23,638	(11,394)	52,900	66,874

The accompanying notes form part of the financial statements.

CONSOLIDATED AND UNIVERSITY BALANCE SHEET
AS AT 31 JULY 2017

	Notes	As at 31 July 2017 Consolidated £'000	As at 31 July 2017 University £'000	As at 31 July 2016 Consolidated £'000	As at 31 July 2016 University £'000
Non-current assets					
Fixed assets	11	192,842	192,842	194,927	194,927
Investments	13	194	5	199	5
		193,036	192,847	195,126	194,932
Current assets					
Stock	14	89	89	82	82
Trade and other receivables	15	14,054	13,652	16,923	16,987
Investments	16	56,630	56,620	47,904	47,561
Cash and cash equivalents	23	23,290	22,856	26,123	25,375
		94,063	93,217	91,032	90,005
Less: Creditors: amounts falling due within one year	17	(42,965)	(44,116)	(43,947)	(44,591)
Net current assets		51,098	49,101	47,085	45,414
Total assets less current liabilities		244,134	241,948	242,211	240,346
Creditors: amounts falling due after more than one year	18	(91,736)	(91,736)	(100,145)	(100,145)
Provisions for liabilities					
Pension provisions	19	(79,373)	(79,373)	(101,459)	(101,459)
Other provisions	19	(3,965)	(3,965)	(4,940)	(4,940)
Total net assets		69,060	66,874	35,667	33,802
Restricted reserves					
Income and expenditure reserve - endowment reserve	21	572	572	461	461
Income and expenditure reserve - restricted reserve	22	1,158	1,158	814	814
Unrestricted reserves					
Income and expenditure reserve - unrestricted		25,824	23,638	(7,633)	(9,498)
Revaluation reserve		52,900	52,900	56,898	56,898
Hedge reserve	29	(11,394)	(11,394)	(14,873)	(14,873)
Total Reserves		69,060	66,874	35,667	33,802

The accompanying notes form part of the financial statements.
The financial statements were approved by Council on 24 November 2017 and were signed on its behalf on that date by:

Dr Mike Burrows
Acting Chair of Council

Professor Helen Marshall
Vice-Chancellor

Mrs Julie Charge
Executive Director Finance

CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 JULY 2017

	Notes	**Year Ended 31 July 2017 £'000**	Year Ended 31 July 2016 £'000
Cash flow from operating activities			
Surplus for the year		6,524	8,801
Adjustment for non-cash items			
Depreciation	11	13,197	13,328
Increase in stock		(7)	(3)
Decrease/ (increase) in debtors		1,401	(431)
Increase/(decrease) in creditors		1,162	(7,225)
(Decrease)/increase in pension provision		(744)	1,031
(Decrease)/increase in other provisions		(975)	3,080
Adjustment for investing or financing activities			
Investment income	5	(479)	(770)
Interest payable	8	6,181	6,780
Endowment Income		(50)	-
Loss on disposal of fixed assets		35	24
Deferred capital grant release		(1,881)	(2,962)
Net cash inflow from operating activities		24,364	21,653
Cash flows from investing activities			
Proceeds from sales of fixed assets		-	509
Proceeds from disposal of company		-	64
(Placement of deposits)/withdrawal of deposits		(8,845)	5,058
Investment income		479	770
Payments made to acquire fixed assets		(11,704)	(31,177)
New non-current asset investments		5	9
Deferred capital grants received		928	2,107
		(19,137)	(22,660)
Cash flows from financing activities			
Interest paid		(4,044)	(4,236)
Endowment cash received		50	-
Repayments of amounts borrowed		(4,066)	(3,083)
		(8,060)	(7,319)
Decrease in cash and cash equivalents in the year		(2,833)	(8,326)
Cash and cash equivalents at beginning of the year	23	26,123	34,449
Cash and cash equivalents at end of the year	23	23,290	26,123

The accompanying notes form part of the financial statements.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2017

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015) and in accordance with Financial Reporting Standards (FRS102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102.

2. BASIS OF ACCOUNTING

The Financial Statements continue to be prepared on a going concern basis in accordance with the historic cost convention modified by the revaluation of certain fixed assets and derivative financial instruments

3. BASIS OF CONSOLIDATION

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2017. The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

4. INCOME RECOGNITION

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Government revenue grants including funding council block and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources, are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.

2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.

3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.

4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Capital government grants in respect of buildings and equipment are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the Consolidated Statement of Comprehensive Income and Expenditure over the useful life of the asset, at the same rate as the depreciation charge on the asset for which the grant is awarded. Government research grants are also treated as deferred capital grants with the grants credited to deferred capital grants with an annual transfer made to the Consolidated Statement of Comprehensive Income and Expenditure over the life of the grant, at the same rate as the depreciation charge on the asset for which the grant is awarded. Where part of a capital grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Capital government grants in respect of land and other capital grants and donations from non-government sources are recorded in income when the University is entitled to income subject to any performance related conditions being met.

5. ACCOUNTING FOR RETIREMENT BENEFITS

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the Greater Manchester Pension Fund (GMPF) and the Teachers' Pension Scheme (TPS). These schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries.

The USS and TPS are multi-employer schemes for which it is not possible to identify the assets and liabilities to the University due to the mutual nature of the scheme and therefore these schemes are accounted for as a defined contribution retirement benefit scheme.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees

Defined benefit plan

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

6. EMPLOYMENT BENEFITS

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

7. FINANCE LEASES

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance leases and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

8. SERVICE CONCESSION ARRANGEMENTS

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

9. OPERATING LEASES

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

10. FOREIGN CURRENCY

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Surplus or Deficit (except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in other Comprehensive Income). Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, are translated to the Group's presentational currency, (Sterling), at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other Comprehensive Income.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant Influence or joint control, the relevant proportion of the cumulative amount is recycled to the Statement of Comprehensive Income and Expenditure.

11. FIXED ASSETS

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued at 31 July 2014, the date of transition to 2015 SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Costs incurred in relation to land and buildings after initial purchase or construction, and post the 31 July 2014 valuation, are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of up to 60 years on the amount at which the tangible fixed asset is included in the balance sheet less their estimated residual value.

