



## Financial Statements for year ending 31<sup>st</sup> July 2015

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 31<sup>st</sup> July 2015 or were members as at 26<sup>th</sup> November 2015 when these financial statements were approved. 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, resigned 31 <sup>st</sup> July 2015
The Right Reverend Paul Bayes	Appointed 16 <sup>th</sup> April 2015
Mrs E. Benson	Resigned 31 <sup>st</sup> July 2015
Sr. M. Charles-Murray	Appointed 1 <sup>st</sup> October 2014
Dr JC Chubb	
Mr M Gilbertson	
Fr C. McCoy	Appointed 16 <sup>th</sup> September 2014
De S. Hulme	With effect from 15 <sup>th</sup> October 2015
Mr C Mills	
Dr A. Naylor	Appointed 3 <sup>rd</sup> March 2015
Professor H Russell	
Mrs D Shaw	
Cllr. N Small	
Mrs M Swinson	
Sr M Walsh	
Miss C Whittington-Egan	
Revd P Winn	
HH Judge Graham Wood QC	
Mr J Norbury	With effect from 1 <sup>st</sup> August 2015
Revd Dr S Anderson	With effect from 15 <sup>th</sup> October 2015
Professor GJ Pillay	Vice Chancellor and Rector
Dr P Haughan	Rectorate Team, resigned 31 <sup>st</sup> July 2015
Dr I Vandewalle	Rectorate Team, with effect from 1 <sup>st</sup> August 2015
Professor N Rees	Rectorate Team
Dr J Bennett	Staff Member
Dr W Bignold	Staff Member
Miss H Baker	President, Students' Union, resigned 31 <sup>st</sup> July 2015
Ms K Cox	President, Students' Union, with effect from 1 <sup>st</sup> August 2015
Mr G Donelan	Secretary

### *Senior Salaries Remuneration Panel*

Chair of University Council, Mgr J Devine  
Reverend P Winn  
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) Resigned 31<sup>st</sup> July 2015  
Mr J Norbury (Chair) With effect from 1<sup>st</sup> August 2015  
Fr C. McCoy  
Mrs D Shaw  
Professor GJ Pillay

### *Audit Committee*

Reverend P Winn (Chair)  
Mr M Gilbertson  
Mrs E Benson  
Professor H Russell  
HH Judge Graham Wood QC

### *Nominations Committee*

Mgr J Devine (Chair)  
Professor GJ Pillay  
Ms A Seddon

## **Advisers**

External Auditors: KPMG LLP  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

Bankers: Barclays plc  
48B & 50 Lord Street  
Liverpool  
L2 1TD

National Westminster Bank plc  
Childwall Fiveways  
Liverpool  
L15 6YD

Solicitors: Weightmans LLP  
India Building  
4 Water Street  
Liverpool  
L2 0NH

Bond Dickinson  
One Trinity  
Broad Chare  
Newcastle Upon Tyne  
NE1 2HF

Internal Auditors: Baker Tilly Business Services Ltd.  
Unit 3 Hollinswood Court, Stafford Park 1, Telford  
Shropshire  
TF3 3DE

## Strategic Report

### *Corporate Plan and Strategic Objectives*

The University continued to build its profile as a serious alternative in the higher education sector. 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 path of excellence in scholarship and collegial life without reservation or hesitation. The University’s distinctive philosophy is to ‘educate in the round’ – mind, body and spirit - in the quest for Truth, Beauty and Goodness.

The Corporate Plan, approved in 2012, provides the strategic framework within which the University operates.

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

- high quality academic pursuit
- knowing our students one by one – deepening the culture of the collegium
- a transformational experience for students and all those we serve
- an enterprising University that is financially self-sufficient
- a distinctive place for learning

A detailed, operational strategic plan for the period up to 2020 sets targets in those five areas.

### *Academic Profile*

One of the key strategic aims of the University is to continue to develop the academic profile through its student body and academic staff recruitment and development. Over 70% of academic staff are qualified to doctoral level – amongst the top 20 in the country – and the entry requirements to undergraduate degrees have remained at an average of over 300 points, even during the turbulence of the new student funding regime. This has meant that there continues to be a small shortfall on the long term recruitment target of 1,400 non-QTS home and EU undergraduates. The upwards trajectory seen in the previous year has continued in 2014/15. Council supported this maintenance of the entry requirements in full cognisance of the likely impact on student numbers recognising that the long term impact of better retention and student success outweighed any short term shortfall in numbers. Whilst there was a slight decrease in retention rates, the University continues to beat its benchmark for three year projected completion, as reported by the Higher Education Statistics Agency.

The University had a strong outcome in the Research Excellence Framework with 55% of its academic staff submitted in twelve Units of Assessment. The results, published in December 2014, were a significant improvement on the 2008 Research Assessment Exercise. More than one third of the research submitted was rated as world-leading or internationally excellent and on the measure of research intensity which takes account of the percentage of staff submitted, the University was only behind the Universities of Manchester, Liverpool and Lancaster in the North West.

A national student recruitment campaign using the natural links with the Dioceses and church schools has moved the University from being a sub-regional provider to being a national recruiter. International links with like-minded institutions of quality in Africa, Asia, North and South America and Europe are continually explored. The international recruitment team was strengthened with the appointment of two recruiters with significant experience in major markets.

The University continued to make a number of academic appointments in areas where the curriculum was developing and student numbers made it viable, all in line with the well-established policy of appointing only those staff who would improve the University’s academic profile and in all but the rarest of cases with doctorates. The University also appointed a limited number of professional staff in support services and administration to provide the best possible assistance to Faculties and students.

## Strategic Report *(continued)*

### *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 experience 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 continues to beat its benchmarks in the Higher Education Statistical Agency's Performance Indicators for students from state schools, low participation neighbourhoods, socio-economic classes 4-7 and for students with disabilities.

