



**LIVERPOOL  
HOPE  
UNIVERSITY**

Est. 1844



## **Financial Statements for year ending 31<sup>st</sup> July 2021**

Registered Company Number: 3285547

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

Registered Charity number: 1060579

## Contents

Members of the University Council	1
Strategic Report	3
Directors' Report	7
Section 172 Statement	10
Statement of Corporate Governance	15
Statement of Internal Control	17
Independent auditor's report to the University Council of Liverpool Hope University	18
Statement of Principal Accounting Policies	22
Statement of Comprehensive Income	28
Statement of Changes in Reserves	29
Statement of Financial Position	30
Statement of Cash Flows	31
Notes	32

## Members of the University Council

The following persons served as governors during the year ended 31<sup>st</sup> July 2021 or were members as at 23<sup>rd</sup> November 2021 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.

Revd Canon P Winn	Chair
Mr C Mills	Vice-Chair
Revd Dr S Anderson	
The Right Reverend Paul Bayes	
Mrs J Beever	
Cllr Jane Corbett	
Ms Jean Ellis	
Revd Canon C Fallon	
Dr Penny Haughan	
Dr S Hulme (until 28 <sup>th</sup> April 2021)	
The Very Reverend Dr Sue Jones	
Fr C. McCoy	
Revd Canon Professor K Newport	
Dr A. Naylor	
Mr J Norbury	
Fr M O'Dowd	
Mr Harry Pearce	
Ms Paula Raper	
Mr U Russell	
Mrs M Swinson	
Dr Caroline Wakefield	
HH Judge Graham Wood QC	
Professor GJ Pillay	Vice Chancellor and Rector
Mr D Dykins	Secretary

### *Vice-Chancellor Remuneration Committee*

Mr C Mills  
Reverend P Winn  
Mr J Norbury  
Dr A Naylor

### *Senior Salaries Remuneration Committee*

Mr C Mills  
Reverend P Winn  
Mr J Norbury  
Dr A Naylor  
Professor GJ Pillay (except for discussion of his own salary)

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

### *Finance & General Purposes Committee*

Mr J Norbury (Chair)  
Fr C. McCoy  
Ms Jean Ellis  
Professor GJ Pillay

### *Audit Committee*

Dr Arthur Naylor (Chair)  
Revd Dr S Anderson  
Mrs J Beever  
Mr M Gilbertson  
Mrs S Suchoparek

### *Nominations Committee*

Revd Canon P Winn (Chair)  
Professor GJ Pillay  
Mr C Mills

## **Advisers**

External Auditor: KPMG LLP  
1 St Peter's Square  
Manchester  
M2 3AE

Bankers:	Lloyds Bank Merchants Court 9 <sup>th</sup> Floor 2-12 Lord Street	Santander 7 <sup>th</sup> Floor 4 St Paul's Square	HSBC Bank Royal
Liver	Liverpool L2 XF	Liverpool L3 9SJ	Pier Head Liverpool L3 1HU
	Barclays plc 48B & 50 Lord Street Liverpool L2 1TD	National Westminster Bank plc 10 <sup>th</sup> Floor, The Plaza 100 Old Hall Street Liverpool, L3 9QJ	

Internal Auditor: RSM Risk Assurance Services LLP  
14<sup>th</sup> Floor, 20 Chapel Street  
Liverpool  
L3 9AG

## **Strategic Report**

### ***Corporate Plan and Strategic Objectives***

The essence of what Liverpool Hope is striving to deliver is clearly 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. At the heart of the University is the idea of the Collegium: an academic community of scholars providing a nurturing environment to stimulate and foster advancement of all its students. The University is committed to making educational opportunities available to all, regardless of background and to the transformation of its students into graduates that are prepared for the world of work.

The Corporate Plan, updated in 2020, provides the strategic framework within which the University operates. The five core areas identified within the plan, have remained consistent for several years, and underpin and inform all the strategic planning of the University:

- 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

In the challenging circumstances of the pandemic, the importance of focus on these goals has become even more evident. The University strength is in its collegium and the wider Hope community. The loss of face to face teaching was therefore in conflict with our culture of a personal approach to education based on relationships. The periods of lockdown made the University even more aware of the value of every member of the Hope community, academic and support.

### ***Academic Profile***

One of the key strategic aims of the University is to continue to develop the academic profile through its student body and the quality of its academic staff recruitment and development.

The latest published data (2019/20) from HESA (Higher Education Statistics Agency), shows that 77% of academic staff are qualified to doctoral level which places us 8<sup>th</sup> in England and 10<sup>th</sup> in the UK overall. Our academic profile is comparable to institutions such as the University of Manchester and the University of Durham. As a result of unprecedented levels of recruitment in September 2020, the University made a number of new academic appointments in areas where the curriculum was developing and supported by growth in student numbers. A rigorous appointment process ensures that we only appoint staff who meet our requirements and improve the University's academic profile. The intention is to achieve a minimum of 85% of academic staff with doctorates, with the remainder as Professional Tutors, bringing experiential practice in areas such as Education, Law and Accountancy.

The University's REF2021 submission was successfully completed in advance of the deadline of 31st March 2021. We have submitted 13 Units of Assessment, comprising 177

staff (which is 100% of our academic staff with significant responsibility for research), 28 impact case studies, 13 Unit-level environment statements and 423 outputs. For the first time we were also required to submit an institutional level environment statement as a preamble to the Unit's environment narratives.

The audit process (by panels appointed by the UKRI/REF and Funding Bodies) is now under way and we are evidencing any panel instigated audit queries being raised as part of this research assessment process. The results are due in the week of Monday 9th May 2022, first under embargo and then these will be in the public domain by Thursday 12th May.

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

The University maintained the entry requirements to undergraduate degrees at an average of 114 points (2019/20 112 points). As highlighted above, despite our approach of not reducing entry points there was a 24% increase in Undergraduate recruitment (including BA QTS (Qualified Teacher Status), Undergraduate and Foundation Year) in 2020/21 compared to the previous year

### ***Reputation***

In 2018, the University was awarded Gold status in the Teaching Excellence Framework (TEF); the only TEF ranked University in Liverpool and one of only three universities to achieve Gold in the North West.

Despite the challenging circumstances in 2020/21 which had a greater impact on small institutions, the NSS results for 2020/21 placed Hope in the top 4 of North West Universities in the following categories:

- The Teaching on my course
- Assessment and Feedback
- Academic Support
- Organisation and Management
- Learning Community
- Students Union

The Complete University Guide has the University as the top University in Liverpool for Student satisfaction.

### ***Widening Participation / Access and 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. This can be clearly demonstrated by our work in the Network of Hope, providing educational opportunities for people and communities with limited access to higher education. The University's Access and Participation Plan has been accepted by the Office for Students and we will continue to strive to ensure that all students have the same opportunities to succeed regardless of race, background or financial hardship.

The University has continued to provide hardship funding for students who experience financial difficulties and scholarships to reward academic excellence. In 2020/21, the University received £330,637 as additional grant income to support students in financial hardship. This money was distributed via the existing Student Support Fund and

supplemented by a further £215,347 of University money. The University also spent additional money on IT equipment, purchasing 100 laptops at the cost of £72,444 to be loaned to students who did not have the equipment they needed to be online. The University also continued to invest in a range of facilities and services to support disabled students, ensuring they were not disadvantaged in any way and are able to fully participate in the life of the University.

The expenditure on Access and Participation is included in the financial statements (see note 10) and has formed part of the work covered by the external auditors.

The total expenditure in the four categories was £1,528,418, including £330,637 hardship payments funded by the OfS grant. The closure of the University campus during the national lockdown, not unexpectedly reduced the level of expenditure and we spent £115,245 less than planned (15.1%). The lockdown particularly impacted the planned expenditure in relation to outreach activities, which were naturally curtailed during the year although relationships continued to be maintained remotely. The University has not recorded any expenditure against the category for evaluation and monitoring of the plan, due to the planned activity (focus groups, questionnaires etc) being planned for later in the year and not going ahead as a result of the lockdown.

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

### ***Capital Developments***

In line with the Corporate Plan objective to provide a distinctive place for learning, the University has continued to invest in its buildings, equipment and infrastructure with spend of £3.7 million during 2020/21. All expenditure was fully financed by using the University cash reserves.

The lockdown periods provided an opportunity for the University to move forward with a number of sustainability projects while the buildings were empty. These projects will deliver utilities savings in the future and help to reach the targets within the University Carbon Management Plan. Several refurbishment projects were undertaken in 2020/21 which are due to for completion in 2021/22 including: the restoration of the Hermitage and Cloisters listed buildings at Aigburth, refurbishment of the East Wing in the HCA building (residential accommodation and offices), investment of £500,000 in the Creative Campus and the refurbishment of an existing building at Hope Park to repurpose as a dedicated building for the Geography department.

The University also successfully applied for a Salix grant of £888,000 to partly fund decarbonisation works at St Julies, one of the residential blocks at Aigburth. This work will continue throughout 2021/22.

In January 2020, the University purchased 2 Islington Square which completes our ownership of the buildings adjacent to the Creative Campus. Given the listed status of 2 Islington Square, and with it being a prominent landmark in a conservation area, it had been hoped to save the building in its entirety but, given its condition, this is no longer considered feasible. In order to secure planning permission, it is the university's intention to retain the neo-classical façade and rebuild the rest of the structure with the intention to create a new Film Factory for the Creative Campus. The net book value of the building at 31<sup>st</sup> July under its existing depreciation profile would have been £191,143 but given its condition the building was fully depreciated as a year-end impairment adjustment. Future

plans include a new Learning and Teaching building, IQ Building, at Hope Park with a target completion date of December 2022.

