

Manchester Academic Health Science
Centre

Company Limited by Guarantee

FINANCIAL STATEMENTS

for the year ended

31 July 2017



Manchester Academic Health Science Centre

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Note: The Manchester Academic Health Science Centre ("MAHSC") Members Agreement identifies Governors and not Directors:

Sir Howard Bernstein (Non-Executive Chair)
Sir Mike Deegan (CMFT)
Ms Katherine Cowell (CMFT) appointed 7 November 2016
Mr Roger Spencer (Christie)
Ms Christine Outram (Christie)
Sir David Dalton (SRFT)
Mr Jim Potter (SRFT)
Professor Martin Tickle (UoM) appointed 23 March 2017
Professor Dame Nancy Rothwell (UoM)
Professor Ian Greer (MAHSC Director)
Mrs Joanne Clague (MAHSC COO)
Professor Peter Trainer (MAHSC Clinical Director)
Professor Colin Sibley (MAHSC Research Director)
Professor Gillian Wallis (MAHSC Education & Training Director)
Ms Beverley Humphrey (GMMH) appointed 23 March 2017
Mr Rupert Nichols (GMMH) appointed 23 March 2017

COMPANY SECRETARY

Eversheds Sutherland
Bridgewater Place
Water Lane
Leeds
LS11 5DR

AUDITOR

RSM UK Audit LLP, Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

BANKERS

Barclays Bank plc
PO Box 357
51 Mosley Street
Manchester
M60 2AU

REGISTERED OFFICE

Core Technology Facility
46 Grafton Street
Manchester
M13 9NT

Manchester Academic Health Science Centre

DIRECTORS' REPORT

The directors submit their report and financial statements of Manchester Academic Health Science Centre (MAHSC) for the year ended 31 July 2017.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the promotion and development of infrastructure in support of research, innovation, education, healthcare and knowledge transfer to meet the objectives of the MAHSC's 5-year strategic plan (2014-19), which is endorsed by the National Institute of Health Research on behalf of the Department of Health. This involved the implementation of operational plans to meet short, medium and long-term objectives and clinical priorities.

FUTURE PLANS

The company is currently in discussions with the Greater Manchester Academic Health Science Network around a formal merger. The newly merged organisation, an Academic Health Science System for Greater Manchester, will be called Health Innovation Manchester. It is anticipated that over the course of the period to 31 March 2018, the activities, assets and liabilities of MAHSC will be fully transferred to Health Innovation Manchester. The principal activities of MAHSC will continue in line with the 5-year strategic plan as part of the wider strategy for Health Innovation Manchester.

DIRECTORS

The directors who served the company during the period were as follows:

Sir Howard Bernstein (Non-Executive Chair)
Sir Mike Deegan (CMFT)
Ms Katherine Cowell (CMFT – appointed 7 November 2016)
Mr Steve Mycio (CMFT – resigned 7 November 2016)
Mr Roger Spencer (Christie)
Ms Christine Outram (Christie)
Ms Michelle Moran (MHSC – resigned 2 September 2016)
Mr John Scampion (MHSC – resigned 31 December 2016)
Mr Anthony Hassall (SCCG – resigned 31 March 2017)
Dr Ian Thomas Tasker (SCCG – appointed 1 August 2016, resigned 31 March 2017)
Sir David Dalton (SRFT)
Mr Jim Potter (SRFT)
Ms Diane Whittingham (UHSM – resigned 31 October 2016)
Mr Silas Nicholls (UHSM – appointed 1 November 2016, resigned 30 September 2017)
Mr Barry Clare (UHSM – resigned 30 September 2017)
Professor Martin Tickle (UoM – appointed 23 March 2017)
Ms Beverley Humphrey (GMMH – appointed 23 March 2017)
Mr Rupert Nichols (GMMH – appointed 23 March 2017)
Professor Martin Humphries (UoM – resigned 22 March 2017)
Professor Dame Nancy Rothwell (UoM)
Professor Ian Greer (MAHSC Director)
Mrs Joanne Clague (MAHSC COO)
Professor Peter Trainer (MAHSC Clinical Director)
Dr Linda Magee (MAHSC Business Development Director – resigned 30 September 2017)
Professor Colin Sibley (MAHSC Research Director)
Professor Gillian Wallis (MAHSC Education & Training Director)
Mr John Harrop (MHSC – appointed 5 September 2016, resigned 31 December 2016)