### *Capital Developments*

After investments in buildings and equipment of over £50m in the previous six years, the University major capital project is the construction of a £13.5 million Science Avenue being developed in two phases. The initial phase across 2015/16 will provide modern laboratory and teaching space for the new Faculty of Science (£8.5m) and the second phase in 2017 will focus on Sports Facilities (£5m). The capital build is tied to a strategy of increasing student numbers in Science from the current total, around 900, to around 1,300

### *Finance*

- Fee income

In 2014/15 Liverpool Hope University charged the maximum £9,000 for full-time undergraduate and PGCE programmes which is in line with the majority of the sector. The University continued its Scholarships Scheme which paid out a total of £1,283,438 in relation to 2014/15.

- 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 six 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.

### *Results for the Year*

The University's income, expenditure and results for the year to 31<sup>st</sup> July 2015 are summarised below:

	<b>2014/15</b>	2013/14
	<b>£000</b>	£000
Income	<b>48,889</b>	50,820
Expenditure	<b>44,898</b>	46,315
Operating surplus	<b>3,991</b>	4,505

## Strategic Report *(continued)*

The University's total income decreased by 3.94% compared with the previous year and income from the funding councils decreased by 46%.

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

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

### *Student Numbers*

As at 31<sup>st</sup> July 2015 the University had 5,478 students (2013/14 – 6,698).

	<b>Full Time Students</b>	<b>Part Time Students</b>
Undergraduate	3,511	206
Postgraduate (taught)	368	298
Postgraduate (research)	37	91
PGCE	301	12
Other	50	604
	<hr/>	<hr/>
	4,267	1,211
	<hr/> <hr/>	<hr/> <hr/>

### *Treasury Management Policy*

At the end of financial year 2015 the cash at bank balance had increased by £2,202,671 to £12,327,446. The cash at bank is composed of cash of £12,214,213 and endowments of £113,236.

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 £7,611,031 at the year end and no new loans were taken out in 2014/15. 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 and was reviewed in June with no changes recommended.

### *Environment and Sustainability*

The University Council through its Finance & General Purposes Committee receives regular reports on the Carbon Reduction Commitment and the University has adopted an overall Sustainability Policy.

### *Major Risks*

The University takes the management of risk seriously. Where a risk is seen as a threat, then mitigations are put in place. However, risks can also be seen as opportunities and the University is not risk averse. Rather, it will take a measured approach to opportunities to achieve its strategic objectives.

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 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.

## **Strategic Report** *(continued)*

The University continues to scan the policy environment and is fully engaged with sector bodies and local, regional and national partners. The continued 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 continues to decrease dramatically. With pressures on student recruitment, it has become even more important to diversify income streams and the strategy to achieve this remains in place by 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 thrive 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 marketisation of higher education through the new fee regime and the entry of new providers of FE Colleges at a lower fee level. The government drive to move initial teacher training away from Universities to schools continues and the University is planning on this basis.

The University will undergo a Higher Education Review by the Quality Assurance Agency in the 2015/16 academic year and preparations for this are well in hand. This is an important review for the University in terms of reputation.

In order to minimise all the 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.



## Directors' Report

### *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 2014/2015 there were 5,478 students and 643 members of staff, with a range of degrees at undergraduate and postgraduate levels.

### *Members of the University Council – (list of directors can be found on page 1)*

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 29 to the accounts.

### *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.

## **Directors' Report** *(continued)*

### *Employee Involvement*

The University places considerable value on the involvement of its employees and on good communication with them. Staff are encouraged to participate in formal and informal consultation at University, faculty and department level, sometimes through membership of formal Committees. The Vice-Chancellor addresses all staff at the start of the academic year. The Vice-Chancellor, meets once a month on a Monday, all Heads of Academic Departments and with his senior team on another Monday the Directors of resource areas. There is a system of cascading information from those meetings to all staff and departments and service areas are expected to hold regular staff meetings to enhance two way communication. The University's People 2020 Strategy has a strategic strand to enhance engagement with and of staff. The Joint Consultative and Negotiating Committee, (JCNC) is a forum for management and Trades Unions' representatives which meets regularly. There is a weekly electronic newsletter sent to the inbox of all members of staff every Tuesday.

### *Equality and 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. Its Equality and Diversity Policy and other related information can be found at <http://www.hope.ac.uk/aboutus/governance/equalityanddiversity/>. The University has an Equality & Diversity Steering Committee which reports to Senior Management Team and the Staffing Committee of University Council. The Steering Committee takes an overview of the University's equality objectives and analyses data reports to ensure that any issues relating to groups with protected characteristics are identified and then tackled. The University has participated in the Aurora programme to support women into management and leadership positions and has established its own Women's Network for Leadership Development.

### *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;

- the higher education of men and women including the education and training of persons intending to enter, or engaged in, the teaching profession;
- 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;
- 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.

### *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

## **Directors' Report** *(continued)*

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. The University is a partner of Contact the Elderly and participates in Childwall in Bloom.

### *Going concern*

The financial position of the University, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The University currently has £7.6 million of loans outstanding with bankers, all being secured by a fixed and floating charge on University assets. The University's forecasts and financial projections indicate that it will be able to operate within these existing facilities and attached covenants for the foreseeable future, taking into account reasonably expected changes in performance.

Accordingly, the University believes that it has adequate resources to continue in operational existence for the foreseeable future and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

### *Disclosure of information to auditors*

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that s/he ought to have taken as a director to make herself/himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## **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 the Memorandum of Assurance and Accountability 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), 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.

## **Directors' Report** *(continued)*

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

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

- ensure that funds from the Higher Education Funding Council for England and the National College for Teaching and Leadership (NCTL) are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with the Funding Council and the Funding Memorandum with the NCTL and any other conditions which the Funding Council or NCTL 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.

