



Financial Statements for year ending 31st July 2011

Registered Company Number: 3285547

A company limited by guarantee, without share capital, registered in England

Registered Charity number: 1060579

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Members of the University Council

The following persons served as governors during the year ended 31st July 2011. 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. All the members of the Council are Trustees of the University and directors of the Company.

Mgr JP Devine	Chair
Ms A Seddon	Vice-Chair
The Right Reverend Richard Blackburn	
Mrs E. Benson	
Sr KE Bishop SND	
Dr JC Chubb	
Mr F Cogley	
Mr S Harrison	
Mr A Loveridge	(resigned 14 th April 2011)
Dr J McClelland	
Mr C Mills	(appointed 14 th October 2010)
Mr J Norbury	
Very Rev M O'Dowd	
Professor Hilary Russell	(appointed 14 th October 2010)
Reverend H. Sharp	
Cllr. M Storey	
Sr M Walsh	
Miss C Whittington-Egan	(appointed 14 th October 2010)
Revd P Winn	(appointed 14 th April 2011)
Professor GJ Pillay	Vice Chancellor and Rector
Bishop I Stuart	Rectorate Team (resigned 31 st July 2010)
Dr P Haughan	Rectorate Team
Professor A Nagar	Staff Member
Dr J Speake	Staff Member (resigned 31 st July 2010)
Mr C Ferry	President, Students' Union
Mr G Donelan	Secretary

Senior Salaries Remuneration Panel

Chair of University Council, Mgr J Devine
Mr F Cogley
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 (Chair)
Bishop of Warrington (from 23rd November 2010)
Mr S Harrison
Mr J Norbury
Professor GJ Pillay

Audit Committee

Mr F Cogley
Mr M Gilbertson (co-opted)
Mrs E Benson
Mr W Brown (co-opted)
Revd P Winn (from June 2011)

Nominations Committee

Mgr J Devine (Chair)
Professor GJ Pillay
Dr Ian Vandewalle (Staff Member)

Advisers

External Auditors:	KPMG LLP St James' Square Manchester M2 6DS
Bankers:	National Westminster Bank plc Childwall Fiveways Liverpool L15 6YD Barclays 48B & 50 Lord Street Liverpool L2 1TD
Solicitors:	Weightmans India Building 4 Water Street Liverpool L2 0NH
Internal Auditors:	RSM Tenon 1 Hollingswood Court, Stafford Park 1 Telford Shropshire TF3 3DE

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 and in August 2009, the Privy Council granted the University the power to award research degrees. In the academic and financial year 2010/2011 there were 7,752 students and 875 members of staff, with a range of degrees at undergraduate and postgraduate levels.

Scope

The financial statements comprise the consolidated results of the University and its wholly-owned subsidiary, Liverpool Hope Enterprises Ltd. The subsidiary was set up to undertake activities, which, for legal or commercial reasons, were more appropriately channelled through a limited company. These activities included other services for a wide variety of commercial and other organisations. Liverpool Hope Enterprises Ltd. covenants the whole of any taxable profits to the University. During financial year 2011/12 Liverpool Hope Enterprises Ltd. activity will be processed through the University.

Members of the 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 31 to the accounts. None of the directors had any beneficial interest in Liverpool Hope Enterprises Ltd. during the year.

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.

Operating and Financial Review *(continued)*

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.

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”. 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.

Areas of Public Benefit provided by Liverpool Hope University

In shaping its objectives and planning its activities the University has considered the Charity Commission guidance on public benefit. The University through oversight of its activities at University Council meetings is confident that it fully satisfies the Public Benefit requirements of the Charity Commission as there is a direct benefit to students from its activities and an indirect benefit to the public at large.

The Public Benefit requirement requires two principles to be met.

1. There must be an identifiable benefit or benefits.

The objects of the University are

- (a) the higher education of men and women including the education and training of persons intending to enter, or engaged in, the teaching profession
- (b) the furtherance of the Roman Catholic Church and the Church of England, of Christian education, of ecumenical ideals, and of understanding between Christian Churches in the promotion of the Gospel
- (c) the advancement of knowledge by research and scholarship and teaching and learning.

This is a clearly identifiable benefit.

2. The benefit must be to the public or a section of the public. This area is expanded below.

Widening Participation

The University is committed to the Widening Participation agenda and invests considerable money and effort each year on its work with schools and young people. The University’s Access Agreement has been approved by the Office of Fair Access and hardship loans are available for students who suffer financial difficulties. There are also a range of facilities available for disabled students to ensure that they are not disadvantaged in any way and are able to fully participate in the life of the University. The University has been awarded the Frank Buttle kitemark (for care leavers).

Operating and Financial Review *(continued)*

Public benefit

As well as the students themselves the University provides benefits for the general public. This includes a range of events such as concerts, lectures and the Cornerstone Festival that are either free or accessible for a minimal charge. The public can also use the University sports facilities through paid membership and book the sports field and Hall for community events. Health and well being initiatives are also run at the University which the public are able to attend. The University's Service and Leadership award encourages students to undertake a range of voluntary activities across the local community and overseas and is recognised by a formal award at the end of their degree.

Finance

- Fee income

In 2010/11 Liverpool Hope University charged the maximum £3,290 for full-time undergraduate and PGCE programmes. Further changes to the Bursary Scheme, approved by the Office for Fair Access (OFFA), meant that the total bursaries in 2010/11 were £1,784,469. In addition, the University continued its Scholarships Scheme which paid out a total of £997,930 in relation to 2010/11.

- 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.

Responding to external factors and the continued strategic development of the University

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

Significant cuts to government grants to higher education had been anticipated in the 2012/13 financial forecasts, perhaps in the order of 25% and the University continued its strategic repositioning with increased entry points for undergraduate programmes. The lower limit at which students were confirmed on receipt of results or admitted through clearing was raised. Recruitment targets were achieved.

On publication of the Browne Review and subsequent confirmation of the government's decision to proceed with a raising of the tuition fee cap to £9,000 and the removal of government funding for Arts and Humanities teaching, it was clear that the 25% forecast cut in government grants had been a significant underestimation. It was estimated that Liverpool Hope University's teaching grant would be cut by 97%. As a result, a Change Management Team was established to ensure that the University positioned itself financially, academically and strategically to survive and flourish after the cuts were implemented.

University Council approved the broad direction of the proposals from the Change Management Team at an extraordinary meeting of University Council held on 10th January 2011 and all staff were informed of the proposals in open meetings on 12th January 2011. Overall savings of £6 million were anticipated of which £4 million were to come from staffing. A period of collective consultation with the recognised trade unions began and proposals were developed to deliver an effective structure, both academically and administratively, in order to face the marketised higher education system from 2012 onwards. An enhanced voluntary redundancy scheme was approved by the Staffing Committee of University Council.

