

**Liverpool Hope University**

Directors' report and financial  
statements

Registered number 3285547

31 July 2007

## Contents

Members of the University Council report	1
Report of the Governors (As Directors)	3
Statement on Corporate Governance	9
Statement of responsibilities of the Members of the University Council	13
Independent auditors' report to the Governing Council of Liverpool Hope University	15
Statement of Principal Accounting Policies	17
Consolidated Income and Expenditure Account	21
Statement of Historical Cost Surplus and Deficits	22
Balance Sheet	23
Cash Flow Statement	24
Statement of Total Recognised Gains and Losses	25
Notes	26

## Members of the University Council report

The Members of the University Council present their report on the affairs of the University together with the accounts and Auditors' report for the year ended 31 July 2007.

The following persons served as governors during the year ended 31<sup>st</sup> July 2007. In the case of those who became or ceased to be governors during the year, the appropriate dates are shown.

The governors are generally appointed for a period of three years. Each year they sign a register of interests.

Sr E Kelleher SND	Chair
Mr R Enoch	Vice-Chair
The Right Reverend Bishop David Jennings	
Dr R Atlay	
Sr KE Bishop SND	
Mr NA Bromage	
Rev SD Brookes	
Mr WK Brown	
Dr JC Chubb	
Mr JP Devine	
Cllr. R. Kemp	(appointed 1 <sup>st</sup> August 2006)
Mr JA Marsden	
Miss CB McCann	
Col JP Moreland	
Rev M O'Dowd	
Mr JK Richardson	
Ms A Seddon	
Mrs J Stein	
Professor GJ Pillay	Vice Chancellor and Rector
Bishop I Stuart	Rectorate Team
Dr T Phillips	Rectorate Team
Dr JA Jobling	Staff Member
Dr J Speake	Staff Member
Mr C Lowry	President, Students' Union
Mr G Donelan	Secretary

### *Senior Salaries Remuneration Panel*

Chair of Governing Council, Sr E Kelleher SND  
Mr NA Bromage  
Mr R Enoch  
Ms A Seddon  
Professor GJ Pillay (except for discussion of his own salary)

## **Members of the University Council report** *(continued)*

### *Finance & General Purposes Committee*

Mr NA Bromage (in the Chair)  
The Right Reverend Bishop David Jennings  
Mr JA Richardson  
Ms A Seddon  
Mr P Stirrup (until November 2006)  
Professor GJ Pillay  
Mr G Donelan (in an advisory capacity)  
Mr I. Vandewalle (in an advisory capacity)  
Mr A Catterson (in an advisory capacity)  
Mrs S. Beecroft (in an advisory capacity)

### *Audit Committee*

Mr R Enoch (Chair)  
Mr M Gilbertson (co-opted)  
Mr JA Marsden

### *Nominations Committee*

Sr Eileen Kelleher (Chair)  
Mr Randall Enoch  
The Right Reverend Bishop David Jennings  
Professor Pillay  
Dr Ian Vandewalle

## **Advisers**

External Auditors: KPMG LLP  
St James' Square  
Manchester  
M2 6DS

Bankers: National Westminster Bank plc  
Childwall Fiveways  
Liverpool  
L15 6YD

Solicitors: DLA  
India Building  
4 Water Street  
Liverpool  
L2 0NH

Internal Auditor: Mr G Jones  
Internal Auditor  
Liverpool Hope University  
Hope Park  
Liverpool  
L16 9JD

## Report of the Governors (As Directors)

### The University

Liverpool Hope University is the only ecumenical University in Europe, whose origins lie in colleges (one Anglican College founded in 1844, two Catholic Colleges founded in 1856 and 1965) which came together first in a federation, known as Liverpool Institute of Higher Education and then through full merger as a single ecumenical college. In 2002 taught degree awarding powers were secured and the title Liverpool Hope University College officially bestowed. In July 2005 the granting of full University status led to the adoption of the title Liverpool Hope University. In the academic and financial year 2006/2007 there were 7,452 students and over 950 members of staff, with a range of degrees at undergraduate and postgraduate levels.

The Mission Statement reflects both the University's traditions and its intention to develop and maintain a distinctive and forward-looking programme relevant to local, regional, national and international needs.

Liverpool Hope University is a teaching-led, research-informed, liberal arts-inspired University.

### Review of the year

2006/07 was the first year when all taught students were admitted to Liverpool Hope University degrees and this important event coincided with two major sector-wide developments - the introduction of variable tuition fees for Home/EU undergraduates and PGCE students allied to Bursary and Scholarship schemes and the introduction of a single pay framework for all staff working in higher education. The repositioning of the University, including the development of a new Corporate Plan, continued apace.

- A. The University chose, along with most Universities, to charge new Home/EU undergraduates and PGCE students a tuition fee of £3000 for 2006 entry. This attracted gross additional tuition fee income of £3.7 million compared to what would have been received if the previous standard rate of £1200 had been charged. However, the University offered a generous bursary scheme to all students - £1000 to students who received full state support; £700 to students who received partial state support and £400 to all other students. The total paid out in bursaries was £1.1 million. In addition, the University introduced a Scholarships Scheme which paid out a total of £200,000. The Scholarship Scheme - a key element of the University's academic repositioning - rewarded students who achieved 360 UCAS points through A2 qualifications (or equivalent) with a scholarship (payable each year) of £2000; those who achieved 360 UCAS points through A2 and AS qualifications (or equivalent) with a scholarship (payable each year) of £1000; those who the University's partner Church schools and colleges judged worthy of a Foundation Scholarship for contributions beyond the norm with a scholarship (payable each year) of £500. The net additional fee income after Bursary and Scholarship payments were made was therefore £2.4 million, but the costs of the 2006 pay settlement and the introduction of a single pay framework for all staff took account of most of the remainder (see C below).
- B. The University continued its academic repositioning, the framework for which is set out in the Corporate Plan adopted by Council in July 2007, and the following actions reflect that strategy.

There have been senior academic appointments across the University at Professor, Associate Professor and Senior Lecturer level. These colleagues are from institutions across the world and bring a breadth and depth of experience which will strengthen the scholarly endeavour underpinning the repositioning. Many of the Professors have taken up Heads of Department roles to provide leadership to the academic discipline.

The University increased its standard entry point requirement for undergraduate programmes to 220 UCAS points for 2006 entry and raised the lower limit at which students were admitted

## Report of the Governors (As Directors) (continued)

through Clearing. This was increased further to 240 points for 2007 entry for most programmes, although some increased to 260 and the undergraduate teacher training programme increased to 280 points. In both years, recruitment targets were achieved.

The University is increasing and strengthening its strategic partnerships with top quality overseas institutions and in particular those with a shared mission and values. In India, two research institutes have been established with Christ College, Bangalore and Bishop Heber, Trichy and the establishment of the Andrew F. Walls Centre for the Study of African and Asian Christianity is likely to lead to further links, such as that with the Nigerian Baptist Seminary.

The University made an application for its own Research Degree Awarding Powers during the year which, if successful, will allow further development of its research culture.

- C. The major staffing matter in 2006/07 was the implementation of the National Framework Agreement. Whilst the negotiations were difficult, the outcome has led to an academic structure which reflects the repositioning of the University with clear role profiles for academic grades and an expectation that all academic staff will carry out learning & teaching and research & scholarship. However, the implementation has been expensive and allied to the 2006 national pay award equates to a 6.38% increase in salary expenditure for 2006/07 and a likely increase of 6.28% in 2007/08.
- D. The major capital project in 2006/07 was the construction of the Gateway to Hope building to house all functions under the remit of the Pro Vice-Chancellor (Student Support & Well-being). The building was handed over to the University in May 2007, although its full impact was only felt in September 2007 when the first intensive use by large groups of students took place (successfully). The building houses two Centres of Excellence in Teaching & Learning and HEFCE provided £1 million capital grant for the project. Other smaller projects have provided improved teaching space. During 2006/07, a Capital Strategy was developed to support the University's repositioning and applications to the HEFCE Strategic Development Fund and NWDA funding were made. A fire in the roof of the Hope Chapel caused extensive damage and has meant that the Chapel has been out of use since April 2007. The insurance will provide half of the costs of restoration; the balance will come from fundraising and other sources. In 2006/07, the University adopted a policy of purchasing housing on Taggart Avenue on ground contiguous to Hope Park. One house was purchased in 2006/07 (but see future developments).
- E. The Students' Union's finances caused major difficulties during 2006/07 and a "rescue plan" was agreed between the Council, University management and the Students' Union. The consequence was that the Union is no longer involved in trading activities and does not employ any core staff. The focus of Students' Union activity will be on representation, welfare, recreational and sporting activities for students. The Derwent cafe and bar area has been taken into the University's catering operations and a "vending village" has replaced the shop. The Students' Union accounts have not been consolidated into the University as we have maintained an arms length relationship and the Students' Union is an independent autonomous body.

### Scope

The Financial Statements comprise the consolidated results of the University and its subsidiaries, Liverpool Hope Enterprises Ltd., Urban Hope Ltd. and LIHE Ltd. The subsidiaries undertake activities, which, for legal or commercial reasons, are more appropriately channelled through a limited company. These activities include conferences and other services for a wide variety of commercial and other organisations. Liverpool Hope Enterprises Ltd., Urban Hope Ltd. and LIHE Ltd. covenant the whole of any taxable profits to the University.