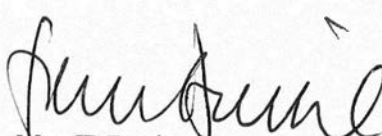
While the following is not a specific recreation of the constitutional provisions within the Articles of Government, the principal responsibilities of Council, adopted in December 2005, may be summarised as being:-

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.

## **Directors' Report** *(continued)*

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

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.



Mgr JP Devine

Director

## Statement on Corporate Governance and Risk Management

The following statement is based on both HEFCE guidelines and the model statement provided by the CUC 2009 guide, while offering details specific to the University; University Council will be considering adoption of the new Higher Education Code of Governance during 2015/16:

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

- a. The **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.

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

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.

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 Memorandum of Assurance and Accountability 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 2015 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, Declarations of Interest, Financial and other Irregularities, including Fraud Policy and an Anti-Bribery Policy 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:
  - Clear definitions of the responsibilities of, and the authority delegated to, members of the Rectorate Team and other senior managers;
  - A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
  - Regular reviews of academic performance and monthly reviews of financial performance involving variance reporting and updates of forecast outturns;

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

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.

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 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.





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

We have audited the financial statements of Liverpool Hope University for the year ended 31 July 2015 which comprise the Accounting Policies, Income and Expenditure Account, Statement of Historical Cost Surpluses and Deficits, the Balance Sheet, the Cash Flow Statement, the 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governing Council in accordance with Chapter 3 of Part 16 of the Companies Act 2006, paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Governing Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Council for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Governing Council and auditor**

As explained more fully in the Statement of responsibilities of the Members of the University Council set out on page 10, the Governing Council (who are 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 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 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. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the University as at 31 July 2015 and of the University'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 with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education;
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements*; and
- have been prepared in accordance with the requirements of 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 (effective 1 August 2014) issued under the Further and Higher Education Act 1992**

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Articles of Government
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements* have been met.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Strategic Report, Directors' Report 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 Companies Act 2006 requires us to report to you if, in our opinion:

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



**Clare Partridge**

**For and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

*27 November 2015*

The maintenance and integrity of the Liverpool Hope website is the responsibility of the governing body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## 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 financial statements include the University only as there are no trading subsidiaries in existence.

The 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 National College for Teaching and Leadership 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 National College for Teaching and Leadership 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 27 and 28.

### 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 £3,117,852 (2013/14: £2,909,687) (See note 26).

### 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 £277,464 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 14).

### 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 31<sup>st</sup> August 2023.

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

### 9. Fixed assets (continued)

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

Fixed assets land and buildings were subject to a full revaluation as at 31<sup>st</sup> July 2014. The revaluation was undertaken by Eddisons, a firm of chartered surveyors and the basis of valuation has varied depending upon the nature of the property. The majority of properties were valued on a depreciated replacement cost basis, others such as St Michaels & St Julies at Aigburth and Gerard Manley Hopkins at Everton at market value. 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 6<sup>th</sup> Form College, Blackburn. The net book value of the refurbishment in the financial statements as at 31<sup>st</sup> July 2015 is £105,000 (2014 - £115,500).

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 31<sup>st</sup> July. They are not depreciated until they are brought into use.

Building refurbishment works are capitalised subject to a minimum threshold of £20,000 per refurbishment project. Such costs are not depreciated until the works are completed. Costs of refurbishment projects costing less than £20,000 are written off to the income and expenditure account in the period in which they are incurred.

Equipment costing less than £5,000 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, and a full year's depreciation is charged in the year of acquisition or transfer:

#### Land & Buildings

Buildings	50 years
Building refurbishments (greater than £20,000)	10-20 years

#### Vehicles

Motor vehicles	5 years
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#### Equipment

Computer equipment (per item type)	3 years
Equipment (greater than £5,000)	3 years
Furniture & fittings	5 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 31<sup>st</sup> 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 31<sup>st</sup> March 2011.

## Income and Expenditure Account

For the year ended 31<sup>st</sup> July 2015

	<i>Note</i>	2015 £	2014 £
<b>Income</b>			
Funding council grants	1	5,039,662	9,304,628
Tuition fees and support grants	2	37,180,801	34,558,433
Research grants and contracts		271,376	397,721
Other operating income	3	6,119,068	6,373,990
Endowment and investment income	4	277,901	184,784
		<hr/>	<hr/>
<b>Total income</b>		<b>48,888,808</b>	<b>50,819,556</b>
		<hr/>	<hr/>
<b>Expenditure</b>			
Staff costs	5	26,050,158	25,402,724
Depreciation	9	3,755,567	3,730,013
Other operating expenses	6	14,146,797	16,236,467
Interest payable	7	945,370	945,284
		<hr/>	<hr/>
<b>Total expenditure</b>	8	<b>44,897,892</b>	<b>46,314,488</b>
		<hr/>	<hr/>
<b>Operating surplus after depreciation of assets</b>		<b>3,990,916</b>	<b>4,505,068</b>
		<hr/>	<hr/>
<b>Transfer from accumulated income within Endowments</b>		<b>4,327</b>	<b>39,993</b>
		<hr/>	<hr/>
<b>Surplus for the year</b>		<b>3,995,243</b>	<b>4,545,061</b>
		<hr/> <hr/>	<hr/> <hr/>

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

## Statement of Historical Cost Surplus and Deficits

*For the year ended 31<sup>st</sup> July 2015*

	<i>Note</i>	<b>2015</b> £	<b>2014</b> £
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	<i>18</i>	<b>3,995,243</b>	<b>4,545,061</b>
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<i>19</i>	<b>948,462</b>	<b>393,912</b>
<b>Historical cost surplus</b>		<b>4,943,705</b>	<b>4,938,973</b>



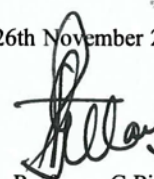
## Balance Sheet as at 31<sup>st</sup> July 2015