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

Manchester Academic Health Science Centre

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

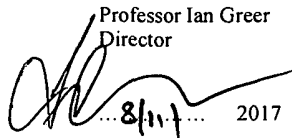
AUDITOR

RSM UK Audit LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board

Professor Ian Greer
Director

...8/11/... 2017

Manchester Academic Health Science Centre

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors 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 company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANCHESTER ACADEMIC HEALTH SCIENCE CENTRE

Opinion

We have audited the financial statements of Manchester Academic Health Science Centre (the 'company') for the year ended 31 July 2017 which comprise an income and expenditure account, a balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Non-going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the accounting policies concerning the basis of preparation of the financial statements. As the Company plans to transfer its trade, assets and liabilities to a new entity by March 2018, the financial statements have been prepared on a non-going concern basis.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MANCHESTER ACADEMIC HEALTH SCIENCE CENTRE

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

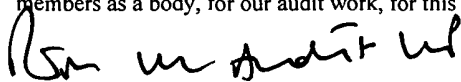
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



DALE THORPE FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

16 February 2018

Manchester Academic Health Science Centre
INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 July 2017

	<i>Notes</i>	Year ended 31 July 17 £	Year ended 31 July 16 £
INCOME		1,776,470	1,772,000
Project Costs		(881,418)	(1,115,623)
Administrative expenses		(762,646)	(801,969)
OPERATING SURPLUS/(DEFICIT)		132,406	(145,592)
Interest receivable		1,473	6,383
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		133,879	(139,209)
Taxation		-	-
NET SURPLUS/(DEFICIT) FOR THE FINANCIAL PERIOD	7	<u>133,879</u>	<u>(139,209)</u>

There was no other comprehensive income for the year or previous year.

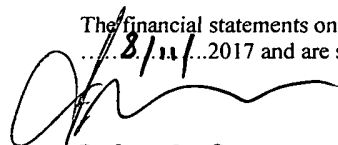
Manchester Academic Health Science Centre**BALANCE SHEET**

As at 31 July 2017

	<i>Notes</i>	31 July 17 £	31 July 16 £
CURRENT ASSETS			
Cash at bank and in hand		489,705	491,257
Debtors	2	26,182	10,607
		<u>515,887</u>	<u>501,864</u>
CREDITORS			
Amounts falling due within one year	3	223,136	342,992
NET CURRENT ASSETS		<u>292,751</u>	<u>158,872</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>292,751</u>	<u>158,872</u>
RESERVES			
Income and expenditure account	7	292,751	158,872
MEMBERS' FUNDS		<u>292,751</u>	<u>158,872</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 7 to 14 were approved by the board of directors and authorised for issue on 31 July 2017 and are signed on their behalf by:



Professor Ian Greer
Director

Manchester Academic Health Science Centre

ACCOUNTING POLICIES

Manchester Academic Health Science Centre ("the Company") is a private company limited by guarantee incorporated in England.

The registered office address of the Company is:

Core Technology Facility
46 Grafton Street,
Manchester
M13 9NT

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, and in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements have been prepared in sterling which is the Company's functional currency.

These are the first set of financial statements the company has prepared in accordance with FRS102. The financial statements of the company for the year ended 31 July 2016 were prepared in accordance with Financial Reporting Standard for smaller entities ("FRSSE").

GOING CONCERN

The going concern basis was not used.

The company is currently in discussions with the Greater Manchester Academic Health Science Network around a formal merger. The newly merged organisation, an Academic Health Science System for Greater Manchester, will be called Health Innovation Manchester. It is anticipated that, over the course of the period to 31 March 2018, the activities, assets and liabilities of MAHSC will be fully transferred to Health Innovation Manchester.

As such, all assets are held at their recoverable amount, and liabilities held at the amount at which they will be settled. There has not been a material change to the Balance Sheet from using this basis.

The principal activities of MAHSC will continue in line with the 5-year strategic plan as part of the wider strategy for Health Innovation Manchester.

INCOME

Income is recognised in the income and expenditure account when the company is entitled to the income and the amount can be quantified with reasonable accuracy. Sponsorship monies are recognised in line with the funding agreement.

PROJECT COSTS

Project costs are direct costs associated with the operational costs of the projects delivering the priorities of the MAHSC strategy.