## Report of the Governors (As Directors) *(continued)*

### Results for the Year

The University's Consolidated Income, Expenditure and Results for the year to 31<sup>st</sup> July 2007 are summarised as below:

	<b>2006/07</b> <b>£000s</b>	2005/06 £000s
Income	<b>46,334</b>	43,287
Expenditure	<b>45,628</b>	43,098
	<hr/>	<hr/>
Operating Surplus	<b>706</b>	189
	<hr/> <hr/>	<hr/> <hr/>

The University's total income increased by 7% compared with the previous year and income from the funding councils increased by 11.57%.

The University continues to seek to generate additional income through increased vacation and conference lettings and other activities.

Results for both 2006/07 and 2005/06 include the effect of full implementation of FRS17 Retirement Benefits details of which are shown in note 29 to the financial statements.

The Consolidated Income and Expenditure account for the year is set out on page 21.

## Report of the Governors (As Directors) (continued)

### Students

As at 31<sup>st</sup> July 2007 the University had 7,452 students (2005/06 – 7,586).

	Full Time Students	Part Time Students
Undergraduate	4,095	871
Postgraduate (Taught)	286	517
Postgraduate (Research)	32	40
PGCE	487	234
Other	224	666
	5,124	2,328
	5,124	2,328

### Funding

The University derives its income mainly from funding council grants and tuition fees. The University management is responding to the challenges facing higher education and focusing on the three priority areas of recruitment and retention, quality and finance.

The University has been successful in bids to the funding councils and other agencies and in attracting substantial specific grants for additions and improvements to buildings.

### Capital Developments

Testament to the University's belief in its future was the amount of building work undertaken during 2006/07. Refurbishment has been pursued on a significant scale, particularly with regard to the completion of the Landmark Gateway Building.

### Cash Flow

The Consolidated Cash flow shows that there was a net increase in cash of £835,133 (2005/06 increase in cash of £240,314).

### Subsidiaries

Liverpool Hope Enterprises Ltd. continued trading in the year, providing conference, catering and consultancy services. During the year the company continued to operate Hope Park Sports Centre. The loss for the year was £50,218 (2005/06 loss £96,125) which was the result of an increase in the bad debt provision as the University continues to take a more prudent and realistic view in relation to debt recovery.

LIHE Ltd. continued to provide library management services to the University. Taxable profits for the year of £444,461 (2005/06 £497,800) were paid to the University under a gift aid payment. LIHE Ltd. ceased trading with effect from 31<sup>st</sup> July 2007.

Urban Hope Ltd. provided construction services to the University. Taxable profits for the year of £114,244 (2005/06 £114,795) were paid to the University under a gift aid payment.

### The Balance Sheet

All of the principal land and buildings at Hope Park are owned by The Central Board of Finance for the Church of England and the Trustees of Christ's & Notre Dame and are referred to in Accounting Policy, Note 9.

In 1980 the former colleges, S. Katharine's and Christ's & Notre Dame, entered into a Deed of Adherence with the Liverpool Institute of Higher Education under which they provided their respective properties to the Institute. In 1998 these were superseded, on similar terms, by Deeds of Agreement of Membership with Liverpool Hope which committed them to membership until at least 31<sup>st</sup> August 2023.

Those elements of Tangible Fixed Assets which are additions and/or improvements to buildings have been capitalised as shown in Note 11 to the Financial Statements.

## **Report of the Governors (As Directors) (continued)**

### **Employee Involvement**

The University places considerable value on the involvement of its employees and on good communication with them. An electronic daily newspaper "Hope Virtually Daily" updates staff several times a day.

Staff are encouraged to participate in formal and informal consultation at University, Deanery and Subject level, sometimes through membership of formal Committees. The Joint Consultative and Negotiating Committee, (JCNC) is a forum for management and Trades Unions' representatives which meets regularly.

### **Employment of Disabled Persons**

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

### **Corporate Governance**

The HEFCE audit service annual risk assessment received during 2006/07 noted that there were no issues which needed to be addressed at present.

The work which has been undertaken under the Corporate Governance heading in 2006/2007 is given in the detailed statement on pages 11 to 14 and reflects, in part, a risk based approach to determining the control systems.

This in turn reflects the approach adopted by the Turnbull Committee. The University believes that in 2006/07 the risk process has been embedded and that it was possible to comply with the 'full statement'. A system of regular review and monitoring of the University's internal control has been implemented. This provides clearly documented and understood reports on the control environment within the University.

The Council is aware of latest developments in good practice in corporate governance, many of which were summarised in a new Committee of University Chairmen (CUC) guide produced during 2004/05. It adopted a Governance Code of Practice, incorporating a statement of Primary Responsibilities.

### **Governors**

All the governors of the University are directors of the Company. No director had any interest in any contract made by the University during the financial year, other than a contract of employment as a member of staff and that described in note 33 to the accounts. None of the directors had any beneficial interest in any group company during the year.

### **Payment of Creditors**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires universities, 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. The University incurred no interest charges in respect of late payment for this period.

It is the University's policy to obtain the best terms for all business and, thus, there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to include and abide by specific payment terms.

## **Report of the Governors (As Directors)** *(continued)*

### **Future Developments**

The University maintained its student applications in 2007/08 and will aim to ensure that it does so for the 2008/09 entry through continued building of its relationship with church schools and dioceses across the United Kingdom as a key feature of the University's repositioning. Whilst the University's bursary and scholarship schemes were rolled forward for 2007/08, it will be necessary to refine them in light of experience for 2008 entry.

During 2007/08, work will continue on the bid HEFCE's Strategic Development Fund for investment to support the University's repositioning. Related discussions also continue with the North West Development Agency and Mersey Partnership.

During 2007/08, the management of the Sports Hall and Facilities will return to University management after being run by an outside body since 1999. This will create new opportunities for the Sports Department as will the involvement of the University in the development of the new stadium for Liverpool FC.

The University will continue to purchase houses on Taggart Avenue, both as an investment and in order to provide appropriate housing for visiting staff.

The University will adopt a new range of Key Performance Indicators reflecting the new Corporate Plan and the continued strategic repositioning.

Professor G.J. Pillay  
Vice-Chancellor and Rector

## Statement on Corporate Governance

The following statement is based on both HEFCE guidelines and the model statement provided by the new CUC guide referred to previously, while offering details specific to the University:

1. This statement is provided to enable readers of the annual report and accounts of Liverpool Hope University to obtain a better understanding of its governance and legal structure.
2. The institution endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and with the guidance to institutions of higher education from the Committee of University Chairmen in its *Guide for Members of HE Governing Bodies in the UK*.
3. Liverpool Hope University is an independent corporation, established as a higher education corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in the articles of government which were approved by the Privy Council in 1996. The current version of the articles was approved by the Privy Council with effect from 20<sup>th</sup> April 2005.
4. The articles require Liverpool Hope University to have a governing body and a senate, each with clearly defined functions and responsibilities to oversee and manage its activities.

- a. The **governing council** is the executive governing body, responsible for matters including the finance, property and staffing of the institution. It is specifically required to determine the educational character and mission of the institution and to set its general strategic direction.

The governing council has a majority of independent members, chosen in accordance with strict criteria contained in the legislation. The chair is elected from among the independent members. There is also provision for the appointment of co-opted members, and representatives of the academic staff and the student body. No members of the governing body will receive any reimbursement for the work they do for that body.

- b. Subject to the overall responsibility of the governing body, the **senate** has oversight of the academic affairs of Liverpool Hope University and draws its membership entirely from the staff and the students of the institution, save for 3 Network of Hope College Principals. It is particularly concerned with general issues relating to the learning and teaching and research work of Liverpool Hope University.
5. The Chief Executive Officer (Vice Chancellor and Rector) is the head of Liverpool Hope University and has a general responsibility to the governing council for the organisation, direction and management of the institution. Under the terms of the formal financial memorandum between Liverpool Hope University and the higher education funding council, the head of the institution is the accounting officer and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.
  6. Although the governing body meets at least 4 times each academic year much of its detailed work is initially handled by committees, in particular the finance and general purposes committee, the staffing committee, the nominations committee, the senior

## Statement on Corporate Governance *(continued)*

salaries remuneration committee and the audit committee. The decisions of these committees are formally reported to the governing body.

7. A significant proportion of the membership of these committees consists of independent and co-opted members of the governing council. A co-opted staff member is eligible to serve on nominations committee. The chairs are selected from the co-opted and independent members.
8. As chief executive, the head of the institution exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments, and shaping of the institutional ethos. The Rectorate Team, (Deans and Senior Officers), all contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the governing council.
9. Liverpool Hope University maintains a register of interests of members of the governing council and Rectorate Team members which may be consulted by arrangement with the secretary.
10. In accordance with the articles of government, a secretary to the governing council has been appointed. In that capacity, he provides independent advice on matters of governance to all members of the governing council.

As the governing council of Liverpool Hope University, 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 governing council in the instrument and articles and the Financial Memorandum with the HEFCE.

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, effectively and economically. This process has been embedded and was in operation during the year ended 31 July 2007, and accords with HEFCE guidance.