Refurbishment costs are depreciated over 10 years.

No depreciation is charged on assets in the course of construction.

Equipment

Equipment, including computers and software, costing less than £50,000 (prior to 31 July 2013: £20,000) per individual item is written off in the year of acquisition. All other equipment including groups of related items costing more than £50,000 and equipment in respect of the fit out of new buildings is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:
Computer Equipment 3 years
Equipment acquired for specific research projects 2-5 years according to the period of the grant.
Other Equipment up to 20 years
Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Borrowing costs

Borrowing costs are recognised as an expense in the Consolidated Statement of Comprehensive Income and Expenditure in the period in which they are incurred.

12. INVESTMENTS

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

Investments in associates and subsidiaries are carried at cost less impairment in the University's accounts. Investments in associates are also carried at cost in the consolidated accounts as the University group does not participate in the day to day management of such companies and the value of the holding is not material to the consolidated accounts. Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

13. FINANCIAL INSTRUMENTS

The provisions of section 11 & 12 of FRS102 are applied in full. Basic financial instruments are held at amortised cost using the effective interest rate method or cost and are subject to an annual impairment review.

14. STOCK

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

15. CASH AND CASH EQUIVALENTS

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in the financial statements when:
(a) The University has a present obligation (legal or constructive) as a result of a past event;

(b) It is probable that an outflow of economic benefits will be required to settle the obligation; and

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

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

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

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

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

17. TAXATION

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

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

18. DERIVATIVES

Derivatives are held on the Balance Sheet at fair value. The University has adopted and complied with the requirements of hedge accounting and as a result movements in fair value are recorded within other comprehensive income.

19. RESERVES

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund as the University must hold the fund to perpetuity.

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

ACCOUNTING ESTIMATES AND JUDGEMENTS

The following accounting judgements are considered critical in applying the University's accounting policies:

(a) Accounting for car parking at the Peel Park accommodation

In autumn 2015 the University entered into a 45 year arrangement with Standard Life Investments for the provision of car parking at the Peel Park accommodation. As the University assumes the risks and rewards of ownership this has been accounted for as a finance lease with an asset and liability of £3,488,000 (2015-16 £4,744,000) recognised on the balance sheet which is then accounted for in accordance with the finance lease accounting policies.

(b) Accounting for service concession arrangements

The University has an annual nominations arrangement with Campus Living Villages where it nominates rooms for students on the Peel Park accommodation within the University campus. As detailed in Note 12 the University accounted for this under the service concession arrangement reflecting the value of these nominations within the balance sheet with the annual nominations then unwound in the Statement of Comprehensive Income and Expenditure the following financial year.

(c) Recoverability of debtors

The University has bad debt provisions in respect of both student and commercial and research debt.

The student bad debt provision is calculated on a specific basis according to where the student or the student sponsor is in the debt collection cycle with most debt over 12 months old provided for in full.

The commercial and research debt is also calculated on a specific basis according to where the debt is in the debt collection cycle with most debt over 12 months old provided for in full except for EU funded research grants where the recovery period is longer.

(d) Accounting for retirement benefits

Pensions - USS

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in the income and expenditure account in accordance with section 28 of FRS102. The University Council are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements. Details of this liability are disclosed in note 19. This provision is based on management's estimate of expected future salary inflation, changes in staff numbers and the prevailing discount rate at 31 July 2017.

Pensions – Enhancement on termination

The University has a provision for enhanced pensions for former employees who were members of the Teachers' Pension Scheme. Details of this liability are disclosed in note 19. This provision is based on management's estimate of the prevailing discount rate and life expectancy at the year end.

Pensions – Greater Manchester Pension Fund

The GMPF deficit is disclosed in Note 28. The assumptions are the responsibility of management and are set following advice received from a qualified actuary. The following table highlights the sensitivities regarding the assumptions used to measure the scheme liabilities.

Change in assumptions at 31 July 2017	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	11%	22,298
0.5% increase in the salary Increase Rate	1%	3,154
0.5% increase in the Pension Increase Rate	9%	18,830
1 year increase in member life expectancy	3% to 5%	6,379 to 10,631

(e) Accounting for hedge arrangements

The University has derivatives in place on some of its loans in order to fix the interest rate for the period of the loan. The University Council is satisfied that the conditions are met to account for this under hedge accounting so that movements are separately disclosed after surplus after tax within the Consolidated Statement of Comprehensive Income and Expenditure and a separate hedge reserve is created within reserves in the balance sheet.

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	**University £'000**	Consolidated £'000	University £'000
1. Tuition fees and education contracts				
Full-time home and EU students	96,626	96,626	92,338	92,338
Full-time international students	16,066	16,066	20,273	20,273
Part-time students	5,163	5,163	4,340	4,340
Other teaching contracts	29,085	29,085	27,959	27,959
Short courses	4,962	365	4,197	525
Research Training Support Grant	469	469	772	772
	152,371	147,774	149,879	146,207

2. Funding body grants

Higher Education Funding Council recurrent grant				
Teaching	11,272	11,272	9,570	9,570
Research	4,096	4,096	4,122	4,122
Specific grants				
Higher Education Special Initiatives	425	425	431	431
Higher Education Innovation Fund	1,612	1,612	1,652	1,652
Learning and Teaching Capital Investment Fund and Research Capital Investment Fund Deferred capital grants released in year:	621	621	613	613
Buildings	831	831	805	805
Equipment	867	867	1,955	1,955
	19,724	19,724	19,148	19,148

3. Research grants and contracts

Research councils	1,138	1,138	1,425	1,425
Research charities	893	893	328	328
Government (UK and overseas)	2,134	2,134	2,646	2,646
Industry and commerce	269	269	333	333
Knowledge Transfer Partnerships	495	495	580	580
Deferred capital grants released in year	-	-	19	19
Other	575	575	872	872
	5,504	5,504	6,203	6,203

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2017

	Notes	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated £'000	**University £'000**	Consolidated £'000	University £'000
4. Other income					
Residences, catering and conferences		7,608	7,608	6,319	6,319
Other income		8,446	8,334	9,063	8,838
Deferred capital grants released in year: Buildings		109	109	109	109
Equipment		74	74	74	74
		16,237	16,125	15,565	15,340

Other income includes provision of products (including tenant and leisure facilities), consultancy, nursery services and various grants including those for funding of student placements.