TAXATION

The Company has obtained clearance from HMRC that the annual payments received by MAHSC from the members should not be subject to corporation tax, on the grounds that there is to be no trading activity. This is on the basis that any surplus arising in the business is to be rolled forward to defray later costs and is therefore not the generation of profits. Consequently, no corporation tax has been provided in these accounts.

Manchester Academic Health Science Centre
MANAGEMENT INFORMATION
for the year ended 31 July 2017

1 OPERATING SURPLUS

Operating surplus/(deficit) is stated after charging:

	Year ended 31 July 17	Year ended 31 July 16
	£	£
Auditor's fees	<u>6,000</u>	<u>5,500</u>

2 DEBTORS

	31 July 17	31 July 16
	£	£
Trade debtors	17,566	-
Prepayments	<u>8,616</u>	<u>10,607</u>
	<u>26,182</u>	<u>10,607</u>

3 CREDITORS: Amounts falling due within one year

	31 July 17	31 July 16
	£	£
Trade creditors	39,509	38,582
Accruals and deferred income	<u>183,627</u>	<u>304,410</u>
	<u>223,136</u>	<u>342,992</u>

4 RELATED PARTY TRANSACTIONS

The company is funded by subscriptions from the 6 members. Each of the members has appointed two Governors to serve on the board of the company. Transactions and balances with each of the members and other related parties are summarised below:

Related party	Income Year ended 31 July 17	Expenditure Year ended 31 July 17	Debtor balance at 31 July 17	Creditor balance at 31 July 17
	£	£	£	£
The Christie NHS Foundation Trust	282,000	224,537	-	35,281
NHS Salford Clinical Commissioning Group	188,000	-	-	-
Salford Royal NHS Foundation Trust	282,000	164,050	-	1,745
University of Manchester	337,000	626,818	15,000	123,843
University Hospital of South Manchester NHS Foundation Trust	282,000	6,000	1,000	-
Central Manchester University Hospitals NHS Foundation Trust	282,175	397,938	175	2,794
Greater Manchester Mental Health NHS Foundation Trust	96,904	-	-	-
Manchester Metropolitan University	12,000	-	-	-
University of Salford	12,000	-	-	-
	<u>1,774,079</u>	<u>1,419,343</u>	<u>16,175</u>	<u>163,663</u>

Manchester Academic Health Science Centre

MANAGEMENT INFORMATION

for the year ended 31 July 2017

4 RELATED PARTY TRANSACTIONS (continued)

Related party	Income Year ended 31 July 16 £	Expenditure Year ended 31 July 16 £	Debtor balance at 31 July 16 £	Creditor balance at 31 July 16 £
The Christie NHS Foundation Trust	282,000	249,303	-	-
NHS Salford Clinical Commissioning Group	282,000	-	-	-
Salford Royal NHS Foundation Trust	282,000	261,304	-	21,741
University of Manchester	362,000	589,330	1,520	125,418
University Hospital of South Manchester NHS Foundation Trust	282,000	-	-	-
Central Manchester University Hospitals NHS Foundation Trust	282,000	402,764	-	4,409
	<u>1,772,000</u>	<u>1,502,701</u>	<u>1,520</u>	<u>151,568</u>

5 DIRECTORS' REMUNERATION

Payroll is managed through member organisations and a total of £299,818 (2016 – £289,376) including employer's national insurance and pension costs, has been recharged for their services as directors of MAHSC. Amounts recharged in respect of the highest paid director were £178,039 (2016: £143,193). Other employment costs in respect of 7 employees (2016: 7 employees) are also recharged from member organisations.

6 COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and the liability of its member to contribute to any deficiency of assets is £1. The member has no rights to the income or assets of the company.

7 INCOME AND EXPENDITURE ACCOUNT

	Year ended 31 July 17 £	Year ended 31 July 16 £
At 1 August	158,872	298,081
Surplus/(deficit) for the financial year	133,879	(139,209)
At 31 July	<u>292,751</u>	<u>158,872</u>

8 RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS

	Year ended 31 July 17 £	Year ended 31 July 16 £
Surplus/(deficit) for the financial year	133,379	(139,209)
Increase/(decrease) in members' funds	133,879	(139,209)
Opening members' funds	158,872	298,081
Closing members' funds	<u>292,751</u>	<u>158,872</u>