

125  
YEARS  
1898 - 2023

LSTM  
LIVERPOOL SCHOOL  
OF TROPICAL MEDICINE



Financial  
Statements

2022  
2023



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# Liverpool School of Tropical Medicine

## Financial Statements for the year ended 31 July 2023

### Report to the Members of the Board of Trustees

#### 1. Constitution and Organisation

The Liverpool School of Tropical Medicine (LSTM) was formally inaugurated on 22 April 1898 and incorporated on 30 January 1905 as the Incorporated Liverpool School of Tropical Medicine. LSTM was registered as a charity on 11 October 1963. LSTM is a company limited by guarantee and holds no share capital and is governed by a Board of Trustees.

The Incorporated Liverpool School of Tropical Medicine changed its name on 30 November 1992 to Liverpool School of Tropical Medicine.

The Secretary of State for Business, Innovation and Skills, by an Order of Parliament, under section 129 of the Education Reform Act 1988, designated LSTM as a Higher Education Institute (HEI) on 19 July 2013. LSTM receives direct funding from the Office for Students (OfS) and UK Research and Innovation (including Research England).

#### 2. Memorandum of Association

LSTM's Memorandum and Articles of Association was amended by special resolution and adopted at the AGM on 24 November 2017. Its main objects are:

To engage in, promote and encourage research, study and instruction in connection with the origin, character, alleviation, prevention and cure of every or any type of tropical disease which is now or may hereafter become known in any part of the world where such disease either manifests itself or has effects; and to advance and encourage learning and the practice of all sciences and arts allied with or which may be usefully studied in connection with the matters aforesaid, and to collect and circulate information with regard to such diseases, sciences and arts.

#### 3. Statement of Public Benefit

LSTM is a registered charity subject to regulation by the OfS and the Charity Commission under the Charities Act 2016. LSTM reports annually on the ways in which it has delivered charitable purposes for public benefit.

The Board of Trustees, in reviewing LSTM's activities in this regard, has taken into account the Charity Commission's guidance on public benefit. The Board is satisfied that the activities of LSTM as described in these Reports and Financial Statements, and detailed in the Annual Report, fully meet the public benefit requirements.

#### 4. Vision and Mission

VISION: Healthy lives across the world.

MISSION: Improving health outcomes in disadvantaged populations globally through partnership in research and education.

#### 5. Objectives

The year ended 31 July 2023 is the final year of the LSTM strategic plan 2017-2023. Throughout this year our focus has been on continuing to deliver against the core objectives outlined in the 2017-2023 plan, whilst developing our new Strategic Plan, 2023-2028.

Our major strategic priorities for the 2017-2023 period have continued to guide our activities in this year and will remain a key focus within our new Strategy which has evolved to allow us to remain responsive to the external environment while continuing to deliver against our core mission.

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#### **Our priorities - 2017-2023 Strategic Plan**

- Strengthen the translational impact of our activities.
- Expand our teaching portfolio.
- Plan for growth.

These 3 goals are expanded into 10 actions throughout this strategic cycle. We will:

1. Expand significantly our teaching portfolio in line with market demand.
2. Identify, attract, retain and develop internationally competitive leaders in translational research.
3. Align our research portfolio with global infection priorities.
4. Ensure that our research focus covers the T1-T4 translational continuum.
5. Ensure that our learning and teaching developments and research activities are aligned and integrated.
6. Accelerate transition of research outputs into health impact.
7. Enable genuine interdisciplinary activity.
8. Enable effective global partnerships with multiple stakeholders in teaching and research.
9. Consolidate and enhance our relationships with major funders.
10. Provide the environment that supports the above.

LSTM Executive undertakes regular monitoring and evaluation of the strategy, objectives and progress towards delivery, under the oversight of the Board of Trustees. All three of the key objectives have been achieved over the current strategic cycle. Our continued growth, success and transformation is increasingly evident through our impact which has been recognised by being shortlisted in the flagship University of the Year category at the 2023 Times Higher Education Awards.

Following comprehensive engagement with staff, students and partners over the last 18 months, our new Strategy was completed in spring 2023 and launched to staff in February this year. This will be fully operationalised in the next academic year.

#### **Operating and Financial Review**

#### **6. The Nature, Objectives and Strategies of the Charity**

LSTM is a UK-headquartered Higher Education Institution, internationally recognised as a world leader in health-related scientific research and a specialist in postgraduate education and teaching. As we look to celebrate our 125<sup>th</sup> anniversary in 2023, our core mission remains to positively impact the health and wellbeing of the most disadvantaged populations across the world. Working in partnership in over 70 countries, our multi-disciplinary approach sees researchers, scientists, clinicians and educators engaging with communities in the UK and internationally, undertaking cutting-edge research and translating findings into clinical practice and global policy.

We remain committed to supporting capacity strengthening where it is most needed to deliver resilient health systems. Our work, often in partnership with industry, is continuing to deliver the next generation of products to address some of the most challenging diseases. That work is helping to realise positive health outcomes for the most disadvantaged communities around the world. We continue to leverage our longstanding international partnerships and our strong position at the heart of the Liverpool City Region within the internationally recognised Life Sciences economy. We have further strengthened our multi-sectoral partnerships with a wide range of organisations including the Knowledge Quarter, the Liverpool University Hospitals NHS Foundation Trust, Liverpool City and the Liverpool City Region Combined Authority, as well as with other academic institutions, charities, NGOs and local, regional and international governments.

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Infrastructure grants received this year offer major opportunities to enhance our estate with construction of a new 12-bed academic in-patient human challenge facility which will be the largest academic facility in the UK, alongside a redevelopment of our Mary Kingsley building to create new dedicated student learning spaces.

As we have sought to balance the impact of external challenges on our operations, including resetting in the post-pandemic era, widespread global political instability and the growing impacts of climate change, we have continued to invest in transforming both our people and our operations. With further strategic appointments to expand the numbers of senior academic and administrative staff, alongside a commitment to delivering equitable pathways to career progression and training for our people, we are working to attract and retain the very best academic and professional services staff. We have begun the process of transformation in our service models and core systems, such as our new Finance system which was procured in this year, and we remain focused on underpinning our activities with effective and efficient operations.

Building a truly inclusive and diverse culture remains a core priority for LSTM. Through our longstanding international connections we are further developing our network of Partnership Hubs in Africa to expand scientific capability and capacity among the global community. We have also formally endorsed the consensus statement on measures to promote equitable authorship in research publications, recognising the important role we play in driving more equitable approaches. Our commitment to gender equality has been recognised with a silver Athena Swan award and while we have much more work to do in this area we are proud of the progress made to date.

As we enter our 125<sup>th</sup> anniversary year we are more aware than ever of the importance of acknowledging our history and making significant progress towards becoming an actively anti-racist organisation. We have undertaken work in this year to address the issues identified in the 2021 Race Equity Review, progressing with the development of our first ever Race Equity Action Plan but we recognise that we have much more work to do in this area.

We also continue to work on our role in safeguarding and protecting beneficiaries, research participants, patients and communities. We endorse and support the principles of the Universal Declaration of Human Rights, (UN, 1948); the UN Convention on the Rights of The Child (UNICEF, 1989); the Declaration on the Elimination of Violence Against Women (UN 1993) and the UN Global Compact (UN, 1997).

## 7. Financial Performance

### Principal Risks and Uncertainties

The full scope of principal risks is monitored and mitigated within the institution's risk register and include measured and mitigated risk around sources of income, particularly : Financial growth targets, student numbers/income, grant income and cost recovery and over dependency on specific funders/major clients.

*Other key financial risks include the following:*

- **Liability to finance the deficit on the University Superannuation Scheme (USS)** : On 1<sup>st</sup> October 2021 the latest valuation of the scheme (the 2020 valuation) was signed and approved, the 2023 valuation has been performed but was not yet available for the July 2023 calculations. It is anticipated there will be further reduction in the liability in 2023/24 once the more favourable position provisionally shown in the 2023 valuation is reflected.
- **Inflationary pressures** : Regarding research grants, grants continue to be reviewed for any inflationary risks and no significant exposures have been identified. The other area of concern is the rise in energy

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prices, but in mitigation, energy saving measures are being pursued, alongside continued membership of TEC, the industry's energy consortium.

- **Exposure to foreign exchange fluctuations on US\$ or Euro denominated grant income:** this is mitigated through hedging receipts in US\$ and Euros through forward exchange contracts.
- **Failure to maintain the pipeline of research grants and consultancy:** The principal risk to research income growth is the accessibility and success of research grant applications and this is mitigated through risk monitoring. Brexit has not had the feared impact of accessibility to EU grants and the re-opening of the chance to apply to the EU horizon programme offers more opportunities. The unexpended balance of live grants and applications at 31 July 2023 was £181m, compared to £183m at 31 July 2022.
- **Research turnover growth:** This is fundamental to the organisation with a target to increase income by over 30% (excluding subsidiary companies) within the strategic plan period ending in 2022/23, and this target has been achieved.

Sensitivity analysis shows that a reduction of 20% on the turnover from major funders has little effect on the bottom line of LSTM if sensibly managed due to a related reduction in expenses. However, any significant change in funding policy from LSTM's major donors could have a major effect in the longer term.

- **Improvement to the research infrastructure:** This is perceived as a direct contributor to the quality and timescale for achieving high quality scientific results and attracting additional funding to LSTM. Quality of facilities separates LSTM from other UK institutions and contextualises LSTM as a global player. LSTM is also a contributing investor into a new research building in Malawi. This investment is enabled by the generation of surpluses and capital funding from Research England/Office for Students, the Wolfson Foundation and others.

#### Financial Performance in the year

LSTM Group has reported total comprehensive income of £7.8m (2022 : £7.5m deficit). The surplus in the year reflects primarily strong operational results including additional funding from UKRI based excellent REF results and also a £0.8m net gain on non-operational items such as movements on the pension provision and unrealised gains/losses on investments and foreign exchange as shown in the table below.

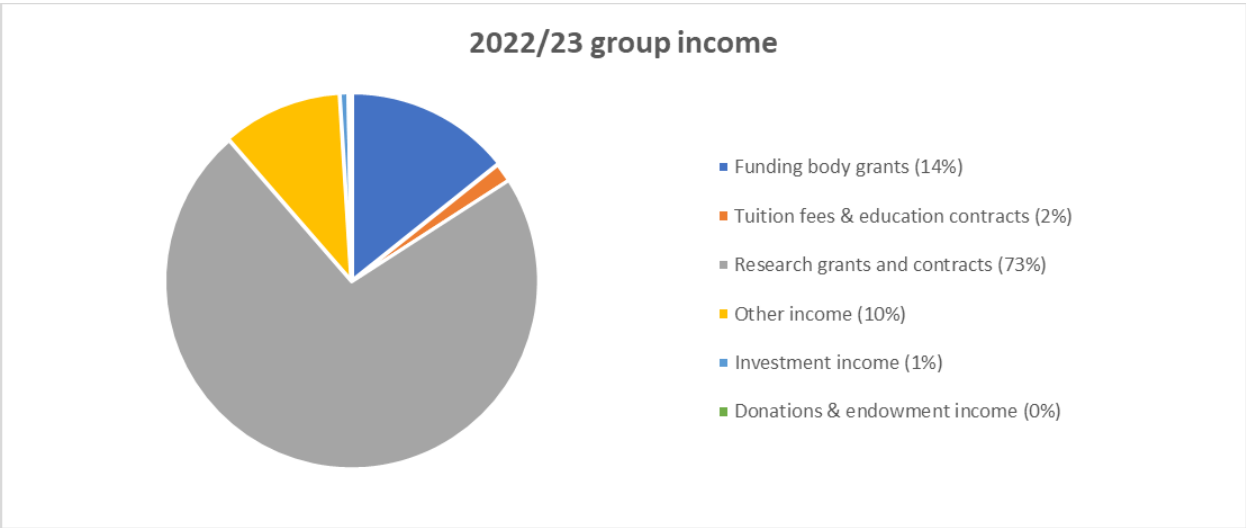
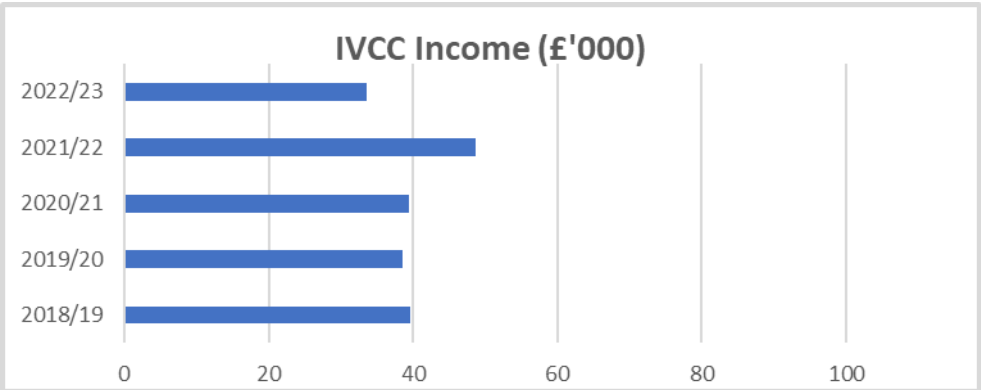
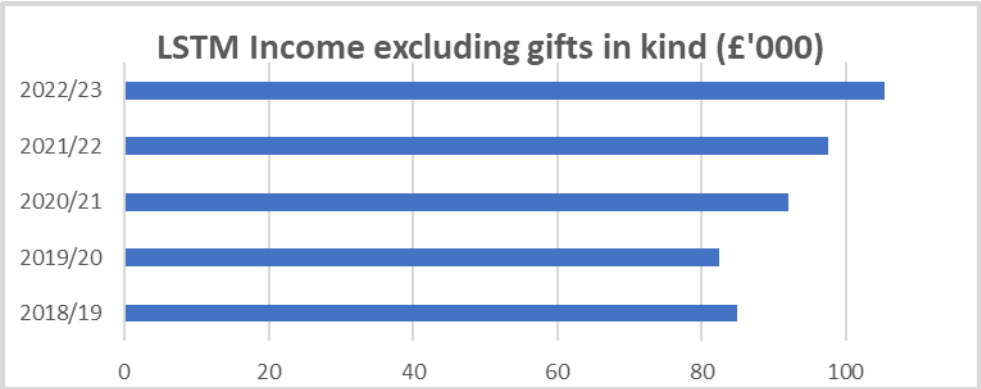
These financial statements report the results of LSTM and the Group's activities for the year ended 31 July 2023 and have been produced in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (2019 SORP) and in accordance with Financial Reporting Standards (FRS102). The results for the year include a number of accounting entries which influence the final group comprehensive income of £7.8m in 2022/23. Stripping out these adjustments LSTM made an underlying operating surplus of £5.2m in the year, and the Group an operating surplus of £6.9m, as shown in the table below.

	LSTM	Group
	£'000	£'000
<b>Total comprehensive income for the year</b>	<b>6,021</b>	<b>7,770</b>
USS pension deficit funding credit	(1,318)	(1,318)
Unrealised loss on revaluation of investments and endowments	2,139	2,202
Foreign exchange movements in relation to hedged currencies	(1,623)	(1,733)
<b>Underlying operating surplus for the year</b>	<b>5,219</b>	<b>6,921</b>

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Income

LSTM’s reported group income decreased by 21% in the year but excluding gift in kind income (which decreased by 78%) group income decreased by only 4%. LSTM income excluding gift in kind income did increase, including a 4% increase in funding body grants. IVCC income fell in the year, reflecting the anticipated end of the very successful UNITAID programme.



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#### *Operating expenditure*

- LSTM's and the Group's reported total operating expenditure decreased both by 29% (excluding gifts in kind and USS pension provision costs, expenditure decreased by 7% and 14% respectively), a reflection on the small downturn in income after several years of steady increases, and also reflecting the end of the UNITAID programme in IVCC as detailed above.

#### *Capital expenditure*

In the year, LSTM set up a new subsidiary company which subsequently purchased the LLSA building for £15m. This is a major strategic investment for the LSTM group. In 2023/24 LLSA will redevelop the ground floor of the building into a human challenge facility which will open up considerable opportunities for further collaboration with industry and the NHS.

Other capital investment expenditure for the year was £3.5m (2022: £5.4m). Of this total, the largest components were smaller building projects, IT capital projects and research equipment. The amount has fallen compared to the prior year which included the majority of the costs for Pembroke House which opened in January 2023.

LSTM is currently investing in several large building projects – in Liverpool the development of Pembroke House is complete and the building now open and in use, but LSTM is in the early stages of the next development of Education space with renovations to the Mary Kingsley building.

In Malawi, construction is now moving forward on the Creator building, a new research facility, with completion expected early in 2024. LSTM is working in partnership with Wellcome Trust and the University of Liverpool to fund and develop this new facility which will be owned locally and managed and operated by the Malawi Liverpool Wellcome partnership (MLW) under a long lease.

These investments have been funded through capital grants from Research England, OfS, the Liverpool City Region Combined Authority and internal LSTM funding.

#### *Cash flow, financing and balance sheet*

During the year LSTM generated net cash inflows from operating activities of £17.3m (2022: £1.5m outflow). These net inflows reflect mainly a net increase in working capital and the impact of unwinding the finance lease on the LLSA building following purchase of the building in November 2022.