	Notes			Restated	Restated
5. Investment income					
Investment income on endowments	21	15	15	14	14
Other investment income		464	462	756	753
		479	477	770	767

The investment income on endowments in respect of 2015-16 has been reanalysed splitting between investment income on endowments and decrease in market value of investments – see also Note 21.

6. Donations and endowments					
Donations with restrictions	22	603	603	305	305
Endowments with restrictions		50	50	-	-
Unrestricted donations/donations with performance criteria		172	865	101	692
		825	1,518	406	997

7. Staff costs					
Salaries		78,992	76,832	74,580	72,374
Social security costs		8,133	7,938	6,628	6,431
Movement on USS provision		(1,698)	(1,698)	213	213
Enhanced Pension on Termination charge		229	229	1,106	1,106
Other pension costs	28	19,800	19,796	16,512	16,502
Early Retirement, Voluntary Severance and Mutual Consent Initiative		(146)	(146)	452	281
		105,310	102,951	99,491	96,907

7. Staff costs continued	**2016-17 £'000**	2015-16 £'000
Salary of Vice Chancellor (VC)	204	202
Bonus	10	-
Benefits in kind	3	3
Total	217	205
Pension Contributions	-	-
Total Emoluments	217	205

Remuneration of other higher paid staff, excluding employer's pension contributions and all shown before any salary sacrifice:

	No.	**No.**
£100,000 to £109,999	4	5
£110,000 to £119,999	1	2
£120,000 to £129,999	2	3
£130,000 to £139,999	-	-
£140,000 to £149,999	1	-
	8	10

Compensation for loss of office payable to a senior post-holder:	**£'000**	£'000
Compensation payable recorded within staff costs	**87**	123

Average staff numbers by major category:	**No.**	**No.**
Academic including technicians	957	922
Administrative, including clerical and manual	1,149	1,101
	2,106	2,023

Key management personnel	**Year ended 31 July 2017 £**	Year ended 31 July 2016 £
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.	1,141,769	1,190,735

During 2015-16 the team responsible for the strategic and operational leadership of the University consisted of Vice Chancellor, Deputy Vice Chancellor, Chief Operating Officer, PVC for Education and Students, PVC Research and Enterprise, Executive Director of Finance and Executive Director of Human Resources. This team continued until March 2017 other than PVC Research & Enterprise being no longer a member of the senior team from September 2016. In April 2017 the team was amended and is now made up of the Vice Chancellor, Deputy Vice Chancellor, Registrar, Pro Vice Chancellor (PVC) for Student Experience, PVC International & Regional Partnerships, Executive Director of Finance and Executive Director of Human Resources.

Council Members

In 2016 -17 the former Chair of Council and Interim Chair of Council were paid £20,422 (2016; £20,200 Chair of Council) for serving as a Council member. The former Chair of Council was paid £17,359 for the period to 6 June 2017, and the Interim Chair of Council paid £3,063 for the remainder of the year - no other payments were made to Council members for serving as Council members (2016 £Nil).

No council member, other than the Chair of Council, has received any remuneration/waived payments from the group during the year (2016 - none). The total expenses paid to or on behalf of council members was £4,041 in respect of 11 council members (2016 – 9 council members - £3,871). This represents travel, subsistence and course costs incurred in their role as Council member.

NOTE TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2017

8. Interest and other finance costs

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	**University £'000**	Consolidated £'000	University £'000
Loan interest	3,801	3,801	3,992	3,992
Other	1	15	3	17
Finance lease interest	331	331	325	325
Net charge on pension scheme	2,048	2,048	2,460	2,460
	6,181	6,195	6,780	6,794

9. Other operating expenses

Scholarships, bursaries and other student expenses	6,805	6,804	6,944	6,944
Catering	2,977	2,973	2,690	2,690
Student Union Grant	995	995	984	984
IT Supplies and lease costs	6,347	6,308	5,686	5,653
Books and periodicals including online access	3,276	3,276	2,959	2,957
Printing, stationery and office expenses	1,305	1,239	1,620	1,548
Licences/ Insurance/ Subscriptions	1,770	1,740	1,723	1,713
Telephones	237	227	271	259
Equipment and furniture including hire and maintenance	3,977	3,975	3,418	3,411
Financial charges	(437)	(587)	604	1,237
Consumables	1,172	1,159	1,241	1,255
Vehicles and transport costs	697	654	752	716
Professional and other fees	7,804	7,270	8,843	7,971
Agency and contract staff	2,327	2,316	2,646	2,607
Staff travel and subsistence costs	2,623	2,526	3,354	3,225
Marketing	2,019	1,942	2,117	2,071
Staff recruitment and welfare	541	526	648	620
Premises, maintenance and repairs	7,007	7,004	5,685	5,685
Rates, rents and utilities	7,200	6,803	7,077	6,699
Security	182	182	126	126
Concession – Residents, Right to UK assets	4,956	4,956	3,440	3,440
Trading with subsidiary companies	-	140	-	430
Total	63,780	62,428	62,828	62,241

9. Other operating expenses continued

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	**University £'000**	Consolidated £'000	University £'000
Academic and related expenditure	21,346	21,286	20,400	20,359
Administration and central services	18,961	17,628	18,473	17,905
Premises	12,909	12,909	14,218	14,218
Residences, catering and conferences (including service concession cost)	8,235	8,235	6,487	6,487
Research grants and contracts	1,356	1,356	1,682	1,682
Other expenses	1,246	1,014	1,568	1,590
	64,053	62,428	62,828	62,241
Other operating expenses include:				
External auditors remuneration in respect of statutory audit services	62	53	55	46
External auditors remuneration in respect of non statutory audit services :				
Grant and other audit related services	21	21	23	23
Taxation including advice	46	40	49	43
Overseas representative office advice	-	-	23	-
Commission in respect of recovery of reverse charge VAT on overseas agents	26	26	-	-
Operating lease rentals:				
Land and buildings	3,696	3,657	3,442	3,361
Other	306	306	361	361

