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Liverpool Hope University

Directors' report and financial
statements

Registered number 3285547

31 July 2008

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Members of the University Council

The following persons served as governors during the year ended 31st July 2008. 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 (resigned 31 st July 2008)
Mgr JP Devine	Chair (appointed 1 st August 2008)
The Right Reverend Bishop David Jennings	Vice-Chair
Dr R Atlay	
Sr KE Bishop SND	
Rev SD Brookes	
Mr WK Brown	
Dr JC Chubb	
Mr F Cogley	(appointed 1 st August 2007)
Mr S Harrison	(appointed 1 st August 2007)
Cllr. R. Kemp	
Mr A Loveridge	(appointed 1 st August 2007)
Mr JA Marsden	
Miss CB McCann	
Dr J McClelland	(appointed 1 st August 2007)
Mr J Norbury	(appointed 1 st August 2007)
Very Rev M O'Dowd	
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 D Batey	President, Students' Union
Mr G Donelan	Secretary

Senior Salaries Remuneration Panel

Chair of Governing Council, Sr E Kelleher SND	(resigned 31 st July 2008)
Mgr J Devine	Chair (appointed 1 st August 2008)
Mr M Eastwood (co-opted)	
Ms A Seddon	

Professor GJ Pillay (except for discussion of his own salary)

Members of the University Council *(continued)*

Finance & General Purposes Committee

Ms A Seddon (in the Chair)
The Right Reverend Bishop David Jennings
Mr S Harrison
Mr J Norbury
Professor GJ Pillay

Audit Committee

Mgr J Devine (Chair – resigned 31st July 2008)
Mr F Cogley (Chair – appointed 1st August 2008)
Mr M Gilbertson (co-opted)
Mr JA Marsden

Nominations Committee

Sr Eileen Kelleher (Chair – resigned 31st July 2008)
Mgr J Devine (Chair – appointed 1st August 2008)
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:	Weightmans India Building 4 Water Street Liverpool L2 0NH
Internal Auditor:	Mr G Jones Internal Auditor Liverpool Hope University Hope Park Liverpool L16 9JD

Operating and Financial Review

Legal status

Liverpool Hope University was re-constituted in 2005 by order of the Privy Council under Section 129B of the Education Reform Act 1988, as a single, joint Anglican-Roman Catholic ecumenical University. It is registered in England and Wales as a Company Limited by Guarantee (3285547) and registered as a Charity (1060579)

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 2007/2008 there were 7,099 students and 983 members of staff, with a range of degrees at undergraduate and postgraduate levels.

Mission Statement

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 an ecumenical, Christian foundation which strives:

- to provide opportunities for the well-rounded personal development of all students;
- to educate the whole person in mind, body and spirit, irrespective of age, social or ethnic origins or physical capacity, including in particular those with promise who might otherwise not have had an opportunity to enter higher education;
- to be a provider of high quality educational programmes responsive to the needs of students in the UK and abroad;
- to sustain an academic community, enriched by Christian values and culture, which supports teaching and learning, scholarship and research, encourages the understanding of other faiths and beliefs, and promotes religious and social harmony;
- to be globally credible while contributing to the educational, religious, cultural, social and economic life of Liverpool, Merseyside, North-West England and beyond.

Corporate Plan and Strategic Objectives

The Corporate Plan for the period 2007-2011 provides the strategic framework within which the University operates.

This Corporate Plan identifies goals for the University in eight key areas :

- its academic profile,
- the student experience,
- the staff experience,
- diversifying income streams and being enterprising
- engagement with the community, city and the region
- developing international partnerships
- ensuring the infrastructure of the University is fit for purpose
- providing effective and efficient leadership, management and administration.

Operating and Financial Review *(continued)*

Given its history and size, the University does not see itself competing with the large metropolitan Universities (ex-Polytechnics) nor, given the lack of a large science, engineering or medical base with the "red-bricks". Liverpool Hope had also moved significantly away from a reliance on teacher training (now only a little over 20% of its students are TDA funded) and so it is not a teacher training college with some other degree level provision. The essence of what Liverpool Hope is striving to be is summarised in the Corporate Plan– a top-quality, teaching-led, research-informed, Mission-focused, liberal arts inspired University.

Review of the year

The University adopted a range of Key Performance Indicators reflecting the Corporate Plan and the continued strategic repositioning. These are to be reported on regularly to University Council and encompass:

- Academic Profile
- Learning & Teaching
- Financial Well-being and Sustainability
- Student achievement
- Student recruitment
- Curriculum review and renewal

Finance

- Fee income

2007/08 was the second year in which universities were able to charge Home/EU undergraduates and PGCE students a variable tuition fee. Liverpool Hope University charged the maximum £3,070. With the continuing students from 2006 entry, this attracted gross additional tuition fee income of £5.8 million compared to what would have been received if the previous standard rate had been charged. The University continued its generous bursary scheme to all students paying variable fees - £1,000 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 £2 million. In addition, the University continued its Scholarships Scheme which paid out a total of £2.6 million. The net additional fee income after Bursary and Scholarship payments were made was therefore £1.3 million.

- Budget management

The University's budget was devolved using a Resource Allocation Model which was based primarily on retained student numbers. The primary budget holders were the nine members of Rectorate Team who report directly to the Vice-Chancellor & Rector. One of the key performance measures for Rectorate Team is the management of their devolved budgets. Monthly variance reports are provided and each budget holder meets a Finance Officer each month to ensure budgets are monitored carefully. The Senior Management Team receives corporate variance reports and any issues are discussed openly.

Operating and Financial Review *(continued)*

Academic Profile

The University continued its academic repositioning, the framework for which was set out in the Corporate Plan adopted by Council in July 2007.

There continued to be senior academic appointments across the University at Professor, Associate Professor and Senior Lecturer level. There have been structural changes to the Deaneries with the academic disciplines being grouped within Departments, each headed by a Professor or Associate Professor. This focus on Departments as the fulcrum of academic activity is part of a concerted effort to ensure that students experience a coherent programme of study, learning from scholars in the discipline.