As the governing council, we have responsibility for reviewing the effectiveness of the system of internal control. Consistent with the Risk Management Strategy approved by us, the following processes have been established:

- 1 We meet four times a year to consider the plans and strategic direction of the institution.
- 2 We receive periodic reports from the chairman of the audit committee concerning internal control, and we require regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- 3 We receive a report on discussions of risk at rectorate team (the University's senior management team) and have requested the audit committee to provide oversight on risk.
- 4 The audit committee receives regular reports from the internal auditor, which include the internal auditor's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement.

## Statement on Corporate Governance *(continued)*

- 5 A self-assessment risk management review has been conducted and risk management features as a section of the Corporate Governance Handbook.
- 6 A system of key performance and risk indicators has been developed.
- 7 A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis is established.
- 8 An organisation-wide risk register database has been constructed and is operational.
- 9 Reports are received from budget holders and project managers on internal control activities.
- 10 Policies such as the Code of Practice on Whistleblowing, Code of Conduct and Fraud Policy and Response Plan have been periodically reviewed and revised.
- 11 Risk appetite is under active consideration.

Our review of the effectiveness of the system of internal control is informed by the internal audit unit, which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Audit Service in January 2003 (the next visit will take place in February 2008). The internal auditor submits regular reports, which include the internal audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.

Our review of the effectiveness of the system of internal control is also informed by the HEFCE audit service current risk assessment letter to the University.

In addition it is also informed by the work of the executive managers within the institution, 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.

The University's Council meets four times a year and has several committees, including a Finance & General Purposes Committee, a Staffing Committee, a Nominations Committee, a Senior Salaries Remuneration Panel and an Audit Committee. All of these Committees are formally constituted with terms of reference and comprise mainly lay members of the Council, one of whom is the Chair.

In respect of its strategic and development responsibilities, the Council is responsible for adoption of the University's Corporate Plan and the Vice-Chair of Council has responsibility to liaise with officers on such matters. Council receives recommendations and advice on this and other strategic issues from the Planning and Strategic Support Committee and Senate, the body responsible for the University's academic affairs.

The Finance & General Purposes Committee, inter alia, recommends to the Council the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The Staffing Committee considers issues relating to staffing and employment in the University.

The Nominations Committee considers nominations for co-opted vacancies in the Council membership under the relevant Instrument of Government. The University's Council comprises lay and academic persons appointed under the provisions of the Education Reform Act 1988, the majority of whom are non-executive. The roles of Chair and Vice Chair of the Governing Council are separate from the role of the University's Vice Chancellor and Rector.

The Senior Salaries Remuneration Panel determines the remuneration of the most senior staff, including the Vice Chancellor and Rector.

## **Statement on Corporate Governance** *(continued)*

The Audit Committee meets three times a year, with the University's external and internal auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the University's system of internal control and management's responses and implementation plans. It also receives and considers reports from the Funding Council as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee is empowered to meet the External Auditors on their own for independent discussions. A small increase in the size of Audit Committee was agreed in 2006/07 to improve its effectiveness.

The Rectorate Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training.

The Rectorate Team and the Audit Committee also receive regular reports from internal audit and, as necessary, from the Health and Safety Committee, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal financial control.

The Council's agenda includes consideration of risk and control via reports thereon from the Audit Committee and the Rectorate Team. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2006 meeting the Council carried out an annual assessment for the year ended 31<sup>st</sup> July 2007.

## UNIVERSITY COUNCIL

### Statement of responsibilities of the Members of the University Council

In accordance with the Education Reform Act 1988 and the University's Charter of Incorporation, the University Council is responsible for the administration and management of the affairs of Liverpool Hope University and is required to present audited financial statements for each financial year. This also includes ensuring the operation of an effective system of internal control.

The University Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the revised Instrument and Articles of Government, the Audit Code of Practice issued by the Higher Education Funding Council for England, the Statement of Recommended Practice on Accounting in Higher and Further Education Institutions, and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Council of Liverpool Hope University and in accordance with Company Law, the University Council through its designated office holder (the Vice Chancellor and Rector), is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

*In causing the financial statements to be prepared, the University Council is responsible for ensuring that:*

- suitable accounting policies are selected and applied consistently;
- judgments and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council is satisfied that the University has adequate resources to continue for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

*The University Council is responsible for taking reasonable steps to:*

- ensure that funds from the Higher Education Funding Council for England and the Training and Development Agency are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and the Funding Agreement with the Agency and any other conditions which the Funding Council or Agency may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of Liverpool Hope University and to prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure.

*The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:*

- clear definitions of the responsibilities of, and the authority delegated to, members of the Rectorate, Deans, Directors and Heads of administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets ;
- regular reviews of academic performance and monthly reviews of financial performance involving variance reporting and updates of forecast outturns ;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Governing Body;

**Statement of responsibilities of the Members of the University Council** (*continued*)

- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance & General Purposes Committee; and
- a professional Internal Audit function whose annual programme is approved by the Audit Committee and endorsed by the Governing Body and who provides the Governing Body with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

## KPMG LLP

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M2 6DS  
United Kingdom

### **Independent auditors' report to the Governing Council of Liverpool Hope University**

We have audited the financial statements which comprise the consolidated Income and Expenditure Account, the Balance Sheet, the consolidated Cash Flow Statement and the related notes which have been prepared under the accounting policies set out therein.

This report is made solely to the directors in accordance with the Charters and Statutes of the institution and Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the directors those matters we are, required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The Governing Council's responsibility for preparing the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable United Kingdom law and accounting standards is set out in the Statement of the Governing Council's Responsibilities on page 13.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice - Accounting for Further and Higher Education (2003). We also report to you whether in our opinion, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the institution, have been properly applied in all material respects for the purposes for which they were received, and whether income has been applied in all material respects in accordance with the institution's statutes and where appropriate with the financial memorandum with the Higher Education Funding Council for England and with the funding agreement with the Training Development Agency. We also report to you if, in our opinion, the governors report is not consistent with the financial statements, the institution has not kept proper accounting records, the accounting records do not agree with the financial statements, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Governor's Report (including the Corporate Governance statement) and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Auditing Standards (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governing Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

## **Independent auditors' report to the Governing Council of Liverpool Hope University** *(continued)*

### **Basis of audit opinion** (continued)

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

### **Opinion**

In our opinion:

- the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the institution and the group at 31 July 2007 and of the group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act and the Statement of Recommended Practice - Accounting for Further and Higher Education (2003);
- in all material respects, income from the Higher Education Funding Council for England and the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the institution have been applied only for the purposes for which they were received;
- in all material respects, income during the year ended 31 July 2007 has been applied in accordance with the institution's statutes and where appropriate in accordance with the financial memorandum with the Higher Education Funding Council for England and the funding agreement with the Training and Development Agency for Schools.

KPMG LLP  
*Chartered Accountants*  
*Registered Auditor*

## Statement of Principal Accounting Policies

### 1. Basis of preparation

These financial statements have been prepared in accordance with both the Statement of Recommended Practice (SORP): Accounting in Further and Higher Education Institutions (2003) and in accordance with applicable Accounting Standards. They conform to guidance published by the Higher Education Funding Council for England.

### 2. Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

The University has adopted FRS17 Retirement Benefits in the financial statements.

### 3. Basis of Consolidation

The consolidated financial statements include the University and its subsidiary undertakings, Liverpool Hope Enterprises Ltd., Urban Hope Ltd. and LIHE Ltd. Intra-group sales and profits are eliminated fully on consolidation.

Details of the University's subsidiary undertakings are provided in Note 12 to the accounts.

The consolidated financial statements do not include those of Liverpool Hope Students' Union as it is a separate organisation in which the University has no control or significant influence over policy decisions.

### 4. Format of the accounts

The directors have taken advantage of paragraph 3(3) of Schedule 4 of the Companies Act 1985 to adapt the format of the accounts to reflect the special nature of the Company's business.

### 5. Recognition of Income

The recurrent grants from the Higher Education Funding Council for England and the Training and Development Agency represent the funding allocation which is attributable to the current financial year and is credited direct to the income and expenditure account.

Grants which are applied to acquire tangible fixed assets are credited to deferred capital grants and released to the income and expenditure account over the estimated useful lives of the relevant assets.

Tuition fees represent student fees received and receivable attributable to the current accounting period.

Income from Research Grants and Contracts is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs.

The University acts as an agent in the payment of training bursaries from the Training and Development Agency and Access funds from the Higher Education Funding Council. Related payments received and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in Notes 30 and 31.

### 6. Maintenance of Premises

The University has completed a ten year rolling maintenance plan which is reviewed on an annual basis. The cost of routine corrective maintenance is charged to the income and expenditure account as incurred.

## Statement of Principal Accounting Policies *(continued)*

### 7. Pension Schemes

Retirement benefits for employees of the University are provided by defined benefit schemes, which are funded by contributions from the University and employees.

The principal schemes for the University's staff are the Teacher's Pension Scheme (TPS) and the Local Government Superannuation Scheme (LGSS) for those staff not included as academic. These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the scheme are charged to the Income and Expenditure Account so as to spread the cost of pensions over employee's working lives with the University in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. Variations from regular costs are spread over the expected average remaining lifetime of members of the schemes after making allowances for further withdrawals. The contributions are determined by qualified actuaries.

Following full implementation of FRS 17 the pension charge for the year was £2,185,472 (2005/06: £2,149,816) (See Note 29).