10. Taxation

	Year Ended 31 July 2017 Consolidated and University £'000	Year Ended 31 July 2016 Consolidated and University £'000
Recognised in the statement of comprehensive income Current tax		
Current tax expense	3	52
Total tax expense	3	52

The tax charge is in respect of the Research and Development Expenditure tax credit income.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2017

11. Fixed assets

Consolidated & University	Freehold Land and Buildings	Leasehold Land and Buildings	Leased Assets	Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 August 2016	136,759	20,822	4,745	61,061	52,526	275,913
Additions	6,607	-	-	3,874	666	11,147
Transfers	50,950	-	-	1,540	(52,490)	-
Disposals	-	-	-	(16,402)	-	(16,402)
At 31 July 2017	194,316	20,822	4,745	50,073	702	270,658
Consisting of valuation as at:						
Cost	194,316	20,822	4,745	50,073	702	270,658
Depreciation						
At 1 August 2016	25,352	3,922	105	51,607	-	80,986
Charge for the year	8,930	878	106	3,283	-	13,197
Disposals	-	-		(16,367)	-	(16,367)
At 31 July 2017	34,282	4,800	211	38,523	-	77,816
Net book value						
At 31 July 2017	160,034	16,022	4,534	11,550	702	192,842
At 31 July 2016	111,407	16,900	4,640	9,454	52,526	194,927

The equipment disposals follow a review of all equipment across the University following the closure of the Adelphi and Centenary buildings with a large number of items, which had been fully depreciated, being disposed – no proceeds were received for these disposals.

A full valuation of University estate excluding Media City, Centenary Building, Adelphi Buildings and Allerton Arts studio was carried out on 31 July 2014 by DTZ (Independent Consultant surveyors). The Centenary Building, Adelphi Building & Allerton Arts Studio were excluded from the July 2014 valuation following the decision taken to no longer use these buildings for teaching and research from August 2016 and these have been depreciated down to their market value. No further depreciation has taken place on these buildings during 2016-17 whilst the buildings have not been in use as their market value has not been impacted.

12. Service concession arrangements

The University has one On Balance Sheet arrangement where service delivery has commenced.

In December 2013 the University entered into an agreement with Salford Village Limited which comprises of Equitix, Graham Construction, Kier Project Investment and student accommodation operator Campus Living Villages Limited to build and run a 1,367 student accommodation village on the Peel Park Campus with the accommodation being open to students from Autumn 2015. The finance for this £85m development is being provided by Standard Life Investments and under the terms of the agreement the University has entered into an annual nominations agreement with Campus Living Village Limited. Following a review of the transaction this is to be accounted for in accordance with a service concession arrangement.

In December 2015 the University nominated 1,000 rooms in respect of academic year 2016-17 at a cost of £4,956,000. In line with concession accounting a notional current asset (right to use an asset) of £4,956,000 and a notional concession accounting liability of £4,956,000 has been created at 31 July 2016.

In December 2016 the University nominated 1,367 rooms in respect of academic year 2017-18 at a cost of £3,488,000. In line with concession accounting a notional current asset (right to use asset) of £3,488,000 and a notional concession liability of £3,488,000 has been created at 31 July 2017.

As it is an annual occupancy guarantee at the 31 July 2017 the University has no future commitments other than those detailed above.

13. Non-current investments

Consolidated	Subsidiary companies	Investment in spin outs	Other fixed asset investments	Total
	£'000	£'000	£'000	£'000
At 1 August 2016				
Additions	-	199	-	199
Disposals	-	41	-	41
Impairment	-	(46)	-	(46)
At 31 July 2017	-	194	-	194

University	£'000	£'000	£'000	£'000
At 1 August 2016				
Additions	-	5	-	5
Disposals	-	-	-	-
Impairment	-	-	-	-
At 31 July 2017	-	5	-	5

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2017

13. Non-current investments continued

The investment in the subsidiary company relates to the introduction of additional share capital to enable it to fund on extension to facilities.

Other non-current investments consist of:

	£'000	% Owned
Carbon Air Limited	122	28.84%
Optimum Imaging Limited	12	48.07%
Lacerta Rehabilitation Limited	-	15.00%
The Protocol Lab Limited	-	17.24%
BioMech Technologies International Limited	-	15.00%
Knownfield Limited	-	25.00%
ProofID Limited	-	5.46%
Incanthera Limited	20	2.09%
Salford Valve Company Limited	-	5.00%
University Loan to Health & Education Co-operative Limited	5	No Shareholding
DLAB Companies	35	No Shareholding
	194	

14. Stock

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Building and Engineering Stores	89	89	82	82

15. Trade and other receivables

Amounts falling due within one year:				
Research grants receivables	708	708	550	550
Other trade receivables	3,938	3,384	5,512	4,196
Other receivables	-	-	163	163
Prepayments and accrued income	5,920	5,820	5,742	5,245
Right to use an Asset-concession accounting	3,488	3,488	4,956	4,956
Amounts due from subsidiary undertaking	-	252	-	1,877
	14,054	13,652	16,923	16,987

16. Current investments

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	**University £'000**	Consolidated £'000	University £'000
Short term investment in shares	572	572	503	503
Certificates of deposit and corporate bonds	24,997	24,997	-	-
Short term deposits	31,061	31,051	47,401	47,058
	56,630	56,620	47,904	47,561

The short term investment in shares is in the Jupiter Growth and Income Fund I-Class. Short term deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity at the transaction date. Certificates of deposit and corporate bonds are in banks for a maturity of up to 12 months at maturity date. The interest rates for £40,997,000 of these deposits are fixed for the duration of the deposit at time of placement. The remaining £15,051,000 interest rates vary. Within the group accounts there is an additional £10,000 deposited in a locked down capital account for the USE Rep Office which does not attract any interest.