## **Finance**

The University takes financial performance seriously and has robust financial processes and procedures in place to ensure the financial sustainability of the University is always protected. The delivery of strong financial results has ensured that the resources are always available, as and when required, to support the academic aspirations of the University and to provide the flexibility to respond to the demands of a rapidly changing sector.

### **a) Budget management**

In 2020/21, the University's budget was devolved to the primary budget holders - the four members of the University Senior Executive Team (USET) who report directly to the Vice-Chancellor & Rector and delegated budget responsibility was extended to the nine Heads of Schools / Departments.

Budget management is one of the key performance measures for USET and the Heads of Schools. Monthly variance reports are provided and each budget holder is supported by a Finance Officer who they meet each month to ensure budgets are monitored carefully. There are two reforecast exercises each year and the budget is set from zero each year with only permanent staffing automatically rolled over.

### **b) Results for the Year**

The University took a prudent approach to budget setting in 2020/21 given the level of uncertainty caused by the pandemic and the need to protect a minimum surplus level of 3% and grow the cash reserves. As a result, a large contingency was retained centrally and released at the year end. COVID had a significant impact on both accommodation income (rent rebates) and the loss of nearly all commercial activity. This was partly offset by claims under the Job retention Scheme.

The careful approach and release of contingency, resulted in a final result of 11% of income. The key reasons for the improvement compared to budget being, the strong recruitment performance, resident students remaining on campus, underspends in nearly all budget areas and significant infrastructure and utility savings

## **Strategic Report (continued)**

due to the closure of the campuses. The University's Statement of Comprehensive Income and results for the year to 31<sup>st</sup> July are summarised below.

	<b>2020/21</b>	2019/20
	<b>£000</b>	£000
Income	<b>55,012</b>	50,671
Expenditure	<b>48,983</b>	47,560
Operating surplus	<b>6,029</b>	3,111

The OfS has stated that taken alone, surpluses or deficits are not necessarily a clear indicator of financial viability or sustainability as they can be distorted by accounting treatments. With this in mind the OfS suggests net operating cashflow is a better indicator of a providers underlying financial performance. The cash generated by the



University during the year was £15,424,298, 28% of income. (2019/20 £8,691,602 17% of income). This is well above the average for the sector in the previous year, and demonstrates the strength of the underlying financial position.

The Statement of Comprehensive Income for the year is set out on page 28.

### ***Student Numbers***

As at 31<sup>st</sup> July 2021 the University had 5,602 students (31<sup>st</sup> July 2020 – 5,145).

	<b>Full Time Students</b>	<b>Part Time Students</b>
Undergraduate	4,002	91
Postgraduate (taught)	310	387
Postgraduate (research)	44	103
PGCE	604	53
Other	8	-
	<hr/> 4,968	<hr/> 634
	<hr/>	<hr/>

### ***Treasury Management Policy***

Cash at bank and investments had increased by £10,849,738 to £34,548,436 over the 12 months period to July 2021. Given the uncertainty across the sector, the University is gradually increasing its cash reserves to ensure that it has the flexibility to respond to unexpected developments. All investments are made in line with the University Treasury Management Policy, ensuring that investments are ethical and risk averse.

The outstanding value of the University bank loans had reduced to £4,787,754 at the year-end (2020 - £5,318,329) and no new loans were taken out in 2020/21. Since year end, the University has settled three small loans that were due to complete in the next couple of years. In 2011 the University took the opportunity to take over a lease arrangement for Hopkins Hall and bring it back under our control. The value of the creditor at July 2021 was £6,191,692. All borrowing is undertaken in the name of the University and conforms to OfS requirements. The Treasury Management policy is updated annually and was revised in June 2021.

### ***Major Risks***

The University takes the management of risk seriously. Where a risk is seen as a threat, mitigations are identified and 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.

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

Through its Risk Register, which is reviewed at Operational Leadership Meetings, and overseen by the Audit Committee on behalf of University Council, key risks, which are not all 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 University has a comprehensive internal control system to manage risk. This includes a program of work by the internal auditors which directly addresses the major risks identified in the risk register.

The Risk Register is a dynamic document, updated as required to reflect changing circumstances. The risk register is used to identify the key financial risks to the institution and financial modelling of these scenarios is undertaken. As we enter 2021/22 the key risks are the ongoing impact of COVID, potential legislative changes and threats to teacher education. While not complacent, all of the financial modelling undertaken to date provides reassurance of the University's long-term financial sustainability.

The University continues to scan the policy environment and is fully engaged with sector bodies and local, regional and national partners.

Despite these challenges and risks, the University is confident that it has a clear strategic vision underpinning the objectives of the Corporate Plan and can adapt to, manage and minimize the risks above. This vision is endorsed by the University Governance structure and ownership is embedded in all senior management. We enter 2021/22 confident that we will be able to flourish and thrive.

## **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 2020/2021 there were 5,602 students and 616 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 20 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;

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

- 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.

### ***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, School and department level, sometimes through membership of formal Committees. The Vice-Chancellor addresses all staff at the start of the academic year and during Covid sent regular letters to the staff to keep them informed of plans. The Vice-Chancellor, meets all Academic Leaders and Operational Leaders with his senior team at least twice a term but more regularly if required.

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 Wednesday.

Section 13 of the Trade Union Act 2016 introduced a new requirement to publish data on trade union facility time reporting. For Financial Year ending 31<sup>st</sup> July 2021 there were 23 trade union representatives equating to 21.85 FTEs at a cost of £25,828. In terms of percentage of working hours spent on facility time 14 employees working 0% and 9 employees working 1% to 50% of working hours.

### ***Supplier Involvement***

When engaging suppliers, we utilise a number of routes to market including third party collaborative framework agreements, such as from the North Western Universities Purchasing Consortium (NWUPC), together with other consortia as well as awarding our own contracts through competitive tender and quotation activity.

### ***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 <https://www.hope.ac.uk/gateway/staff/personnel/equalityanddiversity>. The University has an Equality & Diversity Steering Committee which reports to Senior Management Team, Senate 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 is planning to apply for Athena Swann membership.

### ***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

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

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.

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 pandemic has meant that this did not take place in 2020/21 but these activities will be re-introduced in 2021/22.

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.

As part of the response to the pandemic, the University set up the Hope Community Engagement programme which is open to staff and students. The aim is to support, fund raise and coordinate a number of projects across the local community. This has proved to be extremely successful and will continue into the future.

### ***Environment and Sustainability***

Liverpool Hope University has a moral and ethical approach to stewardship of the Earth and a responsibility to create a better quality of life for present and future generations and strives to manage its operations in ways that are environmentally sustainable, economically feasible and socially responsible. We recognise the negative and positive impacts that we have on the environment, economy and society both locally, nationally and globally. The University, however, is well placed to make an exceptional contribution – well positioned

through our teaching and research; influence on students, staff and communities; and through our business and campus operations.

Sustainability is central to the University's mission and values and forms a key role in the University's Corporate Plan and our decisions and actions reflect the concern that our community has for our environment. Our Sustainability Policy commits the University to increasing its positive contribution and reducing its negative impact on the environment in six key impact areas: awareness and engagement, utility consumption, travel and transport, waste, estates development and procurement; all of which contribute to the University's carbon emissions.

The University's Scope 1 and 2 carbon emissions during 2020-2021 (August to July) were 2,727 tonnes CO<sub>2</sub>e (equivalent to 0.3 tonnes CO<sub>2</sub>e per m<sup>2</sup> GIA) and have been calculated using the Government conversion factors for company reporting of greenhouse gas emissions:

<b>Emissions Source</b>	<b>Scope</b>	<b>Consumption</b>	<b>Tonnes CO<sub>2</sub>e</b>	<b>Ratio (Consumption/Student)</b>
Gas	1	9,317,069kWh	1,707	1,765
Fugitive Emissions	1	41.5kg	86.7	0.01
Fuel in owned vehicles	1	2,293L	5.6	0.43
Electricity	2	4,372,141 kWh	928	828

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

Work is continuing to collate and analyse the University's relevant Scope 3 emissions.

The University has increased its absolute Scope 1 and 2 emissions by 7.6% since 2019-2020 because of an increase in gas consumption caused by Covid ventilation requirements and fugitive emissions. However, carbon reduction projects and initiatives have been continuing to be installed throughout through the University including LED lighting and associated controls, replacement of single with double glazing, replacement roofs with increased insulation, installation of more efficient gas boilers with associated insulation of pipework (heating and domestic hot water), BMS installation and continued fine-tuning of our existing BMS, non-concussive taps and our awareness and engagement scheme I ♥ MY Campus. This year, however, has been another unprecedented one, with the University operating at reduced levels between which has contributed to the reduction in electricity and fuel emissions, but increased gas emissions.

## **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 £4.8 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.

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report which forms part of the Council's Report. The Council's Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Council consider to be appropriate for the following reasons.

A specific worse-case scenario has been stress tested which included the loss of teacher education and foundation year income in 2022/23 and significant inflation pressure on pay and non-pay expenditure. Even on this basis, liquidity levels are forecast to remain strong with the high level of cash reserves providing a buffer against adverse scenarios and the resources and time to restructure and regroup.

The University has prepared detailed cash flow forecasts for a period up to July 2023. After reviewing these forecasts, the Council is of the opinion that, taking account of severe but plausible downsides, the University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

Consequently, the Council is confident that the University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### ***Disclosure of information to auditor***

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 auditor is 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 auditor is aware of that information.