The net overall change in cash for LSTM for the year was an outflow of £0.1m (2022: £2.8m outflow).

Group net cash inflows from operating activities was £15.7m (2022: £14.4m outflow). The outflow from investing activities of £20.2m (2022: £6.7m inflow) reflects primarily the purchase of the Liverpool Life Sciences Accelerator building by LLSA Ltd for £15.0m.

The net overall change in cash for the year for the Group was an outflow of £4.0m (2022: £8.1m outflow).

Group Cash and cash equivalents at the year end were £40.0m, representing 3.6 months of total operating expenditure (excluding pension provision movement, depreciation and gifts in kind expense). A proportion of this cash represents research project working capital and is therefore not available for non-research operational or capital investment purposes.

Total Group net assets increased by £7.8m from £47.9m to £55.7m.



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### Group Key Performance Indicators

To measure performance and progress against the 6 year strategic plan LSTM uses a range of key performance indicators (KPIs), some of which are also part of LSTM's statutory reporting to Office for Students (OfS).

#### *Underlying operating surplus/(deficit) in the year*

£'000	2022/23	2021/22	2020/21	2019/20	2018/19
Underlying operating surplus/(deficit)	6,921	6,453	4,351	(428)	3,882

LSTM monitors the underlying operating surplus or deficit after excluding accounting entries. Having achieved surpluses the previous few years, 2019/20's results were negatively impacted by COVID-19. However, since then there has been a return to surpluses resulting from the return to pre pandemic levels of activity.

#### *Overall financial health*

%	2022/23	2021/22	2020/21	2019/20	2018/19
General reserves as a % of income (excluding gifts in kind)	17.9%	12.7%	20.8%	20.4%	12.6%

In recent years general reserves have been impacted by movements on the USS pension provision in particular. However, general reserves have remained strong the last few years, under-pinned by a strong balance sheet.

#### *Research income growth*

£'m/%	2022/23	2021/22	2020/21	2019/20	2018/19
Research & consultancy income £'m (excluding gifts in kind)	110.4	120.1	106.2	96.9	100.9
% change	-8.0%	13.1%	9.6%	-3.9%	8.2%

Whilst LSTM research and consultancy income increased again, the reduction of group income reflects the end of the large UNITAID project in IVCC.

## 8. Student Numbers

LSTM student retention, as monitored by OfS, was above threshold expectations in 2022/23. In the year 93 students were enrolled into Masters programmes, compared to 92 the previous year, and 49 students were recruited into Research PhD programmes, compared to 31 the previous year.

2022/23 was the first intake onto the newly designed suite of taught Masters as well as the first intake of the MRes programme.

Professional Diploma recruitment was impacted by NHS strikes, travel complications and competitors moving to online programmes. We are addressing this as part of the annual review of the portfolio for 2024 recruitment. 137 students joined diploma courses in 2022/23, down from 183 the previous year.

## 9. Curriculum Developments

The 2022-23 academic year saw the realisation of the largest curriculum renewal for decades with all taught Masters programmes relaunched under a simplified structure. The existing programmes were restructured to

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consistent module sizes enabling greater efficiency in delivery, and flexibility to expand and change in the future.

There will be more changes in 23/24 as we align our provision to the LSTM Curriculum Design Framework which builds on the foundations of the 22/23 restructure and which will focus on consistency of approach, against sector standards for teaching and assessment as well as a much-needed framework for online programme delivery to allow us to mitigate financial challenges of living/studying in the UK.

Most changes were driven by student feedback and there are early indications that the changes to date have been impactful on student outcomes and satisfaction.

The 2022-23 academic year also saw LSTM enter the national Advance HE 'Postgraduate Taught Experience Survey' (PTES) for the first time since 2019. This is a key measure of where our teaching and student learning experience ranks against the sector and peers, and the high visibility is important for recognition and to support student recruitment.

LSTM placed sixth overall from 101 participating institutions, and fourth in the categories for teaching and also skills development.

#### **10. Staff and Student Involvement**

Student involvement and voice is relatively strong at LSTM given the challenges of our size. Students have been vocal in meetings with senior leaders in the faculty of education and have expressed satisfaction on the speed of change when they have raised areas for improvement. This is in part due to the strong Student Rep system (elected across all programmes, modes of study, modes of delivery and types of provision). In 22/23 this expanded to include reps for committees within the deliberative committee structure: QMC, Equality and Inclusion Committee, Race Equality Action Group, Health and Safety Oversight Committee and Board of Trustees

Students have also been actively involved in key projects such as shaping the Education strategy, the aims of the Mary Kingsley redesign, improvements to Induction, and the PGR conference.

There was a deliberate attempt to re-engage wider LSTM staff with Education in 22/23 which has involved having a senior presence at all of the research-focussed department meetings, Staff Forums and an Academic Forum as well as a visit to MLW. Committee Reps are also being asked to step up into their role as being the conduit between Education and their areas for items that will be the foundation for growth in Education. Increased engagement was evident through feedback on strategy, workload policies and procedures, academic regulations and support for Open Days and student recruitment.

#### **11. Fundraising**

##### **Approach to fundraising**

Our fundraising efforts are focused on relationship-based fundraising with trusts, foundations, corporates, high net worth and ultra-high net worth individuals.

In the run up to LSTM's anniversary year, during 2022-23 the 125 Fundraising campaign was launched, with income strategically aligned to LSTM's vision for growth. An external Campaign Board has been established to

help support and oversee the fundraising strategy, Chaired by The Lord Trees. The Board consists of external supporters and representatives and has membership including LSTM's Director, Director of External Relations and Head of Fundraising and Development.

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In June 2023, LSTM announced our partnership with the Liverpool Chamber of Commerce as their Charity of the Year. This provides a unique opportunity to engage with the Liverpool Business Community in our anniversary year to raise funds for North-West Scholarships.

During our anniversary in November 2023, we will formally launch the Future Fund; a platform for donors who wish to give at a low/medium level to support LSTM's mission. This level of giving is supported by CAF Online (provided by the Charities Aid Foundation) and creates a seamless way for donors to give online. The Future Fund audience is primarily alumni, key LSTM stakeholders and supporters from colleagues to Trustees, the public and local organisations.

For major donors, we undertake detailed due diligence which is overseen by the Director, LSTM Executive, and the Trustees. Potentially, high risk or high value donations (£1m+) are referred to the Trustees for approval, ensuring that we manage risk as much as possible. External due diligence is commissioned in the cases of any significantly high value or contentious approaches using external professional industry-standard providers.

We undertake thorough research (in line with GDPR) and manage all donor records on a secure database. Through our new CRM system, we can better manage supporter and stakeholder relationships across LSTM. Everyone is required to provide explicit consent to receive communications and can change their personal preferences or have their details removed at any time.

We currently have several policies driving our activities including for Ethical Fundraising and Gift Acceptance - a full review of relevant policies will be undertaken in the 23/24 academic year.

#### **Work with, and oversight of, any commercial participators/professional fundraisers**

We have retained the support of a consultancy firm to support the development and implementation of the fundraising strategy and approaches to major gift prospects. The consultant reports to the Director of External Relations and works to specific aims, under the guidance of LSTM's Ethical Fundraising Policy (last reviewed March 2023).

To support our work, we have acquired a three-year subscription deal with Wealth X Analytics and are currently in year one. Wealth X has developed the world's largest collection of records on wealthy individuals and produces unparalleled data analysis to help organisations uncover, understand, and engage their target audience, as well as mitigate risk.

#### **Fundraising conforming to recognised standards**

The Senior Philanthropy Manager and Fundraising Assistant are members of the Chartered Institute of Fundraising (CioF). The Senior Philanthropy Manager holds a Certificate in Fundraising and has completed the CioF Future Leaders Programme, is a CioF Convention Board Member and a member of the CioF North-West Committee. LSTM has also signed up and paid the levy to the Fundraising Regulator, by virtue of which we also sign up to their Fundraising Code of Practice and abides by charity law and regulations as set out by the Charity Commission.

#### **Monitoring of fundraising carried out on our behalf**

During times when LSTM is approached by volunteers to fundraise on LSTM's behalf, we suggest they fundraise via JustGiving. Our Board of Trustees have been very supportive in engaging their contacts on behalf of LSTM and it is anticipated that this will expand to involve the Campaign Board. In all these cases, the leads are passed on to the Fundraising team and we liaise with the individuals involved and ensure that donations can be collected in a secure and compliant way.

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The Charity of the Year partnership will see the Liverpool Chamber and members fundraising on LSTM's behalf. We will ensure that we will only engage with members who share LSTM's values and where fundraising is in line with LSTM's ethical fundraising policy.

#### **Fundraising complaints**

Any complaints received by the Fundraising Regulator, or directly to LSTM, will be immediately referred to the Director of LSTM and the Chair of the Board of Trustees for review and appropriate action. Safeguarding issues will be referred to LSTM's Safeguarding Lead. FOIs are flagged by LSTM's Data Protection team and are responded to in a timely and transparent manner.

#### **Protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate**

LSTM does not currently undertake any public (cold/non-opt-in) campaigns utilising telephone, door-to-door or street fundraising. Any mass-participation fundraising campaigns are marketed through reputable platforms such as JustGiving and Crowdfunder.co.uk or via direct communication with individuals who have opted in to receive such communications. Contacts who have opted in to receive fundraising communications may be included in email or direct mail campaigns, based on their communications preferences.

## **12. Taxation**

LSTM's activities are not subject to corporation tax, given that income and gains are applied for and used exclusively for charitable purposes. LSTM's subsidiaries fall under the scope of corporation tax, except for IVCC and LLSA Limited, which have charity status, and the overseas subsidiaries. Due to the continued growth of LSTM, a tax strategy is updated and issued annually (available on the website). LSTM continue to comply with all relevant regulations and to contact HMRC as relevant on specific issues.

## **13. Employment of Disabled Persons**

LSTM strives to be an inclusive employer and welcomes applications from people with disabilities, appointing on merit alone. We are reviewing our branding and recruitment practices to ensure they are inclusive and equitable for all underrepresented demographics – this includes those who identify as disabled.

We continue to work to the social model of disability and provide adjustments and required support in the workplace. We are working to identify barriers to progression and development and implement identified actions to address these as part of our long-term Equity, Diversity and Inclusion (ED&I) commitments.

We acknowledge that people can become disabled and may also be temporarily disabled across their lives. Our efforts include ensuring that necessary support mechanisms are put in place both practically and holistically to support our people. We are people led and have recently established a Disability and Carers Network.

In our Annual E&I Report 2021 - 2022, we committed to:

- improving both physical accessibility and technology access;
- awareness raising via Learning and Development;
- supporting our staff/student network;
- improving awareness and support for neurodiversity for staff;
- working in partnership with student support services to do the same.

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#### 14. Disability Statement

As a public sector higher education research institution, we comply with both the Equality Act 2010 and the Public Sector Equality Duty. As an employer, we work to go beyond legal statutory requirements to support people with disabilities including but not limited to physical disability, neurodiversity and progressive conditions and impairments.

We accept the accessibility regulations as good practice, and as part of our commitment to the Public Sector Equality Duty. A priority action for us as an organisation includes working to ensure our website and documents are compliant with legal accessibility requirements.

#### 15. Equality at LSTM

Over the past 12-months LSTM has enhanced its commitment to Equity, Diversity, and Inclusion. As highlighted in our Annual Equity and Inclusion Report 2021 – 2022, based on our data capture and qualitative staff engagement, we have focused our efforts on Gender, Race, LGBTQ+ and Disability. We are working towards improving our intersectional data analysis and have already begun targeting intersectional efforts on key priorities including recruitment; progression and development; talent management and retention. Other cross-cutting priorities for us have included a review of our bullying and harassment processes and reporting mechanisms, developing organisational literacy on ED&I topics, and improving ED&I data capture.

Equitable engagement with external partners is at the heart of our research activity. An international team, including LSTM researchers has worked to promote equitable authorship. This work has been shortlisted for the Times Higher Education ED&I award.

As well as our cross-cutting priorities, across our **4 target (Gender, LGBTQ+, Race and Disability) areas** we are pleased to confirm progress as outlined below:

##### *Gender Equity*

In October 2022 we achieved our first Silver Athena Swan award – an award aimed at progressing gender equality within academia and academic institutions.

##### *Race Equity*

In October 2022 we published our first institutional Race Equity action plan in partnership with Professor Jason Arday and in the last year we delivered key actions in our Race action plan, including Executive Anti-Racism leadership training, Positive Action training for most frequent hiring managers, and improvements to our recruitment process and ED&I data capture. We continue to work with Professor Jason Arday as our External Race Consultant on priorities including our review mechanisms for reporting acts of racism including discrimination and racial harassment, and how to build an inclusive psychologically safe culture. Our Race Equity action plan provides a robust roadmap to prepare LSTM for its bronze Race Equality Charter (REC) application.

##### *LGBTQ+ Equity*

Our LGBTQ+ staff network continues to grow from strength to strength, having delivered several staff and fundraising initiatives over the past academic year. The network has also worked closely with our Learning and Development team to select inclusive Trans Inclusion training for HR and other key stakeholders.

A key priority for LSTM is the development of both a Trans and Transitioning at work policy, which is in initial draft stages. We work closely with our Stonewall Working Group, and have continued our membership of Stonewall's Corporate Diversity Champions scheme. We are developing our LGBTQ+ travel guidance in the



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longer term, we are also preparing an application for the Stonewall Workplace Equality Index which we expect to complete within the next three years.

#### 16. Transparency Arrangements

The Board of Trustees conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board. Minutes of all meetings are available from the Secretary to the Board at: Liverpool School of Tropical Medicine, Pembroke Place, Liverpool, L3 5QA.

The Secretary to the Board maintains a register of financial and personal interests of the Board members. The register is available for inspection at the above address.

#### 17. Planned Maintenance Programme

LSTM's management, through the Building Steering Committee, review the funding available for maintenance and identify an appropriate budget to deliver a prioritised planned maintenance programme for the year. All buildings are maintained to a high standard and LSTM scores highly in the sector in this regard.

#### 18. Endowments

LSTM holds endowment funds from the following:

Andrew Campbell Prize, Corlett Prize, David Haddock Prize, John Hay Prize, Jephcott Prize, Jervis Prize, Toosey Prize, White Waller Prize, W. Glynn Williams Prize, Blacklock Medal, Holt Medal, Milne Medal, Cicely Williams Medal, Yorke Medal, William Hesketh Leverhulme Scholarship, Joseph P. Caplan Bursary, Jean Clayton Fellowship, Mildred Ellerker Award, Gatsby, Sir Eric Griffith-Jones Memorial Fellowship Fund, Thomas Mark Fund, Kenneth Newell Bursary, Rhodes-Gilles Fund, Gwendolen Clayton Memorial Scholarships, David Smith Fund, A. M. Browne Bursary, Katherine Elliot Fund, Annie Evans Fund, Mamco Selab Scholarship Fund, Professorial Fund.

#### 19. Professional Advisers

LSTM's current professional advisors are:

##### **Financial Statement & Funding Auditors:**

Grant Thornton UK LLP  
Royal Liver Building  
Liverpool, L3 1PS

##### **Bankers:**

The Royal Bank of Scotland plc  
1, Dale Street  
Liverpool, L2 2PP

##### **Internal Auditors:**

RSM Risk Assurance Services LLP  
3, Hardman Street  
Manchester, M3 3HF

##### **Solicitors:**

Brabners LLP  
Exchange Flags  
Liverpool, L2 3YL

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#### 20. Members

The Board of Trustees are also the nominated directors under the Companies Act 2006 and their term of office is for three years. The members who served on the Board during the year were as follows :

Name	Date of appointment retirement* re-appointment **	Status of appointment	Capacity and Committees Served
Jim McKenna	February 2021	Elected	<b>Chair of the Board of Trustees</b> Nominations & Governance Remuneration Finance & Investment
John O'Brien, B.Comm, FCA	November 2020**	Elected	<b>Hon Treasurer</b> Chair of Finance & Investment Nominations & Governance Remuneration
Prof David Laloo MB, BS, MD, FRCP, FFTM, RCPS (Glasg)	January 2019	Ex Officio/staff	<b>Director of LSTM</b> Nominations & Governance Finance & Investment
Mark Allanson	December 2022**	Elected	Remuneration Champion for PREVENT
Joanne Dodd BA ACA	December 2022**	Elected	Deputy Treasurer Finance & Investment Champion for Environment and Sustainability
Ingrid Etoke	February 2022	Elected	Finance & Investment
Jeremy Lefroy, DL, MA, FCA	February 2023*	Elected	<b>Joint Vice Chair of the Board of Trustees</b> IVCC Board Member Nominations & Governance Remuneration Audit Committee
Prof Nyovani Madise, PhD, DSc	December 2022**	Elected	Champion for Equality and Diversity
Prof Sabrina Rashid	September 2022	Elected	Trustee
Sue Russell LLB (Hons)	December 2022**	Elected	<b>Joint Vice Chair of the Board of Trustees</b> <b>Chair of Audit</b> Nominations & Governance Remuneration IVCC Board Member (Feb 2023) Champion for GDPR
Dr Helen Savage, MBChB, MRes, MRCP, DTMH	November 2021	Elected	Student Trustee
Prof Neil Squires, MBCh, MPH, DTMH, FFPH	March 2022	Elected	Audit Committee
Prof Stephen Ward BSc, PhD	November 2021**	Ex Officio / staff	Deputy Director of LSTM
Catherine West MP	October 2022	Elected	Trustee
Andrew Wright, BSc, MSc	December 2022**	Elected	Audit Committee Champion for Safeguarding
Robert Einion Holland FCCA, MBA	June 2001	Non- member	Secretary to the Board

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### Financial Statements for the year ended 31 July 2023

#### 21. LSTM Statement of Corporate Governance and Internal Controls

The Liverpool School of Tropical Medicine is a company limited by guarantee and currently has 64 members, 11 of whom (plus 2 staff trustees) make up the Board of Trustees. Members meet at the Annual General Meeting where they elect the Board of Trustees, effectively the company board of directors. It is the Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

LSTM operates under the following principal governance arrangements:

- LSTM Memorandum and Articles of Association, incorporating the instrument and articles of government.
- Committee of University Chairs – The Higher Education Code of Governance September 2020.
- UK Charity Legislation.
- Equality Challenge Unit – Governing bodies, Equality and Diversity and the Equality Act 2010.