Operating and Financial Review *(continued)*

Responding to external factors and the continued strategic development of the University (cont)

Through meaningful and lengthy consultation, new structures were put in place across all parts of the University and the process of matching staff to new posts or selection exercises, where there were fewer new posts than existing staff were begun. By the end of the process 102 members of staff had taken the Voluntary Redundancy Scheme at a total cost to the University of £1,964,133 which is identified as restructuring costs in the income and expenditure account. There was one member of academic staff (from the Faculty of Sciences & Social Sciences) made compulsory redundant.

The new structures were in place for the new academic year.

Whilst the whole Change Management process was painful for all concerned, the Council of the University recognized the need to take action in the year 2010/11 in order to be able to focus on recruiting students for 2012 when the impact of increased tuition fees is still unknown.

Tuition Fee level

A major decision for the University in the year was to set its full-time undergraduate fee for 2012 entrants. At an early stage it was decided not to set the fee at the maximum of £9,000 as it was not felt fair to pass on University restructuring and transitional costs (contained within the Change Management process) and government debt (the reason behind the change to the funding regime) to graduate debt. After rigorous debate at the Finance & General Purposes Committee and at University Council a fee of £8,250 was set for new entrants to the University in 2012. Council recognized that this fee balanced the need to fund the University's activities when 97% of the teaching grant was being removed with the University's historic commitment to widening participation and social justice. The University's Access Agreement with the Office for Fair Access was approved.

Estates Development and Capital Projects

Construction of the Education, Enterprise & Innovation Building at Hope Park, funded through ERDF and HEFCE Capital Funding, was completed on time and opened for use by the Faculty of Education and the Hope Business Gateway.

Throughout the year a number of Estates Developments were completed, these were funded from the University's reserves.

Miscellaneous

The Students' Union worked closely with the finance department to manage its budget effectively. At the end of the year 2010/11 the Students' Union repaid all of its outstanding debt to the University. The Students' Union continues to operate independently of the University.

Results for the Year

The University's consolidated income, expenditure and results for the year to 31st July 2011 are summarised as below:

	2010/11	2009/10
	£000s	£000s
Income	53,434	52,474
Expenditure	47,464	48,117
Operating surplus	5,970	4,357

Operating and Financial Review *(continued)*

The University's total income increased by 1.8% compared with the previous year and income from the funding councils decreased by 4.3%.

The University continues to seek to generate additional income through a range of Strategic Business Units and increasingly through knowledge transfer CPD and professionally accredited programmes.

The consolidated income and expenditure account for the year is set out on page 21.

Student Numbers

As at 31st July 2011 the University had 7,752 students (2009/10 – 7,981).

	Full Time Students	Part Time Students
Undergraduate	4,547	423
Postgraduate (taught)	391	436
Postgraduate (research)	47	96
PGCE	483	221
Other	259	849
	<hr/>	<hr/>
	5,727	2,025
	<hr/> <hr/>	<hr/> <hr/>

Treasury Management Policy

At the end of 2011 the cash at bank balance had increased by £3,488,747 to £6,097,936. The cash at bank is composed of cash of £5,886,909 and endowments of £211,027.

There has been significant capital investment over the last four years which has been funded from reserves and grants provided by HEFCE and NWDA. The University made a strategic decision not to undertake any loans to fund this building programme.

University bank loans had reduced to £9,148,853 at the year end and no new loans were taken out in 2010/11. All borrowing is undertaken in the name of the University and conforms to HEFCE requirements. The Treasury Management policy is monitored by the Finance and General Purposes Committee.

Banking services went out to tender during 2010/11, Barclays were appointed as the University bankers on 25th May 2011.

Reserves policy

The University is determined to increase its reserves each year and further strengthen its Balance Sheet. During financial year 2010/11 the overall reserves had increased by £9,712,225, which is due to an excellent financial result. The pension reserve liability was reduced to £5,616,000 from £8,439,000 due to changes in actuarial assumptions. Whilst it is a sector wide issue the University Finance and General Purposes Committee continues to take this liability very seriously and has established a group to review the University pension arrangements to report on what actions can be taken to minimise this risk.

Operating and Financial Review *(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, faculty 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. As part of the Change Management process the University Secretary as one of the project managers updates staff via a dedicated webpage.

Diversity

The University is cognisant of its obligations under the Equality Act 2010 and has due regard to equality and diversity in its policy making processes.

Environment and Sustainability

The University Council through its Finance & General Purposes Committee receives regular reports on the Carbon Reduction Commitment and the University adopted a Carbon Management Plan following collaboration with the Carbon Trust.

Members of the University Council

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 in the year.

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 and Risks

The University has positioned itself well for the challenging years ahead. The healthy surplus on the accounts and the capital investments made without additional borrowing will enable the University to make decisions from a position of relative strength as the level of public funding decreases dramatically. The strong performance in student recruitment through establishing a broader geographical base and a more selective entry level as well as significant improvements in retention rates over recent years also position the University well. It has become even more important to diversify income streams and the strategy to achieve this – the Five Point Plan – remains in place:- increased taught postgraduate numbers, increased fee-paying international students, more bids and grant applications, more enterprise activity and increased fundraising. The University will continue to survive and flourish.

The University is acutely aware of a number of issues that will have an impact on the whole higher education sector over the next few years, primarily the marketization of higher education through the new fee regime and the entry of new providers of FE Colleges at a lower fee level. In order to minimise these risks the University models a range of scenarios to ensure that plans are in place to respond to any major changes and protect the financial position of the University.

Through its Risk Register, reviewed at Senior Management Team meetings, and overseen by the Audit Committee on behalf of University Council, risks which are not directly financial are also highlighted. These might be compliance or accountability risks such as data returns, health & safety, safeguarding matters or they might be reputational such as quality audits and inspections. The whims of government policy remain a major risk.


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 CUC guide, 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 **University 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 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 (HEFCE), 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. 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, Pro Vice-Chancellors and the University Secretary) all contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the governing body.
7. 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.
8. 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.

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

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 2011 and, up to the date of signing these financial statements, 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 receive 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 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.
9. 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:
10. Clear definitions of the responsibilities of, and the authority delegated to, members of the Rectorate, Team and other senior managers;
11. A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
12. Regular reviews of academic performance and monthly reviews of financial performance involving variance reporting and updates of forecast outturns;
13. 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;
14. Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Finance & General Purposes Committee; and

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

15. A professional Internal Audit function whose annual programme is approved by the Audit Committee and endorsed by the Governing Body, which 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.