The University increased its standard entry point requirement for undergraduate programmes to 240 UCAS points for 2007 entry although some increased to 260 and the undergraduate teacher training programme increased to 280 points. The lower limit at which students were admitted through Clearing was also raised. Recruitment targets were achieved.

The University underwent scrutiny by the QAA following its application for its own Research Degree Awarding Powers and this application is still under consideration.

Staffing

Staffing costs remain the largest item of expenditure. The outcome of the final implementation of the National Framework Agreement and the continued impact of 2006 national pay award equated to a 4.52% increase in salary expenditure for 2007/08.

After several years of decline, the student numbers in Computing had led to a situation where the levels of staffing were no longer sustainable. There had been no new staff appointments for several years and a number of staff had left. Following consultation a limited number of redundancies were necessary.

Estates Development and Capital Projects

The University has been awarded £6m from the HEFCE Strategic Development Fund and NWDA to build a Performance Centre at its Cornerstone Campus, construction of which will begin in 2008/09.

HEFCE accepted the University's Capital Investment Framework proposal which will result in funding of £4,871,511 over the next 3 years.

In 2007/08, there was refurbishment of the teaching space for the Deanery of Sciences & Social Sciences through the conversion of former residential accommodation and redesign of office space. This totalled £1,500,000.

The refurbishment of the foyer of the Frances Mary Lescher building at a cost of £700,000 provides additional learning spaces for students.

In 2007/08, the University continued its policy of purchasing housing on Taggart Avenue on ground contiguous to Hope Park. Four houses were purchased in 2007/08 (without borrowing) for a total of £814,000 and income is now being derived from these properties in the form of rent.

Miscellaneous

2007/08 was the first year that the Students' Union did not engage in trading activities. The focus of Students' Union activity was on representation, welfare, recreational and sporting activities for students. The Derwent cafe and bar area was taken into the University's catering operations and a "vending village" replaced the shop. Controls on Students' Union expenditure were very tight and the underlying position is now much improved. The Students' Union continues to operate independently of the University.

Operating and Financial Review *(continued)*

The University terminated its contract with Busy Bees Ltd to provide an on-site Nursery as this facility was being used by very few students and staff. The buildings are to be converted to Conference Facilities which will release other rooms to be used for teaching.

The University took over the management of the Sports Hall and associated facilities from Healthworks. The direct oversight by the Deanery of Sciences & Social Sciences will enable more efficient use of the facilities for students.

In both the above cases, the removal of management fees will make overall savings.

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 were set up to 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. LIHE ceased to trade on 1st August 2007 and will be wound up in 2008/09.

Results for the Year

The University's Consolidated Income, Expenditure and Results for the year to 31st July 2008 are summarised as below:

	2007/08	2006/07
	£000s	£000s
Income	47,563	46,297
Expenditure	46,409	45,628
 Operating Surplus	 1,154	 669

The University's total income increased by 2% compared with the previous year and income from the funding councils decreased by 3.39%.

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

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

Operating and Financial Review *(continued)*

Student Number

As at 31st July 2008 the University had 7,099 students (2006/07 – 7,482).

	Full Time Students	Part Time Students
Undergraduate	4,137	714
Postgraduate (Taught)	221	414
Postgraduate (Research)	45	48
PGCE	458	266
Other	238	558
	<u>5,099</u>	<u>2,000</u>

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.

Cash Flow

The Consolidated Cash flow shows that there was a net decrease in cash of £149,017 (2006/07 increase in cash of £835,133).

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 Department 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.

Diversity

The University has three Equality Schemes – for Disability, Gender and Race. In the preface, University Council states its commitment to meeting the challenge afforded by the Equality Duties to reflect critically on our practices, to measure the effectiveness of our practices against our values and to learn from best practice from other public authorities. The University is working towards adopting a Single Equality Scheme.

Operating and Financial Review *(continued)*

Environment and Sustainability

University Council adopted a new Environmental Policy during the year and action plan is being developed through the Estates Strategic Planning Group which reports to Finance & General Purposes Committee.

Members of University Council

All the members of the University Council 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 32 to the accounts. None of the directors had any beneficial interest in any group company during the year.

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.

Future Developments

The University has maintained its student registrations in 2008/09. Through continuing to build its relationship with church schools and dioceses across the United Kingdom as a key feature of the University's repositioning, the University expects to reduce its reliance on Clearing and to continue to increase the average entry points. The University's bursary and scholarship schemes continue to be refined in light of experience. The Office for Fair Access has approved the University's revised Access Agreement.

During 2008/09, work will continue on the bid to HEFCE's Strategic Development Fund for investment to support the University's repositioning, in particular for Education and Science.

The University will complete the first round of Administrative and Service reviews which are established to parallel academic reviews and ensure that all support and administrative services offer value for money and high quality levels of service.

Professor G.J. Pillay

Vice-Chancellor and Rector

Statement on Corporate Governance and Risk Management

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 20th 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 body** 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 body 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 2 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 body 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 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 body. 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 body.

Statement on Corporate Governance and Risk Management *(continued)*

9. Liverpool Hope University maintains a register of interests of members of the governing body 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 body has been appointed. In that capacity, he provides independent advice on matters of governance to all members of the governing body.

As the governing body 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 body 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 2008 and accords with HEFCE guidance.

As the governing body, 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.
5. A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis is established.
6. An organisation-wide risk register database has been constructed and is operational.
7. Reports are received from budget holders and project managers on internal control activities.
8. Policies such as the Code of Practice on Whistleblowing, Code of Conduct and Anti- Fraud Policy and Response Plan have been periodically reviewed and revised.

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 2008. As a result of the report of the HEFCE Assurance Service, the Audit Committee is reviewing the provision of internal audit services. 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.

Statement on Corporate Governance and Risk Management *(continued)*

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 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 and reports annually to Council.

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.

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.

UNIVERSITY COUNCIL

Statement of responsibilities of the Members of the University Council

In accordance with the Education Reform Act 1988 and the Memorandum and Articles of Association and Articles of Government, adopted on Incorporation on 29th November 1996 and amended thereafter, 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 Memorandum 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, Team and other senior managers;
- 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 ;

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

- 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;
- 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.