And with due regard to best practice within - The UK Corporate Governance Code.

The Board of Trustees conducts its business through a number of formal committees, delegating the day-to-day management of LSTM to the Director of LSTM and its subsidiary Boards. The Trustees comply with the requirements of the Companies Act and of the Charities Act as to keeping financial records, the audit of accounts and the preparation and transmission to the Register of Companies. The Trustees also ensure that annual reports, annual returns and annual statements of account are completed by LSTM. Proper records of all proceedings at general meetings, meetings of Trustees, committees and all professional advice obtained are kept by the Secretary to the Board for the Chairman of the Board.

The Board is provided with regular and timely information on the overall financial performance of LSTM together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Board of Trustees meet, as a minimum, on a termly basis and retain authority to request and conduct extraordinary meetings.

All Board members are able to take independent professional advice in furtherance of their duties at LSTM's expense and have access to the Secretary and Clerk who are responsible to the Board of Trustees for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Secretary are matters for the Board of Trustees as a whole. Formal agendas, papers and reports are supplied to members in a timely manner prior to Board meetings. Briefings are also supplied on an ad-hoc basis.

The Board has a strong and independent non-executive membership and no individual or group dominates its decision-making process. The Board considers that each of its non-executive members is independent of management and free from any business relationships, which could materially interfere with the exercise of the independent judgement. There is a clear division of responsibility in that the roles of the Chair, Deputy Chairs, and Director are separate.

Each committee chair, deputies and members receive delegated responsibility from the Board of Trustees. The Board of Trustees has also approved terms of reference for each committee.

- Audit Committee
- Finance and Investment Committee
- Nomination & Governance Committee
- Remuneration Committee

## Liverpool School of Tropical Medicine

### Financial Statements for the year ended 31 July 2023

Collectively, these set out governance principles and arrangements for ensuring that LSTM is committed to maintaining the highest standards of corporate governance and are appropriate for the size and complexity of our organisation.

#### **Appointments to the Board of Trustees**

Any new appointments to the Board are a matter for consideration of the Board as a whole. The Board of Trustees has a Nominations & Governance Committee comprised of 4 members which is responsible for the selection and nomination of any new member for the Board's consideration. Ahead of, and during appointment, it is incumbent upon LSTM to ensure that "fit and proper persons" checks are in place to notify LSTM and the Chair of the Board of Trustees if there are any declarations that may require intervention.

Members of the Board of Trustees are appointed for a term of office of three years. Retiring Trustees shall be eligible for re-election subject to paragraph 5.5, 5.5.1 and paragraph 5.5.2 of the Articles (November 2017).

The Board of Trustees appoint five members as "Board Champions" who have career experience in equality and inclusion, PREVENT duty, GDPR, safeguarding and environment and sustainability, and these act as conduits across the organisation and lead on engagement activity. The Board is responsible for ensuring that appropriate training is provided as required to its members.

Members are expected to promote LSTM's values and protect its reputation by discharging their duties and principles as set out in the code of conduct. The code of conduct provides clear guidance on what is expected of staff, students, volunteers, trustees and other representatives, as well as providing examples of conduct that will always be unacceptable.

#### **Patron**

LSTM is honoured to have Her Royal Highness The Princess Royal KG KT GCVO as Patron. She succeeded her father, HRH the Duke of Edinburgh, in 1991. LSTM has enjoyed Royal Patronage since 1932 when HM King George VI became LSTM's first Patron.

#### **President & Vice-Presidents**

LSTM's President and Vice-Presidents are distinguished individuals drawn from the field of academia, business and politics and are committed to assisting LSTM in fulfilling its mission. They willingly give their help and advice and support in approaches for charitable donations.

#### **Audit Committee**

The Audit Committee has a maximum of 7 members and is comprised of at least 2 members of the Board (Chair and Deputy), 1 IVCC Board member and at least 1 co-opted independent member. The Committee operates in accordance with written terms of reference approved by the Board of Trustees. The Committee is comfortable that the Board representation is sufficient given the additional expertise of the co-opted members.

The Audit Committee meets on a termly basis and provides a forum for reporting by LSTM's internal and financial statements auditors who have access to the Committee for independent discussion without the presence of LSTM management.

LSTM's internal auditor team provide LSTM with independent advice and assurance in regard to the adequacy of 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 the agreed recommendations and internal auditors undertake periodic follow up reviews. LSTM is able to ensure that such recommendations have been implemented. Management actions are reported to Management Committee alongside a summary of all reports received.

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### Financial Statements for the year ended 31 July 2023

The Audit Committee also advises the Board of Trustees on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work.

#### **Finance and Investment Committee**

The Finance and Investment Committee has a maximum of 7 members and is comprised of at least 2 members of the Board. The Committee operates in accordance with written terms of reference approved by the Board of Trustees.

The Finance and Investment Committee advise the Board on financial policy, provide oversight, monitor and approve relevant returns to OfS/UKRI, HESA and other stakeholders and review in depth annual financial statements, management accounts, cashflows, budgets and the performance of the investment portfolio.

#### **Remuneration Committee**

Throughout the year ended 31 July 2023, LSTM's Remuneration Committee comprised the Chairman, Treasurer, and 2 other Board members. The Committee's responsibility is to review the remuneration policy for all staff and to make recommendations on the remuneration and benefits of the Director and other senior members of staff in LSTM.

#### **Internal Control**

The Board of Trustees is ultimately responsible for LSTM's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives & can provide only reasonable, not absolute, assurance against material misstatement or loss.

The Board of Trustees has delegated to the Director of LSTM as Accountable Officer, the day-to-day responsibility for reviewing the adequacy of the system of internal control and making any appropriate amendments. The Director is also responsible for reporting to the Board any material weaknesses or breakdowns in internal financial control.

The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing LSTM's significant risks that have been in place and operational for the year ended 31 July 2023. The Board regularly review this risk framework and the approach to internal control is risk-based. The process continues to be embedded with the adoption of a prioritised strategic risk register to include timescales and responsible officers. The process is now embedded within all levels of LSTM and covers business, operational, compliance and financial risk procedures.

#### **Value for Money**

LSTM strives to apply value for money considerations to all its processes and activities, and this is supported by strong awareness and vigilance across the senior management team. The Audit Committee receives an annual report on LSTM's value for money activity from a dedicated committee established several years' ago. The committee is made up from a cross section of the organisation. In addition, each internal audit review undertaken and submitted to the Audit Committee makes specific observations and judgements concerning the value for money demonstrated. The report for the year ended 31 July 2023 detailed the progress made against the 8 Value for money objectives for the year and sets out the objectives for the year to 31 July 2024.

#### **Risk Management**

A comprehensive risk management framework, defined in LSTM's Risk Management Policy, assists the management of LSTM in the identification of the key risks inherent in the delivery of its strategy. This is overseen



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### Financial Statements for the year ended 31 July 2023

by the Audit Committee in order to gain the necessary assurances on the efficacy of the framework and relay them to the Board of Trustees.

The Board of Trustees, through the Audit Committee, evaluates the risks inherent in all major plans and proposals, including the identification of the steps that would be required to mitigate, eliminate and control such risks. The Risk Register is reviewed by the Audit Committee on a routine basis and is presented to the Board of Trustees at each meeting.

The Board has been provided with assurance of enhanced internal management controls around business continuity and recovery through the LSTM executive team, where response and recovery planning provide further assurance to the Board that responsible and timely management of stakeholder funding and investment continues to support sustainable operations.

#### **Statement by the Trustees on performance of their statutory duties in accordance with S172(1) of the Companies Act 2006**

The Board of Trustees of LSTM consider, both individually and collectively, that they have acted in ways that they believe in good faith to be most likely to promote the success of the Group for the benefits of its members as a whole (having regard to the stakeholders and other matters set out in s172(1) of the Act) in the decisions they made during the year ended 31 July 2023.

The LSTM Board of Trustees comprises largely non-executive members, with three executive directors and a student representative. There are now 4 full board meetings each year plus meetings of several sub-committees, which are also attended by various senior staff. The AGM is open to all staff, students and key stakeholders.

Other than the executive members of the Board, trustees are not remunerated, and they join the LSTM Board to contribute their skill and expertise to help LSTM to achieve its vision and mission, as detailed in section 4 of this report. The Board of Trustees has a terms of reference that is reviewed annually, and Board members receive regular external training on the duties of trustees of a charity. There is also a code of conduct and members are required to declare any conflicts of interest at every meeting.

The Board's key stakeholders have been identified as the following :

- Members
- Students
- Employees
- Funders
- Local, national and international governments
- Research partners

The Board engage with each of these groups throughout the year through face-to-face meetings, surveys, seminars and written correspondence to promote LSTM's mission.

Key decisions made by the Board this year include:

*Approval of the 2023/24 annual budget :* This year's budget was approved by the Board following a comprehensive review of our strategic priorities and risks to our business. The Budget was approved, showing a small surplus, but remains prudent with regards to the unknown increase in utility costs particularly around energy consumption. LSTM's KEF and REF performance has also contributed to an increase in funding.

*Strategic Plan 2023-2028:* The Board of Trustees approved and launched the 2023-2028 Strategic Plan, with the Director of LSTM and executive team ahead of its presentation to the wider organisation at the annual staff conference in April 2023. The Board's role in developing the organisational and enabling strategies is key to the

## Liverpool School of Tropical Medicine

### Financial Statements for the year ended 31 July 2023

success of LSTM and they formally approve or endorse all plans in accordance with the LSTM constitution and the expectations of stakeholders, including students and staff.

*LSTM's 125<sup>th</sup> Anniversary:* The Board of Trustees continued to receive and approve plans for the activity leading up to the celebration of LSTM's 125<sup>th</sup> anniversary year. Significant activity was noted across all themes and the Board look forward to celebrating this achievement with staff, students and wider stakeholders, culminating in LSTM's gala dinner celebrations in 2023.

*Governance Effectiveness:* The Board of Trustees continued to support the implementation of the Advance HE governance effectiveness report, which was largely implemented during 2022-23. The Board welcomed greater transparency into its operations and recognised stronger internal mechanisms of support for Trustees.

*Capital approvals:* The Board of Trustees were engaged with the ongoing capital development projects at LSTM which included the Human Challenge Facility within the newly acquired Liverpool LSA building, supporting the ongoing Creator investment within MLW in Malawi, the final stages of refurbishment of Pembroke House and the successful funding to support the Mark Kinglsey and Maeraith Office for Students project.

*Race Equity:* LSTM's Board of Trustees welcomed the ongoing commitment of LSTM staff to address the recommendations from the independent report into Race Equity by Professor Jason Arday. The report highlighted that some staff of colour had encountered racial discrimination within LSTM, that there was a lack of diversity in LSTM's senior leadership team and a lack of proactivity in communicating about race-related issues. The Board continued to receive direct updates from the Race Equity Action Group on the progress against the areas of concern that need to be addressed. The Board of Trustees fully support the timely delivery of an improvement action plan, which is being regularly reviewed by the Trustees.

#### **Employee engagement statement**

The Board of Trustees engage with employees using multiple channels, via the Director of LSTM and his senior team, through the work of the management group, ensuring that key messaging is delivered via LSTM-wide communications. Where appropriate, staff are fully engaged in strategic discussion and decision making under the delegated duties of Committees. The Board of Trustees are presented with executive summaries of LSTM's Executive agreed actions and are fully briefed by the Director on all activity in relation to staff engagement.

There is also positive engagement by many staff through the various Board committees, where employees often present research activity updates to Board members. The Audit Committee works with HR staff in relation to equality and inclusion and the effectiveness of the HR processes. The Remuneration Committee, in addition to considering the remuneration of senior staff, received information and discusses overall reward policy and strategy including the gender and ethnicity pay gap.

LSTM wide engagement includes a monthly staff forum (SSF), attended by the Director, chaired by the management committee member for SSF and is also open to IVCC and other subsidiary company employees. Staff can also apply to work on a variety of projects/working groups addressing issues of sustainability, gender equality, LGBTQ+, and as LSTM addresses key strategic issues, staff are frequently engaged through Town Hall events, surveys or focus groups. Board champions engage with Committee chairs in the areas of Equality and Inclusion, Prevent, Safeguarding and UK GDPR, supporting and engaging with the work of LSTM committees. LSTM regularly runs staff engagement surveys, the results of which are presented to the Board.

#### **Statement on business relationships**

The LSTM Board of Trustees and its committees comprise people with a variety of skills and backgrounds. Through their networks Board members can foster additional benefit with LSTM through their association with

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### Financial Statements for the year ended 31 July 2023

our stakeholders, this brings a greater breadth of knowledge into the organisation, particularly in relation to key decisions made by the Board.

Delivering our strategy requires strong mutually beneficial relationships with all stakeholders. LSTM continuously assesses its priorities related to its major funding partners, and the Board engages on this through regular strategy updates through the committees' structure in place.

LSTM's activity within the External Relations Committee also supports a strategic approach to stakeholder engagement that contributes to objectives of the strategic plan.

#### **Sustainability and Carbon Reporting**

As a world-leading specialist provider of education, LSTM plays an influential role in shaping a sustainable future. LSTM is committed to promoting and contributing to the Sustainable Development Goals (SDG). The Sustainability and Environment Committee provides strategic direction, coordination, and guidance to LSTM for integration of sustainability principles and practices throughout core of teaching, research, and operational activities. In response to climate change emergency, the institution is fully committed to monitoring and reducing carbon emissions from its operations and activities, through supporting and encouraging collaboration, innovation, and engagement across the LSTM community.

During the year 2022/23 LSTM has continued assessing and identifying opportunities to reduce carbon emissions from our research, teaching and operational activities. This has included several initiatives to reduce both gas and electricity consumptions as follows:

- Recruitment of a sustainability officer to accelerate progress on reducing emissions
- Replacing non-efficient lighting with low-energy LED lighting throughout the buildings
- Installing new more energy efficient humidifiers
- Adjusting settings on air handling units (AHUs) to be more efficient
- Changing the design of air filters on AHUs to be more efficient
- Actively promoting green practices by staff and students, including recruitment of sustainability champions for each laboratory

LSTM endeavours to continue evolving reporting methodologies by improving our data management systems and accuracy of information/data collected. This will help monitoring and managing our buildings energy consumptions more efficiently.

This report was produced in accordance with 'GHG Reporting Protocol - Corporate Standard' and used the 2023 UK Government's Conversion Factors for Company Reporting. There is a noted increase in tCO<sub>2</sub>e emissions in year 2022/23 compared to year 2021/22. This is due to LSTM procuring a building, Liverpool Life Sciences Accelerator (LLSA), which is the largest LSTM building with a floor area of 7801m<sup>2</sup> and contains specialist air handling units. Some GHG sources were excluded since they account for non-significant GHG emissions or quantification was technically not possible due to lack of data.

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The following table provide a breakdown of LSTM GHG emissions between 01/08/2022 to 31/07/2023:

	Scope	Year ended 31 <sup>st</sup> July 2023		Year ended 31 <sup>st</sup> July 2022	
Emissions for combustion of gas for heating	Scope 1	5,169,307 Kwh	930.475 tCO <sub>2</sub> e	3,010,129 Kwh	548.415 tCO <sub>2</sub> e
Emissions from combustion of oil products	Scope 1	-	-		
Emissions from refrigerants used for air conditioning	Scope 1	90kg	168.97 tCO <sub>2</sub> e		
Emissions from combustions of fuel for LSTM own vehicles and fuel used in personal/hire cars for business use	Scope 1	-	-		
Emissions from purchased electricity	Scope 2	4,845,344.24 Kwh	1,003.345 tCO <sub>2</sub> e	2,783,380.99 Kwh	538.250 tCO <sub>2</sub> e
Other indirect emissions	Scope 3	-	-		
<b>Total Scope 1&amp;2 (location based)</b>			<b>2,102.790 tCO<sub>2</sub>e</b>		<b>1,086.665 tCO<sub>2</sub>e</b>
Total LSTM operational buildings floor area			26,004.62 m <sup>2</sup>		18,203.62 m <sup>2</sup>
<b>Carbon Intensity ratios (Total tCO<sub>2</sub>e per operational floor area, excluding the institutional wider land holding)</b>			<b>0.081 tCO<sub>2</sub>e/m<sup>2</sup></b>		<b>0.060 tCO<sub>2</sub>e/m<sup>2</sup></b>

**Location-based** method of calculating emissions reflects the average emissions intensity of grids on which energy consumption occurs. This includes electricity delivered to LSTM by a local utility or another direct-line grid at standard commercial rates and grid-connected onsite renewable energy installations.