### 8. Provisions

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

The calculation of the cost of early retirement provisions charged to the income and expenditure account in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 2.5% in excess of price inflation.

An amount of £322,376 is included in provisions for liabilities and charges representing the extent to which the capital cost charged exceeds actual payments made. The provision will be released against the cost to the University of enhanced pension entitlements over the estimated life expectancy of each relevant employee. The remaining provision of £150,000 relates to the Student Union Pension (See Note 17).

### 9. Fixed Assets

In 1980 the two former colleges, S. Katharine's and Christ's and Notre Dame, entered into a Deed of Adherence with the Liverpool Institute of Higher Education under which they provided their respective properties to the Institute. These were superseded in 1998 by similar Deeds of Arrangement of Membership with Liverpool Hope.

S. Katharine's College (Warrington Training College Incorporated), was granted a 99 year lease in 1963 from the Central Board of Finance of the Church of England for the properties provided to the Institute under the Deed of Adherence. The lease is renewable upon request for a second and final 99 years from 2062.

Christ's and Notre Dame College property is owned by the Trustees of Christ's and Notre Dame College. Under the Deed of Adherence the property of the College was made available for the use of the Institute. These buildings have been included on the Balance Sheet in 2004-05 to reflect the fact that the University carries the majority of the benefits and liabilities of the buildings.

Under the terms of the Deed of Adherence neither College shall withdraw from Liverpool Hope without the agreement of the remaining College and the consent of the Secretary of State for Education and Employment. Subject to the appropriate agreements, written notice must be given at least five years prior to any withdrawal and, in the first instance, may only be given to expire no earlier than 31<sup>st</sup> August 2023.

## Statement of Principal Accounting Policies *(continued)*

### 9. Fixed Assets *(continued)*

Within the Trust Deed and the Deeds of Adherence between the Colleges and the Institute, those elements of the tangible fixed assets which are additions and/or improvements to buildings also become the property of the respective College Trustees.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as below. The related grants are treated as deferred capital grants and released to income over the expected useful life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value or architects' certificates and other direct costs incurred to 31<sup>st</sup> July. They are not depreciated until they are brought into use.

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated over their useful economic life as follows:

Buildings	- 50 years
Building Refurbishments	- 20 years
Motor vehicles and general equipment	- 3 years
Computer equipment over £1,000	- 3 years
Furniture & Fittings	- 5 years
Boiler (Hire Purchase)	- 20 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

### 10. Taxation Status

The University has charitable status within the meaning of Section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemptions in respect of Value Added Tax. The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

### 11. Deferred Taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future calculated at the rates at which it is expected that tax will arise.

### 12. Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. 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. No investments, however liquid, are included as cash. Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities.

## **Statement of Principal Accounting Policies** *(continued)*

### **13. Leases**

Rental costs in respect of operating leases are charged to expenditure on a straight line basis over the lease term.

Fixed Assets held under hire purchase agreements and the related hire purchase obligations are recorded in the Balance Sheet and these assets are depreciated over their useful life.

## Consolidated Income and Expenditure Account

For the year ended 31<sup>st</sup> July 2007

	<i>Note</i>	<b>2007</b> £	2006 £
<b>Income</b>			
Funding council grants	<i>1</i>	<b>25,267,241</b>	22,647,211
Tuition fees and support grants	<i>2</i>	<b>13,963,806</b>	10,499,751
Research grants and contracts		<b>71,921</b>	161,552
Other operating income	<i>3</i>	<b>6,770,810</b>	9,785,280
Endowment and Investment Income	<i>4</i>	<b>223,874</b>	192,778
		<hr/>	<hr/>
<b>Total income</b>		<b>46,297,652</b>	43,286,572
		<hr/>	<hr/>
<b>Expenditure</b>			
Staff costs	<i>5</i>	<b>22,693,476</b>	22,653,706
Depreciation	<i>11</i>	<b>2,125,165</b>	1,654,820
Other operating Expenses	<i>6</i>	<b>20,123,857</b>	18,159,179
Interest Payable	<i>7</i>	<b>686,026</b>	629,934
		<hr/>	<hr/>
<b>Total expenditure</b>	<i>10</i>	<b>45,628,524</b>	43,097,639
		<hr/>	<hr/>
<b>Operating Surplus after Depreciation of Assets Before Taxation</b>		<b>669,128</b>	188,933
		<hr/>	<hr/>
<b>Transfer from accumulated income within specific endowments</b>		<b>36,423</b>	-
		<hr/>	<hr/>
<b>Surplus after Depreciation of Assets, Interest and Tax</b>	<i>9</i>	<b>705,551</b>	188,933
		<hr/> <hr/>	<hr/> <hr/>

The consolidated income and expenditure account of the University and its subsidiaries relates wholly to continuing operations.

## Statement of Historical Cost Surplus and Deficits

*For the year ended 31<sup>st</sup> July 2007*

	<i>Note</i>	<b>2007</b> £	2006 £
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	21	<b>705,551</b>	188,933
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculation on the revalued amount	22	<b>279,463</b>	272,697
<b>Historical Cost surplus</b>		<b>985,014</b>	461,630

## Balance Sheet As at 31<sup>st</sup> July 2007

	<i>Note</i>	<b>Consolidated 2007</b>	<b>University</b>	Consolidated	University
		£	£	2006	£
<b>Fixed assets</b>					
Tangible assets	11	56,202,510	56,202,510	52,346,138	52,346,138
Investments	12	-	8,988,936	-	8,988,936
		<u>56,202,510</u>	<u>65,191,446</u>	<u>52,346,138</u>	<u>61,335,074</u>
<b>Endowment Assets</b>	13	150,505	150,505	179,760	179,760
<b>Current assets</b>					
Debtors	14	3,505,380	5,324,936	6,212,857	8,160,465
Cash at bank and in hand		2,877,264	2,817,385	2,005,712	1,790,936
		<u>6,382,644</u>	<u>8,142,321</u>	<u>8,218,569</u>	<u>9,951,401</u>
<b>Creditors: amounts falling due within one year</b>	15	(10,374,331)	(13,632,659)	(8,333,685)	(11,433,676)
<b>Net current liabilities</b>		<u>(3,991,687)</u>	<u>(5,490,338)</u>	<u>(115,116)</u>	<u>(1,482,275)</u>
<b>Total assets less current liabilities</b>		52,361,328	59,851,613	52,410,782	60,032,559
<b>Creditors: amounts falling due after more than one year</b>					
	16	(11,252,279)	(18,404,684)	(11,651,886)	(18,985,999)
<b>Provisions for liabilities and charges</b>	17	(472,376)	(472,376)	(224,947)	(224,947)
<b>Net assets including pension liability</b>		<u>40,636,673</u>	<u>40,974,553</u>	<u>40,533,949</u>	<u>40,821,613</u>
<b>Pension liability</b>	18	(2,650,000)	(2,650,000)	(4,976,000)	(4,976,000)
<b>Total net assets</b>		<u>37,986,673</u>	<u>38,324,553</u>	<u>35,557,949</u>	<u>35,845,613</u>
<b>Deferred capital grants</b>	19	12,005,039	12,005,039	12,707,611	12,707,611
<b>Endowments</b>	20	150,505	150,505	179,760	179,760
<b>Reserves</b>					
Income and Expenditure Account Excluding:					
Pension Reserve	21	8,737,951	9,075,831	7,623,937	7,911,601
Pension Reserve		(2,650,000)	(2,650,000)	(4,976,000)	(4,976,000)
Income and Expenditure Account Including					
Pension Reserve		6,087,951	6,425,831	2,647,937	2,935,601
Revaluation Reserve	11/22	19,743,178	19,743,178	20,022,641	20,022,641
<b>Total funds</b>		<u>37,986,673</u>	<u>38,324,553</u>	<u>35,557,949</u>	<u>35,845,613</u>

The Financial Statements on pages 21 to 45 were approved by the Governing Council on 27<sup>th</sup> November 2007, and signed on its behalf by:

Sister Eileen Kelleher S.N.D  
Chair of the University

Mrs A Seddon  
Chair of Finance & General Purposes Committee

Professor G.Pillay  
Rector & Vice Chancellor

## Cash Flow Statement

For the year ended 31<sup>st</sup> July 2007

	<i>Note</i>	<b>2007</b> £	2006 £
<b>Net cash inflow from operating activities</b>	24	7,139,103	2,355,694
<b>Returns on investments and servicing of finance</b>			
Other Interest Received		223,874	192,778
Interest paid		(686,026)	(629,934)
Net cash outflow from returns on investments and servicing of finance		(462,152)	(437,156)
<b>Capital expenditure and financial investment</b>	25	(5,266,334)	(3,241,287)
<b>Cash inflow/(outflow) before financing</b>		1,410,617	(1,322,749)
<b>Financing</b>	26	(575,484)	1,563,063
<b>Increase in cash</b>	28	835,133	240,314

**Statement of Total Recognised Gains and Losses**  
*For the year ended 31<sup>st</sup> July 2007*

	<i>Note</i>	<b>2007</b>	2006
		£	£
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		<b>669,128</b>	188,933
Unrealised surplus on revaluation of fixed assets	<i>11</i>	-	655,449
Appreciation of Endowment Asset Investments		<b>7,167</b>	
Actuarial gain/(loss) in respect of pension scheme	<i>29</i>	<b>2,455,000</b>	(164,000)
New endowments	<i>20</i>	-	199,994
<b>Total recognised gains relating to the period</b>		<b><u>3,131,295</u></b>	<u>880,376</u>
<b>Reconciliation</b>			
Opening reserves and endowments		<b>22,850,337</b>	21,990,195
Total recognised gains for the year		<b>3,131,295</b>	880,376
Endowment Expenditure	<i>20</i>	-	(20,234)
<b>Closing reserves and endowments</b>		<b><u>25,981,632</u></b>	<u>22,850,337</u>

There are no other recognised gains and losses other than those included in the results and therefore no separate statement of total recognised gains and losses has been presented.