Statement of Primary Responsibilities

While the following is not a specific recreation of the constitutional provisions within the Articles of Government, the principal responsibilities of Council, adopted in December 2005, may be summarised as being:-

1. To approve the educational character, mission and strategic vision of Liverpool Hope University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To delegate authority to the head of the institution, as Rector and Vice-Chancellor, for the academic, corporate, financial, estate and personnel management of the institution, and other responsibilities as detailed in the constitution, and keeping those functions under regular review.
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment and procedures for handling internal grievances and for managing conflicts of interest.
4. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
5. To establish processes to monitor and evaluate the performance and effectiveness of council itself.
6. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. To safeguard the good name and values of Liverpool Hope University.
8. To appoint the head of the institution as rector and vice-chancellor, and to put in place suitable arrangements for monitoring his/her performance.
9. To appoint a secretary to council and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
10. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of Liverpool Hope University, to ensure that proper books of account are kept and resources used properly, effectively and efficiently, and to approve the

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

12. annual budget and financial statements and have overall responsibility for the university's assets, property and estate.
13. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in Liverpool Hope University's name.
14. To make such provision as it thinks fit for the general welfare of students, in consultation with senate, and for the operation of the Students' Union under a constitution approved by council.
15. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of Liverpool Hope University.
16. To ensure that Liverpool Hope University's constitution is followed at all times and that appropriate advice is available to enable this to happen.



KPMG LLP

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Independent auditors' report to the Council of Liverpool Hope University

We have audited the Group and University financial statements of Liverpool Hope University for the year ended 31 July 2008 which comprise Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention (as modified by revaluation of certain fixed assets) and in accordance with accounting policies set out therein.

This report is made solely to the Council, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Council those matters we are, required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The University Council's responsibilities for preparing the Operating and Financial Review and 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 law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of 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 Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England and with the Financial Memorandum with the Training and Development Agency for Schools. We also report to you whether in our opinion the Operating and Financial Review is not consistent with the financial statements.

In addition we report to you if, in our opinion, the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Operating and Financial Review and 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 issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governing Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group and University'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 Group and the University at 31 July 2008 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 Statement of Recommended Practice:- Accounting for Further and Higher Education;
- 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 University during the year ended 31 July 2008 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2008 has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England and the Financial Memorandum 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 (2007) 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.

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 11 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 29 and 30.

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 £2,374,182 (2006/07: £2,185,472) (See Note 28).

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 £321,551 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. (See Note 16).

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 31st 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 31st 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	- 5 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. 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)*

12. 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 31st July 2008

	<i>Note</i>	2008 £	2007 £
Income			
Funding council grants	<i>1</i>	24,411,696	25,267,241
Tuition fees and support grants	<i>2</i>	16,960,196	13,963,806
Research grants and contracts		53,258	71,921
Other operating income	<i>3</i>	5,881,963	6,770,810
Endowment and Investment Income	<i>4</i>	256,445	223,874
		<hr/>	<hr/>
Total income		47,563,558	46,297,652
		<hr/>	<hr/>
Expenditure			
Staff costs	<i>5</i>	24,457,025	22,693,476
Depreciation	<i>10</i>	2,103,987	2,125,165
Other operating Expenses	<i>6</i>	19,166,241	20,123,857
Interest Payable	<i>7</i>	682,010	686,026
		<hr/>	<hr/>
Total expenditure	<i>9</i>	46,409,263	45,628,524
		<hr/>	<hr/>
Operating Surplus after Depreciation of Assets		1,154,295	669,128
		<hr/>	<hr/>
Transfer from accumulated income within endowments		34,188	36,423
		<hr/>	<hr/>
Surplus after Depreciation of Assets, Interest and Tax	<i>8</i>	1,188,483	705,551
		<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 31st July 2008

	<i>Note</i>	2008 £	2007 £
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	20	1,188,483	705,551
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculation on the revalued amount	21	278,807	279,463
Historical Cost surplus		1,467,290	985,014

Balance Sheet As at 31st July 2008

	<i>Note</i>	Consolidated 2008	University	Consolidated	University
		£	£	2007	£
Fixed assets					
Tangible assets	10	58,690,478	58,690,478	56,202,510	56,202,510
Investments	11	-	8,988,936	-	8,988,936
		<u>58,690,478</u>	<u>67,679,414</u>	<u>56,202,510</u>	<u>65,191,446</u>
Endowment Assets	12	116,318	116,318	150,505	150,505
Current assets					
Debtors	13	2,880,083	3,142,122	3,505,380	5,324,936
Cash at bank and in hand		2,755,260	2,569,639	2,877,264	2,817,385
		<u>5,635,343</u>	<u>5,711,761</u>	6,382,644	8,142,321
Creditors: amounts falling due within one year	14	(10,107,620)	(18,357,738)	(10,374,331)	(13,632,659)
Net current liabilities		<u>(4,472,277)</u>	<u>(12,645,977)</u>	(3,991,687)	(5,490,338)
Total assets less current liabilities		54,334,519	55,149,755	52,361,328	59,851,613
Creditors: amounts falling due after more than one year					
Provisions for liabilities and charges	15 16	(10,265,524) (321,551)	(10,971,606) (321,551)	(11,252,279) (472,376)	(18,404,684) (472,376)
Net assets including pension liability		43,747,444	43,856,598	40,636,673	40,974,553
Pension liability	17	(5,286,000)	(5,286,000)	(2,650,000)	(2,650,000)
Total net assets		<u>38,461,444</u>	<u>38,570,598</u>	<u>37,986,673</u>	<u>38,324,553</u>
Deferred capital grants	18	13,563,681	13,563,681	12,005,039	12,005,039
Endowments	19	116,317	116,317	150,505	150,505
Reserves					
Income and Expenditure Account Excluding:					
Pension Reserve	20	10,358,075	10,467,229	8,737,951	9,075,831
Pension Reserve		(5,286,000)	(5,286,000)	(2,650,000)	(2,650,000)
Income and Expenditure Account Including Pension Reserve		5,072,075	5,181,229	6,087,951	6,425,831
Revaluation Reserve	10/21	19,709,371	19,709,371	19,743,178	19,743,178
Total funds		<u>38,461,444</u>	<u>38,570,598</u>	<u>37,986,673</u>	<u>38,324,553</u>