**Scope 1:** DIRECT GHG EMISSIONS are emissions issued from sources directly controlled by the LSTM, such as stationary combustion equipment used for building heating, fuel consumption, and fugitive emissions from refrigerants leaks/maintenance.

**Scope 2:** ENERGY INDIRECT EMISSIONS are emissions issued from electricity production, or from the imported heat or vapor consumed in the buildings and equipment operation, provided by an external entity (sources out of the organizational boundaries).

**Scope 3:** OTHER INDIRECT GHG EMISSIONS are emissions issued from the LSTM activities but from sources controlled by external enterprises, such as waste disposal (transport and processing) and the transportation means of staff and students (business and commuting).

**Intensity ratios factors:** We have chosen the total gross emissions in metric tonnes CO<sub>2</sub>e per total operational building floor area as it provides most meaningful data in relation to LSTM operations.

## 22. Going Concern

After making appropriate enquiries, the Board of Trustees considers that LSTM and the group have adequate resources to continue in operational existence for the foreseeable future and to at least the end of November 2024. For this reason it continues to adopt the going concern basis in preparing the financial statements.

## 23. Strategic Reporting

As LSTM is a registered charity, the strategic report is contained in the following sections:

- 4 Vision and Mission
- 5 Objectives
- 6 The Nature, Objectives and Strategies of the Charity
- 7 Principal risks and uncertainties, financial performance in the year & key performance indicators (KPIs)

## Liverpool School of Tropical Medicine

### Financial Statements for the year ended 31 July 2023

#### 24. Responsibilities of the Governing Body

In accordance with LSTM's Memorandum and Articles of Association, the Governing Body is responsible for the administration and management of the affairs of LSTM and are required to present audited financial statements for each financial year.

The Governing Body (the Governors, also referred to as the Trustees are also the directors of LSTM for the purposes of company law) is responsible for preparing the Report of the Members of the Board of Trustees including the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees are required to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. In addition, the Trustees are required to prepare the financial statements in accordance with Office for Student's ('OfS') terms and conditions of funding for higher education institutions (issued March 2019) and the terms and conditions of its funding agreement with Research England through its accountable officer. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true & fair view of the state of affairs of LSTM and the Group and of the surplus or deficit, gains & losses, changes in reserves & cash flows of LSTM & the Group for that year.

In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain LSTM's transactions and disclose with reasonable accuracy at any time the financial position of LSTM and enable it to ensure that the financial statements comply with the Statement of Recommended Practice - Accounting for

Further and Higher Education, OfS terms and conditions of funding for higher education institutions (issued March 2019), the Office for Students Accounts Direction (issued October 2019) and the Companies Act 2006. They are also responsible for safeguarding the assets of LSTM and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees have taken reasonable steps to:

- ensure that funds from OfS, Research England and other funding bodies are used only for the purposes for which they have been given and seek to achieve value for money in accordance with OfS' terms and conditions of funding for higher education institutions (issued March 2019) and the funding agreement with Research England and any other conditions which the funding body may from time to time prescribe;
- ensure that LSTM has a robust and comprehensive system of risk management, control and corporate governance, which includes the prevention and detection of corruption, fraud, bribery and irregularities;
- ensure that there is regular, reliable, timely and adequate information to monitor performance and track the use of public funds;
- plan and manage LSTM's activities to remain sustainable and financially viable;
- ensure that it informs the OfS of any material change in its circumstances, including any significant developments that could impact on the mutual interests of LSTM and OfS;



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### Financial Statements for the year ended 31 July 2023

- ensure there are adequate and effective arrangements for the management and quality assurance of data submitted to HESA, the Student Loans Company, the OfS, Research England and other funding or regulatory bodies;
- ensure an effective framework – overseen by LSTM’s academic board or equivalent – to manage the quality of learning and teaching and to maintain academic standards; and
- consider and act on the OfS’ assessment of LSTM’s risks specifically in relation to these funding purposes.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on LSTM’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees confirm that:

- so far as each Trustee is aware, there is no relevant audit information of which LSTM’s auditor is unaware; and
- the Trustees have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that LSTM’s auditor is aware of that information.

A resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting, under the heading "Independent Auditors", subject to the outcome of a procurement tender exercise.

Signed on behalf of the Board of Trustees



**Jim McKenna**  
**Chair – 30 November 2023**

## Liverpool School of Tropical Medicine Financial Statements for the year ended 31 July 2023

### Statement on the System of Internal Financial Control to 31 July 2023

As HEI Accountable Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by LSTM.

The system can provide only reasonable and not absolute, assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board of Trustees;
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

LSTM has a subcontracted internal audit service, which operates in accordance with the requirements of the Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which LSTM is exposed and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Trustees on the recommendation of the Audit Committee. The Chair of the Audit Committee provides the Board with a report on internal audit activity in LSTM at a minimum annually. The report includes the financial statement, grant and internal auditors' independent opinions on the adequacy and effectiveness of LSTM's system of internal control, risk management controls and governance processes, including internal financial control. The role of the external auditors is specifically to audit the year end financial statements, but they also report on the control environment and on any control issues identified during the annual audit, and report to the Finance and Investment Committee and the Audit Committee in that regard. No significant control weaknesses or failures were reported in relation to the year ended 31 July 2023.

My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the Audit Committee which oversees the work of the internal auditors, the executive managers within LSTM who have responsibility for the development and maintenance of the financial control framework and comments made by LSTM's financial statement and grant auditors in their management letters and other reports. The audit committee report annually to the Board in November regarding any control weaknesses or failures during the past financial year; there have been no significant control weaknesses or failures in the year ended 31 July 2023.

*David Laloo*

**Professor David Laloo**

**MB, BS, MD, FRCP, FRCGS, RCPS (Glasg)**

**Director**

**30 November 2023**

# Liverpool School of Tropical Medicine

## Financial Statements for the year ended 31 July 2023

### Independent auditor's report to the governing body of Liverpool School of Tropical Medicine

#### Opinion

We have audited the financial statements of Liverpool School of Tropical Medicine (LSTM) and its subsidiaries (the 'group') for the year ended 31 July 2023, which comprise the group and LSTM's Statement of comprehensive income, the group and LSTM's Statement of changes in reserves, the group and LSTM's Balance sheets, the group and LSTM's Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the LSTM's affairs as at 31 July 2023 and of the group's and LSTM's surplus, income and expenditure, gains and losses, changes in reserves and the group's and LSTM's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in October 2018; and
- have been prepared in accordance with the requirements of 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 under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent university in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Governing body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent university's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group and the parent university to cease to continue as a going concern.

In our evaluation of the Governing body's conclusions, we considered the inherent risks associated with the group's and the parent university's business model including effects arising from macro-economic uncertainties such as the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the Governing body and the related disclosures and analysed how those risks might affect the group's and the parent university's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Governing body's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

## Liverpool School of Tropical Medicine

### Financial Statements for the year ended 31 July 2023

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent university's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governing body with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the trustees report, other than the financial statements and our auditor's report thereon. The Governing body are responsible for the other information contained with the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report, prepared for the purposes of company law, included in the Report of the Members of the Board of Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included in the Report of the Members of the Board of Trustees has been prepared in accordance with applicable legal requirements.

#### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the group and LSTM and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included in the Report of the Members of the Board of Trustees.

#### **Opinion on other matters prescribed by the Office for Student's ('OfS') accounts direction (issued October 2019)**

In our opinion, in all material respects:

- funds from whatever source administered by LSTM for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;

## Liverpool School of Tropical Medicine

### Financial Statements for the year ended 31 July 2023

- funds provided by the OfS, UK Research and Innovation (including Research England) and the Department for Education have been applied in accordance with the relevant terms and conditions, and
- the requirements of the OfS's accounts direction (issued October 2019) have been met.

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

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

- adequate accounting records have not been kept by LSTM, or returns adequate for our audit have not been received from branches not visited by us; or
- LSTM's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Governing Body's 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 respect of the following matters where the OfS accounts direction (issued October 2019) requires us to report to you where:

- LSTM's grant and fee income, as disclosed in the note to the accounts, has been materially misstated

#### **Responsibilities of Governing Body**

As explained more fully in the Statement of responsibilities of the Governing body set out on pages 21-22 the Governing body (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing body are responsible for assessing the group's and the parent 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 the Governing body either intend to liquidate the group or the parent university or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and LSTM, and the industry in which it operates and determined which may influence the financial statements. Given the nature of its operating activities, the group and LSTM is subject to several laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.



## Liverpool School of Tropical Medicine

### Financial Statements for the year ended 31 July 2023

We determined that the following laws and regulations are the most significant which are directly relevant to specific assertions in the financial statements:

- Those that relate to reporting frameworks being FRS102 and the Statement of Recommended Practice: Accounting for Further and Higher Education published in October 2018, the OFS accounts direction (issued October 2019), the Companies Act 2006 and the relevant tax compliance regulations.
- Those that relate to the operational activities of the group and LSTM as a higher education institution and research organisation being the regulatory framework for higher education in England, data protection and bribery and corruption practices.
- We assessed the susceptibility of the charitable company's financial statements to material misstatements, including how fraud might occur. We performed the following audit procedures to address the risks related to irregularities and fraud:
  - evaluation of the processes and controls in place to address the risks related to irregularities and fraud;
  - challenge of the assumptions and judgements made by management in its significant accounting estimates;
  - review of performance targets and conditions to research funding received and their propensity to influence efforts made by management to manage earnings;
  - review and testing of journal entries, in particular manual journal entries, relating to management estimates and journal entries impacting the reported result for the year;
  - consideration of the potential for fraud in revenue recognition through the manipulation of revenue from research grant funding;
  - identifying related parties and through our data interrogation tools performed a review for any related party transactions during the year.
- We enquired of management, the Audit Committee and the internal auditors whether there was any awareness of instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries to supporting documentation such as board minute reviews.
- In assessing the potential risks of material misstatement, we obtained an understanding of the group's and LSTM's operations, the applicable statutory provisions and business risks that may result in risk of material misstatement, and the group's and LSTM's control environment, including the adequacy of procedures for authorisation of transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement team's experience with similar engagements, their understanding and knowledge of the group's and LSTM's industry and their understanding of the industry and regulatory requirements were considered in assessing the appropriateness of the collective competence and capabilities of the engagement team.

## Liverpool School of Tropical Medicine Financial Statements for the year ended 31 July 2023

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report

### Use of our report

This report is made solely to LSTM's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the university's members 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 LSTM and LSTM's members as a body, for our audit work, for this report, or for the opinions we have formed



Gareth Hitchmough BSc FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Liverpool  
30/11/2023

**Financial Statements for year ended 31 July 2023**

**Statement of Comprehensive Income**

	Notes	Group Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000	LSTM Year ended 31 July 2022 £'000
<b>Income</b>					
Funding body grants	5	20,601	20,601	19,721	19,721
Tuition fees and education contracts	6	2,319	2,319	3,040	3,040
Research grants and contracts	7	115,050	80,225	104,500	66,333
Other income	8	15,383	11,766	68,409	54,141
Investment income	9	1,026	642	284	155
Donations and endowment income	10	417	417	698	698
<b>Total income</b>		<b>154,796</b>	<b>115,970</b>	<b>196,652</b>	<b>144,088</b>
<b>Expenditure</b>					
Staff costs	11	40,497	34,930	38,796	33,156
Pension deficit funding costs	23	(1,318)	(1,318)	12,177	12,177
Other operating expenditure	13	104,737	73,701	150,181	104,213
Depreciation	16	2,656	2,460	2,186	2,172
Interest payable	14	326	115	-	-
<b>Total expenditure</b>		<b>146,898</b>	<b>109,888</b>	<b>203,340</b>	<b>151,718</b>
<b>Surplus/(Deficit) on continuing operations before other gains/(losses)</b>		<b>7,898</b>	<b>6,082</b>	<b>(6,688)</b>	<b>(7,630)</b>
Unrealised (deficit) on revaluation of investments and endowments		(2,202)	(2,139)	(805)	(1,745)
Surplus on disposal of investments		2,266	2,266	26	210
Deficit on disposal of tangible assets		(188)	(188)	-	-
<b>Surplus/(Deficit) on continuing operations before taxation</b>		<b>7,774</b>	<b>6,021</b>	<b>(7,467)</b>	<b>(9,165)</b>
Taxation	15	(4)	-	-	-
<b>Surplus/(Deficit) for the year</b>	15	<b>7,770</b>	<b>6,021</b>	<b>(7,467)</b>	<b>(9,165)</b>
<b>Total Comprehensive Income/(Expenditure) for the year</b>		<b>7,770</b>	<b>6,021</b>	<b>(7,467)</b>	<b>(9,165)</b>
<i>Represented by :</i>					
Restricted endowment comprehensive Income/(Expenditure) for the year		67	67	(400)	(400)
Unrestricted endowment comprehensive (Expenditure) for the year		(113)	(113)	(539)	(539)
Expendable restricted endowment comprehensive (Expenditure) for the year		(206)	(206)	(15)	(15)
Unrestricted comprehensive Income/(Expenditure) for the year		6,813	6,329	(8,561)	(8,366)
Restricted comprehensive Income/(Expenditure) for the year		1,210	(56)	2,048	155
<b>Total Comprehensive Income/expense for the year</b>		<b>7,770</b>	<b>6,021</b>	<b>(7,467)</b>	<b>(9,165)</b>

The income and expenditure account is in respect of continuing activities and there were no operations that were acquired or discontinued by the Liverpool School of Tropical Medicine Group during the year or in the previous year.

The surplus/(deficit) for the year and total comprehensive income/(expenditure) for the year is attributable to the Liverpool School of Tropical Medicine. There are no non-controlling interests.

## Financial Statements for year ended 31 July 2023

### Statement of Changes in Reserves

GROUP	Unrestricted General Reserve £'000	Restricted General Reserve £'000	Permanent Unrestricted Endowments £'000	Permanent Restricted Endowments £'000	Expendable Restricted Endowments £'000	TOTAL  £'000
<b>Balance at 31 July 2021</b>	<b>27,629</b>	<b>8,555</b>	<b>10,180</b>	<b>8,350</b>	<b>609</b>	<b>55,323</b>
(Deficit)/surplus for the year	(8,405)	1,892	(539)	(400)	(15)	(7,467)
Movement between reserves	(149)	156	-	-	-	7
(Deficit)/surplus from statement of comprehensive income	<b>(8,554)</b>	<b>2,048</b>	<b>(539)</b>	<b>(400)</b>	<b>(15)</b>	<b>(7,460)</b>
<b>Balance at 31 July 2022</b>	<b>19,075</b>	<b>10,603</b>	<b>9,641</b>	<b>7,950</b>	<b>594</b>	<b>47,863</b>
Surplus/(deficit) for the year	6,738	1,326	(113)	67	(206)	7,813
Movement between reserves	56	(56)	-	-	-	-
Surplus/(deficit) from statement of comprehensive income	<b>6,794</b>	<b>1,270</b>	<b>(113)</b>	<b>67</b>	<b>(206)</b>	<b>7,813</b>
<b>Balance at 31 July 2023</b>	<b>25,869</b>	<b>11,873</b>	<b>9,528</b>	<b>8,017</b>	<b>388</b>	<b>55,676</b>

LSTM	Unrestricted General Reserve £'000	Restricted General Reserve £'000	Permanent Unrestricted Endowments £'000	Permanent Restricted Endowments £'000	Expendable Restricted Endowments £'000	TOTAL  £'000
<b>Balance at 31 July 2021</b>	<b>27,610</b>	<b>487</b>	<b>10,180</b>	<b>8,350</b>	<b>609</b>	<b>47,236</b>
Deficit for the year	(8,211)	-	(539)	(400)	(15)	(9,165)
Movement between reserves	(155)	156	-	-	-	1
(Deficit)/surplus from statement of comprehensive income	<b>(8,366)</b>	<b>156</b>	<b>(539)</b>	<b>(400)</b>	<b>(15)</b>	<b>(9,164)</b>
<b>Balance at 31 July 2022</b>	<b>19,244</b>	<b>643</b>	<b>9,641</b>	<b>7,950</b>	<b>594</b>	<b>38,072</b>
Surplus/(deficit) for the year	6,272	-	(113)	67	(206)	6,020
Movement between reserves	56	(56)	-	-	-	-
Surplus/(deficit) from statement of comprehensive income	<b>6,328</b>	<b>(56)</b>	<b>(113)</b>	<b>67</b>	<b>(206)</b>	<b>6,020</b>
<b>Balance at 31 July 2023</b>	<b>25,572</b>	<b>587</b>	<b>9,528</b>	<b>8,017</b>	<b>388</b>	<b>44,092</b>