## Notes

*(forming part of the financial statements)*

### 1 Funding Council Grants

	2007 £	2006 £
Recurrent Grant – HEFCE	15,237,439	14,842,501
Recurrent Grant – TTA	5,997,638	5,603,295
<b>Specific Grants</b>		
HEFCE Research Assessment	111,858	153,208
HEFCE Special Initiatives	2,339,407	1,224,303
Inherited Liabilities – staff	48,585	47,342
TTA Special Initiatives	173,986	127,406
<b>Deferred Capital Grants Released in Year</b>		
Buildings (Note 19)	752,353	183,583
Equipment (Note 19)	605,975	465,573
	<u>25,267,241</u>	<u>22,647,211</u>

### 2 Tuition fees and education contracts

	2007 £	2006 £
Full-time students	9,949,035	5,898,019
Full-time students charged overseas fees	376,930	1,108,849
Part-time students	719,530	839,432
	<u>11,045,495</u>	<u>7,846,300</u>
Total fees paid by or on behalf of individual students		
Education Contracts	971,878	1,446,768
Short Course Fees	1,946,433	1,206,683
	<u>2,918,311</u>	<u>2,653,451</u>
Total Education Contracts and Short Course Fees		
Total	<u><u>13,963,806</u></u>	<u><u>10,499,751</u></u>

**Notes** (continued)

**3 Other operating income**

	2007	2006
	£	£
Residents, Catering and Conferences	3,854,871	3,552,244
Other Income	2,856,485	6,133,551
Release of Deferred Capital Grants (Note 19)	59,454	99,485
	6,770,810	9,785,280
	6,770,810	9,785,280

**4 Endowment and Investment income and interest receivable**

	2007	2006
	£	£
Other Interest Receivable	160,874	192,778
FRS 17 Pension Fund Interest payable	63,000	0
	223,874	192,778
	223,874	192,778

**5 Staff costs (including Directors' emoluments)**

	2007	2006
	£	£
Wages and Salaries	19,004,865	19,019,404
Social Security costs	1,503,139	1,484,486
Other Pension Costs (Note 29)	2,185,472	2,149,816
	22,693,476	22,653,706
	22,693,476	22,653,706
<b>Emoluments of the Rector (excl. pensions contributions)</b>	<b>161,828</b>	<b>134,948</b>
	<b>161,828</b>	<b>134,948</b>

The Emoluments of the Rector are shown on the same basis as for Higher Paid Staff. (excluding Employers Social Security contributions). The University's pension contributions to the Teachers Pension Scheme are paid on behalf of the Vice-Chancellor & Rector at the same rate as for other Academic staff and amounted to £18,795 (2005/06: £17,325).

All payments to Directors are in respect of services as members of staff and relate to the period of office. Where appropriate these emoluments are also included in the bands for higher paid staff.

**Notes** *(continued)*

**5. Staff costs (including Directors' emoluments)** *(continued)*

**The number of staff, including senior post-holders and the Vice Chancellor & Rector, who received remuneration in the following ranges was:**

	<b>2007</b>	2006
	<b>Number</b>	Number
£70,000 - £79,999	<b>3</b>	1
£80,000 - £89,999	<b>1</b>	-
£100,000 - £109,999	-	1
£150,000 - £159,999	-	1
£160,000 - £169,999	<b>1</b>	-
	<hr/> <b>5</b>	<hr/> 3
	<hr/> <hr/>	<hr/> <hr/>

Senior post-holders' emoluments are made up as follows:

	<b>£</b>	£
Salaries	<b>256,052</b>	270,710
Benefits in kind	-	6,198
Pension contributions	<b>47,578</b>	46,660
	<hr/> <b>303,630</b>	<hr/> 323,568
	<hr/> <hr/>	<hr/> <hr/>

Average weekly number of persons (including senior post holders) employed by the University during the period as expressed in full time equivalents

	<b>2007</b>	2006
	<b>Number</b>	Number
The number of senior post holders entitled to superannuation benefits and serving during the year	<b>5</b>	3

	<b>2007</b>	2006
	<b>Number</b>	Number
Academic	<b>370</b>	379
Administrative and Technical	<b>409</b>	430
Manual and Ancillary	<b>173</b>	174
	<hr/> <b>952</b>	<hr/> 983
	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

**6. Other operating expenses**

	2007	2006
	£	£
Residents, Catering and Conference Operating Expenses	2,234,722	2,333,752
Teaching Departments	5,949,606	5,232,314
Books and Periodicals	517,550	306,255
Heat, Light, Water and Power	942,091	850,450
Repairs and General Maintenance	1,496,289	646,039
Grants to Liverpool Hope Students' Union	125,000	125,000
External Auditors' Remuneration	54,311	42,887
External Auditors' Remuneration in Respect of Non-Audit Services	4,113	-
Other Support Services	139,017	88,335
Administration and Central Services	4,783,143	2,128,012
Other Income Generating Activities	2,319,981	4,659,654
Other Operating Expenses	1,558,034	1,746,481
	20,123,857	18,159,179
	20,123,857	18,159,179

Of the £54,311 Auditors Remuneration £45,146 relates to the University.

**7. Interest payable**

	2007	2006
	£	£
Interest Payable on bank loans not wholly repayable within five years	656,026	628,934
FRS 17 Pension Fund Interest payable	30,000	1,000
	686,026	629,934
	686,026	629,934

**8. Taxation**

	2007	2006
	£	£
UK Corporation Tax payable on the Profits of and by Subsidiaries	-	-
	-	-

**9. The surplus/(deficit) on continuing operations for the year**

	2007	2006
	£	£
University surplus/(deficit) for the year	248,294	(327,537)
Surplus generated by subsidiary undertakings and transferred to the University under gift aid	558,705	612,595
Loss generated by subsidiary undertakings and not transferred to the University	(50,218)	(96,125)
	705,551	188,933
	705,551	188,933

**Notes** (continued)

**10. Analysis of expenditure**

	Staff costs	Depreciation	Interest Payable	Other operating expenses	Total
	£	£	£	£	£
Academic Departments	13,108,939	-	-	5,898,377	19,007,316
Academic Support Services	1,786,565	-	-	1,933,894	3,720,459
Other Support Services	864,740	-	-	264,017	1,128,757
Admin and Central Services	2,891,297	-	-	5,920,187	8,811,485
General Education Expenditure	-	-	-	49,779	49,779
Premises	1,921,849	-	-	2,581,521	4,503,370
Other Income Generating Activities	1,276,186	-	-	2,319,981	3,596,166
Residences, Catering and Conferences	843,900	-	-	1,156,101	2,000,001
Depreciation	-	2,125,165	-	-	2,125,165
Interest Payable	-	-	686,026	-	686,026
<b>Total per Income and Expenditure Account</b>	<b>22,693,476</b>	<b>2,125,165</b>	<b>686,026</b>	<b>20,123,857</b>	<b>45,628,524</b>
Deferred Capital Grants Released in Year (Note 19)		1,417,782			
General Income		707,383			
		2,125,165			

**11. Tangible fixed assets**

Consolidated & University	Assets in Course of Construction	Additions and Improvements to Buildings	Vehicles	Equipment	Total
	£	£	£	£	£
<b>Valuation/Cost</b>					
At 1 August 2006	2,331,047	51,276,271	-	8,002,123	61,609,441
Additions at Cost	642,008	4,640,350	70,090	629,097	5,981,545
Transfers	(2,331,046)	1,474,900	-	856,146	-
At 31 July 2007	642,009	57,391,521	70,090	9,487,358	67,590,978
<b>Depreciation</b>					
At 1 August 2006	-	1,845,931	-	7,417,372	9,263,303
Charge for Year	-	1,220,327	14,018	890,820	2,125,165
At 31 July 2007	-	3,066,260	14,018	8,308,192	11,388,470
<b>Net book value</b>					
At 31 July 2007		54,325,261	56,072	1,179,166	56,202,510
At 31 July 2006	2,331,047	49,430,340	-	584,751	52,346,138

## Notes (continued)

### 11 Tangible fixed assets (continued)

During 1996/97, LIHE Ltd, a wholly owned subsidiary of Liverpool Hope, completed the construction of the Sheppard Worlock Library and Learning Resource Centre at a cost of £4,619,000. Under the terms of the agreement between Liverpool Hope and the company, Liverpool Hope has a lease on the library. Under an option to determine the lease can be terminated by giving one month's notice. At that point or at the end of its term, Liverpool Hope will pay the company an amount equal to the construction costs. The directors recognise that Liverpool Hope bears the principal risks and enjoys the principal rewards of the Library. Accordingly under FRS 5, Liverpool Hope recognises an interest in the asset with LIHE Ltd, becoming a long-term creditor for the consideration. The lease runs from 1<sup>st</sup> April 1995 and has been extended beyond the initial period of 6 years by mutual agreement. Liverpool Hope and the company have agreed that the lease will not be terminated during the year ending 31<sup>st</sup> July 2007.