The Financial Statements on pages 21 to 45 were approved by the University Council on 25th November 2008, and signed on its behalf by:

Monsignor J Devine
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 31st July 2008

	<i>Note</i>	2008 £	2007 £
Net cash inflow from operating activities	23	2,520,491	7,139,103
Returns on investments and servicing of finance			
Other Interest Received		256,445	223,874
Interest paid		(682,010)	(686,026)
Net cash outflow from returns on investments and servicing of finance		(425,565)	(462,152)
Capital expenditure and financial investment	24	(1,792,067)	(5,266,334)
Cash inflow/(outflow) before financing		302,859	1,410,617
Financing	25	(451,876)	(575,484)
(Decrease)/Increase in cash	27	(149,017)	835,133

Statement of Total Recognised Gains and Losses
For the year ended 31st July 2008

	<i>Note</i>	2008	2007
		£	£
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets excluding appreciation of endowment asset		1,154,295	669,127
Endowment Asset Investments Adjustments		(7,163)	7,167
Unrealised Gain on Valuation of Fixed Asset	<i>10</i>	245,000	-
Actuarial (loss)/gain in respect of pension scheme	<i>28</i>	(2,476,000)	2,455,000
		<hr/>	<hr/>
Total recognised (losses)/ gains relating to the period		(1,083,868)	3,131,295
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation			
Opening reserves and endowments		25,981,632	22,850,337
Total recognised (losses)/gains for the year		(1,083,868)	3,131,295
Endowment Expenditure	<i>19</i>	-	-
		<hr/>	<hr/>
Closing reserves and endowments		24,897,764	25,981,632
		<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Funding Council Grants

	2008 £	2007 £
Recurrent Grant – HEFCE	15,763,077	15,237,439
Recurrent Grant – TTA	6,088,551	5,997,638
Specific Grants		
HEFCE Research Assessment	135,436	111,858
HEFCE Special Initiatives	1,191,096	2,339,407
Inherited Liabilities – staff	49,572	48,585
TTA Special Initiatives	247,170	173,986
Deferred Capital Grants Released in Year		
Buildings (Note 19)	314,968	752,353
Equipment (Note 19)	621,826	605,975
	<u>24,411,696</u>	<u>25,267,241</u>

2 Tuition fees and education contracts

	2008 £	2007 £
Full-time students	12,219,662	9,949,035
Full-time students charged overseas fees	492,704	376,930
Part-time students	951,797	719,530
	<u>13,664,163</u>	<u>11,045,495</u>
Total fees paid by or on behalf of individual students		
Education Contracts	573,424	971,878
Short Course Fees	2,722,609	1,946,433
	<u>3,296,033</u>	<u>2,918,311</u>
Total Education Contracts and Short Course Fees		
Total	<u>16,960,196</u>	<u>13,963,806</u>

Notes (*continued*)

3 Other operating income

	2008	2007
	£	£
Residents, Catering and Conferences	4,517,687	3,854,871
Other Income	1,304,822	2,856,485
Release of Deferred Capital Grants (Note 18)	59,454	59,454
	<hr/>	<hr/>
	5,881,963	6,770,810
	<hr/> <hr/>	<hr/> <hr/>

4 Endowment and Investment income and interest receivable

	2008	2007
	£	£
Other Interest Receivable	156,906	160,874
Interest on Expendable Endowment	5,539	-
FRS 17 Pension Fund Interest payable	94,000	63,000
	<hr/>	<hr/>
	256,445	223,874
	<hr/> <hr/>	<hr/> <hr/>

5 Staff costs (including Directors' emoluments)

	2008	2007
	£	£
Wages and Salaries	20,483,190	19,004,865
Social Security costs	1,599,653	1,503,139
Other Pension Costs (Note 28)	2,374,182	2,185,472
	<hr/>	<hr/>
	24,457,025	22,693,476
	<hr/> <hr/>	<hr/> <hr/>
Emoluments of the Rector (excl. pensions contributions)	<hr/> 151,514 <hr/>	<hr/> 142,853 <hr/>

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 £20,480 (2006/07: £18,795). 2007 figures were restated to comply with revised SORP of excluding employers pension costs.

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:

	2008	Restated
	Number	2007
		Number
£100,000 - £139,999	-	-
£140,000 - £149,999	-	1*
£150,000 - £159,999	1	-
	<hr/>	<hr/>
	1	1
	<hr/> <hr/>	<hr/> <hr/>

*now excludes pension contribution

The number of senior post holders entitled to superannuation benefits and serving during the year

	2008	2007
	Number	Number
	1	1
	<hr/>	<hr/>
	2008	2007
	Number	Number
Academic	382	370
Administrative and Technical	436	409
Manual and Ancillary	165	173
	<hr/>	<hr/>
	983	952
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

6 Other operating expenses

	2008	2007
	£	£
Residences, Catering and Conference Operating Expenses	2,228,129	2,234,722
Teaching Departments	5,619,579	5,949,606
Books and Periodicals	469,300	517,550
Heat, Light, Water and Power	1,016,692	942,091
Repairs and General Maintenance	993,071	1,496,289
Grants to Liverpool Hope Students' Union	230,300	125,000
External Auditors' Remuneration	47,664	54,311
External Auditors' Remuneration in Respect of Non-Audit Services	14,171	4,113
Other Support Services	326,842	139,017
Administration and Central Services	5,328,350	4,783,143
Other Income Generating Activities	1,345,079	2,319,981
Other Operating Expenses	1,547,064	1,558,034
	<u>19,166,241</u>	<u>20,123,857</u>

Of the £47,664 Auditors Remuneration £38,129 relates to the University.