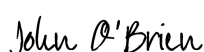
## Financial Statements for year ended 31 July 2023

Company registration number : 00083405

## Balance Sheets as at 31 July

	Notes	Group Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000	LSTM Year ended 31 July 2022 £'000
<b>Fixed Assets</b>					
Tangible fixed assets	16	68,764	53,197	62,310	62,035
Investments in subsidiaries	17	-	54	-	126
		<b>68,764</b>	<b>53,251</b>	<b>62,310</b>	<b>62,161</b>
<b>Current Assets</b>					
Stock	18	3,785	3,710	159	75
Debtors	19	23,552	28,449	21,881	21,246
Investments and endowments	20	45,818	41,122	43,602	30,712
Cash at bank and in hand	29	40,081	22,843	44,038	22,978
		<b>113,236</b>	<b>96,124</b>	<b>109,680</b>	<b>75,011</b>
Creditors : amounts falling due within 1 year	21	63,899	47,982	59,349	34,322
<b>Net Current Assets</b>		<b>49,337</b>	<b>48,142</b>	<b>50,331</b>	<b>40,689</b>
<b>Total Assets less Current Liabilities</b>		<b>118,101</b>	<b>101,393</b>	<b>112,641</b>	<b>102,850</b>
Creditors : amounts falling due after 1 year	22	38,127	32,427	39,454	39,454
Provisions : pension provisions	23	20,065	20,065	21,383	21,383
Provisions : other provisions	24	4,233	4,809	3,941	3,941
<b>NET ASSETS</b>		<b>55,676</b>	<b>44,092</b>	<b>47,863</b>	<b>38,072</b>
<b>Reserves</b>					
Permanent restricted endowments	26	8,017	8,017	7,950	7,950
Expendable restricted endowments	26	388	388	594	594
		<b>8,405</b>	<b>8,405</b>	<b>8,544</b>	<b>8,544</b>
Restricted general reserve	27	11,873	587	10,603	643
<b>Unrestricted Reserves</b>					
Permanent unrestricted endowments	26	9,528	9,528	9,641	9,641
Unrestricted general reserve		25,869	25,572	19,075	19,244
		<b>35,397</b>	<b>35,100</b>	<b>28,716</b>	<b>28,885</b>
<b>TOTAL FUNDS</b>		<b>55,676</b>	<b>44,092</b>	<b>47,863</b>	<b>38,072</b>

The Financial Statements were approved by the Board of Trustees on 30 November 2023 and were signed on behalf of the Directors by :



J O'Brien - Honorary Treasurer



Professor D Laloo - Director

## Financial Statements for year ended 31 July 2023

## Statement of Cash Flows

Statement of Cash Flows		Group	LSTM	Group	LSTM
		Year ended	Year ended	Year ended	Year ended
		31 July 2023	31 July 2023	31 July 2022	31 July 2022
	Notes	£'000	£'000	£'000	£'000
(Deficit)/surplus for the year		7,770	6,021	(7,467)	(9,165)
<b>Adjustment for non-cash items :</b>					
Depreciation	16	2,656	2,460	2,186	2,172
Depreciation on release of Finance lease		(1,243)	(1,243)	-	-
Write off of assets		187	187	-	-
Gift aid not yet received from subsidiary		-	(18)	-	-
Movements through equity		43	-	-	-
Unwinding of finance lease		10,900	10,900	-	-
Deferred capital grants released to income	25	(2,833)	(2,833)	(3,048)	(3,048)
(Surplus)/deficit on disposal of investments & endowments		2,474	1,570	(26)	(210)
Decrease/(increase) in stock		(3,626)	(3,635)	(78)	(39)
Decrease/(increase) in debtors		(1,671)	(7,185)	(4,646)	(5,412)
Increase/(decrease) in creditors		781	10,091	(14,013)	495
Increase in other provisions		292	868	244	244
Increase/(Decrease) in USS pension provision	23	(1,318)	(1,318)	12,177	12,177
Unrealised revaluation (gains)/losses on investments and endowments	20	2,202	2,139	805	1,745
Interest payable	14	326	115	-	-
Interest receivable		(1,209)	(825)	(561)	(432)
Taxation	15	8	-	-	-
		7,969	11,273	(6,960)	7,692
<b>Cash flow from operating activities</b>		<b>15,739</b>	<b>17,294</b>	<b>(14,427)</b>	<b>(1,473)</b>
Taxation paid		(8)	-	-	-
<b>Net cash (utilised)/generated from operating activities</b>		<b>15,731</b>	<b>17,294</b>	<b>(14,427)</b>	<b>(1,473)</b>
<b>Cash flows from investing activities :</b>					
Income from long term investments and unrestricted permanent endowments		730	346	544	415
Other interest received	9	479	479	17	17
Decrease in investments in subsidiaries		-	72	-	(46)
Purchase of tangible fixed assets	16	(18,954)	(3,467)	(5,402)	(5,400)
Payments to acquire investment & endowment assets	20	(50,685)	(50,686)	(6,089)	(6,089)
Receipt from sale of investments and endowments		43,794	36,567	9,557	2,073
Deferred capital grants received	25	4,450	4,450	8,095	8,095
<b>Net cash generated from/(used in) investing activities</b>		<b>(20,186)</b>	<b>(12,239)</b>	<b>6,722</b>	<b>(935)</b>
<b>Cashflows from financing activities :</b>					
Receipt of external loans		9,900	4,000	-	-
Interest paid on external loans		(326)	(115)	-	-
Capital element of finance lease payment		-	-	(411)	(411)
Release of finance lease liability		(9,075)	(9,075)	-	-
<b>Net cash used in financing activities</b>		<b>499</b>	<b>(5,190)</b>	<b>(411)</b>	<b>(411)</b>
<b>(Decrease) in cash in the year</b>		<b>(3,957)</b>	<b>(135)</b>	<b>(8,116)</b>	<b>(2,819)</b>
Cash and cash equivalents at beginning of the year		44,038	22,978	52,154	25,797
Cash and cash equivalents at end of the year		40,081	22,843	44,038	22,978
<b>Cash and cash equivalents movements in year</b>		<b>(3,957)</b>	<b>(135)</b>	<b>(8,116)</b>	<b>(2,819)</b>

**Financial Statements for year ended 31 July 2023****Notes to the Accounts****1 Company Information**

The Liverpool School of Tropical Medicine (LSTM) was formally inaugurated on 22 April 1898 and incorporated on 30 January 1905 as the Incorporated Liverpool School of Tropical Medicine. LSTM was registered as a charity on 11 October 1963. LSTM is a company limited by guarantee and holds no share capital and is governed by a Board of Trustees.

The Incorporated Liverpool School of Tropical Medicine changed its name on 30 November 1992 to Liverpool School of Tropical Medicine. The registered office is at Pembroke Place, Liverpool, L3 5QA, UK.

The Secretary of State for Business, Innovation and Skills, by an Order of Parliament, under section 129 of the Education Reform Act 1988, designated LSTM as a Higher Education Institute (HEI) on 19 July 2013. LSTM receives direct funding from the Office for Students (OfS) and UK Research and Innovation (including Research England).

**2 Basis of Preparation****i) Basis of Preparation**

These financial statements have been prepared in accordance with the Statements of Recommended Practice (SORP) : Accounting for Further and Higher Education 2019, and in accordance with applicable United Kingdom accounting standards including Financial Reporting Standard 102 (FRS 102), 'the Financial Reporting Standard applicable to the United Kingdom and the Republic of Ireland' and the Companies Act 2006. LSTM is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of current asset investments and derivative financial instruments).

The financial statements are presented in Sterling (£).

**ii) Going Concern**

These financial statements have been prepared on a going concern basis. For the most part, activity has returned to pre-pandemic normal and financial reporting and financial controls have also returned to the previous comprehensive routine. As the world emerges from the pandemic the research pipeline continues to look strong. The new macro economic risks of inflation and rising energy costs which emerged last year remain but appear to have levelled off making forecasting less unpredictable. All research grants continue to be reviewed for inflationary risks and no significant exposures have been found. With regard to energy prices, LSTM's fixed prices ended in April 2023 and we currently operate on a Flexible Arrangement Agreement with TEC that provides risk management on utilities price fluctuation. However, the 2023/24 budget includes an allowance for a significant increase in energy costs.

In assessing going concern management analysed the 2023/24 budget, extrapolated to end of November 2024 and produced related cashflow forecasts. On the basis of this the Board of Trustees consider that it continues to be appropriate to account for the group and LSTM as a going concern until at least end of November 2024.

**iii) Basis of Consolidation**

The Consolidated financial statements include LSTM and entities controlled, both unilaterally and jointly, by LSTM, for the financial year to 31 July 2023. Where LSTM does not exercise control over an entity and is not in a position to extract economic benefits, the results of that entity are not consolidated. A full list of subsidiaries and NGOs in which LSTM has an interest is shown in note 17.

**3 Significant Judgements and Estimates**

Preparation of the Financial statements requires management to make significant judgements and estimates. The items in the Financial statements where these judgements and estimates have been made include :

*Judgements***i) Deferral of balances**

Due to the nature of research grants, which in the majority of cases span over several years, judgement is exercised in the decision over deferral of these balances to ensure income and expenditure are accounted for in the appropriate and matching period or when performance conditions have been met. Research debtors for the group were £19,802,000 (2022 : £18,162,000) and research creditors for the group were £42,266,000 (2022 : £39,926,000)

## Financial Statements for year ended 31 July 2023

### Notes to the Accounts

#### ii) Accounting for the Malawi Liverpool Wellcome Organisation

LSTM works closely with the Malawi Liverpool Wellcome Organisation (MLW). MLW is funded by the UK Wellcome Trust and all funding is directed via LSTM UK. Management analysed the organisational structure to determine the level of influence and whether MLW should be considered a subsidiary, associate or jointly controlled entity. Local management rests with the executive committee, made up of representatives of 5 organisations including LSTM. LSTM holds only 3 seats out of 21 (14%) and Kamuzu University of Health Sciences holds the position of Chair. Therefore, in the judgement of LSTM management, due to the independent local management and operations, LSTM does not exercise sufficient control to consider this entity as a subsidiary, associate or joint venture.

#### Estimates

#### iii) Provisions

Provisions have been set up in relation to operational receipts : Provisions have been made where cash receipts have a possibility that an element may have to be repaid or where a liability has been incurred prior to 31 July 2023 and where the amount can be reasonably calculated or estimated.

Provisions have also been set up in relation to onerous research grants where activity on some research grants has been impacted. Provisions are ascertained through the forecasting and monitoring process that the research management services team undertake on a quarterly basis with delivery teams. This process monitors progress and highlights any issues within projects which may impact receipt of income or overrun of costs, which are reflected in the financial statements as a provision where the amount can be reliably calculated or estimated.

Provisions at 31 July 2023 were £4,233,000 (2022 : £3,941,000).

#### iv) Gifts in Kind

Gifts in kind include 3 material items where significant estimates have been made :

a) pharmaceutical drugs gifted for mass drug administration (MDA) in several countries in Africa of £ Nil (2022 : £44,949,000). Given the nature of the activity this has been treated as implementation consultancy income. The valuation of the gifts is based on an estimate of the purchase cost of the drugs had LSTM had to purchase the drugs directly for the MDA programme multiplied by an estimate of the number of drugs required to treat patients. Income and expense are recorded at the point at which reliable figures are available for the number of patients treated, which is on the publication of the annual report to the funder. This work finished in 2021/22 and there is therefore no gift in kind reflected in the 2022/23 results.

b) Gifts contributed towards 3 projects which form part of the iiCon collaboration of £961,000 (2022 : £1,497,000). Three companies have provided primarily staff time along with some consumables, materials and space, as part of a 5 year research project which falls under the iiCon collaboration. The value of the gift is based on actual costs incurred by the donors.

c) Mosquito nets gifted for an effectiveness study in Uganda of £ 9,466,000 (2022 : Nil). The valuation of the gifts is based on the purchase cost of the nets had LSTM had to purchase the nets directly for the study. The quantification of the number of nets included at the purchase cost as a gift in kind was based on the number of nets distributed during the financial year under the control and direction of LSTM.

#### v) Accounting for the USS pension deficit

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as the Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense in the Statement of comprehensive income in accordance with section 28 of FRS 102. The trustees are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and LSTM has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving the financial statements.

The USS provision is calculated using an approved consistent methodology used by all members, based on the 2020 valuation, with estimates made regarding discount rate, growth of staff numbers and increase in staff salaries. The provision at 31 July 2023 is £20,065,000 (2022 : £21,383,000). LSTM's discount rate is based on advice to the USS members from Mercer. Estimates regarding growth in staff numbers and salaries reflect the LSTM new 5 year strategic plan which runs from 2023 to 2028.



**Financial Statements for year ended 31 July 2023****Notes to the Accounts**

Estimates made in the year are as follows :

Discount rate : 5.49% based on Mercer HEI sector analysis

Salary growth : 3.0% in Yrs 1-2, 2.0% thereafter

Staff numbers growth : 3.0% Yrs 1-2, 2.0% thereafter

The recovery plan following the 2020 actuarial valuation requires employers to contribute 6.2% of salaries for the first year, and 6.3% of salaries the next 13 years, 6.3% of salaries the next 13 years and 4.7% in the final year, towards repaying the deficit over a period of 15 years. The current total contribution rate, including this element, is 21.6% (from 1 April 2022, previously 21.1%). Details of this provision are included in note 23 to the financial statements.

**4 Statement of Principal Accounting Policies****i) Income Recognition**

Student fee income is stated gross of any expenditure which is not a discount and credited to the Statement of comprehensive income over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Income from contracts and other services rendered is credited to the Statement of comprehensive income when the goods or services are supplied to the external customers or the terms of the contract, including performance related conditions, have been satisfied. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions to overhead costs. Any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Investment income is credited to the Statement of comprehensive income on a receivable basis.

Funds LSTM receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of LSTM where it is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by LSTM; this is normally upon notification of the interest paid or payable by the Bank.

**ii) Grant Funding**

Government revenue grants including recurrent teaching and research grants from Office for Students (OfS) and UK Research and Innovation (UKRI), including Research England, are recognised in income over the periods in which LSTM recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when LSTM is entitled to the funds subject to any performance related conditions being met.

Grants (including research grants) from non-government sources are recognised in income when LSTM is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

**iii) Expenditure and Irrecoverable VAT**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of resources. Grants are reflected in the Balance sheet when a constructive obligation exists, notwithstanding that they may be paid in future accounting periods.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**iv) Donations and Endowments**

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when LSTM is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when LSTM is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restrictions applied to the individual endowment fund.

## Financial Statements for year ended 31 July 2023

### Notes to the Accounts

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of LSTM.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets and LSTM has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

#### v) Gifts in Kind

Gifts in kind are recognised within research grant income and other income, and within operating expenses, where performance conditions have been met and when a value to the entity can be reasonably estimated. The value to the company is estimated using market values at the date of the gift but where the date of the gift cannot be accurately determined it is estimated when information has been collected and verified.

#### vi) Accounting for Retirement Benefits

The two principal pension schemes for LSTM's staff are the Universities Superannuation Scheme (USS) and the University of Liverpool Pension Fund (ULPF). ULPF is a defined benefit scheme and USS changed from a defined benefit scheme to a hybrid scheme on 1 October 2016, providing defined benefits (for all members) as well as contribution benefits. LSTM also participates in the National Health Service Pension Fund, which is a defined benefit scheme. All three schemes are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries.

Both the USS and ULPF are multi-employer schemes for which it is not possible to identify the assets and liabilities related to LSTM's members due to the mutual nature of the scheme and therefore these schemes are accounted for as defined contribution retirement benefit schemes.

LSTM participates in the Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. LSTM is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits" LSTM therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of comprehensive income represents the contributions payable to the scheme. Since LSTM has entered into an agreement (The Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, LSTM recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the Statement of comprehensive income.

#### vii) Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which LSTM pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions in 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.

The assets of the three main LSTM pension schemes are held in separate trustee-administered funds. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. LSTM is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

As required by Section 28 of FRS 102 "employee benefits", LSTM therefore accounts for the schemes as if they were a wholly defined contribution scheme. As a result, the amount charged to the Statement of comprehensive income represents the contributions payable to the schemes.

#### viii) Employment Benefits

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

#### ix) Holiday Pay Accrual

The liability for untaken staff holiday entitlement at 31 July 2023 is accrued. The accrual is based on actual hours untaken at 31 July and valued using an estimate made of average salaries within LSTM. A 50% weighting factor is applied to acknowledge the limited probability that such a pay-out would be required for 100% of staff - LSTM is a going concern and 100% pay-out would only likely be required in the event of a wind up of an organisation.

**Financial Statements for year ended 31 July 2023****Notes to the Accounts****x) Foreign Currency**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the Statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated at the exchange rate ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other comprehensive income. Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in reserves.

**xi) Finance Leases**

Leases in which LSTM assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of a finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**xii) Operating Leases**

Rentals under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

**xiii) Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

***Land and Buildings***

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to LSTM.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over a period of 50 years.

Leasehold buildings are depreciated on a straight line basis over 50 years.

No depreciation is charged on assets in the course of construction.

***Computer software systems***

Computer software systems costing more than the de minimus per individual item are capitalised.