During 1999/00, Liverpool Hope Enterprises Ltd, a wholly owned subsidiary of Liverpool Hope, completed the construction of a Sports Centre at a cost of £2,301,000. Further costs of £90,000 were incurred in 2000/01 and £3,292 in 2001/02. Under the terms of the agreement between Liverpool Hope and the company, Liverpool Hope has a lease on the Centre. Under an option to determine the lease can be terminated by giving one month's notice. At that point or at the end of its term, Liverpool Hope will pay an amount equal to the construction costs. The directors recognise that Liverpool Hope bears the principal risks and enjoys the principal rewards of the Centre. Accordingly under FRS 5, Liverpool Hope recognises an interest in the asset with Liverpool Hope Enterprises Ltd, becoming a long-term creditor for the consideration. The lease runs for a period of 12 years less 3 days from 14<sup>th</sup> January 1999, Liverpool Hope and the company have agreed that the lease will not be terminated during the year ending 31<sup>st</sup> July 2007.

Included within Fixed Assets is £380,869 (NBV £361,826) which relates to a boiler replacement which has been funded via a hire purchase agreement and will be repaid over 60 months.

#### Land & Buildings Revaluation

During 2004/05 Liverpool Hope University carried out a revaluation exercise of land & buildings. The revaluation was carried out by qualified Chartered Surveyors.

The revaluation had two effects on the tangible assets. Firstly, some assets were valued at lower than their NBV and the resulting loss of £3,074,195 was charged to the Income & Expenditure Account 2004/05. Capital Grants of £2,153,052 (see Note 19) relating to loss making assets were released into the Income & Expenditure account in order to match Capital Grants with the depreciable value of the assets, producing a net loss from the revaluation of these assets of £921,143.

Secondly, a Revaluation Reserve of £19,639,889 was created for those assets introduced to the Fixed Asset Register or those valued higher than their NBV's.

During 2005/06 the new Student Accommodation was included within the additions at the revalued amount of £8,875,000 which created an increase in the revaluation reserve of £655,449. Fixed asset additions purchased post 2005 have been capitalised at cost.

## Notes (continued)

### 12. Investments

	<b>Consolidated 2007</b>	<b>University</b>	Consolidated 2006	University
	£	£	£	£
Investment in Subsidiaries at Cost	-	<b>8,988,936</b>	-	8,988,936

The University owns 100% of the issued share capital of 4,714,430 (2005/06: 4,714,430) £1 ordinary shares of LIHE Ltd, a company registered in England and operating in the UK. The principal activity of the Company is the provision of library management services to Liverpool Hope.

The University owns 100% of the issued share capital of 2,622,504 (2005/06: 2,622,504) £1 ordinary shares of Liverpool Hope Enterprises Ltd, a company registered in England and operating in the UK. The principal activity of the company is the provision of functions, conferences and services for a variety of commercial and other organisations.

The University owns 100% of the issued share capital of 1,652,002 (2005/06: 1,652,002) £1 ordinary shares of Urban Hope Ltd, a company registered in England and operating in the UK. The principal activity of the Company is the provision of construction services to Liverpool Hope and a variety of commercial and other organisations.

### 13. Endowment Assets

	<b>Consolidated 2007</b>	<b>University</b>	Consolidated 2006	University
	£	£	£	£
Balance at 1 <sup>st</sup> August 2006	<b>179,760</b>	<b>179,760</b>	0	0
Additions (see note 20)	<b>0</b>	<b>0</b>	199,994	199,994
Disposals (see note 20)	<b>(36,422)</b>	<b>(36,422)</b>	(20,234)	(20,234)
Appreciation of endowment asset investments (see note 20)	<b>7,167</b>	<b>7,167</b>	0	0
	<b>150,505</b>	<b>150,505</b>	179,760	179,760

Represented by Cash Deposits

### 14. Debtors

	<b>Consolidated 2007</b>	<b>University</b>	Consolidated 2006	University
	£	£	£	£
<b>Amounts falling due within one year</b>				
Trade Debtors	<b>1,346,701</b>	<b>1,230,949</b>	1,723,360	1,588,236
Sundry Debtors	<b>568,009</b>	<b>568,009</b>	310,374	310,372
Prepayments and Accrued Income	<b>1,485,090</b>	<b>1,485,090</b>	4,073,544	4,073,543
Amounts due from Subsidiary Companies	<b>-</b>	<b>1,935,309</b>	-	2,082,735
	<b>3,399,801</b>	<b>5,219,357</b>	6,107,278	8,054,886
<b>Amounts falling due after more than one year</b>				
Debtors	<b>105,579</b>	<b>105,579</b>	105,579	105,579
	<b>3,505,380</b>	<b>5,324,936</b>	6,212,857	8,160,465

**Notes** (continued)

**15. Creditors: Amounts falling due within one year**

	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	<b>2007</b>		<b>2006</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Mortgages	442,461	442,461	541,694	541,694
Trade Creditors	1,534,606	1,451,790	1,857,778	1,738,244
Social Security and Other Taxation Payable	1,042,987	1,042,987	756,420	756,419
Accruals and Deferred Income	7,298,108	7,298,108	5,177,793	5,177,793
Obligations under hire purchase agreement	56,169	56,169	-	-
Amounts due to Subsidiary Companies	-	3,341,144	-	3,219,526
	<u>10,374,331</u>	<u>13,632,659</u>	<u>8,333,685</u>	<u>11,433,676</u>

**16. Creditors: Amounts falling due after more than one year**

	<b>Consolidated</b>	<b>University</b>	<b>Consolidated</b>	<b>University</b>
	<b>2007</b>		<b>2006</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Mortgages secured on residential and other property repayable by 2030	10,486,180	10,486,180	10,962,430	10,962,430
Amounts due to Funding Council	344,728	344,728	689,456	689,456
Accruals and Deferred Income	166,667	166,667	-	7,334,113
Obligations under hire purchase agreement	254,706	254,706	-	-
Amounts due to Subsidiary Companies	-	7,152,405	-	-
	<u>11,252,279</u>	<u>18,404,684</u>	<u>11,651,430</u>	<u>18,985,999</u>

Included in Amounts due to Subsidiary Companies is £320,570 in respect of prepaid rents (2005/06: £502,279).

Mortgages repayable as below	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Within 1 to 2 years	402,083	383,002
Within 2 to 5 years	1,317,639	1,346,036
After 5 years	8,766,458	9,233,392
	<u>10,486,180</u>	<u>10,962,430</u>

**Notes** (continued)

**16 Creditors: Amounts falling due after more than one year** (continued)

Interest/Terms on Loans	Value	Interest Rate	Basis	Number of years remaining
	£	%		No
Telematics Centre	600,000	7.276	Fixed	16
Sports Centre	1,900,000	5.685	Fixed	16
Great Hall	1,000,000	5.721	Variable	5
Cloisters/Hermitage	420,000	5.585	Fixed	21
Student Accommodation	8,300,000	5.643	£7m Fixed	23
		5.668	£1.33 Variable	

The loans are secured on the relevant assets of the University. All loans are repaid by instalments over the period of the loan.

**17. Provisions for liabilities and charges**

	Enhanced pension scheme
	£
At 1 <sup>st</sup> August 2006	224,947
Increase in Provision	247,429
	<hr/>
At 31 <sup>st</sup> July 2007	472,376
	<hr/> <hr/>

The Provision for Pensions costs is in respect of pension enhancements granted.

**18. Pension Liability**

University & Consolidated	2007	2006
	£	£
As at 1 August 2006	4,976,000	4,656,000
(Decrease)/Increase in Liability	(2,326,000)	320,000
	<hr/>	<hr/>
As at 31 <sup>st</sup> July 2007 (see note 29 for further details)	2,650,000	4,976,000
	<hr/> <hr/>	<hr/> <hr/>
The University's pension liability is analysed as follows		
	£	£
Greater Manchester Pension Fund	1,627,000	3,806,000
Merseyside Pension Fund	1,023,000	1,170,000
	<hr/>	<hr/>
	2,650,000	4,976,000
	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

**19. Deferred Capital Grants**

	<b>HEFCE 2007 £</b>	<b>Other 2007 £</b>	<b>Total 2007 £</b>
<b>At 1<sup>st</sup> August 2006</b>			
Buildings	9,414,745	2,873,230	12,287,975
Equipment	379,635	40,000	419,635
	<hr/>	<hr/>	<hr/>
<b>Total</b>	9,794,380	2,913,230	12,707,610
	<hr/>	<hr/>	<hr/>
<b>Cash Received</b>			
Buildings	399,128	-	399,128
Equipment	316,083	-	316,083
	<hr/>	<hr/>	<hr/>
<b>Total</b>	715,211	-	715,211
	<hr/>	<hr/>	<hr/>
<b>Release to Income and Expenditure Account</b>			
Buildings (note 1 & 3)	752,353	59,454	811,807
Equipment (note 1 & 3)	605,975	-	605,975
	<hr/>	<hr/>	<hr/>
<b>Total</b>	1,358,328	59,454	1,417,782
	<hr/>	<hr/>	<hr/>
<b>At 31<sup>st</sup> July 2007</b>			
Buildings	<b>9,061,520</b>	<b>2,813,776</b>	<b>11,875,296</b>
Equipment	<b>89,743</b>	<b>40,000</b>	<b>129,743</b>
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>9,151,263</b>	<b>2,853,776</b>	<b>12,005,039</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**20. Specific Endowments**

	<b>Consolidated 2007 £</b>	<b>University £</b>	<b>Consolidated 2006 £</b>	<b>University £</b>
As at 1 <sup>st</sup> August 2006	<b>179,760</b>	<b>179,760</b>	-	-
Appreciation of Endowment Investment Assets	<b>7,167</b>	<b>7,167</b>	-	-
Received during the year	-	-	199,994	199,994
Released to Income & Expenditure Account	<b>(36,422)</b>	<b>(36,422)</b>	(20,234)	(20,234)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2007</b>	<b>150,505</b>	<b>150,505</b>	179,760	179,760
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Endowment from the Anthony Burgess Foundation for the advancement of study and research into the author's work.