7 Interest payable

	2008	2007
	£	£
Interest Payable on bank loans not wholly repayable within five years	660,774	656,026
FRS 17 Pension Fund Interest payable	-	30,000
Interest Payable on finance lease	21,236	-
	<u>682,010</u>	<u>686,026</u>

8 The surplus on continuing operations for the year

	2008	2007
	£	£
University surplus/(deficit) for the year	979,784	248,294
Surplus generated by subsidiary undertakings and transferred to the University under gift aid	113,731	558,705
Surplus generated by subsidiary undertakings and not transferred to the University under gift aid	94,968	
Loss generated by subsidiary undertakings and not transferred to the University	-	(50,218)
	<u>1,188,483</u>	<u>705,551</u>

Notes (continued)

9 Analysis of expenditure

	Staff costs	Depreciation	Interest Payable	Other operating expenses	Total
	£	£	£	£	£
Academic Departments	14,429,446	-	-	5,619,579	20,049,025
Academic Support Services	1,772,365	-	-	1,580,286	3,352,651
Other Support Services	990,709	-	-	557,142	1,547,851
Admin and Central Services	3,078,055	-	-	6,698,723	9,776,778
General Education Expenditure	-	-	-	45,375	45,375
Premises	2,107,859	-	-	2,208,301	4,316,160
Other Income Generating Activities	1,133,341	-	-	1,345,079	2,478,420
Residences, Catering and Conferences	945,250	-	-	1,111,756	2,057,006
Depreciation	-	2,103,987	-	-	2,103,987
Interest Payable	-	-	682,010	-	682,010
	<u>24,457,025</u>	<u>2,103,987</u>	<u>682,010</u>	<u>19,166,241</u>	<u>46,409,263</u>
Deferred Capital Grants Released in Year (Note 18)		996,248			
General Income		1,107,739			
		<u>2,103,987</u>			

10 Tangible fixed assets

Consolidated & University	Assets in Course of Construction	Additions and Improvements to Buildings	Vehicles	Equipment	Total
	£	£	£	£	£
Valuation/Cost					
At 1 August 2007	642,009	57,391,521	70,090	9,487,358	67,590,978
Additions at Cost	1,627,228	2,362,139	51,411	551,179	4,591,957
Transfers	(617,254)	599,391	-	17,863	-
	<u>1,651,983</u>	<u>60,353,051</u>	<u>121,501</u>	<u>10,056,400</u>	<u>72,182,935</u>
Depreciation					
At 1 August 2007	-	3,066,260	14,018	8,308,192	11,388,470
Charge for Year	-	1,351,466	24,300	728,221	2,103,987
	<u>-</u>	<u>4,417,726</u>	<u>38,318</u>	<u>9,036,413</u>	<u>13,492,457</u>
Net book value					
At 31 July 2008	<u>1,651,983</u>	<u>55,935,325</u>	<u>83,183</u>	<u>1,019,987</u>	<u>58,690,478</u>
At 31 July 2007	<u>642,009</u>	<u>54,325,261</u>	<u>56,072</u>	<u>1,179,166</u>	<u>56,202,508</u>

Notes (continued)

10 Tangible fixed assets (continued)

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 14th January 1999, Liverpool Hope and the company have agreed that the lease will not be terminated during the year ending 31st July 2009.

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.

An interim revaluation on the buildings was performed by Eddisons (Chartered Surveyors) in 2007/08 which concluded that the carrying value of fixed assets are materially correct, accordingly no adjustment has been made in relation to this interim revaluation. In addition one of the University's properties was omitted from the original property valuation. A valuation has been obtained for this during 2007/08 for £245,000 which has been included in the fixed assets. No prior year adjustment was required for this as the amount was not material.

Fixed assets include £5,830,000 in relation to land. The land has not been depreciated in the accounts.

11 Investments

	Consolidated	University	Consolidated	University
	2008		2007	
	£	£	£	£
Investment in Subsidiaries at Cost	-	8,988,936	-	8,988,936
	=====	=====	=====	=====

The University owns 100% of the issued share capital of 4,714,430 (2006/07: 4,714,430) £1 ordinary shares of LIHE Ltd, a company registered England and operating in the UK. The principal activity of the Company is the provision of library management services to Liverpool Hope. The company ceased trading on 1st August 2007.

The University owns 100% of the issued share capital of 2,622,504 (2006/07: 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 (2006/07: 1,652,002) £1 ordinary shares of Urban Hope Ltd, a company registered 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.

Notes (continued)

12 Endowment Assets – Expendable Endowment

	Consolidated 2008	University	Consolidated 2007	University
	£	£	£	£
Balance at 1 st August 2007	150,505	150,505	179,790	179,760
Decreasing cash balance (see note 19)	(39,726)	(39,726)	(36,422)	(36,422)
Investment income in year (see note 19)	5,539	5,539	7,167	7,167
	<u>116,318</u>	<u>116,318</u>	<u>150,505</u>	<u>150,505</u>

Represented by Cash Deposits

13 Debtors

	Consolidated 2008	University	Consolidated 2007	University
	£	£	£	£
Amounts falling due within one year				
Trade Debtors	2,156,122	2,099,840	1,346,701	1,230,949
Sundry Debtors	130,749	130,749	568,009	568,009
Prepayments and Accrued Income	507,969	507,969	1,485,090	1,485,090
Amounts due from Subsidiary Companies	-	318,321	-	1,935,309
	<u>2,794,840</u>	<u>3,056,879</u>	<u>3,399,801</u>	<u>5,219,357</u>
Amounts falling due after more than one year				
Debtors	85,243	85,243	105,579	105,579
	<u>2,880,083</u>	<u>3,142,122</u>	<u>3,505,380</u>	<u>5,324,936</u>

Notes (continued)

14 Creditors: Amounts falling due within one year

	Consolidated	University	Consolidated	University
	2008		2007	
	£	£	£	£
Mortgages	404,829	404,829	442,461	442,461
Trade Creditors	305,743	234,707	1,534,606	1,451,790
Social Security and Other Taxation Payable	871,727	871,727	1,042,987	1,042,987
Accruals and Deferred Income	8,464,203	8,464,208	7,298,108	7,298,108
Obligations under hire purchase agreement	61,118	61,118	56,169	56,169
Amounts due to Subsidiary Companies	-	8,321,149	-	3,341,144
	<hr/>	<hr/>	<hr/>	<hr/>
	10,107,620	18,357,738	10,374,331	13,632,659
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15 Creditors: Amounts falling due after more than one year

	Consolidated	University	Consolidated	University
	2008		2007	
	£	£	£	£
Mortgages secured on residential and other property repayable by 2030	10,071,936	10,071,936	10,486,180	10,486,180
Amounts due to Funding Council	-	-	344,728	344,728
Accruals and Deferred Income	-	-	166,667	166,667
Obligations under hire purchase agreement	193,588	193,587	254,706	254,706
Amounts due to Subsidiary Companies	-	706,082	-	7,152,405
	<hr/>	<hr/>	<hr/>	<hr/>
	10,265,524	10,971,606	11,252,279	18,404,684
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in Amounts due to Subsidiary Companies is £138,861 in respect of prepaid rents (2006/07: £320,570).