At 31 July 2017 the weighted average interest rate of these fixed rate deposits including certificates of deposit and corporate bonds was 0.6% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 158 days. The fair value of these deposits including certificates of deposit and corporate bonds was not materially different from the book value.

17. Creditors: amount falling due within one year

	Notes	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated £'000	**University £'000**	Consolidated £'000	University £'000
Secured loans		4,050	4,050	4,066	4,066
Service concession rights to use an asset	12	3,488	3,488	4,956	4,956
Trade payables		5,926	5,910	6,569	6,500
Social security and other taxation payable		2,758	2,758	2,361	2,361
Other payroll creditors		1,705	1,705	1,606	1,606
Accruals and deferred income		23,044	21,760	22,293	20,863
Deferred capital grant		1,881	1,881	1,864	1,864
Student Union Deposit		113	113	232	232
Amounts due to subsidiary undertakings		-	2,451	-	2,143
		42,965	44,116	43,947	44,591

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2017

17. Creditors: amount falling due within one year continued

Deferred income

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

	Notes	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated £'000	**University £'000**	Consolidated £'000	University £'000
Donations		280	280	225	225
Research grants received on account		591	591	460	460
		871	871	685	685

18. Creditors: amount falling due after more than one year

	Notes	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated £'000	**University £'000**	Consolidated £'000	University £'000
Deferred capital grant		13,357	13,357	14,326	14,326
Obligations under finance lease		4,917	4,917	4,828	4,828
Derivatives		11,394	11,394	14,873	14,873
Secured loans banks		61,768	61,768	65,818	65,818
HEFCE loan		300	300	300	300
		91,736	91,736	100,145	100,145
Analysis of secured and unsecured loans:					
Due within one year or on demand	17	4,050	4,050	4,066	4,066
Due between one and two years		4,050	4,050	4,050	4,050
Due between two and five years		12,150	12,150	12,150	12,150
Due in five years or more		45,568	45,568	49,618	49,618
Due after more than one year		61,768	61,768	65,818	65,818
Total secured and unsecured loans		65,818	65,818	69,884	69,884
Secured loans (repayable by as below)		65,818	65,818	69,868	69,868
Unsecured HEFCE loans repayable		300	300	300	300
Unsecured loans repayable by 2017		-	-	16	16
		66,118	66,118	70,184	70,184

Included in loans are the following:

Lender	**Amount £'000**	**Term**	**Interest rate %**	**Borrower**
Barclays	9,010	2030	5.80	University
Barclays	3,600	2032	5.18	University
Barclays	14,600	2035	5.18	University
Lloyds	6,834	2027	4.45	University
Lloyds	31,774	2036	6.02	University
	65,818			

19. Provisions for liabilities

Consolidated & University	(A) Obligation to fund deficit on USS Pension	(B) Pension enhancement on termination	(C) Standardisation of Pension benefits of former University of College Salford Staff Benefit Obligations	(D) Deficit in the Scheme-Net pension liability GMPF	Total Pensions Provisions	Other	Total Other
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 August 2016	17,895	11,752	433	71,379	101,459	4,940	4,940
Interest on funds	319	270	-	1,729	2,318	-	-
Utilised in year	(1,131)	(658)	-	(4,401)	(6,190)	(300)	(300)
Additions in year	-	-	3	5,800	5,803	425	425
Unutilised amounts reversed in 16-17	(568)	(41)	(18)	(23,390)	(24,017)	(1,100)	(1,100)
At 31 July 2017	16,515	11,323	418	51,117	79,373	3,965	3,965

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

The assumptions for calculating the past deficit on USS are as follows:

	Consolidated and University
USS Discount rate	1.85% (15-16 1.78%)
Pensionable payroll growth: Salary inflation of USS employees	3% (15-16: 3.0%)
Staff changes of USS employees	0.8% 2017-18 (0.6%), 0.7% 2018-19 (0.8%), 0.0% 2019-2020 (0%)

(B) Pension enhancement
The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

	Consolidated and University
Net Interest Rate	1.3% (15-16 1.3%)
Interest Rate	2.3% (15-16 2.3%)

The provision is for the enhanced pension benefits payable to retired staff who were members of the Teacher's pension scheme. The provision for the enhanced pension benefits payable to retired staff has been calculated using a net interest rate of 1.3% (2015-16 1.3%.) The Interest on funds has been calculated using an interest rate of 2.3% (2015-16: 2.3%).

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

(D) Deficit in the scheme - net pension liability Greater Manchester Pension Fund GMPF. See note 28 for further details.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2017

20. Financial instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity. Examples of financial instruments include: cash; bank; debtors and creditors; investment and hedging instruments and loans.

(a) The University's activities expose it to a variety of financial risks. The main risks to the University's treasury activities are:

(i) Credit and counterparty risk (security of investments)
Credit risk arises as the University debt is primarily with the Student Loan Company as well as a large number of students and organisations across diverse sectors and geographical areas. This is managed through collecting student debt in instalments and regular communications with customers over outstanding debt.

Counterparty risk is managed through a Treasury Management Policy which has prudence as its primary goal and Finance review the long term rating of the counterparty by independent credit rating agencies before investing any monies with a bank or building society.

(ii) Liquidity risk/ refinancing risk (inadequate cash resources/ impact of debt maturing in future years)
As part of its budget process a detailed three year cash flow projection is produced to ensure that the University has adequate resources to meet future commitments. Finance then monitors actual performance against budget on a monthly basis.

(iii) Market or interest rate risk
The University is exposed to risk in terms of exposure to interest rate movements on borrowings and investments. Movements in interest rates have a complex impact on the University. For instance, a rise in interest rates would mean that for borrowing at variable rates the interest expense charged to the surplus or deficit would rise.

In order to mitigate this risk the University "hedges" its interest risk using swaps which provide stability against interest rate fluctuations. The total balance below comprises hedging of the Lloyds Bank plc and Barclays Bank loan facilities through an interest rate swap.