The above endowments are all represented by cash deposits.

## Notes (continued)

### 21. Income and Expenditure Account Reserve

	Consolidated 2007 £	University £	Consolidated 2006 £	University £
At 1 <sup>st</sup> August 2006 as previously stated	2,647,937	2,935,601	2,350,307	2,541,846
Actuarial Gain/(Loss)	2,455,000	2,455,000	(164,000)	(164,000)
Transfer from Revaluation Reserve	279,463	279,463	272,697	272,697
Surplus for the year	705,551	755,767	188,933	285,058
	<u>6,087,951</u>	<u>6,425,831</u>	<u>2,647,937</u>	<u>2,935,601</u>
<b>Balance represented by:</b>				
Pension reserve	(2,650,000)	(2,650,000)	(4,976,000)	(4,976,000)
Income and expenditure reserve excluding pension reserve	8,737,951	9,075,831	7,623,937	7,911,601
	<u>6,087,951</u>	<u>6,425,831</u>	<u>2,647,937</u>	<u>2,935,601</u>
<b>At 31 July 2007</b>	<u>6,087,951</u>	<u>6,425,831</u>	<u>2,647,937</u>	<u>2,935,601</u>

As permitted by section 230 of the Companies Act 1985, the income and expenditure account of the parent company, Liverpool Hope, is not separately presented as part of these financial statements.

### 22. Revaluation Reserve

	Consolidated 2007 £	University £	Consolidated 2006 £	University £
At 1 August 2006	22,022,641	20,222,641	19,639,889	19,639,889
Revaluations in the period (Note 11)	-	-	655,449	655,449
Released to Income and Expenditure	(279,463)	(279,463)	(272,697)	(272,697)
	<u>19,743,178</u>	<u>19,743,178</u>	<u>20,022,641</u>	<u>20,022,641</u>
<b>At 31 July 2007</b>	<u>19,743,178</u>	<u>19,743,178</u>	<u>20,022,641</u>	<u>20,022,641</u>

### 23. Capital Commitments

	Consolidated 2007 £	University £	Consolidated 2006 £	University £
Commitments contracted for at 31 <sup>st</sup> July	1,457,884	1,457,884	3,303,584	3,303,584
	<u>1,457,884</u>	<u>1,457,884</u>	<u>3,303,584</u>	<u>3,303,584</u>

**Notes** (continued)

**24. Reconciliation of consolidated surplus/(deficit) to net cash inflow from other operating activities**

	2007 £	2006 £
Surplus	705,551	188,933
FRS17 Adjustment	129,000	(164,000)
Depreciation (Note 11)	2,125,167	1,654,820
Deferred Capital Grants Released to Income (Note 19)	(1,417,782)	(748,640)
Investment Income (Note 4)	(223,874)	(192,778)
Interest Payable (Note 7)	686,026	629,934
Increase in Debtors (Note 14)	2,667,601	(1,123,630)
Increase in Creditors (Note 15)	2,219,984	1,815,142
Increase in Provisions (Note 17)	247,429	295,913
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>7,139,103</b>	<b>2,355,694</b>
	<hr/> <hr/>	<hr/> <hr/>

**25. Capital Expenditure and Financial Investment**

	2007 £	2006 £
Tangible Assets Acquired (Note 11)	(5,981,545)	(6,041,207)
Deferred Capital Grants Received (Note 19)	715,211	2,799,920
	<hr/>	<hr/>
	<b>(5,266,334)</b>	<b>(3,241,287)</b>
	<hr/> <hr/>	<hr/> <hr/>

**26. Analysis of changes in consolidated financing during the year**

<b>Mortgages &amp; Loans</b>	2007 £	2006 £
As at 1 August 2006	11,504,124	9,941,061
New Loans	-	2,072,777
Capital Repayments	(575,484)	(509,714)
	<hr/>	<hr/>
Net increase in loans	(575,484)	1,563,063
	<hr/>	<hr/>
<b>Balance at 31<sup>st</sup> July 2007</b>	<b>10,928,640</b>	<b>11,504,124</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

**27. Analysis of changes in net debt**

	At 1 August 2006	Cash flows	Other changes	At 31 July 2007
	£	£	£	£
Net Available Cash	2,005,712	871,554		<b>2,877,266</b>
Endowment Asset (note 13)	179,760	(36,422)		<b>143,338</b>
Debt due within 1 year	(541,694)	99,233		<b>(442,461)</b>
Debt due after 1 year	(10,962,431)	476,251		<b>(10,486,180)</b>
	<u>(9,318,653)</u>	<u>1,410,616</u>	<u>-</u>	<u><b>(7,908,037)</b></u>

**28. Reconciliation of net cash flow to movement in net debt**

	2007 £	2006 £
Increase in cash in the period	<b>835,132</b>	240,312
Net Decrease/(Increase) in Debt	<b>575,484</b>	(1,563,064)
Change in Net Debt resulting from cash flows	<b>1,410,616</b>	(1,322,752)
Net Debt at 1 August 2006	<b>(9,318,653)</b>	(7,995,901)
<b>Net Debt at 31 July 2007</b>	<b>(7,908,037)</b>	(9,318,653)

**29. Pension and similar obligations**

The University's employees belong to three principal pension schemes, the Teachers' Pension Scheme (TPS), the Greater Manchester Pension Fund (GMPF) and the Merseyside Pension Fund (MPF). The total pension cost for the period was £2,185,472(2006: £2,149,716).

**Teachers Pension Scheme**

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972.

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial variations	31 March 01 Prospective Benefits
Actuarial method	
Investment returns per annum	7.0%
Salary scale increases per annum	5.0%
Market value of assets at date of last valuation	£102,010m
Proportion of members' accrued benefits covered by the actuarial value of the assets	100%

**Notes** (continued)

**Teachers Pension Scheme** (continued)

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000, the government actuary carried out a further review on the level of employers' contributions. For the period from 1 April 2005 to 30 March 2006 the employer contribution rate was 13.5%. The rate increased to 14.1% from 1 April 2006.

**FRS 17**

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The University has set out below the information available on the deficit in the scheme and the implications for the University in terms of the anticipated contribution rates.

**Greater Manchester Pension Fund (GMPF)**

The GMPF is a funded defined benefit scheme, with the assets held in separate trustee administered fund. The total contribution made for the year ended 31 July 2007 was £1,073,800 of which employers contributions totalled £767,000 and employees contributions totalled £306,800. The agreed contribution rates for future years are 15% for employers and 6% for employees.

**FRS 17**

The following information is based upon a full actuarial valuation of the fund as 31 March 2005 updated to 31 July 2007 by a qualified independent actuary.

	2007	2006	2005
Inflation	3.3%	3.1%	2.8%
Rate of increase in inflation	4.8%	4.6%	4.3%
Rate of increase in pensions	3.3%	3.1%	2.8%
Discount rate for liabilities	5.8%	5.1%	5.0%

The University's share of assets in the scheme (which is estimated at 0.2% of total scheme assets) and the expected rates of return were:

	<b>Long term rate of return Expected 31 Jul 07</b>	<b>Value at 31 July 07</b>	<b>Long term rate of return Expected 31 Jul 06</b>	<b>Value at 31 July 06</b>	<b>Long term rate of return Expected 31 Jul 05</b>	<b>Value at 31 July 05</b>
		<b>£000</b>		<b>£000</b>		<b>£000</b>
Equities	<b>8.00%</b>	<b>11,250</b>	7.70%	10,043	7.30%	8,559
Bonds	<b>5.20%</b>	<b>2,836</b>	4.70%	2,564	4.70%	2,017
Property	<b>6.00%</b>	<b>1,746</b>	5.70%	1,446	5.40%	1,161
Cash	<b>5.10%</b>	<b>1,697</b>	4.80%	1,124	4.50%	1,010
		<b>17,529</b>		<b>15,177</b>		<b>12,747</b>

**Notes** (continued)

**Greater Manchester Pension Fund** (continued)

	<b>2007</b> <b>£000</b>	2006 £000	2005 £000
University's estimated asset share	<b>17,529</b>	15,177	12,747
Present value of scheme liabilities	<b>(19,156)</b>	(18,983)	(16,191)
	<hr/>	<hr/>	<hr/>
Deficit in the scheme	<b>(1,627)</b>	(3,806)	(3,444)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Analysis of the amount charged to the Income and Expenditure account**