Mortgages repayable as below	2008	2007
	£	£
Within 1 to 2 years	425,692	402,083
Within 2 to 5 years	1,229,029	1,317,639
After 5 years	8,417,215	8,766,458
	<hr/>	<hr/>
	10,071,936	10,486,180
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

15 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	6.401	Fixed	15
Sports Centre	1,900,000	7.268	Fixed	15
Great Hall	1,000,000	6.207	Variable	4
Cloisters/Hermitage	420,000	6.019	Fixed	20
Student Accommodation	8,300,000	5.656	£7m Fixed	22
		6.265	£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.

16 Provisions for liabilities and charges

	Enhanced pension scheme £
At 1 st August 2007	472,376
Provision utilised in year	(24,686)
Release of Student Union Pension Liability Provision	(150,000)
Increase in Provision	23,861
	<hr/>
At 31 st July 2008	321,551
	<hr/> <hr/>

17 Pension Liability

University & Consolidated	2008 £	2007 £
As at 1 August 2007	2,650,000	4,976,000
Increase /(Decrease) in Liability	2,636,000	(2,326,000)
	<hr/>	<hr/>
As at 31 st July 2008 (see note 28 for further details)	5,286,000	2,650,000
	<hr/> <hr/>	<hr/> <hr/>
The University's pension liability is analysed as follows		
	£	£
Greater Manchester Pension Fund	3,045,000	1,627,000
Merseyside Pension Fund	2,241,000	1,023,000
	<hr/>	<hr/>
	5,286,000	2,650,000
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

18 Deferred Capital Grants

	HEFCE 2008 £	Other 2008 £	Total 2008 £
At 1st August 2007 - Restated			
Buildings	8,237,337	2,853,775	11,091,112
Equipment	913,927	-	913,927
	<hr/>	<hr/>	<hr/>
Total	9,151,264	2,853,775	12,005,039
	<hr/>	<hr/>	<hr/>
Cash Received			
Buildings	2,205,512	-	2,205,512
Equipment	349,378	-	349,378
	<hr/>	<hr/>	<hr/>
Total	2,554,890	-	2,554,890
	<hr/>	<hr/>	<hr/>
Release to Income and Expenditure Account			
Buildings (note 1 & 3)	314,968	59,454	374,422
Equipment (note 1 & 3)	621,826	-	621,826
	<hr/>	<hr/>	<hr/>
Total	936,794	59,454	996,248
	<hr/>	<hr/>	<hr/>
At 31st July 2008			
Buildings	10,127,881	2,913,229	12,922,202
Equipment	641,479	-	641,479
	<hr/>	<hr/>	<hr/>
Total	10,769,360	2,913,229	13,563,681
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

19 Restricted Expendable Endowments

	Consolidated 2008 £	University £	Consolidated 2007 £	University £
As at 1 st August				
Capital	150,505	150,505	179,760	179,760
Accumulated Income	-	-	-	-
Investment Income	5,539	5,539	7,167	7,167
Received during the year	-	-	-	-
Expenditure in year	(39,727)	(39,727)	(36,422)	(36,422)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July				
Capital	116,317	116,317	150,505	150,505
Accumulated Income	-	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Endowment is 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)

20 Income and Expenditure Account Reserve

	Consolidated 2008	University	Consolidated	University
	£	£	2007	£
At 1 st August 2007 as previously stated	6,087,951	6,425,831	2,647,937	22,935,601
Actuarial (Loss)/Gain	(2,476,000)	(2,476,000)	2,455,000	2,455,000
Transfer from Income and Expenditure Reserve	(7,166)	(140,924)		
Transfer from Revaluation Reserve	278,807	278,807	279,463	279,463
Surplus for the year	1,188,483	1,093,515	705,551	755,767
	<hr/>	<hr/>	<hr/>	<hr/>
	5,072,075	5,181,229	6,087,951	6,425,831
Balance represented by:				
Pension reserve	(5,286,000)	(5,286,000)	(2,650,000)	(2,650,000)
Income and expenditure reserve excluding pension reserve	10,358,075	10,467,229	8,737,951	9,075,831
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2008	5,072,075	5,181,229	6,087,951	6,425,831
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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.

21 Revaluation Reserve

	Consolidated 2008	University	Consolidated	University
	£	£	2007	£
At 1 August 2007	19,743,178	19,743,178	22,022,641	22,022,641
Revaluation in the period	245,000	245,000	-	-
Released to Income and Expenditure	(278,807)	(278,807)	(279,463)	(279,463)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2008	19,709,371	19,709,371	19,743,178	19,743,178
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

22 Capital Commitments

	Consolidated 2008	University	Consolidated	University
	£	£	2007	£
Commitments contracted for at 31 st July	6,680,000	6,680,000	1,457,884	1,457,884
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

23 Reconciliation of consolidated surplus to net cash inflow from other operating activities

	2008	2007
	£	£
Surplus	1,188,483	705,551
FRS17 Adjustment	160,000	129,000
Depreciation (Note 10)	2,103,987	2,125,167
Deferred Capital Grants Released to Income (Note 18)	(996,248)	(1,417,782)
Investment Income (Note 4)	(256,445)	(223,874)
Interest Payable (Note 7)	682,010	686,026
Decrease in Debtors (Note 13)	625,297	2,667,601
Decrease in Creditors (Note 14)	(835,768)	2,219,984
Decrease in Provisions (Note 16)	(150,825)	247,429
	<hr/>	<hr/>
Net cash inflow from operating activities	2,520,491	7,139,103
	<hr/> <hr/>	<hr/> <hr/>