### ***Section 172 Statement***

The members of the University Council are Trustees of the University and directors of the Company. In line with their duties under s172 of the Companies Act 2006, directors act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. As part of the decision-making process, matters that are of strategic importance to the Company, the Board and its Committees consider the potential impact of decisions on relevant stakeholder. Whilst also having regard to a number of broader factors, including the

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

impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

### **Students**

Liverpool Hope promotes its success on stakeholder engagement particularly in relation to our student population. The University takes pride in providing a distinctive place for learning that offers them the best possible student transformational experience whilst getting to know our students one by one. We seek to do this in dialogue, staff being responsive and empathetic to students' needs, whilst giving them the opportunity to flourish in a challenging academic environment. At the heart of the University are its scholars and their students. The University considers it extremely important that effective ways are found to hear the whole students' voice in order to respond to their concerns and build a supportive learning community. A well-functioning Students' Union is a vital part of to this endeavour and the University ensures that students are represented in all its major decision-making bodies.

<https://www.hope.ac.uk/gateway/students/studentvoice/>

Our Corporate Plan states that 'Hope is committed to being a collegium in which students and staff work closely together, enjoying the benefits of a University environment in which we know one another and engage on a daily basis in discussion and debate. <https://www.hope.ac.uk/aboutus/governance/corporateplan/>

## **Employees**

Established systems, frameworks and processes are in place to support and protect the wellbeing of our colleagues, to ensure they are recognised and rewarded for their work, to listen to and address their concerns and to provide clear paths to career progression, personal development and training. We have promoted our wellbeing support resources for both physical and mental health and have been particularly strong in providing a virtual resource for colleagues during the pandemic. Additional measures have been put in place alongside our usual resources, comprehensive risk assessments and protocols which balance the contact and community needs of staff as well as safe guarding their physical health in line with relevant government guidance throughout the stages of pandemic management. We have links to relevant external resources such as MIND and accessible support to occupational health, flu vaccinations, virus testing and free counselling support. Online resilience training has also been provided.

The decision to move to a new Schools structure enabled an opportunity to review our internal leadership communications framework for colleague engagement. At Senior Management level there is a robust committee structure and for joint consultation with our colleagues and partnership unions. There is a clear management meeting and cascade structure which supports our strategic and operational objectives. In addition we have numerous communication channels such as direct Vice Chancellor, and Deputy-Vice Chancellor communications to colleagues email as well as a regular Hope community bulletin which fosters the personal and collegial community. These arrangements have been prevalent in our response to the Covid-19 pandemic and engagement with our employees.

There have also been Management Training sessions taking place to assist the Head of Schools and Heads of Subject during 2019-2020. A series of Foundation year Training sessions also took place to assist staff with the growing Foundation year programme with a number of external speakers contributing to the Programme. The overall University Percentage of eligible staff with Advance HE membership currently stands at 73%. The figure for staff who have Fellowship and other teaching qualifications at Liverpool Hope is 92%, this information is published to HESA each year.

## **Future Students**

Student recruitment efforts continued to operate within a hybrid environment. Typically, school visits, UCAS fairs and events on campus would help prospective students to make informed decisions about which course and which University best suited their academic and pastoral needs and so given continued Government restrictions outreach efforts continued to be implemented differently. Engagement activity largely took place online, with virtual applicant and open days targeted to ensure our future students, their parents and carers were getting the information they needed. The further development and utilisation of a CRM system was key to the External Relations team expanding the targeted and bespoke communications and events for potential applicants. This included the delivery of open and

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

applicant days which featured virtual tours, subject tasters and panel discussions. The CRM system was also integral in aiding a successful clearing operation.

All outreach activity was supported by social media, a targeted digital marketing campaign and a media presence that was led with stories that celebrated both the success of Hope's students and academic research. Some of the successful outcomes include:

- Increase in applications 10.8%
- Increase in international applications 24%

Whilst many potential students have not had the full opportunity to experience the sense of the Hope community that is apparent when they visit the campus, the gradual reintroduction of on-campus activity is continuing to provide opportunities to reinvigorate engagement.

## **Suppliers**

Procurement within the University is carried out in accordance with legal requirements, the University Financial Regulations and Procurement Policy. A carefully managed University that works efficiently and effectively delivering value-for-money is central to the University's Corporate Plan and our procurement activity supports that goal. Liverpool Hope University recognises that in order to achieve its ambitious strategic objectives, we need our suppliers to be on board. When engaging suppliers, we utilise a number of routes to market including third party collaborative framework agreements, such as from the North Western Universities Purchasing Consortium (NWUPC), together with other consortia as well as awarding our own contracts through competitive tender and quotation activity.

Liverpool Hope University has a moral, ethical and social responsibility to consider the impacts of its activities on students, employees, wider stakeholder groups, as well as on the environment. In order for this to happen, all of our suppliers are given the opportunity to complete an on-line assessment tool to improve their environmental performance and ensure they are making a positive impact on society. The University has enjoyed a number of successes including; working with our travel management company to promote sustainable and value for money travel options and our waste management company to increase staff and student engagement. We also work closely with our Estates suppliers to look at energy saving projects and initiatives.

## **Statement of Directors' responsibilities in respect of Strategic Report, the Directors' Report and the Financial Statements**

The Council (who are the Directors of the University company for the purposes of company law) are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with the Memorandum of Assurance and Accountability issued by the OfS and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Memorandum of Assurance and Accountability further requires the financial statements to be prepared in accordance with the 2019 *Statement of Recommended Practice - Accounting for Further and Higher Education* and the requirements of the OfS Accounts Direction.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and



of its income and expenditure, gains and losses and changes in reserves for that period. In preparing the University financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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

### **Statement of Directors' responsibilities in respect of Strategic Report, the Directors' Report and the Financial Statements** *(continued)*

- assess the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the University or to cease operations, or have no realistic alternative but to do so.

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the University's transactions and disclose with reasonable accuracy at any time the financial position of the University and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the University and to prevent and detect fraud and other irregularities.

The Council are also responsible under the Memorandum of Assurance and Accountability for:

- ensuring that funds from OfS and other funding bodies are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability and any other conditions which OfS may from time to time prescribe;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 Vice-Chancellor & Rector, 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.

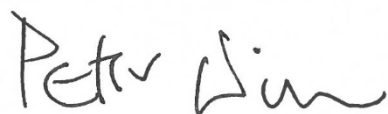
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment and procedures for handling internal grievances and for managing conflicts of interest.
4. To ensure processes are in place to monitor and evaluate 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.

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

#### **Statement of Directors' responsibilities in respect of Strategic Report, the Directors' Report and the Financial Statements** *(continued)*

8. To appoint the head of the institution as Vice-Chancellor & Rector, and to put in place suitable arrangements for monitoring his/her performance.
9. To appoint a secretary to Council and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
10. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of Liverpool Hope University, to ensure that proper books of account are kept and resources used properly, effectively and efficiently, and to approve the annual budget and financial statements and have overall responsibility for the University's assets, property and estate.
12. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all of 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.



Revd Canon P Winn  
Director and Chair of Council

## Statement of Corporate Governance

This statement of corporate governance explicitly relates to the period 1<sup>st</sup> August 2020 – 31<sup>st</sup> July 2021, up to and including the date when the financial statements are approved. 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.

Liverpool Hope University is an incorporated body whose legal status is that of a company limited by guarantee, a registered charity and a University with taught and research awarding powers.

Its objects, powers and framework of governance are set out in the articles of association which were approved by the Privy Council in 1996. The current version of the articles was approved by the Privy Council with effect from 20th April 2005. 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.

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 and 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 University Council receive any reimbursement for the work they do for that body.

Subject to the overall responsibility of the governing body, 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 4 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.

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. 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 University Senior Executive Team all contribute in various ways to these aspects of the work, working in close collaboration with the Vice Chancellor and University Council which has ultimate responsibility for the University's strategic direction, education character and use of resources.

Members of University Council make an annual declaration of interests and further to declare any interests in relation to matters under discussion at meetings. The University also makes an annual declaration on matters that confirm that they are "fit and proper" as defined under the Framework for the Office for Students. University Council has adopted a Statement of Primary responsibilities reflecting sector guidance. This statement reflects the University Council's understanding of its responsibilities in relation to governance and internal control.

In accordance with the articles of association, a secretary to the governing body has been appointed. The Head of Legal Services, Governance and Risk is Clerk to University Council and in that capacity, she provides independent advice on matters of governance to all members of University Council.

Although the governing body meets four times per year, much of its detailed work is handled by committees, including a Finance and General Purposes Committee, an Audit Committee, a Staffing Committee; Health and Safety Standing Committee; A Nominations Committee and a Remuneration Committee. The decisions of these Committees are formally reported to the full University Council by the respective chairs.

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

### **Audit Committee**

The Audit Committee meets three times per 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 systems of internal control, management responses and implementation plans and regularly reviews the University's progress and risk register. 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.

### **Finance and General Purposes**

The Finance and General Purposes Committee meet three times per year and maintains an oversight of the University's financial and capital development strategies and the financial policy framework.

### **Staffing Committee**

The Staffing Committee is responsible for supporting the strategic direction, performance measurement and service development of the human resource function within the University. It also has an oversight of compliance with equal opportunities and other employment law matters.

### **Council Standing Committee on Health and Safety**

To develop and monitor the implementation of the University's Health and Safety Policy, Safety Management System and the associated procedures and codes of practice. To keep under review the University's compliance with health and safety legislation and to monitor trends in accidents and dangerous occurrences.