Our review of the effectiveness of the system of internal control is informed by the internal auditor, which operates to standards defined in the HEFCE Audit Code of Practice. The Internal Auditor's unqualified opinion for 2010/11 is welcomed.

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 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 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, 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 and Internal Auditors on their own for independent discussions. A fourth meeting has also been introduced, if required which does not include officers of the University.

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

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.

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.

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:-

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

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 annual budget and financial statements and have overall responsibility for the university's assets, property and estate.
12. 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.
13. 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.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of Liverpool Hope University.
15. To ensure that Liverpool Hope University's constitution is followed at all times and that appropriate advice is available to enable this to happen.

Independent auditors' report to the Council of Liverpool Hope University

We have audited the Group and parent University financial statements of Liverpool Hope University for the year ended 31 July 2011 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Governing Council, and to the company's members, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988 and to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Governing Council and to the company's members 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 Governing Council and the company's members, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Responsibilities set out on page 13 and 14, the Governing Council (and the Directors of the company for the purposes of company law) is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Council; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and the parent University as at 31 July 2011 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and the Companies Act 2006.

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

Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group and the University for specific purposes have been applied to those purposes; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and other terms and conditions attached to them.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Operating and Financial Review and Report of the Governing Council for the financial year for which the financial statements are prepared is consistent with the financial statements.

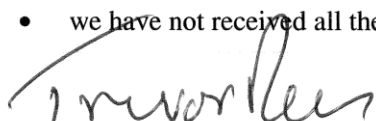
Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control (included as part of the Report of the Governing Council) is inconsistent with our knowledge of the Group and the parent University.

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

- adequate accounting records have not been kept by the parent University, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent University financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.



Trevor Rees (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St James Square

Manchester

M2 6DS

25 November 2011

Statement of Principal Accounting Policies

1. Basis of preparation

The University is a company limited by guarantee, and was incorporated on 26 November 1996. Under the terms of the Memorandum and Articles of Association, the members of the University Governing Council have each undertaken to contribute a maximum of £1 in the event of winding up of the company.

These financial statements have been prepared in accordance with both the Statement of Recommended Practice (SORP): Accounting in Further and Higher Education Institutions (2007), applicable accounting standards, and Companies Act where appropriate. 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 undertaking, Liverpool Hope Enterprises 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 financial statements.

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 the Companies Act 2006 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 for Schools 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 undertakes 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 its 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 £2,489,391 (2009/10: £2,561,408) (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 £288,411 (£295,772-£7,361) 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).

In addition £1,254,723 relates to voluntary redundancy provisions as part of the restructuring costs as a result of the Change Management Programme.

9. Fixed assets

In 1980 the two former colleges, St. 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.

St. 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 since 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.

Fixed asset land and buildings were revalued as at 31st July 2010. The revaluation was undertaken by Eddisons, a firm of chartered surveyors on a depreciated replacement cost basis. Additional works and improvements to land and buildings carried out since 1st August 2010 are included in the accounts at depreciated cost. The accounting policy is to revalue all land and buildings within a class of revalued assets but for practical purposes there is one instance where this had not been possible and the property is carried at depreciated historical cost, namely the refurbishment of HE teaching facilities at St. Mary's 6th Form College, Blackburn. The net book value of the refurbishment in the financial statements as at 31st July 2011 is £147,000 (2010 - £157,500).

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 of architects' certificates and other direct costs incurred to 31st July. They are not depreciated until they are brought into use.

Building refurbishment works are capitalised subject to a minimum threshold of £10,000 per refurbishment project. Such costs are not depreciated until the works are completed. Costs of refurbishment projects costing less than £10,000 are written off to the income and expenditure account in the period in which they are incurred.

Equipment costing less than £2,500 per individual item or group of related items constituting a single suite of equipment 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 lives as follows:

Land & Buildings

Buildings	50 years
Building refurbishments	20 years

Vehicles

Motor vehicles	5 years
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Equipment

Computer equipment (per item type)	3 years
Equipment (greater than £2,500)	3 years
Furniture & fittings	5 years
Boiler (hire purchase)	20 years
Steinway Pianos	10 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.

Statement of Principal Accounting Policies *(continued)*

10. Taxation Status

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes. Subsidiary companies are liable for corporation tax for charitable purposes.

The University is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged as inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

11. Bursaries

The University provides bursaries to students from its own revenue funds. These bursaries are shown in the income and expenditure account gross, as expenditure and not deducted from income.

The University also distributes bursaries on behalf of other organisations. The University only acts as agent and has no interest in these funds. As such, these transactions are not recognised in the income and expenditure account.

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.

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.

On 31st March 2011 the University acquired the remaining lease on Gerard Manley Hopkins Hall, a 188 bed student accommodation block at their Everton campus. The remainder of the lease was acquired for a premium of £625,000 payable to the former lease holder and will also require the payment of an annual rent payable to the lessor of £376,494 with inflationary increases every 5 years until the termination of the lease in November 2038. At the end of the term the University has the option to buy the freehold for 25% of market value and this outcome has been treated in the accounts as a foregone conclusion. Taking all aspects of the lease into account the University is accounting for it as a hire purchase, at the rate of interest implicit in the minimum lease payments (including the payment to acquire the freehold at the end of the term), and therefore including the asset at open market value of the property (£6,261,151 adjusting for dilapidations) at 31st March 2011.

Consolidated Income and Expenditure Account

For the year ended 31st July 2011

	Note	2011 £	2010 £
Income			
Funding council grants	1	24,984,244	25,905,559
Tuition fees and support grants	2	22,192,829	21,079,579
Research grants and contracts		131,549	170,065
Other operating income	3	6,106,029	5,265,535
Endowment and investment income	4	19,980	53,051
		<hr/>	<hr/>
Total income		53,434,631	52,473,789
		<hr/>	<hr/>
Expenditure			
Staff costs	5	24,691,325	26,076,324
Restructuring costs		1,964,133	704,219
Depreciation	10	2,752,703	2,540,372
Other operating expenses	6	17,208,397	17,799,268
Interest payable	7	847,815	996,997
		<hr/>	<hr/>
Total expenditure	9	47,464,373	48,117,180
		<hr/>	<hr/>
Operating surplus after depreciation of assets		5,970,258	4,356,609
Exceptional item			
Loss on disposal of asset	10	-	(510,400)
		<hr/>	<hr/>
Surplus after exceptional item		5,970,258	3,846,209
Transfer from accumulated income within endowments		25,279	18,477
		<hr/>	<hr/>
Surplus after depreciation of assets and interest	8	5,995,537	3,864,686
		<hr/> <hr/>	<hr/> <hr/>