Consolidated & University	2017 £'000	2016 £'000
Fair Value of derivative at 1 August	14,873	10,653
Change in fair value	(3,479)	4,220
Fair value of derivative at 31 July	11,394	14,873

20. Financial instruments continued

For Investments at variable rates the interest income credited to the surplus or deficit will rise so the University invests cash for a variety of different periods up until 12 months.

(iv) Inflation risk (exposure to inflation)

The University is exposed to general economic inflation which then results in pay pressures. The University's ability to control this is limited but it manages this through prudent budget setting and inclusion of contingencies on capital projects.

(v) Foreign exchange risk

The university manages this by keeping the holdings of foreign currency to a minimum with holdings just sufficient to meet known liabilities.

(b) The carrying value of the Group and University's financial assets and liabilities are summarised by category below:

Financial Assets	Consolidated £'000	University £'000
Measured at undiscounted amount receivable		
Trade and other receivables	10,566	10,364
Measured at amortised cost		
Investments	56,058	56,048
Cash and cash equivalents	23,290	22,856
Stock	89	89
Obligations under service concession arrangements	3,488	3,488
Measured at fair value through income & expenditure		
Investment in investment funds	572	572
Equity investments measured at cost less impairment		
Non-current asset investments in unlisted equity instruments	194	5
	94,257	93,422

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2017

20. Financial instruments continued

Financial Liabilities	Consolidated £'000	University £'000
Measured at undiscounted amount payable		
Trade and other creditors	33,546	34,697
Measured at amortised cost		
Loans and finance leases payable	66,118	66,118
Obligations under finance lease	4,917	4,917
Obligations under Service concession agreements	3,488	3,488
Deferred capital grants	15,238	15,238
Measured at fair value through income & expenditure		
Derivative financial liabilities	11,394	11,394
	134,701	135,852

The derivative balance shown above relates to a “receive floating, pay fixed” interest rate swap measured at fair value through income and expenditure. The floating rate swap is three month’s LIBOR, with the fixed rate 6.02% and 5.8%. The Group settles the swaps quarterly, with the difference between the fixed and floating interest rates settled on a net basis.

The Group’s income, expense, gains and losses in respect of financial instruments are summarised below:

Interest income and (expense)	Consolidated £'000	University £'000
Total interest income for financial assets at amortised cost	478	477
Total interest expense for financial liabilities at amortised cost	(4,133)	(4,147)
	(3,655)	(3,670)

Fair value gains and (losses)	Consolidated £'000	University £'000
On investments assets measured at fair value through income and expenditure	52	52
On hedging financial instruments	3,479	3,479
	3,531	3,531

21. Endowment reserves

Restricted net assets relating to endowments are as follows:

Balances 1 August 2016	Restricted permanent endowments £'000	Expendable endowments £'000	2017 Total £'000	Restated 2016 Total £'000
Capital	127	155	282	284
Accumulated income	124	55	179	204
	251	210	461	488
Transfer between categories	(237)	237	-	-
New endowments	-	50	50	-
Investment income	-	15	15	14
Expenditure	-	(3)	(3)	(3)
	(237)	299	62	11
Increase/(Decrease) in market value of investments	2	47	49	(38)
At 31 July 2017	16	556	572	461
Represented by:				
Capital	3	328	331	282
Accumulated income	13	228	241	179
	16	556	572	461

The 2016 figures have been restated to separate out the investment income from the decrease in market value of investments.

Analysis by type of purpose:	Restricted permanent endowments £'000	Expendable endowments £'000	2017 Total £'000	2016 Total £'000
Scholarships and bursaries	-	327	327	137
Research support	-	11	11	48
Prize funds	13	-	13	120
General	3	218	221	156
	16	556	572	461

Analysis by asset	2017	2016
Current and non-current asset investments	572	461

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2017

22. Restricted reserves

Reserves with restrictions are as follows:

	2017 Total £'000	2016 Total £'000
Balances at 1 August 2016	814	585
New grants/ research grants	288	524
New donations	603	305
Investment income	-	-
Expenditure	(547)	(600)
	344	229
At 31 July 2017	1,158	814

	2017 Total £'000	2016 Total £'000
Analysis of other restricted funds /donations by type of purpose:		
Scholarships and bursaries	335	175
Research support	290	352
General	533	287
	1,158	814

23. Cash and cash equivalents

Consolidated	At 31 July 2016 £'000	Cash Flows £'000	**At 31 July 2017 £'000**
Cash and cash equivalents	26,123	(2,833)	23,290

24. Capital and other commitments

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

	31 July 2017		31 July 2016	
	Consolidated £'000	**University £'000**	Consolidated £'000	University £'000
Commitments contracted for	1,555	1,555	7,489	7,489

25. Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £'000	Plant and Machinery £'000	31 July 2017 £'000	31 July 2016 £'000
Payable during the year	3,696	306	4,002	3,803

Future minimum lease payments due:

Not later than 1 year	3,506	271	3,777	4,005
Later than 1 year and not later than 5 years	13,908	374	14,282	15,327
Later than 5 years	46,361	-	46,361	50,804
Total lease payments due	63,775	645	64,420	70,136

26. Events after the reporting period

There were no material events after the reporting period.

27. Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

Company	Company	Status
University of Salford Enterprises Limited	Business Development, Consultancy and Investment management	100% owned
Salford Professional Development Limited	Delivery of training	100% owned
Salsa Sound Limited	Dormant at 31 July 2017	100% owned
Salford Consultancy LLC	Dormant at 31 July 2017	100% owned
Skyscope Limited	Dormant at 31 July 2017	100% owned
Salford University Purchasing Services Limited	Purchasing Services - Dormant	100% owned
University of Salford (Health Services Training)	Training - Dormant	100% owned
Salford Digital Futures Limited	Commercialisation of digital technology - Dormant	100% owned

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2017

28. Pension schemes

Three schemes are currently in operation:
- Universities Superannuation Scheme (USS)
- Greater Manchester Pension Fund (GMPF)
- Teachers' Pension Scheme (TPS)

The two main schemes, being USS and GMPF, are both defined-benefit schemes contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee administered funds.