### **Remuneration Committee for Deans and Pro Vice Chancellors and Remuneration Committee for Vice Chancellor**

To determine and review the salaries, terms and conditions of the Head of the institution and such other members of staff as Council deems appropriate. These two Committees report annually to Council. The Remuneration Committee for Deans and Pro Vice Chancellors comprises the Pro-Chancellor, the Chair of Audit Committee, the Chair of Finance Committee and the Vice Chancellor. The Committee meets annually to set the salaries of the members of the senior team.

The remuneration package of the Vice Chancellor is set by the Remuneration Committee for the Vice-Chancellor, which comprises the Pro-Chancellor, the Chair of Audit Committee and the Chair of Finance Committee. The Vice Chancellor does not attend this meeting.

The Remuneration Committee has an established policy of placing the Vice Chancellor's salary within the top decile of heads of institutions that were granted University status in 2005 dependent on satisfactory performance. This recognises his experience as one of the longest serving Vice Chancellor's in the sector and his pivotal role in both the creation of the strategic vision for the University and driving forward its implementation.

His performance is monitored and assessed by regular meetings with the Pro-Chancellor and progress against a range of external metrics in areas such as SSRs (Staff Student Ratios), NSS (National Student Survey) performance, student retention, quality of academic staff and financial management.

The Council believe that his strategic guidance, experience and continuity of leadership is essential for the University as the HE sector enters a further period of uncertainty.

### **Nominations Committee**

To seek out and recommend new lay/independent co-opted members to the appointing body, taking account of the current skills mix of Council and the diversity of the current membership.

### **Statement of Internal Control**

This statement of internal control explicitly relates to the period 1<sup>st</sup> August 2020 – 31<sup>st</sup> July 2021, up to and including the date when the financial statements are approved. 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 University Senior Executive 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;

University Council has the responsibility for reviewing the effectiveness of the system of internal control. Consistent with the Risk Management Strategy approved, the following processes have been established:

- University Council meets four times a year to consider the plans and strategic direction of the institution.
- Periodic reports from the chairman of the Audit Committee concerning internal control are received together with regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- A report on discussions of risk at the University Senior Executive Team is delivered to Audit Committee who provides oversight on risk.
- 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.
- An organisation-wide risk register is operational.
- Reports are received from budget holders and project managers on internal control activities.
- 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.

### **Control Weaknesses Identified**

The annual review of the Internal Auditors indicated that the organisation has an adequate and effective framework for risk management, governance and internal control and economy, efficiency and effectiveness.

### **Role of the External Auditor**

The University external auditors perform an interim audit mid-year to review control procedures prior to year-end substantive testing. Throughout the year, communication between the University and external auditors is key critical to obtain reasonable assurance the University's financial information is free from material misstatement, fraud and errors.

### **Role of the Internal Auditor**

The University's internal auditors continue to monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations, and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented. Both Internal and External auditors are in attendance at the Audit Committee, they have to present their detailed plan for the forthcoming year. These plans are prepared in accordance with University requirements, accounting standards and direction of funding bodies. Value for money is evaluated prior to making a recommendation to Council.

# **INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF LIVERPOOL HOPE UNIVERSITY**

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinion**

We have audited the financial statements of Liverpool Hope University ("the University") for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and related notes, including the accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2021, and of the University's income and expenditure, gains and losses and changes in reserves, and of the University's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the University in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the University or to cease their operations, and as they have concluded that the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Council's conclusions, we considered the inherent risks to the University's business model and analysed how those risks might affect the University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Council's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the University's ability to continue as a going concern for the going concern period.



However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the University will continue in operation.

### **Fraud and breaches of laws and regulations - ability to detect**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Council, the Audit Committee, internal audit and inspection of policy documentation as to the University's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the University's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Council, Audit Committee, Remuneration Committee and Finance and General Purposes Committee minutes.
- Obtaining a copy of the University's risk register.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to tuition fees being generally based on standard fee rates and due to their non-variable nature. There is limited scope for fraudulent revenue recognition of grant income. Across other material revenue streams, transactions are not complex and involve little judgement. Therefore, we have rebutted the risk of fraudulent revenue recognition across all material income streams.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the fraud risk management controls

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted and approved by the same user and those posted to pension liability codes.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Council and other management (as required by auditing standards), and discussed with the Council and other management the policies and procedures regarding compliance with laws and regulations.

As the University is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the University is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), taxation legislation, pensions legislation and specific disclosures required by higher education legislation and regulation, charities legislation and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the University is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: compliance with Higher Education regulatory requirements of the Office for Students, recognising the regulated nature of the University's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Other information**

The Council is responsible for the other information, which comprises the Strategic Report, Directors' Report, Statement of Corporate Governance and Statement of Internal Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in Strategic Report, Directors' Report, Statement of Corporate Governance and Statement of Internal Control, which together constitute the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required 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's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Council responsibilities**

As explained more fully in their statement set out on page 12, the Council (who are the Directors of the University company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS<sup>1</sup>**

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

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 for post 1992 institutions;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

### **Matters on which we are required to report by exception**

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We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the University's expenditure on access and participation activities for the financial year disclosed in Note 10 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the University's grant and fee income, as disclosed in Note 6 to the financial statements has been materially misstated.

We have nothing to report in these respects.

## **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

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

**James Boyle (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 St Peter's Square  
Manchester  
M2 3AE

Date

## 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102), the Statement of Recommended Practice (SORP): Accounting in Further and Higher Education (2019 edition), the Charities SORP (2019) and the Companies Act where appropriate. They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

The fixed assets were valued at 31<sup>st</sup> July 2014, the University chose to freeze the valuation at that date and use the deemed cost going forward in accordance with FRS 102. Capital grants are accounted for using the performance model as opposed to the accruals model. A requirement for holiday pay involves an accrual for unused annual leave as an expense. Pension fund changes relate to interest computations and the inclusion of the USS scheme.

### 2. Going Concern

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report which forms part of the Council's Report. The Council's Report also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the Council consider to be appropriate for the following reasons.

The Council have prepared cash flow forecasts for a period up to July 2023. After reviewing these forecasts the Council is of the opinion that, taking account of severe but plausible downsides, the University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

A specific worse-case scenario has been stress tested which included the loss of teacher education and foundation year income in 2022/23 and significant inflation pressure on pay and non-pay expenditure. Even on this basis, liquidity levels are forecast to remain strong with the high level of cash reserves providing a buffer against adverse scenarios and the resources and time to restructure and regroup.

Consequently, the Council is confident that the University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### **3. Basis of accounting**

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

### **4. 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.

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

### 5. 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.

### 6. Recognition of income

The recurrent grants from the Office for Students (OfS) and Engineering and Physical Sciences Research Council (EPSRC) represent the funding allocation which is attributable to the current financial year and is credited direct to the statement of comprehensive income.

Grants intended to support the acquisition of tangible fixed assets are credited to the statement of comprehensive income when the University becomes entitled to them, subject to any performance related conditions being met.

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

Income to which the University is entitled from research grants and contracts is released to the statement of comprehensive income in proportion to the degree of completion of the associated activity, with reference to expenditure. The University uses the accruals method of accounting for research grants and contracts.

The University acts as an agent in the payment of training bursaries from the National College for Teaching and Leadership (NCTL). Related payments received and subsequent disbursements to students are excluded from the statement of comprehensive income and are shown separately in note 20.

### 7. Retirement benefits

The University operates a defined benefit scheme for staff, the Enhanced Pension Provision (EPP). The scheme is a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P).

#### Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

#### Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The University's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) and any unrecognised past service costs are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and have maturity dates approximating to the terms of the University obligations. When the calculation results in a benefit to the University the recognised asset is limited to the total of any unrecognised past services costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on

settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to the University members due to the nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for liabilities and charges for any contractual commitment to fund past deficits within the USS scheme (Note 23).

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) for academic and related staff, the Greater Manchester Pension Fund (GMPF) and the Merseyside Pension (MPF) for non-academic staff. These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related



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

Pension Scheme. Contributions to the scheme are charged to the comprehensive statement of income 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.

### **8. Employment benefits**

Short term employment benefits such as salaries and compensated absences are recognised as an expense during the year in which the employees render service to the organisation. Any unused benefit is accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

### **9. Maintenance of premises**

The cost of routine corrective maintenance is charged to the statement of comprehensive income as incurred.

### **10. Operating Leases**

Costs in respect of operating leases are charged to the statement of comprehensive income as incurred on a straight-line basis over the lease term.

### **11. 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 statement of comprehensive income 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 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 23).

### **12. 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.

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

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.

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.

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 under a policy of periodic reappraisal at least every five years. 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 hitherto had been to revalue all land and buildings within a class of revalued assets but for practical purposes there was one instance where this had not been possible and the property has always been 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 brought forward from the financial statements as at 31<sup>st</sup> July 2020 of £52,500 has been fully written off the during financial year due to the closure of St. Mary's in 2021-22.

The revaluation carried out as at 31<sup>st</sup> July 2014 will serve henceforth as deemed cost in accordance with the SORP and no further revaluations will be taking place.

Where buildings are acquired with the aid of specific grants the assets are capitalised and depreciated on the basis shown below. The related grants are treated as income and released to the statement of comprehensive income within the year in which the grant is received.

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. An annual impairment review is also carried out annually across the Estate.

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 statement of comprehensive income in the period in which they are incurred.

Equipment costing less than £10,000 per individual item or group of related items constituting a single suite of equipment is written off to the statement of comprehensive income 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 existing at 31 <sup>st</sup> July 2014	As estimated*
New buildings	50 years
Building refurbishments (greater than £20,000)	10-30 years
Vehicles	
Motor vehicles	5 years
Equipment	
Computer equipment	5 years
Furniture & fittings	10 years

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

\*As part of the revaluation carried out on 31<sup>st</sup> July 2014, the estimated useful lives of the existing buildings were reassessed in consultation with the firm of chartered surveyors who had carried out the revaluation. Estimates varied from building to building, ranging from a minimum of 10 years to a maximum of 60 years.