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

Statement of Historical Cost Surplus and Deficits

For the year ended 31st July 2011

	<i>Note</i>	2011 £	2010 £
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	<i>20</i>	5,995,537	3,864,686
Revaluation gains in previous years released on disposal of assets	<i>21</i>	-	469,380
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<i>21</i>	393,912	327,405
Historical cost surplus		6,389,449	4,661,471

Balance Sheet as at 31st July 2011

	Note	Consolidated 2011 £	University £	Consolidated 2010 £	University £
Fixed assets					
Tangible assets	10	86,312,103	86,312,103	77,174,241	77,174,241
Investments	11	-	2,622,504	-	2,622,504
		<u>86,312,103</u>	<u>88,934,607</u>	<u>77,174,241</u>	<u>79,796,745</u>
Endowment Assets	12	211,027	211,027	236,306	236,306
Current assets					
Debtors	13	1,989,492	1,981,755	1,963,261	1,992,241
Cash at bank and in hand		5,886,909	5,280,649	2,372,883	2,059,579
		<u>7,876,401</u>	<u>7,262,404</u>	<u>4,336,144</u>	<u>4,051,820</u>
Creditors: amounts falling due within one year	14	(7,539,394)	(9,517,742)	(8,186,127)	(10,507,548)
Net current assets/(liabilities)		<u>337,007</u>	<u>(2,255,338)</u>	<u>(3,849,983)</u>	<u>(6,455,728)</u>
Total assets less current liabilities		<u>86,860,137</u>	<u>86,890,296</u>	<u>73,560,564</u>	<u>73,577,323</u>
Creditors: amounts falling due after more than one year					
Provisions for liabilities and charges	15 16	(14,391,530) (1,543,134)	(14,391,530) (1,543,134)	(9,228,542) (295,772)	(9,228,542) (295,772)
Net assets excluding pension liability		<u>70,925,473</u>	<u>70,955,632</u>	<u>64,036,250</u>	<u>64,053,009</u>
Pension liability	17	(5,616,000)	(5,616,000)	(8,439,000)	(8,439,000)
Total net assets		<u>65,309,473</u>	<u>65,339,632</u>	<u>55,597,250</u>	<u>55,614,009</u>
Deferred capital grants	18	23,196,118	23,196,118	22,451,170	22,451,170
Endowments	19	211,027	211,027	236,306	236,306
Reserves					
Income and expenditure account excluding pension reserve	20	24,944,167	24,974,326	18,307,469	18,324,228
Pension reserve		(5,616,000)	(5,616,000)	(8,439,000)	(8,439,000)
Income and expenditure account including pension reserve		19,328,167	19,358,326	9,868,469	9,885,228
Revaluation reserve	21	22,574,161	22,574,161	23,041,305	23,041,305
Total funds		<u>65,309,473</u>	<u>65,339,632</u>	<u>55,597,250</u>	<u>55,614,009</u>

The financial statements on pages 21 to 46 were approved by the University Council on 22nd November 2011, 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 2011

	<i>Note</i>	2011 £	2010 £
Net cash inflow from operating activities	23	15,151,506	2,453,193
Returns on investments and servicing of finance			
Interest received		19,980	53,051
Interest paid		(627,843)	(508,997)
Net cash outflow from returns on investments and servicing of finance		(607,863)	(455,946)
Capital expenditure and financial investment	24	(10,593,427)	(5,627,153)
Cash inflow/(outflow) before financing		3,950,216	(3,629,906)
Financing	25	(461,471)	(445,649)
Increase/(decrease) in cash	27	3,488,745	(4,075,555)

Statement of Total Recognised Gains and Losses

For the year ended 31st July 2011

	<i>Note</i>	2011	2010
		£	£
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets excluding appreciation of endowment asset		5,970,258	3,846,209
Unrealised (loss)/gain on revaluation of fixed assets	21	(73,232)	4,407,526
Actuarial gain/(loss) in respect of pension scheme	28	3,070,249	(224,000)
Impact of RPI to CPI	28	-	2,085,000
New endowment	19	-	75,000
Total recognised gains relating to the period		8,967,275	10,189,735
Reconciliation			
Opening reserves and endowments		33,146,080	22,956,345
Total recognised gains for the year		8,967,275	10,189,735
Closing reserves and endowments		42,113,355	33,146,080

Notes

(forming part of the financial statements)

1 Funding council grants

	2011 £	2010 £
Recurrent grant – HEFCE	15,846,942	16,012,170
Recurrent grant – TDA	6,698,230	6,357,130
Specific grants		
HEFCE Research Assessment	425,444	475,919
HEFCE Special Initiatives	1,121,173	1,956,600
TDA Special Initiatives	402,926	619,156
Deferred capital grants released in year		
Buildings (Note 18)	427,361	371,030
Equipment (Note 18)	62,168	113,554
	<u>24,984,244</u>	<u>25,905,559</u>

2 Tuition fees and support grants

	2011 £	2010 £
Full-time students	16,721,923	15,407,530
Full-time students charged overseas fees	1,452,739	1,204,348
Part-time students	1,052,408	820,985
	<u>19,227,070</u>	<u>17,432,863</u>
Total fees paid by or on behalf of individual students		
Education contracts	187,223	240,546
Short course fees	2,778,536	3,406,170
	<u>2,965,759</u>	<u>3,646,716</u>
Total education contracts and short course fees		
Total	<u>22,192,829</u>	<u>21,079,579</u>

Notes (continued)

3 Other operating income

	2011 £	2010 £
Residences, catering and conferences	4,789,794	4,162,637
Other income	1,180,341	983,587
Release of deferred capital grants (note 18)	135,894	119,311
	<hr/>	<hr/>
	6,106,029	5,265,535
	<hr/> <hr/>	<hr/> <hr/>

4 Endowment and investment income and interest receivable

	2011 £	2010 £
Interest receivable	18,930	51,875
Interest on expendable endowment	1,050	1,176
	<hr/>	<hr/>
	19,980	53,051
	<hr/> <hr/>	<hr/> <hr/>

5 Staff costs (including directors' emoluments)

	2011 £	2010 £
Wages and salaries	20,610,342	21,783,711
Social security costs	1,660,492	1,731,205
Other pension costs (Note 28)	2,420,491	2,561,408
	<hr/>	<hr/>
	24,691,325	26,076,324
	<hr/> <hr/>	<hr/> <hr/>

The average numbers of staff employed by the University (FTE)

	2011 Number FTE	2010 Number FTE
Academic	303	336
Administrative and technical	450	482
Manual and ancillary	123	138
	<hr/>	<hr/>
	876	956
	<hr/> <hr/>	<hr/> <hr/>

Emoluments of the Rector (excl. pensions contributions)

214,866	199,077
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The emoluments of the Rector are shown on the same basis as for higher paid staff (excluding employer's 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 £29,366 (2009/10: £24,816).