Historically such software has been depreciated at the fixtures and equipment rate over 4 years. From 2022/23 large software systems will be depreciated over 10 years which aligns more closely to the expected life of such large and complex systems.

***Fixtures and Equipment***

Fixtures and equipment, including computers and software, costing less than the de minimis per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment (including computer and other equipment) is stated at cost and depreciated over 4 years.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

**Financial Statements for year ended 31 July 2023****Notes to the Accounts****xiv) Investments**

Endowment asset investments and current asset investments are included in the Balance sheet at market value. Investments in the subsidiary undertakings are stated at cost, adjusted by any necessary impairment.

LSTM's treasury management policy is for all endowments to be invested in a portfolio of long term investments, while working capital balances and revenue reserves are invested short term with interest received credited to the Statement of comprehensive income. The investment objective is to achieve maximum return with minimum risk.

Non-endowment investments are held as current assets as they are available to be drawn down on demand.

**xv) Stock**

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula. Where necessary provision is made for obsolete, slow moving and defective stocks.

**xvi) Cash and Cash Equivalents**

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.

**xvii) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered, less any impairment. Prepayments are valued at the amount prepaid net of any trade discounts due.

**xviii) Creditors**

Creditors are recognised where LSTM has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

**xix) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised in the Financial Statements when:

- (a) LSTM and the Group has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives LSTM a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of LSTM. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives LSTM and the Group a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of LSTM and the Group.

Contingent assets and liabilities are not recognised in the Balance sheet but are disclosed in the notes.

**xx) Financial Instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks, loans from related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

**Financial Statements for year ended 31 July 2023****Notes to the Accounts**

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Loans, investments and short term deposits***

All loans, investments and short term deposits held by LSTM are classified as basic financial instruments in accordance with FRS 102. These transactions are measured and held at transaction price less any transaction costs (historic cost).

***Derivative instruments***

Derivative instruments are considered to be non-basic financial instruments and are initially measured at transaction price, then subsequently measured to fair value each reporting date. Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the Statement of comprehensive income. Outstanding derivatives at the reporting date are included under the appropriate category depending on the nature of the derivative.

LSTM and the Group hold derivative financial instruments in the form of foreign currency sterling forward currency contracts and an interest rate swap. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the balance sheet date. Changes in the fair value of derivatives are recognised in the surplus or deficit as appropriate.

**xxi) Taxation**

LSTM, LLSA and IVCC are non-exempt charities within the meaning of Part 3 of the Charities Act 2011, therefore are charities within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, LSTM is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

LSTM is registered for VAT. Irrecoverable VAT on inputs is included in the costs of such inputs. Irrecoverable VAT allocated to fixed assets is included in their cost.

Some of LSTM's subsidiary entities are trading companies and are liable to Corporation Tax in the same way as any other commercial organisation.

**xxii) Reserves**

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to LSTM are held as a permanently restricted fund which LSTM must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore LSTM is restricted in the use of these funds.

The Board of Trustees approved a strategic plan covering a six year period to 31 July 2028. This plan anticipates LSTM's general reserves being augmented by the end of the period. The Board has targeted for cash reserves to represent a minimum of 6 months pay expenditure.

## Financial Statements for year ended 31 July 2023

## 5 Funding Body Grants

	Group Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000	LSTM Year ended 31 July 2022 £'000
Recurrent teaching grants	1,828	1,828	1,114	1,114
Recurrent research grants	13,376	13,376	12,695	12,695
Specific grants	4,596	4,596	4,414	4,414
Release of deferred capital grants (note 25) :				
Buildings	188	188	867	867
Equipment	613	613	631	631
	<b>20,601</b>	<b>20,601</b>	<b>19,721</b>	<b>19,721</b>

## 6 Tuition Fees and Education Contracts

	Group Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000	LSTM Year ended 31 July 2022 £'000
Masters fee income	951	951	1,097	1,097
PhD fee income	158	158	249	249
Fee income from diplomas	588	588	703	703
Fee income from short courses	17	17	46	46
Training and other courses	347	347	627	627
Fee income from University of Liverpool	258	258	318	318
	<b>2,319</b>	<b>2,319</b>	<b>3,040</b>	<b>3,040</b>

Total grant and fee income is also split as shown below :

	Group Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000	LSTM Year ended 31 July 2022 £'000
Grant income from the OfS	1,828	1,828	1,114	1,114
Grant income from other bodies	18,773	18,773	18,607	18,607
	<b>20,601</b>	<b>20,601</b>	<b>19,721</b>	<b>19,721</b>
Fee income for taught awards (exclusive of VAT)	1,842	1,842	2,150	2,150
Fee income for research awards (exclusive of VAT)	460	460	844	844
Fee income for non-qualifying courses (exclusive of VAT)	17	17	46	46
	<b>2,319</b>	<b>2,319</b>	<b>3,040</b>	<b>3,040</b>
	<b>22,920</b>	<b>22,920</b>	<b>22,761</b>	<b>22,761</b>

## 7 Research Grants and Contracts

	Group Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000	LSTM Year ended 31 July 2022 £'000
Research Councils	13,027	12,831	12,938	12,744
UK based charities	29,553	29,555	19,625	20,001
UK Central Government and other bodies	14,815	10,215	16,186	10,229
UK industry and commerce	1,977	1,973	2,157	2,125
European Union	8,791	8,017	5,976	5,871
Other overseas bodies	46,837	17,590	47,611	15,356
Other	50	44	7	7
	<b>115,050</b>	<b>80,225</b>	<b>104,500</b>	<b>66,333</b>

Included within LSTM is £2,130,000 (2022 : £2,687,000) allocated to LSTM by IVCC, a UK registered charity under the control of LSTM. This income has been recognised as other overseas bodies income of £1,077,000 (2022 : £2,687,000) and UK central government and other bodies income of £1,053,000 (2022 : £ Nil), by being matched against the related charitable expenditure incurred by the Group. IVCC allocates funding to research institutions on a competitive basis as validated by its External Scientific Advisory Committees.

**Financial Statements for year ended 31 July 2023**

Also included in UK based charities income are amounts relating to gifts of mosquito nets of £ 9,466,000 and other amounts of £45,000 (2022 : £ Nil), included in UK industry and commerce are amounts relating mainly to donated staff time of £916,000 (2022 : £1,513,000), and included in UK central government and other bodies are amounts relating mainly to donated staff time of £ Nil (2022 : £113,000). In accordance with FRS 102 the income has been shown above and offsetting costs are included in Other Operating Expenses (note 13).

Details of the estimates and judgements made in relation to these gifts are given in note 3 v.

**8 Other Income**

	<b>Group Year ended 31 July 2023 £'000</b>	<b>LSTM Year ended 31 July 2023 £'000</b>	<b>Group Year ended 31 July 2022 £'000</b>	<b>LSTM Year ended 31 July 2022 £'000</b>
Diagnostic lab	412	412	354	354
Travel health related activities	1,071	-	814	-
Implementation research consultancy	5,864	3,091	17,233	4,257
Gifts in kind : Pharmaceutical drugs for MDA programme	-	-	44,949	44,949
Gifts in kind : Training programmes	38	38	-	-
Forward currency contracts	1,733	1,623	-	-
Interest rate swap contracts	166	-	-	-
Health authority contracts	109	109	226	226
Health authority funded posts	572	572	399	399
Non Government capital grant income	563	563	-	-
Non-funding council releases of deferred capital grants (Note 25)	2,033	2,033	1,551	1,551
Other	2,822	3,307	2,883	2,405
Gift aid from subsidiary	-	18	-	-
	<b>15,383</b>	<b>11,766</b>	<b>68,409</b>	<b>54,141</b>

Gifts in kind in the prior year relate to gifts of pharmaceutical drugs for a mass drug administration programme (MDA) in various countries in Africa but this project is complete and there were no gifts in kind in the current year. Gifts in kind in the current year include £38k (2022 : £ Nil) in relation to training projects in various countries in Africa. In accordance with FRS 102 the income has been shown above and offsetting costs are included in Other Operating Expenses (note 13).

Details of the estimates and judgements made in relation to these gifts are given in note 3 iv.

**9 Investment Income**

	<b>Group Year ended 31 July 2023 £'000</b>	<b>LSTM Year ended 31 July 2023 £'000</b>	<b>Group Year ended 31 July 2022 £'000</b>	<b>LSTM Year ended 31 July 2022 £'000</b>
Dividend income and interest receivable	547	163	267	138
Other interest receivable	479	479	17	17
	<b>1,026</b>	<b>642</b>	<b>284</b>	<b>155</b>

**10 Donations and Endowment Income**

	<b>Group Year ended 31 July 2023 £'000</b>	<b>LSTM Year ended 31 July 2023 £'000</b>	<b>Group Year ended 31 July 2022 £'000</b>	<b>LSTM Year ended 31 July 2022 £'000</b>
Endowment income	183	183	277	277
Unrestricted donations	15	15	45	45
Restricted donations	219	219	376	376
	<b>417</b>	<b>417</b>	<b>698</b>	<b>698</b>

## Financial Statements for year ended 31 July 2023

## 11 Staff Costs

	Group Year ended 31 July 2023 Number	LSTM Year ended 31 July 2023 Number	Group Year ended 31 July 2022 Number	LSTM Year ended 31 July 2022 Number
The number of persons (including senior post holders) employed at 31 July each year, expressed as full-time equivalents, was :				
<i>Academic contracts</i>				
Teaching staff	10	10	11	11
Research staff	134	134	141	141
Teaching and research staff	60	60	60	60
Clinicians	26	26	22	22
<i>Non-academic contracts</i>				
Other	575	334	480	333
	<b>805</b>	<b>564</b>	<b>714</b>	<b>567</b>

The increase in other staff in the Group largely reflects an increase in staff in CeSHHAR Zimbabwe.

	Group Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000	LSTM Year ended 31 July 2022 £'000
Staff costs for the above persons were :				
Salaries	32,731	27,317	30,991	26,030
Social security costs	2,987	2,846	2,997	2,725
Pension costs	4,689	4,677	4,943	4,537
Restructuring costs	53	53	77	77
Accrued but untaken holiday costs	37	37	(213)	(213)
<b>Staff costs before adjusting for pension provision costs</b>	<b>40,497</b>	<b>34,930</b>	<b>38,796</b>	<b>33,156</b>
Pension deficit funding costs	(1,979)	(1,979)	12,104	12,104
<b>Total staff costs</b>	<b>38,518</b>	<b>32,951</b>	<b>50,901</b>	<b>45,260</b>

The pension provision costs represent the commitment by LSTM to fund the underlying deficit on the USS hybrid pension scheme. Under FRS 102 these amounts need to be provided for. The total provision at 31 July 2023 is £20,065,000 (see note 24).

Salaries of the higher paid staff, excluding employer's pension contributions were within the following ranges :

	Group Year ended 31 July 2023		Group Year ended 31 July 2022	
	Number of Key Management Personnel	Number of Other Staff	Number of Key Management Personnel	Number of Other Staff
£100,000 - £104,999	-	3	-	2
£105,000 - £109,999	-	6	1	3
£110,000 - £114,999	1	3	1	9
£115,000 - £119,999	-	4	1	3
£120,000 - £124,999	1	5	-	2
£125,000 - £129,999	1	6	1	1
£130,000 - £134,999	1	1	-	1
£135,000 - £139,999	-	-	1	1
£140,000 - £144,999	1	2	-	1
£150,000 - £154,999	-	1	-	-
£170,000 - £174,999	-	1	-	1
£180,000 - £184,999	-	2	-	-
£200,000 - £204,999	-	-	-	1
£210,000 - £214,999	-	1	2	-
£220,000 - £224,999	2	-	-	-
£260,000 - £264,999	-	-	1	-
£285,000 - £289,999	-	-	-	1
£300,000 - £304,999	1	-	-	-
	<b>8</b>	<b>35</b>	<b>8</b>	<b>26</b>



**Financial Statements for year ended 31 July 2023****12 Key Management Personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the school. The figures below include compensation paid to key management personnel.

	<b>Group/LSTM Year ended 31 July 2023 Number</b>	<b>Group/LSTM Year ended 31 July 2022 Number</b>
The number of key management personnel including the director was :	<u>8</u>	<u>8</u>

Key management personnel include the Director. In 2022/23 and 2021/22 all key management personnel earned a salary of over £100,000 (see salary bandings note 11).

Key management personnel's total emoluments were made up as follows:

	<b>Group/LSTM Year ended 31 July 2023 £'000</b>	<b>Group/LSTM Year ended 31 July 2022 £'000</b>
Salaries	1,465	1,387
Social security costs	196	187
Pension Contributions	146	140
<b>Total emoluments</b>	<u><b>1,807</b></u>	<u><b>1,714</b></u>

Remuneration specifically for the Director, Prof David Laloo is as follows :

	<b>Group/LSTM Year ended 31 July 2023 £'000</b>	<b>Group/LSTM Year ended 31 July 2022 £'000</b>
Salaries	298	260
Social security costs	41	36
Pension Contributions	-	-
<b>Total emoluments</b>	<u><b>339</b></u>	<u><b>296</b></u>

The pension contributions of the Director and key management personnel are in respect of employer's contributions to the USS and NHS pension schemes and are paid at the same rate as for other employees.

The members of the Board other than the Director and the staff members did not receive any payment from LSTM other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The total expenses paid to or on behalf of trustees was £4,010 (2022 : £3,878). This represents travel and subsistence expenses incurred in attending meetings and events in their official capacity.

**Senior staff pay**

LSTM is a world leading research institution. We benchmark our rates of pay and HR practices against the higher education sector in general, and our key comparator group is Russell Group institutions. This reflects where we need to be in order to attract and retain the most talented people in our predominantly research field, particularly against global and national competition.

Average earnings in higher education are higher than the average for both the public and private sector and have grown faster than in the wider economy.

The Director's pay is linked to a pay scale. Incremental progression is not automatic, however any pay awards are based on consideration of an individual's contribution, supported by evidence of exceptional performance. Determinations of pay for senior executive staff are made by the Remuneration Committee, the members of which are Board trustees, and which is chaired by the Chair of the Board; however, the Deputy Chair presides over discussions of the director's pay. The remuneration Committee adopts the CUC's Higher Education Senior Staff Remuneration Code and publishes a separate annual report. The Committee meets in autumn of each year.

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In 2022-2023 Remuneration Committee made a decision to increase the Director's pay, in line with the market and individual contribution, and taking account of the fact that there had been little move in pay since appointment in 2019, due to external factors

**Financial Statements for year ended 31 July 2023****Median salary info**

The FTE salary of the Director, expressed as a multiple of the median salary of all LSTM UK staff is 7.41 (2022 : 6.93).

The FTE total remuneration of the Director, expressed as a multiple of the median total remuneration of all LSTM UK staff is 6.23 (2022 : 5.72).

The basis of the calculation is as follows:

All staff costs are grossed up to reflect amounts payable on a full time equivalent basis.

Total remuneration includes employer pension payments and allowances.

Salary details for atypical and agency staff have been excluded due to difficulties in obtaining the data from third parties.

**Overseas activities**

LSTM's business is such that a substantial amount of overseas activities are carried out by all staff, which includes senior post-holders and higher paid staff. It is not believed appropriate to account for this expenditure in a separate note.