24 Capital Expenditure and Financial Investment

	2008	2007
	£	£
Tangible Assets Acquired (Note 10)	(4,591,957)	(5,981,545)
Tangible Assets Acquired - Revaluation	245,000	-
Deferred Capital Grants Received (Note 18)	2,554,890	715,211
	<hr/>	<hr/>
	(1,792,067)	(5,266,334)
	<hr/> <hr/>	<hr/> <hr/>

25 Analysis of changes in consolidated financing during the year

Mortgages & Loans	2008	2007
	£	£
As at 1 August 2007	10,928,640	11,504,124
Capital Repayments	(451,876)	(575,484)
	<hr/>	<hr/>
Net decrease in loans	(451,876)	(575,484)
	<hr/>	<hr/>
Balance at 31st July 2008	10,476,764	10,928,640
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

26 Analysis of changes in net debt

	At 1 August 2007	Cash flows	Other changes	At 31 July 2008
	£	£	£	£
Net Available Cash	2,870,097	(114,837)		2,755,260
Endowment Asset (note 12)	150,505	(34,187)		116,318
Debt due within 1 year	(442,461)	37,641		(404,820)
Debt due after 1 year	(10,486,180)	414,244		(10,071,936)
	<u>(7,908,039)</u>	<u>302,861</u>	<u>-</u>	<u>(7,605,178)</u>

27 Reconciliation of net cash flow to movement in net debt

	2008 £	2007 £
(Decrease)/Increase in cash in the period	(149,017)	835,132
Net Decrease/(Increase) in Debt	451,876	575,484
Change in Net Debt resulting from cash flows	302,859	1,410,616
Net Debt at 1 August 2007	(7,908,037)	(9,318,653)
Net Debt at 31 July 2008	(7,605,178)	(7,908,037)

28 Pension and similar obligations

The University's employees belong to three principal pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, the Greater Manchester Pension Fund (GMPF) and the Merseyside Pension Fund (MPF) for non academic staff. The total pension cost for the period was £2,374,182 (2007: £2,185,472).

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. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is assessed no less than every four 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 Actuarial method	31 March 04 Prospective Benefits
Investment returns per annum	6.50%
Salary scale increases per annum	5.0%
Market value of assets at date of last valuation	£162,650m
Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88%

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 August 2007 to 31 July 2008 the employer contribution rate was 14.1%. The employee rate was 6.4% for the same period. An appropriate provision in respect of unfunded pensioner benefits is included in provisions.

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 2008 was £1,117,000 of which employers contributions totalled £795,000 and employees contributions totalled £322,000. The agreed contribution rates for future years are 15% for employers and ranges between 5.5% to 7.5% for employees, dependent on salary,

FRS 17

The following information is based upon a full actuarial valuation of the fund as 31 March 2007 updated to 31 July 2008 by a qualified independent actuary.

	2008	2007	2006
Rate of increase in salaries	5.3%	4.8%	4.6%
Rate of increase in pensions in payment/inflation	3.8%	3.3%	3.1%
Discount rate for liabilities	6.7%	5.8%	5.1%
Commutation of Pension to Lump Sums	50.00%	25.00%	-

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2008	At 31 July 2007
Retiring today		
Males	19.60	18.40
Females	22.50	22.50
Retiring in 20 years		
Males	20.70	19.60
Females	23.60	22.50

Notes (continued)

Greater Manchester Pension Fund (continued)

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:

	Long term rate of return Expected 31 Jul 08	Value at 31 July 08	Long term rate of return Expected 31 Jul 07	Value at 31 July 07	Long term rate of return Expected 31 Jul 06	Value at 31 July 06
		£000		£000		£000
Equities	7.80%	10,371	8.00%	11,250	7.70%	10,043
Bonds	5.70%	2,745	5.20%	2,836	4.70%	2,564
Property	5.70%	1,359	6.00%	1,746	5.70%	1,446
Cash	4.80%	1,452	5.10%	1,697	4.80%	1,124
Share of total market value of assets		15,927		17,529		15,177
Present Value of Scheme Liabilities						
- Funded		(18,930)		(19,115)		(18,983)
- Unfunded		(42)		(41)		0
Related Deferred Tax Liability						
		(3,045)		(1,627)		(3,806)

Asset values are at bid value for 2008 while prior years are reported at mid market value. This adjustment has been made in year as the value is not material.

Analysis of the amount charged to the Income and Expenditure account

	2008 £000	2007 £000	2006 £000
Employer service cost (net of employee contributions)	871	992	1,009
Past service cost	228	0	65
Total operating charge	1,099	992	1,074

Analysis of pension finance income

	2008 £000	2007 £000	2006 £000
Expected return on pension scheme assets	1,264	1,057	857
Interest on pension scheme liabilities	(1,140)	(994)	(838)
Pension finance income	124	63	19

Notes (continued)

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

	2008 £000	2007 £000	2006 £000
Actual return less expected return on pension scheme assets	(3,588)	486	671
Experience gains and losses arising on the scheme liabilities	1,324	2	3
Change in financial and demographic assumptions underlying the scheme liabilities	1,026	1,853	(813)
	<hr/>	<hr/>	<hr/>
Actual gains/(loss) recognised in STRGL	(1,238)	2,341	(139)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)**Movement in surplus during year**

	2008 £000	2007 £000
Deficit in scheme at beginning of year	(1,627)	(3,806)
Movement in year:	(857)	(985)
Current service charge	795	767
Contributions	(228)	0
Past service costs	(14)	(7)
Settlements and Curtailments	124	63
Actuarial (Loss)/Gain	(1,238)	2,341
	<hr/>	<hr/>
Deficit in the scheme at end of year	(3,045)	(1,627)
	<hr/> <hr/>	<hr/> <hr/>