The table below analyses expenditure on "Other pension costs" detailed in Note 7 by pension fund:

	Year Ended 31 July 2017 Consolidated £'000	Year Ended 31 July 2017 University £'000	Year Ended 31 July 2016 Consolidated £'000	Year Ended 31 July 2017 University £'000
USS	13,783	13,783	11,891	11,891
GMPF	5,694	5,694	4,259	4,259
TPS	319	319	352	352
Other	4	-	10	-
	19,800	**19,796**	**16,512**	**16,502**

(i) Universities Superannuation Scheme (USS)

The institution participates in the Universities Superannuation Scheme (the scheme). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid scheme, providing defined members (from all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS102 "Employee Benefits", the University therefore accounts for the scheme as if it were a wholly defined contribution scheme.

As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The latest available full actuarial valuation of the scheme was at 31 March 2014 (the valuation date) which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway. Since the institution cannot identify its share of scheme assets and liabilities the following disclosure reflects those relevant for the scheme as a whole. The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension increase (CPI)	2.41%	2.2%

28. Pension schemes continued

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	**98% of S1NA ("light") YoB tables – No age rating**
Female members' mortality	**99% of S1NA ("light") YoB tables – rated down 1 year**

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Males currently aged 45 (years)	29.0	28.8

	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS102 total scheme deficit	£17.5bn	£8.5bn
FRS102 total funding level	77%	85%

(ii) Greater Manchester Pension Fund (GMPF)

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

The 31 July 2017 information is based upon a full actuarial valuation of the fund as at 31 March 2016 updated to 31 July 2017. The 31 July 2016 information is based upon a full actuarial valuation of the fund as at 31 March 2013. Under the definitions set out in FRS 17, the GMPF is a multi-employer defined benefit pension scheme. In the case of the GMPF, the actuary of the scheme has identified the University's share of its assets and liabilities as at 31 July 2017 and 31 July 2016.

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

During the accounting period, the University paid contributions to the pension scheme at the rate of 19.4% from August 2015 to March 2016 and then 20.7% from April 2016 to March 2017 and then 21.1% from April 2017.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	At 31 July 2017 %pa	At 31 July 2016 %pa
Rate of increase in salaries	3.3%	3.2%
Rate of increase of pensions in payment for UXPS members	2.5%	1.9%
Discount rate	2.7%	2.4%

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Pensioner (male)	**Non-pensioner (male) currently aged 45**	**Pensioner (female)**	**Non-pensioner (female) currently aged 45**
At 31 July 2016	21.4	24	24	26.6
At 31 July 2017	21.5	23.7	24.1	26.2

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2017

28. Pension schemes continued

Scheme assets and expected rate of return for GMPF

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The assets in the scheme were:

	31 July 2017 £'000	31 July 2016 £'000	Fair value as at 31 July 2015 £'000
Equities	115,638	103,108	89,724
Government bonds	25,697	24,011	22,747
Property	9,636	7,062	8,846
Cash	9,636	7,062	5,055
Total	160,607	141,243	126,372

	31 July 2017 % pa	31 July 2016 % pa	31 July 2015 % pa
The weighted average expected long-term rates of return were:	2.7%	2.4%	3.60%

The tables below include, where applicable, disclosures for GMPF and ex-gratia pension combined to enable clear presentation. The ex-gratia pensions account for £3,957,000 of the total liabilities of £211,724,000.

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Analysis of the amount shown in the balance sheet for GMPF		
Scheme assets	160,607	141,243
Scheme liabilities	(211,724)	(212,622)
Deficit in the scheme - net pension liability recorded within provisions (Note 19)	(51,117)	(71,379)
Current service cost	5,694	4,259
Past service costs	106	65
Total operating charge:	5,800	4,324
Analysis of the amount charged to interest (payable)/credited to other finance income for GMPF and ex-gratia pensions		
Interest cost	(5,122)	(6,696)
Expected return on assets	3,393	4,545
Net charge to other finance income	(1,729)	(2,151)
Analysis of other comprehensive income for GMPF and ex-gratia pensions:		
Return on assets excluding assets including in net interest	15,474	10,539
Experience	17,474	2,654
Changes in financial assumptions	(9,441)	(22,476)
Changes in demographic assumptions	(117)	-
Total other comprehensive income before deduction for tax	23,390	(9,283)

28. Pension schemes continued

History of experience gains and losses – GMPF

	31 July 2017	31 July 2016	31 July 2015	31 July 2014	31 July 2013
Difference between actual and expected return on scheme assets					
Amount (£m)	15,474	10,539	3,379	(5,699)	n/a
% of assets at end of year	9.6	7.5	2.67	(4.80)	n/a
Experience gains/(losses) on scheme liabilities:					
Amount (£m)	17,474	2,654	1,455	1,788	17
% of liabilities at end of year	8.3	1.25	0.78	1.06	0.01

Cumulative actuarial loss recognised as other comprehensive income for GMPF	**At 31 July 2017 £'000**	At 31 July 2016 £'000
Cumulative actuarial losses recognised at the start of the year	(31,256)	(21,973)
Cumulative actuarial losses recognised at the end of the year	(7,866)	(31,256)
Analysis of movement in (deficit)/surplus for GMPF		
Deficit at beginning of year	(71,379)	(59,505)
Contributions or benefits paid by the University	4,401	3,884
Current service cost	(5,694)	(4,259)
Past service cost	(106)	(65)
Other finance charge	(1,729)	(2,151)
Gain recognised in other comprehensive income	23,390	(9,283)
Deficit at end of year	(51,117)	(71,379)