	<i>Note</i>	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	9	113,541,980	111,273,558
		<u>113,541,980</u>	<u>111,273,558</u>
<b>Endowment Assets</b>	10	113,236	117,563
<b>Current assets</b>			
Debtors	11	1,686,392	1,625,765
Cash at bank and in hand		12,214,213	10,007,217
		<u>13,900,605</u>	<u>11,632,982</u>
<b>Creditors: amounts falling due within one year</b>	12	(5,952,702)	(5,059,100)
<b>Net current assets</b>		<u>7,947,903</u>	<u>6,573,882</u>
<b>Total assets less current liabilities</b>		<u>121,603,119</u>	<u>117,965,003</u>
<b>Creditors: amounts falling due after more than one year</b>			
Provisions for liabilities and charges	13 14	(13,020,986) (277,464)	(13,357,011) (281,183)
<b>Net assets excluding pension liability</b>		<u>108,304,669</u>	<u>104,326,809</u>
<b>Pension liability</b>	15	(16,007,000)	(12,731,000)
<b>Total net assets</b>		<u>92,297,669</u>	<u>91,595,809</u>
<b>Deferred capital grants</b>	16	21,846,832	21,916,411
<b>Endowments</b>	17	113,236	117,563
<b>Reserves</b>			
Income and expenditure account excluding pension reserve	18	49,160,258	44,167,939
Pension reserve		(16,007,000)	(12,731,000)
Income and expenditure account including pension reserve		33,153,258	31,436,939
Revaluation reserve	19	37,184,343	38,124,896
<b>Total funds</b>		<u>92,297,669</u>	<u>91,595,809</u>

The financial statements on pages 21 to 45 were approved by the University Council on 26th November 2015, and signed on its behalf by:

  
Monsignor J Devine  
Chair of the University

  
Mr J Norbury  
Chair of Finance & General Purposes Committee

  
Professor G. Pillay  
Rector & Vice Chancellor

## Cash Flow Statement

For the year ended 31<sup>st</sup> July 2015

	<i>Note</i>	2015 £	2014 £
<b>Net cash inflow from operating activities</b>	21	<b>8,836,190</b>	7,509,256
<b>Returns on investments and servicing of finance</b>			
Interest received		147,902	128,784
Interest paid		(933,954)	(933,087)
Net cash outflow from returns on investments and servicing of finance		(786,052)	(804,303)
<b>Capital expenditure and financial investment</b>	22	<b>(5,450,578)</b>	(8,287,966)
<b>Cash inflow/(outflow) before financing</b>		<b>2,599,560</b>	(1,583,013)
<b>Financing</b>	23	<b>(396,891)</b>	(379,059)
<b>Increase/(decrease) in cash</b>	25	<b>2,202,669</b>	(1,962,072)

**Statement of Total Recognised Gains and Losses**  
*For the year ended 31<sup>st</sup> July 2015*

	<i>Note</i>	<b>2015</b>	2014
		£	£
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets excluding appreciation of endowment asset		<b>3,990,916</b>	4,505,068
Unrealised gain on revaluation of fixed assets	<i>19</i>	<b>7,909</b>	16,732,471
Actuarial (loss)/gain in respect of pension scheme	<i>26</i>	<b>(3,227,386)</b>	(4,144,015)
<b>Total recognised gains relating to the period</b>		<b>771,439</b>	17,093,524
<b>Reconciliation</b>			
Opening reserves and endowments		<b>69,679,393</b>	52,585,870
Total recognised gains for the year		<b>771,439</b>	17,093,524
<b>Closing reserves and endowments</b>		<b>70,450,833</b>	69,679,394

## Notes

*(forming part of the financial statements)*

### 1 Funding council grants

	2015 £	2014 £
Recurrent grant – HEFCE	2,743,724	6,189,850
Recurrent grant – NCTL	755,055	1,555,080
<b>Specific grants</b>		
HEFCE Research Assessment	312,469	282,753
HEFCE Special Initiatives	711,621	717,170
NCTL Special Initiatives	-	64,260
<b>Deferred capital grants released in year</b>		
Buildings (Note 16)	516,793	495,515
	<u>5,039,662</u>	<u>9,304,628</u>

### 2 Tuition fees and support grants

	2015 £	2014 £
Full-time students	33,063,087	30,473,412
Full-time students charged overseas fees	888,726	1,055,056
Part-time students	725,091	746,506
	<u>34,676,904</u>	<u>32,274,974</u>
Total fees paid by or on behalf of individual students		
Short course fees	2,503,897	2,283,459
	<u>37,180,801</u>	<u>34,558,433</u>

**Notes** (*continued*)

**3 Other operating income**

	<b>2015</b>	2014
	£	£
Residences, catering and conferences	<b>5,167,682</b>	4,848,550
Other income	<b>816,189</b>	1,390,243
Release of deferred capital grants (note 16)	<b>135,197</b>	135,197
	<hr/>	<hr/>
	<b>6,119,068</b>	6,373,990
	<hr/> <hr/>	<hr/> <hr/>

**4 Endowment and investment income and interest receivable**

	<b>2015</b>	2014
	£	£
Interest receivable	<b>146,228</b>	127,047
Interest on expendable endowment	<b>1,673</b>	1,737
FRS 17 pension Fund Interest Receivable	<b>130,000</b>	56,000
	<hr/>	<hr/>
	<b>277,901</b>	184,784
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2015</b>	2014
	£	£
Wages and salaries	<b>21,526,164</b>	21,123,942
Social security costs	<b>1,673,796</b>	1,625,322
Other pension costs	<b>2,850,198</b>	2,653,460
	<hr/>	<hr/>
	<b>26,050,158</b>	25,402,724
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2015</b>	<b>2014</b>
	Number FTE	Number FTE
Academic	<b>264</b>	<b>262</b>
Administrative and technical	<b>281</b>	<b>276</b>
Manual and ancillary	<b>98</b>	<b>90</b>
	<hr/>	<hr/>
	<b>643</b>	<b>628</b>
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

<b>5 Staff costs (including directors' emoluments) (continued)</b>	<b>2015</b>	<b>2014</b>
<b>Emoluments of the Vice-chancellor</b>		
Salary	250,986	238,882
Benefits	5,780	5,770
Pension	35,389	33,682

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.