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:

	2011 Number	2010 Number
£100,000 - £109,999	4	1
£220,000 - £229,999	-	1
£240,000 - £249,999	1	-
	<hr/>	<hr/>
	5	2
	<hr/> <hr/>	<hr/> <hr/>

6 Other operating expenses

	2011 £	2010 £
Residences, catering and conference operating expenses	1,749,874	1,478,582
Teaching departments	4,900,774	6,299,134
Books and periodicals	571,125	567,909
Heat, light, water and power	1,159,911	1,067,841
Repairs and general maintenance	1,473,724	1,443,240
Grants to Liverpool Hope Students' Union	225,000	225,000
External auditors' remuneration	44,844	45,649
External auditors' remuneration in respect of non-audit services	5,082	10,307
Other support services	492,890	501,838
Administration and central services	4,644,272	3,960,982
Other income generating activities	874,359	950,117
Other operating expenses	1,065,448	1,244,467
Reimbursement of Trustees' expenses	1,094	4,202
	<hr/>	<hr/>
	17,208,397	17,799,268
	<hr/> <hr/>	<hr/> <hr/>

Of the £44,844 auditors' remuneration £40,244 relates to the University.

In each year 3 Trustees were reimbursed for expenses directly connected with their duties as Trustees. In 2010/11 these expenses were travel (including international travel), conferences and hospitality amounting to £1,094. In 2009/10 the expenses related to travel and conferences and amounted to £4,202.

Notes (continued)

7 Interest payable

	2011 £	2010 £
Interest payable on bank loans not wholly repayable within five years	483,112	497,657
FRS 17 pension fund interest payable	219,972	488,000
Interest payable on finance lease	144,731	11,340
	<u>847,815</u>	<u>996,997</u>

8 The surplus on continuing operations for the year

	2011 £	2010 £
University surplus for the year	6,008,937	3,841,016
(Loss)/Surplus generated by subsidiary undertaking and not transferred to the University under gift aid	(13,400)	23,670
	<u>5,995,537</u>	<u>3,864,686</u>

9 Analysis of expenditure

	Staff costs £	Depreciation £	Interest payable £	Other operating expenses £	Total £
Academic departments	13,936,266	-	-	4,900,774	18,837,040
Academic support services	1,938,524	-	-	1,297,273	3,235,797
Other support services	1,150,723	-	-	717,890	1,868,613
Administration and central services	3,511,666	-	-	4,723,154	8,234,820
General education expenditure	-	-	-	44,841	44,841
Premises	2,064,232	-	-	2,898,989	4,963,221
Other income generating activities	1,242,881	-	-	875,602	2,118,483
Residences, catering and conferences	847,033	-	-	1,749,874	2,596,907
Depreciation	-	2,752,703	-	-	2,752,703
Interest payable	-	-	847,815	-	847,815
	<u>24,691,325</u>	<u>2,752,703</u>	<u>847,815</u>	<u>17,208,397</u>	<u>45,500,240</u>
Total per income and expenditure account (excluding restructuring costs)					
The depreciation charge has been funded by:					
Deferred capital grants released in the year (note 18)		625,422			
General income		2,127,281			
		<u>2,752,703</u>			

Notes (continued)

10 Tangible fixed assets

Consolidated & University	Assets in the course of construction	Land and Buildings	Vehicles	Equipment	Total
	£	£	£	£	£
Valuation/cost					
At 1 August 2010	5,868,720	69,871,000	121,501	5,241,635	81,102,856
Additions at cost	499,317	10,258,004	-	1,206,476	11,963,797
Transfers	(6,252,738)	6,252,738	-	-	-
Revaluations	-	(73,232)	-	-	(73,232)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 July 2011	115,299	86,308,510	121,501	6,448,111	92,993,421
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation					
At 1 August 2010	-	-	86,918	3,841,697	3,928,615
Charge for the year	-	1,845,852	24,300	882,551	2,752,703
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 July 2011	-	1,845,852	111,218	4,724,248	6,681,318
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value					
At 31 July 2011	115,299	84,462,658	10,283	1,723,863	86,312,103
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 July 2010	5,868,720	69,871,000	34,583	1,399,938	77,174,241
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 sports 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 sports centre. Accordingly under FRS 5, Liverpool Hope recognises an interest in the asset with Liverpool Hope Enterprises Ltd, and became a long-term creditor for the consideration. The lease ran for a period of 12 years less 3 days from 14th January 1999 which ended in January 2011.

Included within fixed assets is £380,869 (NBV £332,082) which relates to a boiler replacement which has been funded via a hire purchase agreement dated May 2007 and which is being repaid over 60 months. Also included is £6,261,151 (NBV £6,100,609) which relates to Gerard Manley Hopkins Hall. The substantive nature of the transaction is that of a hire purchase arrangement with rental payments due for 27½ years from the date of acquisition. The property is being depreciated over its remaining useful economic life of 42 years.

Fixed assets include £5,843,500 in relation to land. The land has not been depreciated in the accounts.

The asset disposal and loss of £510,400 in the previous year refers to the partial demolition of the Keswick Building at Hope Park, the site is used as open space.

Notes (continued)

11 Investments

	Consolidated 2011	University	Consolidated	University
	£	£	2010	£
Investment in subsidiaries at cost	-	2,622,504	-	2,622,504

The University owns 100% of the issued share capital of 2,622,504 (2009/10:2,622,504) £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 operation and management of the Hope Park sports hall, which it leases from the University. The lease which ran for a period of 12 years less three days from 14th January 1999 was terminated in January 2011. Activity in Liverpool Hope Enterprises Ltd will be transferred to the University during 2011/12.

12 Endowment assets – expendable endowment

	Consolidated 2011	University	Consolidated	University
	£	£	2010	£
Balance at 1 st August 2010	236,306	236,306	179,783	179,783
Additions (see note 19)	-	-	75,000	75,000
Expenditure in year (see note 19)	(26,329)	(26,329)	(19,653)	(19,653)
Investment income in year (see note 19)	1,050	1,050	1,176	1,176
	211,027	211,027	236,306	236,306

All the above endowment assets are represented by cash deposits.