### 13. 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.

### 14. Bursaries and Scholarships

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

The University also distributes bursaries on behalf of the National College for Teaching and Leadership. The University only acts as agent and has no interest in these funds. As such, these transactions are not recognised in the statement of comprehensive income.

### 15. Cash Flows, Cash and Cash Equivalents

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. Cash Equivalents are short term highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. They include term deposits, government securities and loan stock held as part of the University's Treasury Management activities and policies.

## 16. Finance Leases

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, also requiring the payment of an annual rent payable to the lessor, at time of acquisition, of £376,494 (currently £504,156) 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.

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

## 17. Accounting Estimates and Judgements

Preparation of financial statements requires management to make estimates, judgement and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. These estimates and judgements are continually evaluated and are based on professional advice, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management consider the areas set out below to be those where critical accounting judgements have been applied and the resulting estimates and assumptions may lead to adjustments to the future carrying amounts of assets and liabilities:

**Impairments:** Management make judgements as to whether any indicators of impairment are present for any of the University's assets.

**Recoverability of Debtors:** The provision for bad debts is based on our estimate on the expected recovery of the debt. Assumptions are made based on the level of debtors who have defaulted historically.

**Pensions:** The University operates 3 defined benefit pension schemes, the Teacher's Pension Scheme (TPS), the Greater Manchester Pension Fund (GMPF) and the Merseyside Pension (MPF). The present value of the University obligations is dependent on a number of factors including life expectancy, salary increases, asset valuations, liability periods and discount rates on corporate bonds. A qualified actuary estimates these values so management can determine net pension obligations in the balance sheet. This does not include an obligation to make a contribution to fund past deficit payments.

## 18. Financial Instruments

The University's principal financial instruments are cash, investments and loans. The core objective of these instruments is to meet the financing needs of the University's operations. The fair value of each category of University's financial instruments are the

same as their carrying value in the statement of financial position. The University has adopted to apply the provisions of both Section 11 and Section 12 of FRS102 in full.

**Statement of Comprehensive Income**  
**Year ended 31<sup>st</sup> July 2021**

	<i>Note</i>	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b> <b>(restated*)</b>
<b>Income</b>			
Funding council grants	1	<b>3,888,131</b>	3,269,599
Tuition fees and short course fees	2	<b>46,963,264</b>	41,751,189
Research grants and contracts	3	<b>264,708</b>	256,769
Other operating income	4	<b>3,814,087</b>	5,236,238
Investment income	5	<b>82,279</b>	157,547
		<hr/>	<hr/>
Total Income		<b>55,012,469</b>	50,671,342
		<hr/>	<hr/>
<b>Expenditure</b>			
Staff costs	7	<b>33,081,660</b>	32,242,526
Other operating expenses	8	<b>10,391,907</b>	10,257,744
Depreciation	12	<b>4,270,795</b>	3,789,526
Interest and other finance costs	9	<b>1,238,927</b>	1,270,434
		<hr/>	<hr/>
<b>Total expenditure</b>	11	<b>48,983,289</b>	47,560,230
		<hr/>	<hr/>
<b>Operating surplus</b>		<b>6,029,180</b>	3,111,112
		<hr/>	<hr/>
<b>Actuarial gain/(loss) in respect of pension scheme</b>		<b>1,447,432</b>	(8,026,167)
		<hr/>	<hr/>
		<b>7,476,612</b>	(4,915,055)
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>7,476,612</b>	(4,915,055)
		<hr/>	<hr/>
<b>Represented by:</b>			
		-	-
Restricted comprehensive income for the year		<b>7,476,612</b>	(4,915,055)
Unrestricted comprehensive income for the year		<hr/>	<hr/>
			-
		<b>7,476,612</b>	(4,915,055)
		<hr/>	<hr/>

\*refer to Note 27

## Statement of Changes in Reserves

*Year ended 31<sup>st</sup> July 2021*

	Unrestrict ed Reserve £	Revaluati on Reserve £	Total £
Balance at 1 August 2020	68,887,461	32,496,892	101,384,353
Operating surplus	6,029,180	-	6,029,180
Actuarial gain in respect of pension scheme	1,447,432	-	1,447,432
Transfers	893,320	(893,320)	-
<b>Balance at 31 July 2021</b>	<b>77,257,393</b>	<b>31,603,572</b>	<b>108,860,965</b>
	=	=	=

## Statement of Changes in Reserves

*Year ended 31<sup>st</sup> July 2020*

	Unrestrict ed Reserve £	Revaluati on Reserve £	Total £
Balance at 1 August 2019	72,909,196	33,390,212	106,299,408
Operating surplus	3,111,112	-	3,111,112
Actuarial loss in respect of pension scheme	(8,026,167)	-	(8,026,167)
Transfers	893,320	(893,320)	-
<b>Balance at 31 July 2020</b>	<b>68,887,461</b>	<b>32,496,892</b>	<b>101,384,353</b>
	=	=	=



## Statement of Financial Position

As at 31<sup>st</sup> July 2021

	Note	2021	2020
		£	£
<b>Non-current assets</b>			
Tangible assets	12	121,604,372	122,135,153
		<hr/>	<hr/>
		121,604,372	122,135,153
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	13	1,713,416	1,971,114
Cash at bank and in hand		25,048,436	7,698,698
Investments	14	9,500,000	16,000,000
		<hr/>	<hr/>
		36,261,852	25,669,812
<b>Creditors:</b> amounts falling due within one year	15	(6,793,263)	(4,849,819)
		<hr/>	<hr/>
<b>Net current assets</b>		29,468,589	20,819,993
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		151,072,961	142,955,146
		<hr/>	<hr/>
<b>Creditors:</b> amounts falling due after more than one year	16	(10,087,302)	(10,951,887)
<b>Provisions for liabilities and charges</b>	23	(766,694)	(730,906)
		<hr/>	<hr/>
<b>Net assets excluding pension liability</b>		140,218,965	131,272,353
		<hr/>	<hr/>
<b>Pension liability</b>	24	(31,358,000)	(29,888,000)
		<hr/>	<hr/>
<b>Total net assets</b>		108,860,965	101,384,353
		<hr/>	<hr/>
<b>Restricted Reserves:</b>			
<b>Unrestricted Reserves:</b>			
Income and expenditure reserve		77,257,393	68,887,461
Revaluation reserve		31,603,572	32,496,892
		<hr/>	<hr/>
<b>Total funds</b>		108,860,965	101,384,353
		<hr/>	<hr/>

The financial statements on pages 28 to 49 were approved by the University Council on 23rd November 2021, and signed on its behalf by:



Chair of Finance &  
General  
Purposes Committee



Chair of University Council



Rector & Vice Chancellor

## Statement of Cash Flows

*Year ended 31<sup>st</sup> July 2021*

	2021 £	2020 £
<b>Cash flow from operating activities</b>		
Surplus for the year	6,029,180	3,111,112
<b>Adjustment for non-cash items</b>		
Depreciation	4,270,795	3,789,526
Investment income	(82,279)	(157,547)
Interest payable	1,238,927	1,270,434
Decrease in Debtors	257,698	182,980
Increase/(Decrease) in Creditors	1,609,435	(1,095,405)
Increase/(Decrease) in Provisions	(18,922)	(20,882)
Pension costs	2,530,000	1,867,000
<b>Adjustment for investing or financing activities</b>	(410,536)	(255,616)
Capital grants utilised in year		
<b>Net cash inflow from operating activities</b>	15,424,298	8,691,602
<b>Cash flows from investing activities</b>		
Capital grants received	410,536	255,616
Payments to acquire fixed assets		(2,864,508)
New Deposits	(3,740,014)	(7,500,000)
	)	
	6,500,000	
	3,170,522	(10,108,892)
<b>Cash flows from financing activities</b>		
Other interest received	82,279	157,547
Interest paid	(796,785)	(826,326)
Repayments of borrowed amounts	(530,575)	(504,050)
	(1,245,081)	(1,172,829)
	)	
<b>Increase in cash</b>	17,349,739	(2,590,119)

## Notes (forming part of the financial statements)

### 1 Funding council grants

	2021 £	2020 £ (restated*)
Recurrent Grant - OfS	<b>1,679,740</b>	1,626,137
<b>Specific</b>		
Engineering and Physical Sciences Research Council - EPSRC	<b>1,184,647</b>	1,207,750
Higher Education Innovation Fund	<b>548,846</b>	403,676
OfS Hardship Fund	<b>330,637</b>	-
OfS Covid Test Centre	<b>111,503</b>	-
Capital Grants	<b>32,758</b>	32,036
	<b>3,888,131</b>	3,269,599

\*refer to Note 27

### 2 Tuition fees and short course fees

	2021 £	2020 £
Full-time students	<b>42,074,970</b>	37,887,280
Full-time students charged overseas fees	<b>2,159,945</b>	825,207
Part-time students	<b>530,203</b>	604,828
	<b>44,765,118</b>	39,317,315
Total fees paid by or on behalf of individual students		
Short course fees	<b>2,198,146</b>	2,433,874
	<b>46,963,264</b>	41,751,189

### 3 Research grants and contracts

	2021 £	2020 £
Research councils	<b>9,828</b>	28,009
Research charities	<b>39,244</b>	82,804
Industry and commerce	<b>205,876</b>	118,236
Other	<b>9,760</b>	27,720
	<b>264,708</b>	256,769