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.

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

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
£100,000 - £109,999	2	3
£110,000 - £119,999	1	3
£120,000 - £129,999	1	-
£240,000 - £249,999	-	1
£250,000 - £259,999	1	-
	<b>5</b>	<b>7</b>

## **6 Other operating expenses**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Residences, catering and conference operating expenses	365,522	335,767
Teaching departments	2,966,902	3,968,817
Books and periodicals	489,609	737,648
Heat, light, water and power	1,305,220	1,378,174
Repairs and general maintenance	1,843,613	2,100,049
Grants to Liverpool Hope Students' Union	231,750	231,750
External auditors' remuneration	44,975	41,100
External auditors' remuneration in respect of non-audit services	-	9,906
Other support services	675,555	697,644
Administration and central services	4,945,670	5,346,794
Other income generating activities	252,944	472,984
Other operating expenses	1,023,654	915,142
Reimbursement of Trustees' expenses	1,383	692
	<b>14,146,797</b>	<b>16,236,467</b>

In each year 3 Trustees were reimbursed for expenses directly connected with their duties as Trustees. In 2014/15 these expenses were travel (including international travel), conferences and hospitality amounting to £1,383. In 2013/14 the expenses related to travel and conferences and amounted to £692.

## Notes (continued)

### 7 Interest payable

	2015 £	2014 £
Interest payable on bank loans not wholly repayable within five years	407,974	426,037
Pension fund interest payable	11,416	12,197
Interest payable on finance lease	525,980	507,050
	<u>945,370</u>	<u>945,284</u>

### 8 Analysis of expenditure

	Staff costs £	Depreciation £	Interest payable £	Other operating expenses £	Total £
Academic departments	14,795,150	-	-	2,966,902	17,762,052
Academic support services	1,858,401	-	-	1,187,499	3,045,900
Other support services	1,146,876	-	-	907,305	2,054,181
Administration and central services	4,195,192	-	-	4,945,670	9,140,862
General education expenditure	-	-	-	45,590	45,590
Premises	2,178,283	-	-	3,475,254	5,653,537
Other income generating activities	840,525	-	-	253,055	1,093,580
Residences, catering and conferences	1,035,732	-	-	365,522	1,401,254
Depreciation	-	3,755,567	-	-	3,755,567
Interest payable	-	-	945,370	-	945,370
	<u>26,050,158</u>	<u>3,755,567</u>	<u>945,370</u>	<u>14,146,797</u>	<u>44,897,892</u>

The depreciation charge has been funded by:  
Deferred capital grants released in the year (note 16)  
General income

651,990
3,103,577
<u>3,755,567</u>

**Notes** (continued)

**9 Tangible fixed assets**

	<b>Assets in the course of construction</b>	<b>Land and Buildings</b>	<b>Vehicles</b>	<b>Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Valuation/cost</b>					
At 1 August 2014	547,936	109,156,631	-	5,324,558	115,029,125
Additions at cost	5,479,524	137,644	-	415,818	6,032,986
Disposals at cost	-	-	-	-	-
Transfers	(1,188,327)	1,175,514	-	12,813	-
Impairments	(9,000)	-	-	-	(9,000)
Revaluations	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	4,830,133	110,469,789	-	5,753,189	121,053,111
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 August 2014	-	-	-	3,755,564	3,755,564
Charge for the year	-	2,928,798	-	826,769	3,755,567
Eliminated on disposal	-	-	-	-	-
Revaluations	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	-	2,928,798	-	4,582,333	7,511,131
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 July 2014	547,937	109,156,631	-	1,568,990	111,273,558
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2015</b>	<b>4,830,133</b>	<b>107,540,991</b>	<b>-</b>	<b>1,170,856</b>	<b>113,541,980</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included is £6,154,875 which relates to Gerard Manley Hopkins Hall, acquired at an imputed cost of £6,261,151 in March 2011. The substantive nature of the acquisition was 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 £8,266,000 in relation to land. The land has not been depreciated in the accounts.



**Notes** (*continued*)

**10 Endowment assets – expendable endowment**

	<b>2015</b>	2014
	£	£
Balance at 1 <sup>st</sup> August	<b>117,563</b>	157,556
Expenditure in year (see note 17)	<b>(6,000)</b>	(41,731)
Investment income in year (see note 17)	<b>1,673</b>	1,737
	<hr/>	<hr/>
	<b>113,236</b>	117,563
	<hr/> <hr/>	<hr/> <hr/>

All the above endowment assets are represented by cash deposits.

**11 Debtors**

	<b>2015</b>	2014
	£	£
<b>Amounts falling due within one year</b>		
Trade debtors	<b>1,256,383</b>	1,187,162
Sundry debtors	<b>10,818</b>	8,412
Prepayments and accrued income	<b>419,191</b>	430,191
	<hr/>	<hr/>
	<b>1,686,392</b>	1,625,765
	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

**12 Creditors: amounts falling due within one year**

	2015 £	2014 £
Loans	414,990	396,891
Trade creditors	492,118	639,610
Social security and other taxation payable	939,075	925,437
Accruals and deferred income	4,106,519	3,097,252
	<u>5,952,702</u>	<u>5,059,100</u>

**13 Creditors: amounts falling due after more than one year**

	2015 £	2014 £
Loans secured on residential and other property repayable by 2030	7,196,041	7,611,031
Obligations under hire purchase agreement	5,824,945	5,745,980
	<u>13,020,986</u>	<u>13,357,011</u>

Loans are repayable as below

	2015 £	2014 £
Within 1 to 2 years	434,349	414,990
Within 2 to 5 years	1,443,363	1,373,662
After 5 years	5,318,329	5,822,379
	<u>7,196,041</u>	<u>7,611,031</u>

**Interest/terms on loans**

	Original Value £	Interest rate %	Basis	Number of years remaining
Alexander Jones Building	600,000	1.201	Fixed	8
Sports centre	1,900,000	7.137	Fixed	8
Cloisters/Hermitage	420,000	1.124	Fixed	13
Student accommodation	8,300,000	5.622	£7m Fixed	15
		0.887	£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.