	<b>2007</b> <b>£000</b>	2006 £000
Employer service cost (net of employee contributions)	<b>992</b>	1,009
Past service cost	<b>0</b>	65
	<hr/>	<hr/>
Total operating charge	<b>992</b>	1,074
	<hr/> <hr/>	<hr/> <hr/>

**Analysis of pension finance income**

	<b>2007</b> <b>£000</b>	2006 £000
Expected return on pension scheme assets	<b>1,057</b>	857
Interest on pension scheme liabilities	<b>(994)</b>	(838)
	<hr/>	<hr/>
Pension finance income	<b>63</b>	19
	<hr/> <hr/>	<hr/> <hr/>

**Amounts recognised in the statement of total recognised gains and losses (STRGL)**

	<b>2007</b> <b>£000</b>	2006 £000
Actual return less expected return on pension scheme assets	<b>486</b>	671
Experience gains and losses arising on the scheme liabilities	<b>2</b>	3
Change in financial and demographic assumptions underlying the scheme liabilities	<b>1,853</b>	(813)
	<hr/>	<hr/>
Actual gains/(loss) recognised in STRGL	<b>2,341</b>	(139)
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### Movement in surplus during year

	<b>2007</b>	2006
	<b>£000</b>	£000
Deficit in scheme at beginning of year	<b>(3,806)</b>	(3,444)
Movement in year:	<b>(985)</b>	(992)
Current service charge	<b>767</b>	832
Contributions	<b>0</b>	(65)
Past service costs	<b>(7)</b>	(17)
Settlements and Curtailments	<b>63</b>	19
Net interest/return on assets	<b>2,341</b>	(139)
	<hr/>	<hr/>
Deficit in the scheme at end of year	<b>(1,627)</b>	(3,806)
	<hr/> <hr/>	<hr/> <hr/>

### History of experience gains or losses

	2007	2006	2005	2004	2003
	£	£	£	£	£
Difference between the expected and actual return on assets	486	671	1,449	309	23
Value of Assets	17,529	15,177	12,747	9,676	7,896
% of scheme assets	2.8%	4.4%	11.4%	3.2%	0.3%
Experience gains and losses on scheme liabilities	2	3	(389)	1	(101)
Total present value of liabilities	19,156	18,983	16,191	12,005	10,367
% of Total present value of scheme liabilities	0.00%	0.0%	-2.4%	0.0%	-1.0%
Actuarial Gain/(Loss) recognised in statement of total recognised gains and losses	2,341	(139)	(1,166)	292	(1,561)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
% of the present value of liabilities	12.2%	-0.7%	-7.2%	2.4%	-15.1%
	<hr/> <hr/>				

### Merseyside Pension Fund (MPF)

The MPF is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2007 was £172,018 of which employers contributions totalled £146,253 employees contributions totalled £25,765. The agreed contribution rates for future years are 37.4% for employers and 6% for employees.

### FRS 17

The following information is based upon a full actuarial valuation of the fund as at 31 March 2005 updated to 31 July 2007 by a qualified independent actuary.

	<b>2007</b>	2006	2005
	<b>£000</b>	£000	£000
Inflation	<b>3.2%</b>	3.0%	2.7%
Rate of increase in salaries	<b>4.5%</b>	3.0%	2.7%
Rate of increase in pensions	<b>3.2%</b>	3.0%	2.7%
Discount rate for liabilities	<b>5.8%</b>	5.1%	5.0%
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

The University's share of assets in the scheme (which is estimated at 0.1% of total scheme assets) and the expected rates of return were:

	<b>Long term rate of return Expected 31 Jul 07</b>	<b>Value at 31 July 07</b>	<b>Long term rate of return Expected 31 Jul 06</b>	<b>Value at 31 July 06</b>	<b>Long term rate of return Expected 31 Jul 05</b>	<b>Value at 31 July 05</b>
		<b>£000</b>		<b>£000</b>		<b>£000</b>
Equities	<b>7.50%</b>	<b>2,034</b>	7.00%	1,772	7.50%	1,633
Bonds – Government	<b>4.90%</b>	<b>527</b>	4.40%	566	4.40%	502
Bonds – Other	<b>5.80%</b>	<b>189</b>	5.10%	165	5.00%	143
Property	<b>6.50%</b>	<b>318</b>	6.00%	285	6.50%	118
Cash & Other	<b>5.75%</b>	<b>311</b>	4.50%	272	4.80%	345
		<b>3,379</b>		<b>3,060</b>		<b>2,741</b>

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
University's estimated asset share	<b>3,379</b>	3,060
Present value of scheme liabilities	<b>(4,402)</b>	(4,230)
Deficit in the scheme	<b>(1,023)</b>	(1,170)

**Analysis of the amount charged to the income and expenditure account**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Employer service cost (net of employee contributions)	<b>(84)</b>	78
Past service cost	<b>0</b>	(47)
Total operating charge	<b>(84)</b>	31

**Analysis of pension finance income/(costs)**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Expected return on pension scheme assets	<b>185</b>	176
Interest on pension scheme liabilities	<b>(215)</b>	(196)
Pension finance income/(costs)	<b>(30)</b>	(20)

**Notes** (*continued*)

**Amounts recognised in the statement of total recognised gains and losses (STRGL)**

	<b>2007</b>	2006
	<b>£000</b>	£000
Actual return less expected return on pension scheme assets	<b>101</b>	162
Experience gains and losses arising on the scheme liabilities	<b>0</b>	(74)
Change in financial and demographic assumptions underlying the scheme liabilities	<b>13</b>	(113)
	<u><b>114</b></u>	<u>(25)</u>
Actuarial gain/(loss) recognised in STRGL	<u><b>114</b></u>	<u>(25)</u>

**Movement in surplus during year**

	<b>2007</b>	2006
	<b>£000</b>	£000
Surplus/(deficit) in scheme at beginning of year	<b>(1,170)</b>	(1,212)
Movement in year:		
Current service charge	<b>(84)</b>	(78)
Contributions	<b>147</b>	118
Past service costs:		
Settlements and Curtailments	<b>0</b>	47
Net interest/return on assets	<b>(30)</b>	(20)
Actuarial gain or loss	<b>114</b>	(25)
	<u><b>(1,023)</b></u>	<u>(1,170)</u>
Deficit in scheme at end of year	<u><b>(1,023)</b></u>	<u>(1,170)</u>

**History of experience gains or losses**

	<b>2007</b>	2006	2005	2004	2003
	<b>£000</b>	£000	£000	£000	£000
Difference between the expected and actual return on assets					
Amount	<b>2,774</b>	1,143	6,856	645	445
% of scheme assets	<b>2.9%</b>	1.59%	9.5%	1.1%	0.8%
Change in assumptions					
Amount	<b>4,264</b>	(4,532)	(13,714)	(1,449)	(6,258)
% of scheme liabilities	<b>3.5%</b>	3.9%	13.5%	1.8%	8.6%
Total amount recognised in STRGL					
Amount	<b>7,038</b>	(3,389)	(6,858)	*804	(6,703)
% of scheme liabilities	<b>5.8%</b>	2.9%	6.8%	1.0%	9.2%

**Notes** (*continued*)

**30. Access funds**

	2007 £	2006 £
Funding Council Grants	533,802	676,836
Interest Earned	-	-
	<u>533,802</u>	<u>676,836</u>
Disbursed to students	(533,802)	(676,836)
	<u>-</u>	<u>-</u>
<b>Balance unspent at 31 July 2007</b>	<u>-</u>	<u>-</u>

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

**31. Training Bursary Payments**

	2007 £	2006 £
Grant paid by Training Development Agency (TDA)	4,406,100	4,140,180
2% Administration fee	(72,600)	(81,180)
	<u>4,333,500</u>	<u>4,059,000</u>
Payments to Trainees	(4,129,662)	(3,710,439)
	<u>203,838</u>	<u>348,561</u>
<b>Overpayment of Grant due to TDA</b>	<u>203,838</u>	<u>348,561</u>

During the year the University administered the Training Bursary Scheme for PGCE students. The University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

**32. Accountable Body Role**

During the year the University acted as Accountable Body for a number of grant funded external projects. The grants and related expenditure are included in the Income and Expenditure Amount and are included Debtors and Creditors as appropriate. (2006/07 Debtors £928,102; Creditors £583,031; 2005/06 Debtors £2,333,012; Creditors £658,896).

## Notes (continued)

### 33. Related Party Disclosures

Due to the nature of the University's operations and the composition of the governing council (being drawn from local public and private sector organisations), it is possible that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

Details of all transactions with the subsidiaries during the year are disclosed within the financial statements of the subsidiaries, Liverpool Hope Enterprises Ltd, Urban Hope Ltd and LIHE Ltd.

All governors of the University are directors of the Company. No director had any interest in any contract during the financial year other than as disclosed above.

### 34. Members

The University is a Company limited by guarantee and therefore does not have share capital and was incorporated on 26<sup>th</sup> November 1996. The liability of members is limited to £1 each.

### 35. Commitments

Annual commitments under non-cancellable operating leases at 31 July are as follows:-

	2007	2006
Expiring after 5 years-Land & Buildings	<b>£1,116,000</b>	£1,079,000