**13 Other Operating Expenditure**

	<b>Group Year ended 31 July 2023 £'000</b>	<b>LSTM Year ended 31 July 2023 £'000</b>	<b>Group Year ended 31 July 2022 £'000</b>	<b>LSTM Year ended 31 July 2022 £'000</b>
Projects				
Research Grants and Contracts	77,496	50,376	75,170	44,380
Implementation research consultancy	5,041	1,770	15,288	2,444
Gifts in kind : Pharmaceutical drugs for MDA programme	-	-	44,949	44,949
Gifts in kind : Mosquito nets	9,466	9,466	-	-
Gifts in kind : Drugs and test kits	-	-	16	16
Gifts in kind : Combined staff time, space and consumables	1,000	1,000	1,610	1,610
Foreign currency contracts	-	-	754	754
Premises costs	4,288	4,185	2,798	2,765
Academic and related expenditure	2,768	2,768	3,033	3,032
Administrative and central services	4,678	4,136	6,563	4,263
	<b>104,737</b>	<b>73,701</b>	<b>150,181</b>	<b>104,213</b>

Other operating expenses include :

	<b>Group Year ended 31 July 2023 £'000</b>	<b>LSTM Year ended 31 July 2023 £'000</b>	<b>Group Year ended 31 July 2022 £'000</b>	<b>LSTM Year ended 31 July 2022 £'000</b>
Financial statements auditor's remuneration				
Financial statements audit	210	111	136	74
Taxation compliance services	13	13	12	2
Taxation advisory services	47	47	5	5
Other auditor's remuneration				
Internal audit	49	49	27	27
Component auditors	25	-	10	-
Research grant audit services	14	14	14	14

**14 Interest Payable**

	<b>Group Year ended 31 July 2023 £'000</b>	<b>LSTM Year ended 31 July 2023 £'000</b>	<b>Group Year ended 31 July 2022 £'000</b>	<b>LSTM Year ended 31 July 2022 £'000</b>
Loan interest	326	115	-	-
	<b>326</b>	<b>115</b>	<b>-</b>	<b>-</b>

**15 Taxation**

	<b>Group Year ended 31 July 2023 £'000</b>	<b>LSTM Year ended 31 July 2023 £'000</b>	<b>Group Year ended 31 July 2022 £'000</b>	<b>LSTM Year ended 31 July 2022 £'000</b>
Tax charge in year	4	-	-	-
	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Financial Statements for year ended 31 July 2023

	Group Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000	LSTM Year ended 31 July 2022 £'000
Surplus/(Deficit) before taxation	7,774	6,021	(7,467)	(9,165)
Corporation tax in LSTM Consulting USA	(5)	-	-	-
Tax credit in iiDiagnostics	1	-	-	-
Surplus/(Deficit) after taxation	<u>7,770</u>	<u>6,021</u>	<u>(7,467)</u>	<u>(9,165)</u>

## 16 Tangible Fixed Assets

Group	Leasehold Buildings £'000	Freehold land and buildings £'000	Fixtures & Equipment £'000	TOTAL £'000
<b>Cost or valuation</b>				
At 1 August 2022	14,223	63,074	6,849	84,146
Additions	-	16,217	2,737	18,954
Disposals	(10,900)	(286)	-	(11,186)
<b>At 31 July 2023</b>	<u><b>3,323</b></u>	<u><b>79,005</b></u>	<u><b>9,586</b></u>	<u><b>91,914</b></u>
<b>Depreciation</b>				
At 1 August 2022	1,721	15,022	5,093	21,836
Charge for the year	308	1,333	1,015	2,656
Eliminated in respect of disposals	(1,243)	(99)	-	(1,342)
<b>At 31 July 2023</b>	<u><b>786</b></u>	<u><b>16,256</b></u>	<u><b>6,108</b></u>	<u><b>23,150</b></u>
<b>Net book value at 31 July 2023</b>	<u><b>2,537</b></u>	<u><b>62,749</b></u>	<u><b>3,478</b></u>	<u><b>68,764</b></u>
Net book value at 31 July 2022	<u>12,502</u>	<u>48,052</u>	<u>1,756</u>	<u>62,310</u>
Financed by Funding body capital grants	-	12,353	513	12,866
Financed by government capital grants	1,362	14,982	-	16,344
Financed by other grants and LSTM	1,175	35,403	2,966	39,545
	<u><b>2,537</b></u>	<u><b>62,738</b></u>	<u><b>3,479</b></u>	<u><b>68,755</b></u>

The amount for freehold land and buildings includes a value for land of £3,907,000 in LSTM and £1,650,000 in Liverpool Life Science Accelerator Limited (LLSAL) which is not depreciated.

LLSAL bought the Liverpool Life Science Accelerator building on 29 November 2022 for £15,000,000. Valuation is at cost and the building is being depreciated over 50 years

At 31 July 2023 additions to freehold land and buildings include £158,000 in respect of assets under construction which have not been depreciated (2022 : £4,449,000).

The net book value of tangible fixed assets include £ Nil (2022 : £9,839,000) in respect of assets held under finance lease. Depreciation of the finance lease asset was £ Nil (2022 : £218,000). The Finance lease and related depreciation was written off during the year following the cash purchase of the building against which the finance lease was made.

## Financial Statements for year ended 31 July 2023

	Leasehold Buildings £'000	Freehold land and buildings £'000	Fixtures & Equipment £'000	TOTAL £'000
<b>LSTM</b>				
<b>Cost or valuation</b>				
At 1 August 2022	13,871	63,074	6,757	83,702
Additions	-	787	2,679	3,466
Disposals	(10,900)	(286)	-	(11,186)
<b>At 31 July 2023</b>	<b>2,971</b>	<b>63,575</b>	<b>9,436</b>	<b>75,982</b>
<b>Depreciation</b>				
At 1 August 2022	1,628	15,022	5,017	21,667
Charge for the year	301	1,150	1,009	2,460
Eliminated in respect of disposals	(1,243)	(99)	-	(1,342)
<b>At 31 July 2023</b>	<b>686</b>	<b>16,073</b>	<b>6,026</b>	<b>22,785</b>
<b>Net book value at 31 July 2023</b>	<b>2,285</b>	<b>47,502</b>	<b>3,410</b>	<b>53,197</b>
Net book value at 31 July 2022	12,243	48,052	1,740	62,035
Financed by Funding body capital grants	-	12,353	513	12,866
Financed by government capital grants	1,362	14,982	-	16,344
Financed by other grants and LSTM	923	20,157	2,898	23,978
	<b>2,285</b>	<b>47,492</b>	<b>3,411</b>	<b>53,188</b>

## 17 Investments in Subsidiaries

	LSTM Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2022 £'000
Cost at 1 August 2022/2021	126	80
Additions/(Disposals)	(72)	46
Cost at 31 July 2023/2022	<b>54</b>	<b>126</b>

LSTM owns 100% of the issued ordinary £1 shares of LSTM Consulting Limited, a company incorporated in England and Wales. Its principal business activity is carrying out technical assistance on health issues in tropical countries. LSTM Consulting became dormant effective 31 August 2022. LSTM Consulting Limited has interests in the following companies and NGOs :

- Liverpool Life Science Accelerator Limited - 100% : Registered office - Pembroke Place, Liverpool, L3 5QA
- LATH Nigeria (Dormant NGO)
- LATH Umoyo, Malawi (Dormant) - 50%
- LSTM Kenya - 100% : Registered office - Rosami Court, House No. 4, Muringa Rd, PO Box 24672-00100, Nairobi, Kenya
- LSTM Consulting USA - 100% : Registered office - 124, Cardinal Ridge Road, Chapel Hill, NC 27516, USA
- LMS (Dormant) - 100%
- LATH South Sudan (NGO) (Dormant)

LSTM owns 100% of the issued ordinary £1 shares of Liverpool International Health Ventures Limited, a company incorporated in England and Wales. Its principal business activity is being a vehicle to remunerate employees of fellow group companies and a holding company for the following :

- Well Travelled Clinics Limited (WTC) : Registered office - Pembroke Place, Liverpool, L3 5QA
- Liverpool International Health I.P. Limited (LIHIP) : Registered office - Pembroke Place, Liverpool, L3 5QA

LSTM owns 100% of the issued ordinary £1 shares of iiDiagnostics Limited, a company incorporated in England and Wales. This company was previously dormant, the name was changed from Echitab Study Group (UK) Ltd to iiDiagnostics in December 2021 and it started trading in January 2022. iiDiagnostics Limited's principal activity is research and experimental development. Its registered office is at Pembroke Place, Liverpool, L3 5QA

LSTM is the sole member of IVCC, a company and registered charity incorporated in England and Wales. IVCC is a company limited by guarantee and holds no share capital. Its principal business activity is to carry out research into controlling vector-borne diseases such as malaria and dengue. Its registered office is at Pembroke Place, Liverpool, L3 5QA

The registered office of all UK subsidiaries is : Pembroke Place, Liverpool, L3 5QA, UK

LSTM owns 99% of the issued ordinary 10 Rupee shares of Liverpool School of Tropical Medicine India Private Limited, a company incorporated in India. The company was put into liquidation in January 2022 which is expected to be complete late in 2023. The investment in India of £72,000 has been fully written off in the year due to the imminent closure.

**Financial Statements for year ended 31 July 2023**

LSTM also has an interest in the following, which are all NGOs :

Consolidated in LSTM Group Financial Statements

- CeSHHAR Zimbabwe (Charity)

Not consolidated due to negligible activity

- Liverpool Initiative for Health Development (Nigeria)

- LSTM Sierra Leone

- LSTM Uganda

Registered office : 4, Bath Road, Belgravia, Harare, Zimbabwe

Registered office : Bakuli-Mergo Road, PO Box 3341, Kampala, Uganda

**18 Stock**

	<b>Group Year ended 31 July 2023 £'000</b>	<b>LSTM Year ended 31 July 2023 £'000</b>	<b>Group Year ended 31 July 2022 £'000</b>	<b>LSTM Year ended 31 July 2022 £'000</b>
Stock of consumables	84	9	159	75
Gift in kind treated as stock	3,701	3,701	-	-
	<b>3,785</b>	<b>3,710</b>	<b>159</b>	<b>75</b>

**19 Debtors : Amounts falling due within 1 year**

	<b>Group Year ended 31 July 2023 £'000</b>	<b>LSTM Year ended 31 July 2023 £'000</b>	<b>Group Year ended 31 July 2022 £'000</b>	<b>LSTM Year ended 31 July 2022 £'000</b>
Trade debtors	607	344	1,124	730
Amounts owed by subsidiary undertakings	-	817	-	631
Amounts owed by subsidiary undertakings - LLSA loan due in more than 1 year	-	9,000	-	-
Balances due on research grants and contracts	19,802	15,405	18,162	17,377
Prepayments and accrued income	1,776	1,516	2,483	2,396
Forward currency contracts	1,367	1,367	112	112
	<b>23,552</b>	<b>28,449</b>	<b>21,881</b>	<b>21,246</b>

A bad debt provision of £330,000 (2022 : £399,000) has been recognised against debtors of LSTM and the Group.

Prepayments and accruals include an amount of £166,000 (2022 : Nil) in relation to an interest rate swap on the long term secured loan, held at fair value at the balance sheet date.

The intercompany loan from LSTM to LLSAL of £9m is based on an intercompany loan agreement. The loan is due in November 2027, interest is calculated daily at 1% above the Bank of England base rate.

**20 Investments and Endowments**

	<b>Group Investments Year ended 31 July 2023 £'000</b>	<b>Group Endowments Year ended 31 July 2023 £'000</b>	<b>Group TOTAL Year ended 31 July 2023 £'000</b>	<b>Group TOTAL Year ended 31 July 2022 £'000</b>
Cost at 1 August 2022/2021	25,690	13,310	39,000	42,442
Additions	29,524	21,161	50,685	6,089
Disposals	(24,746)	(19,048)	(43,794)	(9,531)
<b>Cost at 31 July 2023/2022</b>	<b>30,468</b>	<b>15,423</b>	<b>45,891</b>	<b>39,000</b>
Realised loss on disposals in year	(2,474)	-	(2,474)	-
Unrealised revaluation reserve at 1 August 2022/2021	2,132	2,471	4,603	5,407
Unrealised revaluation in the year	(524)	(1,678)	(2,202)	(805)
<b>Unrealised revaluation reserve at 31 July 2023/2022</b>	<b>1,608</b>	<b>793</b>	<b>2,401</b>	<b>4,602</b>
<b>Market value at 31 July 2023/2022</b>	<b>29,602</b>	<b>16,216</b>	<b>45,818</b>	<b>43,602</b>
<i>Represented by :</i>				
Fixed interest stocks (listed)	6,641	3,144	9,785	8,843
Equities (listed)	4,286	11,711	15,997	14,702
Other	18,675	1,361	20,036	20,057
	<b>29,602</b>	<b>16,216</b>	<b>45,818</b>	<b>43,602</b>
<i>Represented by :</i>				
Fellowships and scholarship funds	-	8,043	8,043	7,584
Prize funds	-	153	153	127
Other funds	29,602	8,020	37,622	35,891
47	<b>29,602</b>	<b>16,216</b>	<b>45,818</b>	<b>43,602</b>

## Financial Statements for year ended 31 July 2023

Investments include bank deposits of greater than 3 months duration of £17,576,000 (2022 : £16,474,000).

	LSTM Investments Year ended 31 July 2023 £'000	LSTM Endowments Year ended 31 July 2023 £'000	LSTM TOTAL Year ended 31 July 2023 £'000	LSTM TOTAL Year ended 31 July 2022 £'000
Cost at 1 August 2022/2021	13,505	13,310	26,815	22,589
Additions	29,524	21,161	50,685	6,089
Disposals	(17,519)	(19,048)	(36,567)	(1,863)
<b>Cost at 31 July 2023/2022</b>	<b>25,510</b>	<b>15,423</b>	<b>40,933</b>	<b>26,815</b>
Realised loss on disposals in year	(1,570)	-	(1,570)	-
Unrealised revaluation reserve at 1 August 2022/2021	1,427	2,471	3,898	5,642
Unrealised revaluation in the year	(461)	(1,678)	(2,139)	(1,745)
<b>Unrealised revaluation reserve at 31 July 2023/2022</b>	<b>966</b>	<b>793</b>	<b>1,759</b>	<b>3,897</b>
<b>Market value at 31 July 2023/2022</b>	<b>24,906</b>	<b>16,216</b>	<b>41,122</b>	<b>30,712</b>
<i>Represented by :</i>				
Fixed interest stocks (listed)	6,464	3,144	9,608	6,354
Equities (listed)	4,286	11,711	15,997	14,702
Other	14,156	1,361	15,517	9,656
	<b>24,906</b>	<b>16,216</b>	<b>41,122</b>	<b>30,712</b>
<i>Represented by :</i>				
Fellowships and scholarship funds	-	8,043	8,043	7,584
Prize funds	-	153	153	127
Other funds	24,906	8,020	32,926	23,001
	<b>24,906</b>	<b>16,216</b>	<b>41,122</b>	<b>30,712</b>

Investments include bank deposits of greater than 3 months duration of £13,056,000 (2022 : £6,073,000).

## 21 Creditors : Amounts falling due within 1 year

	Group Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000	LSTM Year ended 31 July 2022 £'000
Unexpended balances of research grants and contracts	42,262	32,994	39,926	27,421
Trade creditors	759	236	1,310	1,010
Amounts owed to subsidiary undertakings	-	-	-	-
Other taxation and social security	876	843	834	818
Holiday accrual	485	485	448	448
Accruals and deferred income	14,497	8,626	15,112	3,039
Forward currency contracts	83	61	551	418
Unsecured loan	4,000	4,000	-	-
Short term element of secured loan	200	-	-	-
Short term element of finance lease liability (note 32)	-	-	467	467
Short term element of deferred capital grants (note 25)	737	737	701	701
	<b>63,899</b>	<b>47,982</b>	<b>59,349</b>	<b>34,322</b>

## Financial Statements for year ended 31 July 2023

## 22 Creditors : Amounts falling due after 1 year

	Group Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000	LSTM Year ended 31 July 2022 £'000
Long term element of deferred capital grants (note 25)	32,427	32,427	30,846	30,846
Long term element of secured loan	5,700	-		
Long term element of Finance Lease Liability (note 32)	-	-	8,608	8,608
	<b>38,127</b>	<b>32,427</b>	<b>39,454</b>	<b>39,454</b>

## Analysis of loans

	Group Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000	LSTM Year ended 31 July 2022 £'000
<b>Unsecured loans</b>				
Due within 1 year or on demand (note 21)	4,000	4,000	-	-
<b>Secured loans</b>				
Due within 1 year or on demand (note 21)	200	-	-	-
Due between one and two years	200	-	-	-
Due between two and five years	600	-	-	-
Due in five years or more	4,900	-	-	-
Total due after more than one year	<b>5,900</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>9,900</b>	<b>4,000</b>	<b>-</b>	<b>-</b>

## The unsecured and secured loan facilities comprise :

			Maturity	Borrower
Unsecured loan with HSBC private bank	4,000	4,000	on demand	LSTM
Secured loan with HSBC commerical bank	5,900	-	2027	LLSA Limited
	<b>9,900</b>	<b>4,000</b>		

The LSTM loan with HSBC private bank is an on demand loan. There is no security held for this loan but HSBC does have defacto security due to LSTM holding investments greater than this loan value with HSBC. Interest is calculated daily and equals a margin above the HSBC base rate which is applied to private banking clients. Interest is paid quarterly.

The LLSA loan with HSBC commerical bank is a 5 year loan. There is a covenant in place with 4 covenant requirements needing to be met each quarter. Capital repayments are fixed at £50,000 per quarter. The interest rate is calculated daily as the % rate p.a which is the aggregate of the margin and compounded reference rate for that day. Interest is paid quarterly. LLSA has also entered into an interest rate swap with the agreement of HSBC to hedge against the movement in interest rates. the unrealised gain on the interest rate swap at 31 July 2023 is reflected in income in LLSA and the consolidated financial statements. The loan is secured against the LLSA property

LSTM has provided a guarantee to HSBC for the £5,900,000 loan which LLSA has taken out with HSBC commercial bank.

## 23 Pension Deficit Provision

	Group/LSTM USS Year ended 31 July 2023 £'000
<b>At 31 July 2021</b>	<b>9,206</b>
Increase in provision during the year (staff costs, see note 11)	12,104
Increase in provision during the year (interest costs)	73
<b>Total increase in provision during the year</b>	<b>12,177</b>
<b>At 31 July 2022</b>	<b>21,383</b>
Decrease in provision during the year (staff costs, see note 11)	(1,979)
Increase in provision during the year (interest costs)	661
<b>Total decrease in provision during the year</b>	<b>(1,318)</b>
<b>At 31 July 2023</b>	<b>49 20,065</b>

**Financial Statements for year ended 31 July 2023**

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to fund 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.

The provision at 31 July 2023 is based on the sector-mandated model which reflects the latest valuation at 31 March 2020.

Management has assessed future employees within the scheme and salary payment over the period of the contracted obligations to calculate the value of the provision, and has made the following assumptions.