**Notes** *(continued)*

**14 Provisions for liabilities and charges**

	<b>Movement on Provision £</b>	<b>Total Enhanced Pension £</b>
At 1 <sup>st</sup> August 2014		281,183
Benefits paid	(28,521)	
Interest Cost	11,416	(17,105)
Actuarial Gain	<u>          </u>	<u>13,386</u>
At 31 <sup>st</sup> July 2015		<u><u>277,464</u></u>

**15 Pension liability**

<b>University</b>	<b>2015 £</b>	<b>2014 £</b>
As at 1 August	<b>12,731,000</b>	8,450,000
Increase in liability	<b>3,276,000</b>	4,281,000
As at 31 <sup>st</sup> July (see note 26 for further details)	<b><u>16,007,000</u></b>	<u>12,731,000</u>
The University's pension liability is analysed as follows:		
	<b>£</b>	<b>£</b>
Greater Manchester Pension Fund	<b>14,290,000</b>	11,019,000
Merseyside Pension Fund	<b>1,717,000</b>	1,712,000
	<u><b>16,007,000</b></u>	<u>12,731,000</u>

**Notes** (continued)

**16 Deferred capital grants**

	<b>HEFCE 2015 £</b>	<b>Other 2015 £</b>	<b>Total 2014 £</b>
<b>At 1<sup>st</sup> August 2014</b>			
Buildings	16,001,515	5,914,896	21,916,411
	<hr/>	<hr/>	<hr/>
<b>Total</b>	16,001,515	5,914,896	21,916,411
	<hr/>	<hr/>	<hr/>
<b>Cash received</b>			
Buildings	582,411	-	582,411
	<hr/>	<hr/>	<hr/>
<b>Total</b>	582,411	-	582,411
	<hr/>	<hr/>	<hr/>
<b>Released to income and expenditure account</b>			
Buildings (note 1 & 3)	516,793	135,197	651,990
	<hr/>	<hr/>	<hr/>
<b>Total</b>	516,793	135,197	651,990
	<hr/>	<hr/>	<hr/>
<b>At 31<sup>st</sup> July 2015</b>			
Buildings	<b>16,067,133</b>	<b>5,779,699</b>	<b>21,846,832</b>
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>16,067,133</b>	<b>5,779,699</b>	<b>21,846,832</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**17 Restricted expendable endowments**

	<b>2015 £</b>	<b>2014 £</b>
<b>As at 1<sup>st</sup> August</b>		
Investment income	<b>117,563</b>	157,556
Expenditure in year	<b>1,673</b>	1,737
	<b>(6,000)</b>	(41,730)
	<hr/>	<hr/>
<b>At 31<sup>st</sup> July</b>	<b>113,236</b>	117,563
	<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)

### 18 Income and expenditure account reserve

	2015 £	2014 £
At 1 <sup>st</sup> August 2014	31,436,939	30,641,981
Actuarial Loss	(3,227,386)	(4,144,015)
Transfer from revaluation reserve	948,462	393,912
Surplus for the year	3,995,243	4,545,061
	<u>33,153,258</u>	<u>31,436,939</u>
<b>Balance represented by:</b>		
Pension reserve	(16,007,000)	(12,731,000)
Income and expenditure reserve excluding pension reserve	49,160,258	44,167,939
	<u>33,153,258</u>	<u>31,436,939</u>
<b>At 31st July 2015</b>	<u><u>33,153,258</u></u>	<u><u>31,436,939</u></u>

### 19 Revaluation reserve

	2015 £	2014 £
At 1st August 2014	38,124,896	21,786,337
Revaluations	7,909	16,732,471
Depreciation released to income and expenditure reserve	(948,462)	(393,912)
	<u>37,184,343</u>	<u>38,124,896</u>
<b>At 31st July 2015</b>	<u><u>37,184,343</u></u>	<u><u>38,124,896</u></u>

Revaluations relate to tidying up elements from accruals on revaluation from previous financial year

### 20 Capital commitments

	2015 £	2014 £
Commitments contracted for at 31 <sup>st</sup> July	3,944,127	9,272,349
	<u><u>3,944,127</u></u>	<u><u>9,272,349</u></u>

**Notes** (*continued*)

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

	2015 £	2014 £
Surplus for year	3,995,243	4,545,061
FRS17 adjustment	192,000	205,000
Depreciation (note 9)	3,755,567	3,723,135
Impairment of asset	16,909	6,877
Deferred capital grants released to income (note 16)	(651,990)	(630,712)
Investment income (note 4)	(277,901)	(184,784)
Interest payable (note 7)	933,954	933,087
(Increase)/decrease in debtors (note 11)	(60,627)	97,962
Increase/(decrease) in creditors (note 13)	954,467	(1,130,568)
Decrease in endowments (note 17)	(4,327)	(39,993)
Decrease in provisions (note 14)	(17,105)	(15,809)
	<u>8,836,190</u>	<u>7,509,256</u>
<b>Net cash inflow from operating activities</b>	<b><u>8,836,190</u></b>	<b><u>7,509,256</u></b>

**22 Capital expenditure and financial investment**

	2015 £	2014 £
Tangible assets acquired (note 9)	(6,032,986)	(8,630,060)
Deferred capital grants (repaid)/received (note 16)	582,411	342,094
	<u>(5,450,575)</u>	<u>(8,287,966)</u>
	<b><u>(5,450,575)</u></b>	<b><u>(8,287,966)</u></b>