Analysis of movement in the present value of GMPF	**Year to 31 July 2017 £'000**	Year to 31 July 2016 £'000
Present value of GMPF at the start of the year	(212,622)	(185,877)
Current service cost	(5,694)	(4,259)
Past service cost	(106)	(65)
Interest cost on defined benefit obligation	(5,122)	(6,696)
Actual member contributions (including notional contributions)	(1,240)	(1,140)
Actuarial loss/(gain)	7,916	(19,822)
Actual benefit payments	5,144	5,237
Present value of GMPF liabilities at the end of the year	(211,724)	(212,622)

During 2016-17 the difference between current service costs and employer contributions in respect of funded contributions was £1,573,000 (2015-16; £651,000).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2017

28. Pension schemes continued

Analysis of movement in the fair value of scheme assets	**Year to 31 July 2017 £'000**	Year to 31 July 2016 £'000
Fair value of assets at the start of the year	141,243	126,372
Expected return on assets	3,393	4,545
Actuarial gain on assets	15,474	10,539
Actual contributions paid by University in respect of funded benefits	4,121	3,608
Actual contributions paid by University in respect of unfunded benefits	280	276
Actual member contributions (including notional contributions)	1,240	1,140
Actual benefit payments	(5,144)	(5,237)
Fair value of scheme assets at the end of the year	160,607	141,243

GMPF's assets do not include any of the University's own financial instruments, or any property occupied by the University.

Actual return on scheme assets	**Year to 31 July 2017 £'000**	Year to 31 July 2016 £'000
Expected return on scheme assets	3,393	4,545
Asset gain/(loss)	15,474	10,539
	18,867	15,084

Estimated contributions for GMPF in the Financial Year 2017–2018 is £4,100,000 (2016-17 £3,558,000).

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pensions Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.0%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

28. Pension schemes continued

Valuation of the Teachers' Pension scheme
Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respectof that service.

Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2004 - 31 March 2012. The GA's report of June 2014 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191.5 billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176.6 billion. The assumed rate of return is 3.0% in excess of prices. The rate of real earnings growth is assumed to be 2.75%. The assumed gross rate of return is 5.06%.

As from 1 April 2015, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 20.4%, and the supplementary contribution rate was assessed to be 5.6% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 26.0%, which translated into an average employee contribution rate of 9.6% and employer contribution rate of 16.4% payable. The cost-sharing agreement also introduced a 10.9% cap on employer contributions payable. It has been agreed that these revised contributions will be implemented from 1 September 2015.

Scheme changes
From 1 September 2015, the employer contribution rate increased to 16.48% from 14.1%.

From 1 April 2015, the TPS is being reformed, with a different benefit structure for a number of members.

These changes have been allowed for in the contribution rate set out above.

The pension costs paid to TPS in the year amounted to £319,000 (2015-16: £352,000).

29. Hedge reserve movements

	£'000
At 1 August 2016	14,873
Change in fair value of hedging financial instruments	(3,479)
At 31 July 2017	**11,394**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 2017

30. Related party transactions

The University council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations, in which a member of Council may have an interest, are conducted at arm's length and in accordance with the University's Financial Regulations and usual Procurement procedures.

The University undertook transactions with the following public sector bodies, charities and not for profit organisations to which Council members had connections.

2016/17

Organisation	Individual board member	Income £'000	Expenditure £'000	Debtor £'000	Creditor £'000
British Council	Helen Marshall	1	78	-	-
Greater Manchester Chamber of Commerce	Baroness Beverley Hughes Phil Cusack	-	14	-	-
Greater Manchester Mental Health NHS Foundation Trust	Margaret Rowe	-	5	-	-
Radio & Digital BBC Sport	Ben Gallop	58	-	-	-
House of Lords, UK Parliament	Baroness Beverley Hughes	-	6	-	-
QAA-Quality Assurance Agency	Helen Marshall	-	33	-	-
Salford City Council	Margaret Rowe Phil Cusack Councilllor Paul Longshaw	176	90	-	9
Salford Royal NHS Trust	Ian Moston	152	99	61	-
The Lowry Centre Ltd	Julia Fawcett				
The Lowry Centre Development Company Ltd	Julia Fawcett	-	225	-	103
The Lowry Centre Trust	Baroness Beverley Hughes Tom Russell				
Pennine Acute Hospital NHS Trust	Ian Moston	-	12	-	2
Wrightington, Wigan & Leigh NHS Foundation	Tony Warne	2	-	-	-

2015/16

Organisation	Individual board member	Income £'000	Expenditure £'000	Debtor £'000	Creditor £'000
British Council	Helen Marshall	-	90	-	3
Capita Property & Infastructure	Phil Cusack	-	358	-	8
Greater Manchester Chamber of Commerce	Baroness Beverley Hughes Phil Cusack	-	24	-	12
Greater Manchester Mental Health NHS Foundation Trust	Margaret Rowe	-	4	-	-
Radio & Digital BBC Sport	Ben Gallop	101	-	-	-
QAA-Quality Assurance Agency	Helen Marshall	-	34	-	-
Salford City Council	Margaret Rowe Phil Cusack	22	669	21	-
Salford Royal NHS Trust	Ian Moston	47	134	30	6
The Lowry Centre Ltd	Julia Fawcett				
The Lowry Centre Development Company Ltd	Julia Fawcett	-	54	-	5
The Lowry Centre Trust	Baroness Beverley Hughes Tom Russell				
Wrightington, Wigan & Leigh NHS Foundation	Tony Warne	21	78	-	-

Other related parties have been identified however there have been no transactions with these parties in the year.

In addition to the above The Salford University Students' Union is an independent organisation largely funded by the University. The financial transactions between the two organisations can be summarised as:-

	2016-17 £'000	2015-16 £'000
Annual Grant Paid to Students' Union from University	984	984
Grant to Students' Union for various student experience enhancement projects	11	-
Payments made to the Students' Union from the University for services provided	99	57
Payments made to the University from Students' Union for services provided	(47)	(56)

At the 31 July 2017 Student's Union had £113,000 (2016: £232,000) invested with the University of Salford as detailed in Note 17. At the 31 July 2017, the University had a creditor with the Students' Union of £4,007 (2016: £17,435) and a debtor with the Students' Union of £21,030 (2016: £7,045).

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