13 Debtors

	Consolidated 2011	University	Consolidated	University
	£	£	2010	£
Amounts falling due within one year				
Trade debtors	1,282,533	1,274,796	1,129,933	1,129,361
Sundry debtors	492,278	492,278	425,407	425,407
Prepayments and accrued income	214,681	214,681	235,749	235,749
Amounts due from subsidiary company	-	-	-	29,552
	1,989,492	1,981,755	1,791,089	1,820,069
Amounts falling due after more than one year				
Debtors	-	-	17,062	17,062
Prepayments and accrued income	-	-	155,110	155,110
	1,989,492	1,981,755	1,963,261	1,992,241

Notes (continued)

14 Creditors: amounts falling due within one year

	Consolidated 2011	University	Consolidated	University
	£	£	2010	£
Loans	390,787	390,787	438,290	438,290
Trade creditors	732,843	713,626	720,662	713,377
Social security and other taxation payable	872,934	870,499	901,668	899,450
Accruals and deferred income	5,527,712	5,527,712	6,054,493	6,054,502
Obligations under hire purchase agreement	15,118	15,118	71,014	71,014
Amount due to subsidiary company	-	2,000,000	-	2,330,915
	7,539,394	9,517,742	8,186,127	10,507,548

15 Creditors: amounts falling due after more than one year

	Consolidated 2011	University	Consolidated	University
	£	£	2010	£
Loans secured on residential and other property repayable by 2030	8,758,066	8,758,066	9,172,034	9,172,034
Obligations under hire purchase agreement	5,633,464	5,633,464	56,508	56,508
	14,391,530	14,391,530	9,228,542	9,228,542

Loans are repayable as below

	2011	2010
	£	£
Within 1 to 2 years	342,087	395,387
Within 2 to 5 years	1,287,630	1,072,466
After 5 years	7,128,349	7,704,181
	8,758,066	9,172,034

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
	£	%		
Alexander Jones Building	600,000	1.420	Fixed	12
Sports centre	1,900,000	7.225	Fixed	12
Great Hall	1,000,000	1.254	Variable	1
Cloisters/Hermitage	420,000	1.131	Fixed	17
Student accommodation	8,300,000	5.650	£7m Fixed	19
		1.153	£1.3m 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

	Restructuring Costs	Enhanced Pension scheme	Total
	£	£	£
At 1 st August 2010	-	295,772	295,772
Increase/(Decrease) in provision	1,254,723	(7,361)	1,247,362
	<u> </u>	<u> </u>	<u> </u>
At 31 st July 2011	1,254,723	288,411	1,543,134
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

17 Pension liability

University & consolidated	2011	2010
	£	£
As at 1 August 2010	8,439,000	9,770,000
(Decrease) in liability	(2,823,000)	(1,331,000)
	<u> </u>	<u> </u>
As at 31 st July 2011 (see note 28 for further details)	5,616,000	8,439,000
	<u><u> </u></u>	<u><u> </u></u>

The University's pension liability is analysed as follows:

	£	£
Greater Manchester Pension Fund	3,769,000	6,530,000
Merseyside Pension Fund	1,847,000	1,909,000
	<u> </u>	<u> </u>
	5,616,000	8,439,000
	<u><u> </u></u>	<u><u> </u></u>

Notes (continued)

18 Deferred capital grants

	HEFCE 2011 £	Other 2011 £	Total 2011 £
At 1st August 2010			
Buildings	16,779,043	5,609,960	22,389,003
Equipment	62,167	-	62,167
	<hr/>	<hr/>	<hr/>
Total	16,841,210	5,609,960	22,451,170
	<hr/>	<hr/>	<hr/>
Cash Received			
Buildings	489,804	880,566	1,370,370
	<hr/>	<hr/>	<hr/>
Total	489,804	880,566	1,370,370
	<hr/>	<hr/>	<hr/>
Released to income and expenditure account			
Buildings (note 1 & 3)	427,361	135,894	563,255
Equipment (note 1 & 3)	62,167	-	62,167
	<hr/>	<hr/>	<hr/>
Total	489,528	135,894	625,422
	<hr/>	<hr/>	<hr/>
At 31st July 2011			
Buildings	16,841,486	6,354,632	23,196,118
Equipment	-	-	-
	<hr/>	<hr/>	<hr/>
Total	16,841,486	6,354,632	23,196,118
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

19 Restricted expendable endowments

	Consolidated 2011 £	University Consolidated 2010 £	University 2010 £
As at 1 st August 2010			
Capital	236,306	236,306	179,783
Investment income	1,050	1,050	1,176
Received during the year	-	-	75,000
Expenditure in year	(26,329)	(26,329)	(19,653)
	<hr/>	<hr/>	<hr/>
At 31st July 2011			
Capital	211,027	211,027	236,306
Accumulated income	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The endowments are from the Anthony Burgess Foundation for the advancement of study and research into the author's work, and Rex Makin for chairs in humanities and Jewish law.

The above endowments are all represented by cash deposits.

Notes (continued)

20 Income and expenditure account reserve

	Consolidated 2011 £	University £	Consolidated 2010 £	University £
At 1 st August 2010	9,868,469	9,885,228	3,345,998	3,389,622
Actuarial gain	3,070,249	3,070,249	1,861,000	1,861,000
Other adjustments	-	-	-	(3,195)
Transfer from revaluation reserve	393,912	393,912	796,785	796,785
Surplus for the year	5,995,537	6,008,937	3,864,686	3,841,016
	<u>19,328,167</u>	<u>19,358,326</u>	<u>9,868,469</u>	<u>9,885,228</u>
Balance represented by:				
Pension reserve	(5,616,000)	(5,616,000)	(8,439,000)	(8,439,000)
Income and expenditure reserve excluding pension reserve	24,944,167	24,974,326	18,307,469	18,324,228
	<u>19,328,167</u>	<u>19,358,326</u>	<u>9,868,469</u>	<u>9,885,228</u>
At 31st July 2011	<u><u>19,328,167</u></u>	<u><u>19,358,326</u></u>	<u><u>9,868,469</u></u>	<u><u>9,885,228</u></u>

As permitted by the Companies Act 2006, the income and expenditure account of the parent company, Liverpool Hope University, is not separately presented as part of these financial statements.