**23 Analysis of changes in financing during the year**

	2015 £	2014 £
Capital repayments	(396,891)	(379,059)
	<u>(396,891)</u>	<u>(379,059)</u>
	<b><u>(396,891)</u></b>	<b><u>(379,059)</u></b>

## Notes (continued)

### 24 Analysis of changes in net debt

	At 1 August 2014	Cash flows	At 31 July 2015
	£	£	£
Net available cash	10,007,229	2,206,980	<b>12,214,209</b>
Endowment asset (note 10)	117,563	(4,327)	<b>113,236</b>
Debt due within 1 year	(396,891)	(18,099)	<b>(414,990)</b>
Debt due after 1 year	(7,611,031)	414,990	<b>(7,196,041)</b>
	<u>2,116,870</u>	<u>2,599,544</u>	<u><b>4,716,414</b></u>

### 25 Reconciliation of net cash flow to movement in net debt

	2015 £	2014 £
Increase/(decrease) in cash in the year	<b>2,202,653</b>	(1,962,072)
Net decrease in debt	<b>396,891</b>	379,059
Change in net debt resulting from cash flows	<u><b>2,599,544</b></u>	<u>(1,583,013)</u>
Net debt at 1st August 2014	<u><b>2,116,870</b></u>	<u>3,699,883</u>
<b>Net debt at 31st July 2015</b>	<u><b>4,716,414</b></u>	<u>2,116,870</u>

### 26 Pension and similar obligations

#### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

#### The Teachers' Pension Budgeting And Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teacher's Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

## Notes (continued)

### Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

### Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,335,961 (2014: £1,314,054).



**Notes** (continued)

**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 2015 was £1,861,000 of which employers contributions totalled £1,346,000 and employees contributions totalled £515,000. The agreed contribution rates for future years are 18.1% for employers and ranges between 5.5% to 12.5% for employees, dependent on salary.

**FRS 17**

The following information is based upon a full actuarial valuation of the fund as 31 March 2013 updated to 31 July 2014 by a qualified independent actuary.

	2015	2014	2013
Rate of increase in salaries	3.80%	3.80%	4.60%
Rate of increase in pensions in payment/inflation	2.60%	2.70%	2.80%
Discount rate for liabilities	3.60%	4.00%	4.60%
Commutation of pension to lump sums	55.00%	55.00%	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 2015	At 31 July 2014	At 31 July 2013
Retiring today			
Males	21.40	21.40	20.10
Females	24.00	24.00	22.90
Retiring in 20 years			
Males	24.00	24.00	22.50
Females	26.60	26.60	25.00

## 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 15	Value at 31 July 15 £000	Long term rate of return Expected 31 Jul 14	Value at 31 July 14 £000	Long term rate of return Expected 31 Jul 13	Value at 31 July 13 £000
Equities	3.60%	23,684	6.60%	21,435	6.50%	20,908
Bonds	3.60%	6,004	3.60%	5,434	3.70%	5,227
Property	3.60%	2,335	4.70%	1,811	4.60%	1,742
Cash	3.60%	1,334	3.60%	1,510	3.40%	1,162
Share of total market value of assets		33,357		30,190		29,039
Present value of scheme liabilities						
- Funded		(47,606)		(41,166)		(35,555)
- Unfunded		(41)		(43)		(39)
		(14,290)		(11,019)		(6,555)

Asset values are at bid value for 2014 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

	2015 £000	2014 £000	2013 £000
Employer service cost (net of employee contributions)	1,778	1,591	1,307
Past service cost	-	-	-
Total operating charge	1,778	1,591	1,307

### Analysis of pension finance income

	2015 £000	2014 £000	2013 £000
Expected return on pension scheme assets	1,792	1,712	1,122
Interest on pension scheme liabilities	(1,677)	(1,669)	(1,354)
Pension finance income	115	43	(232)

## Notes (continued)

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

	2015 £000	2014 £000	2013 £000
Actual return less expected return on pension scheme assets	316	(1,567)	3,657
Experience gains and losses arising on the scheme liabilities	254	223	(1)
Change in financial and demographic assumptions underlying the scheme liabilities	<b>(3,507)</b>	(2,708)	(626)
Actual gain/(loss) recognised in STRGL	<b>(2,937)</b>	(4,052)	3,030

### Movement in deficit during year

	2015 £000	2014 £000
Deficit in scheme at beginning of year	<b>(11,019)</b>	(6,555)
Movement in year:		
Current service charge	<b>(1,778)</b>	(1,591)
Contributions	<b>1,346</b>	1,136
Past service costs	-	-
Settlements and Curtailments	<b>(17)</b>	-
Net interest/return on assets	<b>115</b>	43
Actuarial Gain/(Loss)	<b>(2,937)</b>	(4,052)
Deficit in the scheme at end of year	<b>(14,290)</b>	(11,019)

### History of experience gains or losses

	2015 £	2014 £	2013 £	2012 £	2011 £
Difference between the expected and actual return on assets	316	(1,567)	3,657	(811)	157
Value of Assets	33,357	30,190	29,039	23,496	19,204
% of scheme assets	0.95%	(5.19%)	12.59%	(3.45%)	0.71%
Experience gains and losses on scheme liabilities	254	223	(1)	(295)	1,735
Total present value of liabilities	(47,647)	(41,209)	(35,594)	(32,461)	(25,973)
% of Total present value of scheme liabilities	(0.53%)	(0.54%)	0.00%	0.91%	(6.68%)
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	(2,937)	(4,052)	3,030	(4,917)	3,095
% of the present value of liabilities	6.16%	9.83%	(8.51%)	15.15%	(11.92%)

**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 2015 was £320,000 of which employer's contributions totalled £311,000 and employees' contributions totalled £9,000. The agreed contribution rates for future years are 38.3% for employers and ranges between 5.5% to 12.5% for employees, dependent on salary.

