The University of Manchester

BOARD OF GOVERNORS

Wednesday, 27 January 2021 (meeting held via video conference)

Present: Mr Edward Astle (in the Chair), President and Vice-Chancellor, Mrs Ann Barnes (Deputy Chair), Mr Gary Buxton, Prof Claire Alexander, Mr Michael Crick, Mr Colin Gillespie, Dr Reinmar Hager, Ms Caroline Johnstone, Prof Steve Jones, Mr Kwame Kwarteng (General Secretary of UMSU), Dr Neil McArthur, Mr Robin Phillips, Mr Richard Solomons, Mr Andrew Spinoza, Dr Delia Vazquez, Dr Jim Warwicker and Ms Ros Webster (19)

Apologies: Mr Nana Agyeman, Prof Danielle George, Mr Nick Hillman and Mrs Alice Webb

In attendance: The Registrar, Secretary and Chief Operating Officer (RSCOO), the Deputy President and Deputy Vice-Chancellor, the Chief Financial Officer and the Deputy Secretary.

1. Declarations of Interest

   Reported: there were no new declarations of interest

2. Summary of current position: filing issues

   Received: a report summarising the issues that had delayed finalisation of the 2020 Financial Statements, noting the possibility of missing regulator, lender and statutory deadlines.

   Reported:

   (1) The Board had been advised on 26 January 2021, that the University of Manchester had announced to the London Stock Exchange that, due to circumstances outside its control, it may be unable to publish its financial statements for the year ended 31 July 2020 within six months in accordance with the relevant Listing Rule. In such circumstances, the University had advised that it will request that the Financial Conduct Authority (FCA) suspend listing of the University Bonds on the Official List of the FCA.

   (2) The key filing dates for the Financial Statements were as below:

   Private Placement Loan Notes – with the holders -180 days after the year end – 27 January 2021
   Public Bond – with the Trustee - 180 days after the year end – 27 January 2021
   London Stock Exchange – Six months after the year end – 31 January 2021

   (3) The report provided the background to the delay in finalising the Financial Statements which had been discussed at a meeting of Finance Committee which immediately preceded the Board meeting. (noting that the Financial Statements had originally been scheduled for approval at the meeting of the Board on 24 November 2020). This was principally a result of resourcing issues within the external auditors, EY and consequent delays in the audit process.
(8) The Board placed on record its appreciation and thanks for the work of the Finance Directorate in the preparation of Financial Statements, liaison with EY, and exemplary responsiveness to answering the auditor’s requests for information during January 2021. Lessons learned and consequent actions required would take place after the completion of work to finalise the Financial Statements.

3. **Going Concern review for the Financial Statements for the year ended 31 July 2020**

**Received:** a paper setting out the rationale for the conclusion that for the period ending 31 July 2022, there was no material uncertainty that the University was a going concern, essentially that the Board had concluded that the University had sufficient liquidity and cash resources and headroom over the period, even in severe but plausible downside scenarios. The paper detailed the key assumptions used in scenario modelling, and the key mitigations which could be implemented and presented proposals for updated Going Concern text for the University Financial Statements.

**Reported:**

(1) The report had been reviewed and challenged by the meeting of Finance Committee which immediately preceded the Board meeting.

(2) As reported to Finance Committee, financial sensitivity analysis scenarios had been developed to model a severe but plausible downside scenario in the period to 31 July 2022 (with assumptions as set out in the report to the Committee and the Board) both before and after mitigations.
(4) At its earlier meeting, Finance Committee had given detailed consideration to the basis for the Going Concern conclusion, including the evolution of budgeting and forecasting over the period from October 2020 to January 2021 and had challenged assumptions and scenarios as set out in the report.

(7) The Finance Committee had reviewed and challenged the principal assumptions made in the downside sensitivity analyses, the changes that had been made to the financial forecasts and the key mitigating actions that the University might take. On this basis, the Committee had concluded that these key mitigations were within the control of the University, could be
effected to improve its cash position, and approved their implementation as and when required. The Committee had also agreed both that the latest forecast was an appropriate basis for the Going Concern review and the proposed Going Concern text for the Financial Statements (recognising that there were a number of different potential options and that the wording could be subject to minor changes).

Agreed: On the recommendation of Finance Committee to confirm that the University’s Financial Statements be prepared on a Going Concern basis, Redacted – Restricted information