### 4 Other operating income 2020

	2021 £	2020 £
Residences, catering and conferences	<b>3,153,735</b>	4,448,107
Other income	<b>660,352</b>	788,131

**3,814,087**      5,236,238

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## Notes (continued)

### 5 Investment income

	2021	2020
	£	£
Interest receivable	<b>82,279</b>	157,547

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### 6 Grant and fee income

	2021	2020
	£	£
Grant income from the OfS	<b>2,121,880</b>	1,626,137
Grant income from other bodies	<b>1,766,251</b>	1,643,462
Fee income for taught awards (exclusive of VAT)	<b>45,873,963</b>	40,333,231
Fee income for research awards (exclusive of VAT)	<b>243,291</b>	351,157
Total	<b>50,005,385</b>	43,953,987

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Note: excludes research grants and contracts as they are shown separately in Note 3

### 7 Staff costs (including directors' emoluments)

	2021	2020
	£	£ (restated*)
Wages and salaries	<b>23,513,565</b>	23,460,501
Social security costs	<b>2,340,872</b>	2,293,885
Other pension costs	<b>4,763,519</b>	4,574,522
FRS102 staff pension adjustments	<b>2,463,704</b>	1,913,618
	<b>33,081,660</b>	32,242,526

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\*refer to Note 27

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

	2021	2020
	Number FTE	Number FTE
Academic	<b>289</b>	276
Administrative and technical	<b>230</b>	238
Manual and ancillary	<b>97</b>	99
	<b>616</b>	613

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## Notes (continued)

<b>Emoluments of the Vice-chancellor &amp; Rector</b>	<b>2021 £</b>	<b>2020 £</b>
Salary	<b>300,158</b>	299,716
Benefits (Company Car)	<b>6,618</b>	8,456
Pension	<b>71,077</b>	69,204
<b>Total</b>	<b>377,853</b>	377,376

The emoluments of the Vice-chancellor & 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 (23.68%).

The Remuneration Committee has an established policy of placing the Vice Chancellor's salary within the top decile of heads of institutions that were granted University status in 2005 dependent on satisfactory performance. This recognises his experience as one of the longest serving Vice Chancellor's in the sector and his pivotal role in both the creation of the strategic vision for the University and driving forward its implementation.

The median salary has been calculated in accordance with the guidance provided by the OfS, determining the full-year, full-time equivalent for each worker employed during the year and ranking them from high to low. In the absence of specific guidance for determining the mid-point value within this list, the University has chosen to do so by making a cumulative total of the full-time equivalent fraction (FTE) for each worker and then finding the midpoint of that cumulative total, thus taking full account of the relative statistical significance of individual workers according to their FTEs.

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.

Basic Salary Ratio (Based on a median pay rate of £35,034): 8.57 times (2020: £35,665; 8.80 times)

Total Remuneration Ratio (Based on a median pay rate of £42,913): 8.81 times (2020: £42,380; 8.90 times)

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>2021 Number</b>	<b>2020 Number</b>
£100,000 - £104,999	<b>3</b>	1
£115,000 - £119,999	-	-
£120,000 - £124,999	-	1
£130,000 - £134,999	<b>1</b>	-
£135,000 - £139,999	<b>1</b>	1
£145,000 - £149,999	-	1
£150,000 - £154,999	<b>1</b>	-
£295,000 - £299,999	-	-
£305,000 - £309,999	<b>1</b>	1

	7	5
	=====	=====
<b>Key Management Personnel</b>		
	<b>2021</b>	2020
	<b>£</b>	<b>£</b>
	<b>1,315,098</b>	1,311,147
	=====	=====

## Notes (continued)

While administration of the University is controlled and managed by the University Council, the day to day operations are conducted by the University Senior Executive Team, the Academic Leadership Team and the Operational Leadership Team. The figure disclosed comprises total gross salaries of the University Senior Executive Team excluding employer's pension and national insurance contributions.

**Severance Payments** - Payments were made to 7 individual members of staff equating to £38,475.

## 8 Other operating expenses

	2021 £	2020 £ (restated*)
Residences, catering and conference operating expenses	<b>159,011</b>	376,940
Teaching departments	<b>1,946,247</b>	2,130,996
Books and periodicals	<b>592,221</b>	600,007
Heat, light, water and power	<b>1,279,230</b>	1,392,256
Repairs and general maintenance	<b>1,563,506</b>	1,334,896
Grants to Liverpool Hope Students' Union	<b>252,150</b>	252,150
External auditors' remuneration	<b>109,675</b>	49,200
Other support services	<b>521,438</b>	429,613
Administration and central services (*restated Note 27)	<b>2,725,402</b>	2,391,803
Other income generating activities	<b>63,062</b>	217,432
Other operating expenses	<b>1,179,965</b>	1,082,211
Reimbursement of Trustees' expenses	-	240
	=====	=====
	<b>10,391,907</b>	10,257,744
	=====	=====

\*refer to Note 27

In 2020/21 there were no expenses for trustees. In 2019/20 the expenses related to travel and conferences and amounted to £240.

	2021 £	
2020		
£		
External auditors' remuneration in respect of audit services		
<b>103,850</b>	43,400	
Audit related assurance services		<b>5,825</b>
5,800		
	=====	=====
	<b>109,675</b>	
	=====	=====
49,200		

The University tendered external audit services in 2020/21, the increase in fees were as a direct result of additional work required on access and participation, going concern and pensions, £5,000 included in 2021 related to access and participation work for the prior year.

## 9 Interest and other finance costs

	2021 £	2020 £
Interest payable on bank loans not wholly repayable within five years	265,071	294,299
Pension fund interest payable	442,142	444,108
Interest payable on finance lease	531,714	532,027
	<b>1,238,927</b>	<b>1,270,434</b>

## Notes (continued)

### 10 Access and Participation

	2021 £	2020 £
Access Investment	423,200	475,182
Financial Support	557,192	240,517
Disability Support	548,026	544,025
Research and Evaluation	-	-
	<b>1,528,418</b>	<b>1,259,724</b>

As a small institution, the access and participation activities are embedded within the operations of the University and cannot be easily identified as stand-alone costs for the target student population. Many elements of expenditure are subjective in nature therefore, the total costs are used and then a percentage of these costs shown as countable expenditure: 42% for Access Investment as 40%- 45% of the student population qualify for APP, Financial Support includes 85% of Learning Support Fund. £580,675 of these costs are included in the staff costs figure within Note 7.

£330,637 is included in Financial Support, funding was received from OfS (Note 1) to support this.

[https://www.hope.ac.uk/media/aboutus/governancedocuments/LiverpoolHopeUniversity\\_APP\\_2020-21\\_V1\\_10003956%20submitted%2002-02-21.pdf](https://www.hope.ac.uk/media/aboutus/governancedocuments/LiverpoolHopeUniversity_APP_2020-21_V1_10003956%20submitted%2002-02-21.pdf)

## 11 Analysis of expenditure

	Staff costs	Depreciation	Interest payable	Other operating expenses	Total
	£	£	£	£	£
Academic departments	18,986,335	-	-	1,946,247	20,932,582
Academic support services	1,686,715	-	-	1,272,705	2,959,420
Other support services	2,186,566	-	-	773,588	2,960,154
Administration and central services	3,971,143	-	-	2,835,077	6,806,220
General education expenditure	-	-	-	73,559	73,559
Premises	2,564,961	-	-	3,268,658	5,833,619
Other income generating activities	276,088	-	-	63,062	339,150
Residences, catering and conferences	946,148	-	-	159,011	1,105,159



Depreciation	-	4,270,795	-	-	4,270,795
Interest payable	-	-	1,238,927	-	1,238,927
FRS 102 Pension Costs Adjustment	2,463,704	-	-	-	2,463,704
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total per Statement of Comprehensive Income	33,081,660	4,270,795	1,238,927	10,391,907	48,983,289
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

<b>12 Fixed Assets</b>	<b>Assets in the course of construction £</b>	<b>Land and Buildings £</b>	<b>Equipment £</b>	<b>Vehicles £</b>	<b>Total £</b>
<b>Deemed cost</b>					
At 1 August 2020	563,803	138,744,882	9,687,229	156,050	149,151,964
Additions at cost	2,489,284	213,416	1,037,314	-	3,740,014
Disposals at cost	-	-	-	-	-
Transfers	(1,168,238)	1,151,101	17,137	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2021	1,884,849	140,109,399	10,741,680	156,050	152,891,978
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 August 2020	-	19,108,259	7,798,636	109,916	27,016,811
Eliminated on disposals	-	-	-	-	-
Charge for the year	-	3,769,969	485,448	15,378	4,270,795
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2021	-	22,878,228	8,284,084	125,294	31,287,606
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 July 2020	563,803	119,636,623	1,888,593	46,134	122,135,153
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2021</b>	<b>1,884,849</b>	<b>117,231,171</b>	<b>2,457,596</b>	<b>30,756</b>	<b>121,604,372</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.