21 Revaluation reserve

	Consolidated 2011 £	University £	Consolidated 2010 £	University £
At 1st August 2010	23,041,305	23,041,305	19,430,564	19,430,564
Revaluation in the year	(73,232)	(73,232)	4,407,526	4,407,526
Depreciation released to income and expenditure reserve	(393,912)	(393,912)	(327,405)	(327,405)
Asset disposals released to income and expenditure reserve	-	-	(469,380)	(469,380)
	<u>22,574,161</u>	<u>22,574,161</u>	<u>23,041,305</u>	<u>23,041,305</u>
At 31st July 2011	<u><u>22,574,161</u></u>	<u><u>22,574,161</u></u>	<u><u>23,041,305</u></u>	<u><u>23,041,305</u></u>

22 Capital commitments

	Consolidated 2011 £	University £	Consolidated 2010 £	University £
Commitments contracted for at 31 st July	1,610,212	1,610,212	3,014,000	3,014,000
	<u><u>1,610,212</u></u>	<u><u>1,610,212</u></u>	<u><u>3,014,000</u></u>	<u><u>3,014,000</u></u>

Notes (continued)

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

	2011 £	2010 £
Surplus	5,995,537	3,864,686
FRS17 adjustment	247,249	530,000
Loss on disposal of fixed assets	-	510,400
Impairment of fixed assets	-	115,214
Depreciation (note 10)	2,752,702	2,540,372
Deferred capital grants released to income (note 18)	(625,422)	(603,896)
Investment income (note 4)	(19,980)	(53,051)
Interest payable (note 7)	627,843	508,997
(Increase)/Decrease in debtors (note 13)	(26,231)	25,121
Increase/(decrease) in creditors (note 14)	4,977,725	(5,015,394)
(Decrease)/increase in endowments (note 19)	(25,279)	56,523
Increase/(Decrease) in provisions (note 16)	1,247,362	(25,779)
	<u>15,151,506</u>	<u>2,453,193</u>

24 Capital expenditure and financial investment

	2011 £	2010 £
Tangible assets acquired (note 10)	(11,963,797)	(12,653,845)
Deferred capital grants received (note 18)	1,370,370	7,026,692
	<u>(10,593,427)</u>	<u>(5,627,153)</u>

25 Analysis of changes in consolidated financing during the year

Loans	2011 £	2010 £
As at 1 st August 2010	9,610,324	10,055,973
Capital repayments	(461,471)	(445,649)
Net decrease in loans	<u>(461,471)</u>	<u>(445,649)</u>
Balance at 31st July 2011	<u>9,148,853</u>	<u>9,610,324</u>

Notes (continued)

26 Analysis of changes in net debt

	At 1 August 2010	Cash flows	At 31 July 2011
	£	£	£
Net available cash	2,372,883	3,514,025	5,886,908
Endowment asset (note 12)	236,306	(25,279)	211,027
Debt due within 1 year	(438,290)	47,503	(390,787)
Debt due after 1 year	(9,172,034)	413,969	(8,758,065)
	<u>(7,001,135)</u>	<u>3,950,219</u>	<u>(3,050,917)</u>

27 Reconciliation of net cash flow to movement in net debt

	2011 £	2010 £
Increase/(Decrease) in cash in the period	3,488,747	(4,075,556)
Net decrease in debt	461,471	445,641
Change in net debt resulting from cash flows	<u>3,950,218</u>	<u>(3,629,915)</u>
Net debt at 1st August 2010	<u>(7,001,135)</u>	<u>(3,371,220)</u>
Net debt at 31st July 2011	<u>(3,050,917)</u>	<u>(7,001,135)</u>

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 £2,489,391 (2010: £2,561,408).

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 valuations 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 2010 to 31 July 2011 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 a separate trustee administered fund. The total contribution made for the year ended 31 July 2011 was £1,249,000 of which employers contributions totalled £866,000 and employees contributions totalled £383,000. The agreed contribution rates for future years are 15.5% 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 2008 updated to 31 July 2010 by a qualified independent actuary.

	2011	2010	2009
Rate of increase in salaries	4.50%	4.9%	5.2%
Rate of increase in pensions in payment/inflation	2.70%	2.90%	3.7%
Discount rate for liabilities	5.30%	5.40%	6.70%
Commutation of pension to lump sums	50.00%	50.00%	50.00%
	=====	=====	=====

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 2011	At 31 July 2010	At 31 July 2009
Retiring today			
Males	20.10	20.80	19.60
Females	22.90	24.10	22.50
Retiring in 20 years			
Males	22.50	22.80	20.70
Females	25.00	26.20	23.60
	=====	=====	=====

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 11	Value at 31 July 11	Long term rate of return Expected 31 Jul 10	Value at 31 July 10	Long term rate of return Expected 31 Jul 09	Value at 31 July 09
		£000		£000		£000
Equities	7.00%	15,099	7.30%	13,788	7.30%	11,867
Bonds	4.60%	4,219	4.80%	2,996	5.30%	2,307
Property	5.10%	1,110	5.30%	1,199	5.30%	989
Cash	4.00%	1,776	4.40%	1,998	4.30%	1,319
		<hr/>		<hr/>		<hr/>
Share of total market value of assets		22,204		19,976		16,482
Present value of scheme liabilities						
- Funded		(25,935)		(26,468)		(23,956)
- Unfunded		(38)		(38)		(44)
		<hr/>		<hr/>		<hr/>
		(3,769)		(6,530)		(7,518)
		<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>

Asset values are at bid value for 2010 while prior years are reported at mid market value. This adjustment has been made in current year as the value is not material.

Analysis of the amount charged to the income and expenditure account

	2011 £000	2010 £000	2009 £000
Employer service cost (net of employee contributions)	976	1013	782
Past service cost	-	(1,759)	-
	<hr/>	<hr/>	<hr/>
Total operating charge	976	(746)	782
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Analysis of pension finance income

	2011 £000	2010 £000	2009 £000
Expected return on pension scheme assets	1,321	1,115	1,145
Interest on pension scheme liabilities	(1,456)	(1,470)	(1,297)
	<hr/>	<hr/>	<hr/>
Pension finance income	(135)	(355)	(152)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

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

	2011 £000	2010 £000	2009 £000
Actual return less expected return on pension scheme assets	157	1,532	(1,454)
Experience gains and losses arising on the scheme liabilities	1,735	6	1
Change in financial and demographic assumptions underlying the scheme liabilities	1,203	(1,798)	(2,952)
	<hr/> 3,095 <hr/>	<hr/> (260) <hr/>	<hr/> (4,405) <hr/>
Actual gain/(loss) recognised in STRGL			