History of experience gains or losses

	2008 £	2007 £	2006 £	2005 £	2004 £
Difference between the expected and actual return on assets	(3,588)	486	671	1,449	309
Value of Assets	15,927	17,529	15,177	12,747	9,676
% of scheme assets	(22.53%)	2.8%	4.4%	11.4%	3.2
Experience gains and losses on scheme liabilities	1,324	2	3	(389)	1
Total present value of liabilities	(18,972)	19,156	18,893	16,191	12,005
% of Total present value of scheme liabilities	6.98%	0.0%	0.0%	-2.4%	0.0%
Actuarial (Loss)/Gain recognised in statement of total recognised gains and losses	(1,238)	2,341	(139)	(1,166)	292
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
% of the present value of liabilities	6.53%	12.2%	-0.7%	-7.2%	2.4%
	<hr/> <hr/>				

Notes (continued)

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 2008 was £203,706 of which employers contributions totalled £175,357 employees contributions totalled £28,349. The agreed contribution rates for future years are 41.6% for employers and ranges between 5.5% to 7.5% for employees, dependent on salary.

FRS 17

The following information is based upon a full actuarial valuation of the fund as at 31 March 2007 updated to 31 July 2008 by a qualified independent actuary.

	2008	2007	2006
	£000	£000	£000
Rate of increase in salaries	5.05%	4.5%	3.0%
Rate of increase in pensions in payment/inflation	3.80%	3.2%	3.0%
Discount rate for liabilities	5.90%	5.8%	5.1%
Commutation of Pension to Lump Sum	50.00%	25.00%	

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2008	At 31 July 2007
Retiring today		
Males	20.30	18.90
Females	23.10	21.70
Retiring in 20 years		
Males	21.30	21.30
Females	24.00	24.10

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:

	Long term rate of return Expected 31 Jul 08	Value at 31 July 08	Long term rate of return Expected 31 Jul 07	Value at 31 July 07	Long term rate of return Expected 31 Jul 06	Value at 31 July 06
		£000		£000		£000
Equities	7.50%	1,810	7.00%	2,034	7.00%	1,772
Bonds – Government	4.80%	767	4.40%	527	4.40%	566
Bonds – Other	5.90%	23	5.10%	189	5.10%	165
Property	6.50%	283	6.00%	318	6.00%	285
Cash & Other	5.00%	408	4.50%	311	4.50%	272
Total market value of assets		3,291		3,379		3,060
Present Value of Scheme Liabilities						
- Funded		(5,516)		(4,390)		(4,230)
- Unfunded		(16)		(12)		0
Related Deferred Tax Liability						
		(2,241)		(1,030)		(1,170)

Notes (*continued*)

Asset values are at bid value for 2008 while prior years are reported at mid market value. This adjustment has been made in year as the value is not material.

Analysis of the amount charged to the income and expenditure account

	2008 £000	2007 £000	2006 £000
Employer service cost (net of employee contributions)	(83)	(84)	78
Past service cost	(42)	0	(47)
	<hr/>	<hr/>	<hr/>
Total operating charge	(125)	(84)	31
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Analysis of pension finance income/(costs)

	2008 £000	2007 £000	2006 £000
Expected return on pension scheme assets	224	185	176
Interest on pension scheme liabilities	(254)	(215)	(196)
	<hr/>	<hr/>	<hr/>
Pension finance income/(costs)	(30)	(30)	(20)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	2008 £000	2007 £000	2006 £000
Actual return less expected return on pension scheme assets	(528)	101	162
Experience gains and losses arising on the scheme liabilities	(446)	0	(74)
Change in financial and demographic assumptions underlying the scheme liabilities	(257)	13	(113)
	<hr/>	<hr/>	<hr/>
Actuarial gain/(loss) recognised in STRGL	(1,231)	114	(25)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Movement in surplus during year

	2008 £000	2007 £000	2006 £000
Surplus/(deficit) in scheme at beginning of year	(1,023)	(1,170)	(1,212)
Movement in year:			
Current service charge	(83)	(84)	(78)
Contributions	175	147	118
Past service costs:	(42)		
Settlements and Curtailments	0	0	47
Net interest/return on assets	(30)	(30)	(20)
Actuarial gain or loss	(1,238)	114	(25)
	<hr/>	<hr/>	<hr/>
Deficit in scheme at end of year	(2,241)	(1,023)	(1,170)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (*continued*)

History of experience gains or losses

	2008	2007	2006	2005	2004
	£	£	£	£	£
Difference between the expected and actual return on assets	(528)	101	162	299	0
Value of Assets	3,291	3,372	3,060	2,741	2,304
% of scheme assets	(16.04%)	3.00%	5.29%	10.91%	0.00%
Experience gains and losses on scheme liabilities	(446)	0	(74)	0	0
Total present value of liabilities	(5,532)	(4,402)	(4,230)	(3,953)	0
% of Total present value of scheme liabilities	8.06%	0.00%	1.75%	0.00%	0.00%
Actuarial (Loss)/Gain recognised in statement of total recognised gains and losses	(1,231)	114	(25)	(9)	0
% of the present value of liabilities	22.25%	2.59%	0.59%	0.23%	0.00%

29 Access funds

	2008	2007
	£	£
Funding Council Grants	371,844	533,802
Interest Earned	-	-
	<u>371,844</u>	<u>533,802</u>
Disbursed to students	(371,844)	(533,802)
Balance unspent at 31 July 2008	<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.

Notes (continued)

30 Training Bursary Payments

	2008	2007
	£	£
Grant paid by Training Development Agency (TDA)	4,266,480	4,406,100
2% Administration fee	(69,480)	(72,600)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	4,197,000	4,333,500
Payments to Trainees	(4,092,000)	(4,129,662)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Overpayment of Grant due to TDA	105,000	203,838
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

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.

31 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. (2007/08 Debtors £81,624; Creditors £43,955; 2006/07 Debtors £928,102; Creditors £583,031).

32 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.

No director had any interest in any contract during the financial year other than as disclosed above.

33 Members

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

34 Commitments

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

	2008	2007
Expiring after 5 years-Land & Buildings	<u>£1,150,000</u>	<u>£1,116,000</u>