### 13 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
Trade debtors	<b>1,095,800</b>	1,036,125
Sundry debtors	<b>23,816</b>	26,554
Prepayments and accrued income	<b>593,800</b>	908,435
	<hr/>	<hr/>
	<b>1,713,416</b>	1,971,114
	<hr/>	<hr/>

## Notes (continued)

### 14 Investments

	2021 £	2020 £
Deposits maturing in one year or less		
There are 2 deposits on fixed rate terms for £6,000,000 and £3,500,000 both with Santander and both on 12 month time deposits.	<b>9,500,000</b>	16,000,000
	<hr/>	<hr/>

### 15 Creditors: amounts falling due within one year

	2021 £	2020 £
Loans	<b>892,143</b>	530,575
Trade creditors	<b>1,036,772</b>	378,567
Social security and other taxation payable	<b>1,193,268</b>	1,119,521
Accruals and deferred income	<b>3,671,080</b>	2,821,156
	<hr/>	<hr/>
	<b>6,793,263</b>	4,849,819
	<hr/>	<hr/>

## 16 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Loans secured on residential and other property repayable by 2030	3,895,610	4,787,754
Obligations under hire purchase agreement	6,191,692	6,164,133
	<u>10,087,302</u>	<u>10,951,887</u>
Analysis of secured and unsecured loans:	2021 £	2020 £
<b>Due within one year or on demand (Note 15)</b>	<b>892,143</b>	530,575
Due between one and two years	384,591	558,173
Due between two and five years	1,278,398	1,499,288
Due in five years or more	2,232,622	2,730,293
	<u>3,895,611</u>	<u>4,787,754</u>
<b>Debt due after more than one year</b>	<b>3,895,611</b>	4,787,754
	<u>4,787,754</u>	<u>5,318,329</u>
<b>Total secured and unsecured loans</b>	<b>4,787,754</b>	5,318,329

## Notes (continued)

<i>Interest/terms on loans</i>	Original Value £	Interest rate %	Basis	Number of years remaining
Alexander Jones Building	600,000	1.44	Fixed	1
Sports centre	1,900,000	7.35	Fixed	1
Cloisters/Hermitage	420,000	1.06	Fixed	1
Student accommodation	8,300,000	5.72	£7m Fixed	9
		1.10	£1.3m Variable	

The loans are secured on the relevant assets of the University. The University has decided to fully repay the three loans due within one year in 2021-22 financial year, the remaining student accommodation loan will be repaid by instalments over the period of the loan.

## 17 Lease Obligations

	2021 £	2020 £
Total payable under hire purchase agreement	74,101	-
Later than 1 year and not later than 5 years	6,117,591	6,164,133
Later than 5 years		
	<u>6,191,692</u>	<u>6,164,133</u>
Total payment due	6,191,692	6,164,133

## 18 Reconciliation of cash flow to Statement of Financial Position

	2020 £	Cash flows £	2021 £
Cash at bank	7,698,698	17,349,738	25,048,436

## 19 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July

	2021 £	2020 £
Capital commitments	<b>2,895,357</b>	406,925

## 20 Training bursary payments

	2021 £	2020 £
Grant paid by National College for Teaching and Leadership (NCTL)	<b>4,858,900</b>	4,039,200
Payments to trainees	<b>(4,848,000)</b>	(3,986,700)
<b>Grant due to NCTL at end of year</b>	<b>10,900</b>	52,500

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 statement of comprehensive income.

## Notes (continued)

### 21 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. Council members declare their interests and the University updates the register of interests annually.

Included in the financial statements are the following transactions with related parties:

Expenditure	Income
£	£
<b>Mr Charles Mills</b>	
Trustee, St Mary's College	- 3,120
Governor, Everton Free School	-

## Fr Christopher McCoy

Governor, Holy Spirit Primary School  
3,060

1,733

The nature of expenditure transactions relates to payments to schools on behalf of students or secondment agreements for primary teaching staff. All payments were made during the financial year 2020/21 and there were no debtors or creditors at the year end.

## 22 Connected Charitable Institutions

The University is connected to one charitable institution, Liverpool Hope Carter Preston 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. Heritage assets were valued by the insurer at £330,411 and the Foundation has £126,359 in its current account as at 31 July 2020.

## 23 Provisions for liabilities and charges

	<b>Obligation to fund deficit on USS pension £</b>	<b>Pension enhancement on termination £</b>	<b>Total pension provision £</b>	The
At 1 <sup>st</sup> August 2020	589,393	141,513	730,906	
Movement in year	(29,261)	(18,922)	(48,183)	
Interest cost	4,303	1,840	6,143	
Actuarial loss	93,140	(15,312)	77,828	
	<hr/>	<hr/>	<hr/>	
	657,575	109,119	766,694	
	<hr/>	<hr/>	<hr/>	

obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below:

	2021	2020
Discount Rate	0.87%	0.73%
Salary Growth	2.86%	2.50%

## Notes (continued)

Since the year end, following the completion of the 2020 actuarial valuation, a new dual rate schedule of contributions has been agreed with an effective date of 1 October 2021. Recalculating the USS provision on the basis of these contributions would result in an increased obligation to fund the deficit of £1,708,015, an increase of £1,050,440.

A further change to deficit recovery contributions will become applicable under the 2020 valuation if the Joint Negotiating Committee recommended deed on benefit changes has not been executed by 28 February 2022. In this scenario, higher deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every 6 months until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. Negotiations continue and an increase to this level is considered remote.

If the Schedule of Contributions remains unchanged, the University's Financial Statements for the year ended 31 July 2022 will reflect these changes to the provision, subject to any other changes in financial and operational assumptions.

## 24 Pension and similar obligations

The University's employees belong to three principal pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, the Greater Manchester Pension Fund (GMPF) and the Merseyside Pension Fund (MPF) for non-academic staff. The total pension cost for the period was £4,716,144 (2020: £4,746,637).

	2021 £	2020 £
As at 1 August	<b>29,888,000</b>	19,107,000
Increase in liability	<b>1,470,000</b>	10,781,000
	<hr/>	<hr/>
As at 31 <sup>st</sup> July (see note 22 for further details)	<b>31,358,000</b>	29,888,000
	<hr/>	<hr/>
The University's pension liability is analysed as follows:	£	£
Greater Manchester Pension Fund	<b>31,188,000</b>	28,917,000
Merseyside Pension Fund	<b>170,000</b>	971,000
	<hr/>	<hr/>
	<b>31,358,000</b>	29,888,000
	<hr/>	<hr/>

### Teachers' Pension Scheme (TPS)

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.

## Notes (continued)

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.

### **Valuation of the Teachers' Pension Scheme**

The latest actuarial review of the TPS was carried out as at 31 March 2016 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 23.68% of pensionable pay;
- total scheme liabilities for service to the effective date of £218.1 billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22 billion
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was 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:**

<http://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 commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £2,720,497 (2020: £2,584,548).

### **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 2021 was £2,254,000 of which employer's contributions totalled £1,672,000 and employee's contributions totalled £582,000. The agreed contribution rates for future years are 19.1% for employers and ranges between 5.5% to 12.5% for employees, dependent on salary.

The following information is based upon a full actuarial valuation of the fund as 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

## Notes (continued)

	2021	2020	2019
Rate of increase in salaries	3.55%	2.90%	3.20%
Rate of increase in pensions in payment/inflation	2.80%	2.10%	2.40%
Discount rate for liabilities	1.60%	1.40%	2.10%
Commutation of pension to lump sums	55.00%	55.00%	55.00%

At 31 July 2020, in order to reflect the impact of proposals by the UK Chancellor and the UK Statistics Authority (UKSA) to align RPI with CPIH (a variant of the Consumer Prices Index that includes an estimate of housing costs), the CPI assumption methodology was reassessed. Based on the sensitivity information provided by the actuary, we expect the impact of this change in approach to be a c.£6,400k increase in the DBO as the CPI assumption is now 0.1% higher than it would have been under the previous methodology. Whilst not an audit adjustment, given the change has led to a material change, the impact should be disclosed in the Company's financial statements since it is a change in accounting estimate under FRS 102.10.18, and also because of the FRC's focus on accounting estimates generally

The allowance for future improvements has been updated from the CMI 2018 model to the CMI 2020 model to reflect the latest available industry data at the balance sheet date. The default smoothing and 2020 weight parameters have been adopted during current year. Though, the assumption for the long term rate of mortality improvements of 1.5% p.a. from the prior year-end for both males and females has been maintained. The assumption for the initial addition parameter has been updated from 0% to 0.5% for this year end. The proposed assumption for future mortality improvements can therefore be considered to lead to the best estimate of the future cashflows that will arise under the plan, consistent with the requirements of FRS 102.28.16.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates but does not include the potential effects of Covid-19 as it is not possible to draw any meaningful conclusions. This will be monitored in future periods and will be updated as appropriate. The assumed life expectations on retirement age 65 are:

	At 31 July 2021	At 31 July 2020	At 31 July 2019
Retiring today			
Males	20.50	20.50	20.60
Females	23.30	23.10	23.10
Retiring in 20 years			
Males	21.90	22.00	22.00
Females	25.30	25.00	24.80

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

	Value at 31 July 21 £000	Value at 31 July 20 £000	Value at 31 July 19 £000
Equities	45,290	35,549	37,812
Bonds	9,705	9,020	7,672
Property	4,529	3,714	4,384
Cash	5,176	4,775	4,932
Share of total market value of	64,700	53,058	54,800



assets			
Present value of scheme liabilities			
- Funded	<b>(95,861)</b>	(81,947)	(72,646)
- Unfunded	<b>(27)</b>	(28)	(34)
Deficit in the scheme	<b>(31,188)</b>	(28,917)	(17,880)

## Notes (continued)

### Analysis of the amount charged to the statement of comprehensive income

	<b>2021</b>	2020	2019
	<b>£000</b>	£000	£000
Current service cost	<b>(4,158)</b>	(3,859)	(3,008)
Past service cost (including curtailments)	<b>0</b>	294	(550)
Total service cost	<b>(4,158)</b>	(3,565)	(3,558)