**FRS 17**

The following information is based upon a full actuarial valuation of the fund as at 31 March 2013 updated to 31 July 2015 by a qualified independent actuary.

	<b>2015</b> <b>£000</b>	2014 £000	2013 £000
Rate of increase in salaries	<b>3.70%</b>	3.70%	3.70%
Rate of increase in pensions in payment/inflation	<b>2.20%</b>	2.20%	2.00%
Discount rate for liabilities	<b>3.60%</b>	4.10%	4.00%
Commutation of pension to lump sum	<b>50.00%</b>	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 2015	At 31 July 2014	At 31 July 2013
Retiring today			
Males	22.40	22.30	21.80
Females	25.30	25.20	24.70
Retiring in 20 years			
Males	24.80	24.70	23.70
Females	28.10	28.00	26.60

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

	<b>Long term rate of return expected 31 Jul 15</b>	<b>Value at 31 July 15</b>  <b>£000</b>	Long term rate of return expected 31 Jul 14	Value at 31 July 14  £000	Long term rate of return expected 31 Jul 13	Value at 31 July 13  £000
Equities	<b>6.50%</b>	<b>3,126</b>	7.00%	2,853	7.00%	2,744
Bonds – government	<b>2.50%</b>	<b>718</b>	3.20%	649	3.30%	669
Bonds – other	<b>3.60%</b>	<b>271</b>	4.10%	109	4.30%	114
Property	<b>6.10%</b>	<b>447</b>	6.20%	369	5.70%	370
Cash & other	<b>0.50%</b>	<b>640</b>	0.50%	757	0.50%	506
Total market value of assets		<b>5,202</b>		4,737		4,403
Present value of scheme liabilities						
- Funded		<b>(6,911)</b>		(6,449)		(6,286)
- Unfunded		<b>(8)</b>		-		(12)
Related deferred tax liability						
		<b>(1,717)</b>		(1,712)		(1,895)

**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**

	<b>2015</b> <b>£000</b>	2014 £000	2013 £000
Employer service cost (net of employee contributions)	(32)	(36)	(27)
Past service cost	-	-	-
	<hr/>	<hr/>	<hr/>
Total operating credit/(charge)	<b>(32)</b>	<b>(36)</b>	<b>(27)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2015</b> <b>£000</b>	2014 £000	2013 £000
Expected return on pension scheme assets	273	259	214
Interest on pension scheme liabilities	(258)	(246)	(235)
	<hr/>	<hr/>	<hr/>
Pension finance costs	<b>15</b>	<b>13</b>	<b>(21)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2015</b> <b>£000</b>	2014 £000	2013 £000
Actual return less expected return on pension scheme assets	657	299	1,080
Experience gains and losses arising on the scheme liabilities	-	(234)	-
Change in financial and demographic assumptions underlying the scheme liabilities	(934)	(145)	(647)
	<hr/>	<hr/>	<hr/>
Actuarial gain/(loss) recognised in STRGL	<b>(277)</b>	<b>(80)</b>	<b>433</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Movement in deficit during year**

	<b>2015</b> <b>£000</b>	2014 £000	2013 £000
Deficit in scheme at beginning of year	<b>(1,712)</b>	<b>(1,895)</b>	<b>(2,540)</b>
Movement in year:			
Current service charge	<b>(32)</b>	<b>(36)</b>	<b>(27)</b>
Contributions	<b>311</b>	<b>286</b>	<b>260</b>
Past service costs:	-	-	-
Settlements and Curtailments	<b>(22)</b>	-	-
Net interest/return on assets	<b>15</b>	<b>13</b>	<b>(21)</b>
Actuarial gain/ (loss)	<b>(277)</b>	<b>(80)</b>	<b>433</b>
	<hr/>	<hr/>	<hr/>
Deficit in scheme at end of year	<b>(1,717)</b>	<b>(1,712)</b>	<b>(1,895)</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes** (continued)

**History of experience gains or losses**

	2015 £	2014 £	2013 £	2012 £	2011 £
Difference between the expected and actual return on assets	657	299	1,080	(156)	781
Value of assets	5,202	4,737	4,403	3,779	3,949
% of scheme assets	12.63%	6.31%	25.53%	(4.13%)	19.78%
Experience gains and losses on scheme liabilities	-	(234)	-	-	67
Total present value of liabilities	(6,919)	(6,449)	(6,298)	(6,319)	(5,796)
% of Total present value of scheme liabilities	0.00%	3.63%	0.00%	0.00%	1.16%
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	(277)	(80)	433	(672)	(22)
% of the present value of liabilities	<u>4.00%</u>	<u>1.24%</u>	<u>(6.88%)</u>	<u>10.63%</u>	<u>0.38%</u>

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 31<sup>st</sup> 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.

**27 Access funds**

	2015 £	2014 £
Unspent balance brought forward	<b>3,937</b>	1,447
Funding Council grants	-	192,976
	<u>-</u>	<u>194,423</u>
Disbursed to students	<b>(3,937)</b>	(190,486)
	<u>-</u>	<u>3,937</u>
<b>Balance unspent at 31st July</b>	<b>-</b>	<b>3,937</b>

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)*

**28 Training bursary payments**

	<b>2015</b>	2014
	<b>£</b>	£
Grant paid by National College for Teaching and Leadership (NCTL)	<b>2,131,790</b>	2,853,860
Payments to trainees	<b>(2,036,442)</b>	(2,798,650)
<b>Grant due to NCTL</b>	<b>95,348</b>	55,210

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.

**29 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.

**30 Connected Charitable Institutions**

The University is connected to one charitable institution, Liverpool Hope Preston Carter Foundation which was set up in its current state in April 2012. The University appoints two of the trustees. The Foundation has no income or expenditure. Assets were valued by the insurer at £440,000 and the Foundation has £500,000 in its current account as at 31 July 2015.