Movement in deficit during year

	2011 £000	2010 £000
Deficit in scheme at beginning of year	(6,530)	(7,518)
Movement in year:		
Current service charge	(976)	(1,013)
Contributions	866	882
Past service costs	-	1,759
Settlements and Curtailments	(89)	(25)
Net interest/return on assets	(135)	(355)
Actuarial Gain/(Loss)	3,095	(260)
	<hr/> (3,769) <hr/>	<hr/> (6,530) <hr/>
Deficit in the scheme at end of year		

History of experience gains or losses

	2011 £	2010 £	2009 £	2008 £	2007 £
Difference between the expected and actual return on assets	157	1,532	(1,454)	(3,588)	486
Value of Assets	22,204	19,976	16,482	15,927	17,529
% of scheme assets	0.71%	7.67%	(8.82%)	(22.53%)	2.8%
Experience gains and losses on scheme liabilities	1,735	6	1	1,324	2
Total present value of liabilities	(25,973)	(26,506)	(24,000)	(18,972)	19,156
% of Total present value of scheme liabilities	(6.68%)	(0.02%)	(0.00%)	6.98%	0.0%
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	3,095	(260)	(4,405)	(1,238)	2,341
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
% of the present value of liabilities	11.92%	0.98%	18.43%	6.53%	12.2%

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 2011 was £238,000 of which employer's contributions totalled £216,000 and employees' contributions totalled £22,000. The agreed contribution rates for future years are 34.4% 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 2008 updated to 31 July 2010 by a qualified independent actuary.

	2011 £000	2010 £000	2009 £000
Rate of increase in salaries	4.30%	4.45%	4.95%
Rate of increase in pensions in payment/inflation	2.80%	2.70%	3.70%
Discount rate for liabilities	5.10%	5.50%	6.30%
Commutation of pension to lump sum	50.00%	50.00%	50.00%

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 2011	At 31 July 2010	At 31 July 2009
Retiring today			
Males	21.40	20.40	20.30
Females	24.10	23.20	23.20
Retiring in 20 years			
Males	22.80	21.30	21.30
Females	25.70	24.10	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 11	Value at 31 July 11 £000	Long term rate of return expected 31 Jul 10	Value at 31 July 10 £000	Long term rate of return expected 31 Jul 09	Value at 31 July 09 £000
Equities	7.00%	2,520	7.50%	2,183	7.50%	1900
Bonds – government	3.90%	529	4.20%	542	4.80%	495
Bonds – other	4.90%	150	5.10%	149	5.90%	141
Property	6.00%	355	6.50%	241	6.50%	207
Cash & other	0.50%	395	0.50%	425	5.00%	388
Total market value of assets		3,949		3,540		3,131
Present value of scheme liabilities						
- Funded		(5,783)		(5,435)		(5,368)
- Unfunded		(13)		(14)		(15)
Related deferred tax liability						
		(1,847)		(1,909)		(2,252)

Notes (continued)

Asset values are at bid value for 2010 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

	2011 £000	2010 £000	2009 £000
Employer service cost (net of employee contributions)	(63)	(76)	(102)
Past service cost	-	326	-
	<hr/>	<hr/>	<hr/>
Total operating credit/(charge)	(63)	250	(102)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Analysis of pension finance income/(costs)

	2011 £000	2010 £000	2009 £000
Expected return on pension scheme assets	222	200	216
Interest on pension scheme liabilities	(291)	(333)	(325)
	<hr/>	<hr/>	<hr/>
Pension finance costs	(69)	(133)	(109)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	2011 £000	2010 £000	2009 £000
Actual return less expected return on pension scheme assets	781	786	(638)
Experience gains and losses arising on the scheme liabilities	(67)	-	-
Change in financial and demographic assumptions underlying the scheme liabilities	(736)	(750)	634
	<hr/>	<hr/>	<hr/>
Actuarial gain/(loss) recognised in STRGL	(22)	36	(4)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Movement in surplus during year

	2011 £000	2010 £000	2009 £000
Deficit in scheme at beginning of year	(1,909)	(2,252)	(2,241)
Movement in year:			
Current service charge	(63)	(76)	(102)
Contributions	216	190	204
Past service costs:	-	326	-
Net interest/return on assets	(69)	(133)	(109)
Actuarial gain or loss	22	36	(4)
	<hr/>	<hr/>	<hr/>
Deficit in scheme at end of year	(1,847)	(1,909)	(2,252)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

History of experience gains or losses

	2011 £	2010 £	2009 £	2008 £	2007 £
Difference between the expected and actual return on assets	781	786	(638)	(528)	101
Value of assets	3,949	3,540	3,131	3,291	3,372
% of scheme assets	19.78%	22.20%	(20.38%)	(16.04)%	3.00%
Experience gains and losses on scheme liabilities	67	0	0	(446)	0
Total present value of liabilities	(5,796)	(5,449)	(5,383)	(5,532)	(4,402)
% of Total present value of scheme liabilities	1.16%	0.00%	0.00%	8.06%	0.00%
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	(22)	36	(4)	(1,231)	114
% of the present value of liabilities	0.38%	(0.66%)	0.07%	22.25%	2.59%

In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Price Index (CPI) rather than, as previously, the Retail Price Index (RPI). In the year ended 31st July 2010, the University considered the Greater Manchester Pension Fund (GMPF) and the Merseyside Pension Fund (MPF) scheme rules and associated members' literature and concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL') in the 2009/10 financial statements. Following the issue of Urgent Issues Task Force ('UITF') Abstract 48 in December 2010, the University has reconsidered its position in respect of the above and has concluded that the above treatment of the gain remains appropriate.

29 Access funds

	2011 £	2010 £
Unspent balance brought forward	16,144	17,764
Funding Council grants	208,360	264,304
	<hr/>	<hr/>
Administration fee	224,504 (6,251)	282,068 (7,929)
Disbursed to students	(218,253)	(257,995)
	<hr/>	<hr/>
Balance unspent at 31st July 2011	-	16,144
	<hr/> <hr/>	<hr/> <hr/>

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

	2011	2010
	£	£
Grant paid by Training Development Agency (TDA)	3,440,460	3,679,956
2% administration fee	(67,460)	(72,156)
	3,373,000	3,607,800
Payments to trainees	(3,037,688)	(3,660,840)
Grant due to/(from) TDA	335,312	(53,040)

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 Related party disclosures

Due to the nature of the University's operations and the composition of the University Council (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a Member of the Board 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. No transactions were identified which are required to be disclosed under Financial Reporting Standard 8 – Related Party Disclosures.

32 Commitments

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

	2011	2010
Expiring after 5 years-Land & Buildings	<u>£1,231,762</u>	<u>£1,190,109</u>