### Analysis of pension finance income

	<b>2021</b>	2020	2019
	<b>£000</b>	£000	£000
Interest income on plan assets	<b>749</b>	1,163	1,435
Interest cost on defined benefit obligation	<b>(1,171)</b>	(1,562)	(1,741)
Total net interest	<b>(422)</b>	(399)	(306)

### Total defined benefit recognised in the statement of comprehensive income

<b>(3,964)</b>	<b>(3,864)</b>	<b>(4,580)</b>
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### Movement in deficit during year

	<b>2020</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Deficit in scheme	(17,880)	(28,917)
Movement in year:		
Current service charge	(3,859)	(4,158)
Past service charge (including curtailments)	294	0
Net interest	(399)	(422)
Contributions	1,678	1,672
Total Remeasurements recognised in Other Comprehensive Income (OCI)	(8,751)	637

Deficit in the scheme at end of year			(28,917)		(31,188)
<b>History of experience gains or losses</b>					
	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Return on assets excluding amounts included in net interest	9,903	(3,826)	1,528	2,737	5,253
Value of Scheme Assets	64,700	53,058	54,800	50,707	45,644
% of scheme assets	15.31%	(7.21%)	2.79%	5.4%	11.51%
Total Remeasurements on scheme liabilities	9,266	4,295	7,143	(2,783)	(1,357)
Total present value of scheme liabilities	(95,888)	(81,975)	(72,680)	(60,686)	(59,106)
% of Total present value of scheme liabilities	(9.66%)	(6.01%)	(9.83%)	4.59%	2.30%
Total Remeasurements recognised in Other Comprehensive Income (OCI)	637	(8,751)	(5,615)	5,520	6,110
% of the present value of scheme liabilities	(0.66%)	10.68%	7.73%	(9.01%)	(11.189%)

## Notes (continued)

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

### 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 2021 was £10,000 of which employer's contributions totalled £2,000 and employees' contributions totalled £8,000. The agreed contribution rates for future years are 56.2% for employers and ranges between 5.5% to 12.5% for employees, dependent on salary.

The following information is based upon a full actuarial valuation of the fund as at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

	2021	2020	2019
Rate of increase in salaries	4.10%	3.80%	3.80%
Rate of increase in pensions in payment/inflation	2.70%	2.40%	2.40%
Discount rate for liabilities	1.60%	1.50%	2.00%
Commutation of pension to lump sum	50.00%	50.00%	50.00%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates but does not include the potential effects of Covid-19 as it is not possible to draw any meaningful conclusions. This will be monitored in future periods and will be updated as appropriate. The assumed life expectations on retirement age 65 are:

	At 31 July 2021	At 31 July 2020	At 31 July 2019
Retiring today			

Males	21.00	20.90	22.20
Females	24.10	24.00	25.00
Retiring in 20 years			
Males	22.60	22.50	25.20
Females	26.00	25.90	27.90

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

	Value at 31 July 21 £000	Value at 31 July 20 £000	Value at 31 July 19 £000
Equities	3,417	2,918	2,926
Bonds – government	226	264	506
Bonds – other	1,894	1,657	1,697
Property	629	542	566
Cash & other	1,894	1,950	1,749
	<hr/>	<hr/>	<hr/>
Total market value of assets	8,060	7,331	7,444
Present value of scheme liabilities			
- Funded	(8,224)	(8,294)	(8,663)
- Unfunded	(6)	(8)	(8)
	<hr/>	<hr/>	<hr/>
	(170)	(971)	(1,227)
	<hr/>	<hr/>	<hr/>

## Notes (continued)

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

	2021 £000	2020 £000	2019 £000
Employer service cost (net of employee contributions)	(45)	(42)	(41)
Past service cost	0	(54)	(19)
	<hr/>	<hr/>	<hr/>
Total operating credit/(charge)	(45)	(96)	(60)
	<hr/>	<hr/>	<hr/>

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

	2021 £000	2020 £000	2019 £000
Interest on plan assets	108	147	198
Interest on pension scheme liabilities	(122)	(171)	(211)
	<hr/>	<hr/>	<hr/>
Pension finance costs	(14)	(24)	(13)
	<hr/>	<hr/>	<hr/>
	2021 £000	2020 £000	2019 £000
Actual return on plan assets	914	(82)	229
Experience gains and losses arising on the scheme liabilities	152	356	-
Change in financial and demographic assumptions underlying the scheme liabilities	(207)	(14)	(1,010)

Total remeasurement included within statement of comprehensive income	<b>859</b>	260	(781)
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### Movement in deficit during year

	<b>2021</b>	2020	2019
	<b>£000</b>	£000	£000
Deficit in scheme at beginning of year	<b>(971)</b>	(1,227)	(531)
Movement in year:			
Current service charge	<b>(45)</b>	(42)	(41)
Contributions	<b>2</b>	117	159
Past service charge (including curtailments)	<b>0</b>	(54)	(19)
Administration costs	<b>(1)</b>	(1)	(1)
Settlements and Curtailments	<b>-</b>	-	-
Net interest	<b>(14)</b>	(24)	(13)
Total Remeasurements recognised in Other Comprehensive Income (OCI)	<b>859</b>	260	(781)
Deficit in scheme at end of year	<b>(170)</b>	(971)	(1,227)

## Notes (continued)

### History of experience gains or losses

	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000
Return on assets excluding amounts included in net interest	914	(82)	229	298	949
Value of scheme assets	8,060	7,331	7,444	7,155	6,844
% of scheme assets	11.3 4%	(1.12% )	3.08%	4.1 6%	13.87%
Total Remeasurements on scheme liabilities	55	(342)	1,010	(228)	402
Total present value of scheme liabilities	(8,230)	(8,302)	(8,671)	(7,686)	(7,984)
% of Total present value of scheme liabilities	(0.67%)	4.12%	(11.65%)	2.97%	(5.04%)
Total Remeasurements recognised in Other Comprehensive Income (OCI)	859	260	(781)	526	547
% of the present value of scheme liabilities	(10.44%)	(3.13%)	9.01%	(6.84%)	(6.85%)

## 25 Financial Instruments

The University operates a treasury management function which is responsible for managing the credit, liquidity and interest risk. These financial risks are managed within the parameters specified in the approved Treasury Management Policy. The Treasury Management Policy adopts the key recommendations of the Code of Practice on Treasury Management in Public Service as issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) as recommended by Higher Education Funding Council for England (HEFCE) and is reviewed, updated and approved annually.

The University's principal financial instruments are cash, investments and loans. The core objective of these financial instruments is to meet the financing needs of the University's operations. The University also has other financial assets and liabilities arising directly from its operations ie trade debtors and creditors.

Credit risk arises from bank balances, investments, student debtor and commercial customers. Student and commercial debtors are reviewed on an ongoing basis and a bad debt provision is made if recovery becomes uncertain, or written off if deemed irrecoverable.

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Daily, weekly and monthly monitoring of cash position and regular cashflow forecasts are part of the control environment and planning throughout the year. The University policy is to maintain a balance of no more than £10m with any single banking organisation.

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations in the value of balance sheet items.

The fair values of each category of the University's financial instruments are the same as their carrying value on the statement of financial position.

### Notes (continued)

<b>Financial Assets</b>	<b>2021</b>	<b>2020</b>
Investments	9,500,000	16,000,000
Trade & Other Receivables	1,119,617	1,062,680
Cash & Cash Equivalents	25,048,438	7,698,697
	<hr/>	<hr/>
	35,668,055	24,761,377
	<hr/>	<hr/>
<b>Financial Liabilities</b>	<b>2021</b>	<b>2020</b>
Loans	4,787,754	5,318,329
Trade & Other Payables	1,036,772	378,567
	<hr/>	<hr/>
	5,824,526	5,696,896
	<hr/>	<hr/>

## 26 Reconciliation of Net Debt

**2021**

**2020**

Net Debt at 1 August	3,783,764	1,669,825
Movement in Cash & Cash Equivalents	17,349,738	(2,590,118)
Other non-cash changes	(35,202,493)	4,704,057
	<hr/>	<hr/>
Net Debt at 31 July	(14,068,991)	3,783,764
	<hr/>	<hr/>
Change in Net Debt	(17,852,755)	2,113,939
	<hr/>	<hr/>

#### Analysis of Net Debt:

	2021	2020
Cash & Cash Equivalents	25,048,436	
7,698,698		
<b>Borrowings: amounts falling due within 1 year</b>		
Secured loans	892,143	530,575
<b>Borrowings: amounts falling due after 1 year</b>		
Secured loans	3,895,610	4,787,754
Obligations under finance lease	6,191,692	
6,164,133		
	<hr/>	<hr/>
	10,087,302	10,951,887
	<hr/>	<hr/>
Net Debt	(14,068,991)	3,783,764
	<hr/>	<hr/>

#### Notes (continued)

##### 27 Prior Period Adjustment

Capital grants totalling £255,616 for 2020 have been restated to reflect the accurate source of funding body grants. Originally categorised under donations and other grant income, £233,580 was received from OfS and £32,036 from EPSRC in the prior year so have been moved to the respective lines in note 1 funding council grants. This prior period adjustment has not impact on the surplus reported in the prior year or the net assets of the University at the 31<sup>st</sup> July 2020.

Staff costs for 2020 have been restated to reflect the movement of FRS 102 staff pension adjustments. £1,913,618 was moved from the 'administration and central services' line within note 8 other operating expenses, to the 'FRS 102 staff pension adjustments' line within note 7 staff costs. These pension adjustments are costs associated with staff related pensions which are calculated by independent fund actuaries. These costs are included in the Statement of Comprehensive Income. This prior period adjustment has no impact on the surplus reported in the prior year or the net assets of the University at the 31<sup>st</sup> July 2020.