	<b>Group/LSTM Year ended 31 July 2023</b>	<b>Group/LSTM Year ended 31 July 2022</b>
Discount rate	5.49%	3.09%
Salary growth	3.0% Yrs 1-2, 2.0% thereafter	3.0% Yrs 1-2, 2.0% thereafter
Staff numbers growth	3.0% Yrs 1-2, 2.0% thereafter	3.0% Yrs 1-2, 2.0% Yrs 3-5, 1.0% Yrs 6-12, 0% thereafter

Parameters with regard to salary growth and staff numbers growth reflect the current strategic planning cycle and the new strategic plan for 2023-2028

**Sensitivity analysis**

As set out in the accounting policies, there are some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below :

<b>Change in assumptions at 31 July 2023</b>	<b>Approximate impact £'000</b>	
0.5% pa decrease in discount rate	747	Increase in provision
0.5% pa increase in discount rate	(709)	decrease in provision
0.5% pa increase in salary inflation over duration	767	Increase in provision
0.5% pa increase in salary inflation year 1 only	97	Increase in provision
0.5% increase in staff changes over duration	721	Increase in provision
0.5% increase in staff changes year 1 only	94	Increase in provision

**24 Other Provisions**

	<b>Group Year ended 31 July 2023 £'000</b>	<b>LSTM Year ended 31 July 2023 £'000</b>
<b>At 31 July 2021</b>	<b>3,697</b>	<b>3,697</b>
Net movement of provisions in the year	244	244
<b>At 31 July 2022</b>	<b>3,941</b>	<b>3,941</b>
Net movement of provisions in the year	292	868
<b>At 31 July 2023</b>	<b>4,233</b>	<b>4,809</b>

Other provisions comprise primarily provisions for issues in meeting project deliverables on research grants of £3,316,000 (2022 : £2,586,000), provisions for costs relating to the Liverpool Life Sciences Accelerator (LLSA) research space of £512,000 (2022 : £468,000) and in LSTM only a provision for the negative assets for the subsidiary intellectual property company, Well Travelled Company and Liverpool International Health Ventures Ltd of £576,000 (2022 : £437,000).

Information regarding settlement of the amounts provided for research grants and LLSA is anticipated in the next year.



## Financial Statements for year ended 31 July 2023

## 25 Deferred Capital Grants

	Group/LSTM Funding Council Year ended 31 July 2023 £'000	Group/LSTM Other Funding Year ended 31 July 2023 £'000	Group/LSTM TOTAL Year ended 31 July 2023 £'000
At 1 August 2022			
Buildings	8,760	21,840	30,600
Equipment	947	-	947
Cash received			
Buildings	3,780	491	4,271
Equipment	179	-	179
Released to Statement of comprehensive income			
Buildings	(188)	(2,032)	(2,220)
Equipment	(613)	-	(613)
At 31 July 2023	<b>12,865</b>	<b>20,299</b>	<b>33,164</b>

Deferred capital grants are shown in Creditors and are split between Creditors : < 1 year and Creditors : > 1 year as follows :

Creditors < 1 year	737
Creditors > 1 year	32,427
	<b>33,164</b>

At 1 August 2021			
Buildings	6,429	18,883	25,312
Equipment	1,188	-	1,188
Cash received			
Buildings	3,198	4,507	7,705
Equipment	390	-	390
Released to Statement of comprehensive income			
Buildings	(867)	(1,550)	(2,417)
Equipment	(631)	-	(631)
At 31 July 2022	<b>9,707</b>	<b>21,840</b>	<b>31,547</b>

Deferred capital grants are shown in Creditors and are split between Creditors : < 1 year and Creditors : > 1 year as follows :

Creditors < 1 year	701
Creditors > 1 year	30,846
	<b>31,547</b>

## Financial Statements for year ended 31 July 2023

## 26 Endowment Reserves

	Group/LSTM Permanent endowments Restricted Year ended 31 July 2023 £'000	Group/LSTM endowments Unrestricted Year ended 31 July 2023 £'000	Group/LSTM Expendable Restricted Year ended 31 July 2023 £'000	Group/LSTM TOTAL Year ended 31 July 2023 £'000
<b>At 1 August 2022</b>				
- Capital value	7,412	7,499	576	15,487
- Accumulated income	73	202	18	293
- TOTAL	<b>7,485</b>	<b>7,701</b>	<b>594</b>	<b>15,780</b>
Reclassification between restricted and unrestricted	(107)	107	-	-
Appreciation of endowment assets investments (realised)	675	1,437	-	2,112
Appreciation of endowment assets investments (unrealised)	(647)	(1,031)	-	(1,678)
Income for the year	136	53	8	197
Transferred to statement of comprehensive income	(10)	(53)	(216)	(279)
Retained in reserves	81	-	2	83
<b>At 31 July 2023</b>				
- Capital value	7,540	8,012	370	15,922
- Accumulated income	73	202	18	293
- TOTAL	<b>7,613</b>	<b>8,214</b>	<b>388</b>	<b>16,215</b>
<i>Representing :</i>				
Fellowship and scholarship funds	7,025	-	388	7,413
Prize funds	153	-	-	153
Other funds	436	8,214	-	8,650
Investments	7,614	8,214	388	16,216
Cash relating to endowments	403	1,314	-	1,717
<b>Reserves</b>	<b>8,017</b>	<b>9,528</b>	<b>388</b>	<b>17,933</b>
	<b>Year ended 31 July 2022 £'000</b>	<b>Year ended 31 July 2022 £'000</b>	<b>Year ended 31 July 2022 £'000</b>	<b>Year ended 31 July 2022 £'000</b>
<b>At 1 August 2021</b>				
- Capital value	7,955	8,275	597	16,827
- Accumulated income	145	202	12	359
- TOTAL	<b>8,100</b>	<b>8,477</b>	<b>609</b>	<b>17,185</b>
Reclassification between restricted and unrestricted	106	(105)	-	1
Appreciation of endowment assets investments (realised)	29	158	-	187
Appreciation of endowment assets investments (unrealised)	(745)	(829)	(20)	(1,594)
Income for the year	153	157	13	323
Transferred to statement of comprehensive income	(113)	(157)	(7)	(277)
Retained in reserves	(46)	-	-	(46)
<b>At 31 July 2022</b>				
- Capital value	7,412	7,499	576	15,487
- Accumulated income	73	202	18	293
- TOTAL	<b>7,485</b>	<b>7,701</b>	<b>594</b>	<b>15,780</b>
<i>Representing :</i>				
Fellowship and scholarship funds	6,989	-	594	7,583
Prize funds	128	-	-	128
Other funds	368	7,701	-	8,069
Investments	7,485	7,701	594	15,780
Cash relating to endowments	465	1,940	-	2,405
<b>Reserves</b>	<b>7,950</b>	<b>9,641</b>	<b>594</b>	<b>18,185</b>

## Financial Statements for year ended 31 July 2023

## 27 Restricted General Reserve

	Group Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2023 £'000
<b>At 31 July 2021</b>	<b>8,555</b>	<b>487</b>
Surplus from Statement of comprehensive income	2,048	156
<b>At 31 July 2022</b>	<b>10,603</b>	<b>643</b>
Surplus from Statement of comprehensive income	1,270	(56)
<b>At 31 July 2022</b>	<b>11,873</b>	<b>587</b>

The reserves of IVCC, LLSA and CeSHHAR Zimbabwe are considered to be restricted due to their status as charities/Private voluntary organisations (PVOs) and their objects being narrower than those of the group. In addition, at 31 July 2023 donations where there is a restriction over how they are used were transferred to this reserve from the general reserve.

## 28 Financial Instruments

The carrying value of the Group and LSTM's financial assets and liabilities are summarised by category below :

	Group Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000	LSTM Year ended 31 July 2022 £'000
<b>Financial assets</b>				
<i>Financial assets that are debt instruments measured at amortised cost :</i>				
Trade, research and other receivables	20,942	17,305	20,916	20,322
Cash and cash equivalents	40,081	22,843	44,038	22,978
<i>Financial assets at fair value through surplus or deficit :</i>				
Listed investments and endowments	45,818	41,122	43,602	30,712
Forward currency contracts	1,367	1,367	112	112
Interest rate swap	166	-	-	-
	<b>108,374</b>	<b>82,637</b>	<b>108,668</b>	<b>74,124</b>
<b>Financial liabilities</b>				
<i>Financial liabilities measured at amortised cost</i>				
Trade, research and other payables and accruals	56,752	41,197	55,409	30,811
Finance lease liability	-	-	9,075	9,075
<i>Financial liabilities measured at fair value through surplus or deficit</i>				
Forward currency contracts	83	61	551	418
	<b>56,835</b>	<b>41,258</b>	<b>65,035</b>	<b>40,304</b>

Cash flows on both the US dollar and Euro research income and the foreign currency forward contracts are at regular intervals, and are based on predicted project related cash flows. The forward contracts had a mark to market valuation as at 31 July 2023 amounting to an asset of £1,284,000 (2022 : £439,000 liability). During 2022/23 a gain of £1,733,000 was recognised in income for the year (2022 : a loss of £938,000).

The foreign currency forward contracts are not traded in active markets. These have been fair valued using observable forward exchange rates corresponding to the maturity of the contracts.

**Financial Statements for year ended 31 July 2023**

The Group's income, expense, gains and losses in respect of financial instruments are summarised below :

	<b>Group Year ended 31 July 2023 £'000</b>	<b>LSTM Year ended 31 July 2023 £'000</b>	<b>Group Year ended 31 July 2022 £'000</b>	<b>LSTM Year ended 31 July 2022 £'000</b>
<b>Financial assets</b>				
Total interest income for financial assets at amortised cost	<u>479</u>	<u>479</u>	<u>17</u>	<u>17</u>
<b>Fair value gains and (losses)</b>				
On financial assets measured at fair value through income and expenditure	<u>1,733</u>	<u>1,623</u>	<u>(754)</u>	<u>(754)</u>

**29 Cash and Cash Equivalents**

	<b>Group Year ended 31 July 2023 £'000</b>	<b>LSTM Year ended 31 July 2023 £'000</b>
<b>At 1 August 2022</b>	44,038	22,978
Cashflows	(3,957)	(135)
<b>At 31 July 2023</b>	<u><b>40,081</b></u>	<u><b>22,843</b></u>

**30 Pension and similar obligations**

LSTM and the Group's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and University of Liverpool Pension Fund (ULPF) although a small number of staff belong to the National Health Service Superannuation Scheme (NHSSS) and WTC Pension scheme. All schemes apart from the WTC scheme are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme.

The defined benefit funds are normally valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by each fund's trustee on the advice of the actuary. In the intervening years the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employee's services. The total group pension cost for the year was £4,689,000 (2022 : £4,943,000).

**Universities Superannuation Scheme (USS)**

LSTM participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. LSTM is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", LSTM therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the statement of comprehensive income represents the contributions payable to the scheme. Since LSTM has entered into an agreement (the recovery plan) that determines how each employer within the scheme will fund the overall deficit, LSTM recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The total contributions charged to the Statement of comprehensive income is £4,568,000 (2022 : £4,358,000).

Deficit recovery contributions due within one year are £1,346,000 (2022 : £1,299,000).

The latest available completed actuarial valuation of the USS Retirement Income Builder (defined benefit) is at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

Since the institution cannot identify its share of USS Retirement Income Builder (defined benefit) assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion, and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

**Financial Statements for year ended 31 July 2023**

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles ([uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles](https://uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles)).

**CPI assumption**

Term dependent rates in line with the difference between the fixed interest and index linked yield curves, less 1.1% p.a to 2030, reducing linearly by 0.1% p.a to a long term difference of 0.1% from 2040.

**Pension increases (subject to a floor of 0%)**

CPI assumption +0.05%

**Discount rate (forward rates)**

Fixed interest gilt yield curve plus :

Pre-retirement : 2.75%

Post-retirement : 1.00%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

**2020 Valuation****Mortality base table**

101% of S2PMA "light" for males and 95% of S3PFA for females

**Future improvements to mortality**

CMI\_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a and a long term improvement rate of 1.8% p.a for males and 1.6% p.a. for females

The current life expectancies on retirement at age 65 are :

	<b>2023</b>	<b>2022</b>
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

A deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 to 31 March 2024 at which point the rate will increase to 6.3%. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions :

	<b>2023</b>	<b>2022</b>
Discount rate	5.49%	3.09%
Pensionable salary growth	3.0% Yrs 1-2, 2.0% thereafter	3.0% Yr 1-2, 2.0% Yr 3-17

**University of Liverpool Pension Fund (ULPF)**

LSTM participates in the University of Liverpool Pension Fund (ULPF), a defined benefit scheme in the UK. The final salary section of the Fund is closed to new entrants with effect from 31 July 2011 and from 1 August 2011 new members are eligible to join the CARE section of the Fund. A full actuarial valuation was carried out at 31 July 2021.

The contributions made by the employer over the period have been £167,000 (2022 : £186,000). The employer currently pays contributions at the rate of 16% of pensionable pay. Member contributions are payable in addition at the rate of 7.5% of pensionable pay for Final Salary members and 6.5% of pensionable pay for CARE members.

The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the discount rate would be 5.15% per annum (2022 : 3.5%) and salary increases would be 3.05% per annum (2022 : 2.85%). The valuation was carried out using the projected unit method.

At the valuation date the market value of the assets of the scheme was £620.9m (2022 : £568.7m) and the value of the past service liabilities was £461.3m (2022 : £397.1m) leaving a surplus of £159.6m (2022 : £171.6m).

There was a total of 33 LSTM active members in this scheme at 31 July 2023.

**Financial Statements for year ended 31 July 2023****National Health Service Superannuation Scheme (NHSSS)**

LSTM participates in the National Health Service Superannuation Scheme (NHSSS), a defined benefit scheme which is a statutory, unfunded, multi employer, defined benefit scheme in which LSTM is unable to identify its share of the underlying liabilities and assets and is accounted for on a contributions basis.

The contributions made by the employer over the financial year have been £310,000 (2022 : £346,000), equivalent to 14.38% of pensionable salaries.

There were a total of 35 LSTM active members in this scheme at 31 July 2023.

**31 Contingent Liability**

A composite cross guarantee structure exists between Liverpool School of Tropical Medicine, IVCC, Well Travelled Clinics Limited, Liverpool International Health Ventures Limited, Liverpool International Health I.P. Limited, LSTM Consulting Limited, iiDiagnostics Limited and Liverpool Life Sciences Accelerator Limited in respect of bank overdrafts. The aggregate amount outstanding under this agreement at the balance sheet date was £1,308,547 (2022: £712,358).

**32 Finance Lease Commitments**

	<b>Group</b>	<b>LSTM</b>	<b>Group</b>	<b>LSTM</b>
	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31 July 2023</b>	<b>31 July 2023</b>	<b>31 July 2022</b>	<b>31 July 2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts due in less than one year	-	-	467	467
Amounts due between one and five years	-	-	2,011	2,011
Amounts due in more than five years	-	-	6,597	6,597
	<u>-</u>	<u>-</u>	<u>9,075</u>	<u>9,075</u>

LSTM signed a lease for occupation of 2 floors of research space in the LLSA in autumn 2017 and took occupation in September 2017. The lease was for 25 years, at £400,000 a year. LSTM had an option to purchase its share of the building within 10 years of the start of the lease, and given this option LSTM had treated the building as a finance lease since 2017/18. In November 2022 Liverpool Life Sciences Accelerator Limited, a new 100% owned subsidiary of LSTM purchased the building for £15,000,000 through cash and loan financing. There is no longer a finance lease relating to this building

**33 Operating Lease Commitments**

	<b>Group</b>	<b>LSTM</b>	<b>Group</b>	<b>LSTM</b>
	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31 July 2023</b>	<b>31 July 2023</b>	<b>31 July 2022</b>	<b>31 July 2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts due in less than one year	68	1,018	76	39
Amounts due between one and five years	29	3,147	48	46
Amounts due after 5 years	-	6,978	-	-
	<u>97</u>	<u>11,143</u>	<u>124</u>	<u>85</u>

Operating Lease commitments in LSTM at 31 July 2023 reflect new leases with subsidiary Liverpool Life Science Accelerator Limited (LLSA) for rental space in the Liverpool Life Science Accelerator building purchased by LLSA in the year.

**34 Capital Commitments**

	<b>Group/LSTM</b>	<b>Group/LSTM</b>
	<b>Year ended</b>	<b>Year ended</b>
	<b>31 July 2023</b>	<b>31 July 2022</b>
	<b>£'000</b>	<b>£'000</b>
Building capital works	-	10
	<u>-</u>	<u>10</u>

**35 Related Party Transactions**

The Group has taken advantage of the exemptions included in FRS 102 section 33 in not disclosing the transactions with other group companies as all such transactions have been eliminated on consolidating the group results for the year.

Due to the nature of LSTM's operations and the composition of the Board of Trustees (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 an organisation in which a member of the Board may have an interest are conducted at arm's length and in accordance with LSTM's financial regulations and normal procurement procedures.

## Financial Statements for year ended 31 July 2023

## 36 Foreign, Commonwealth and Development Office (FCDO) Funding (Formerly DFID)

Included within UK central government and other bodies income (note 7) and implementation research consultancy income (note 8) are the following DFID funded research projects, together with their income for the year :

	Group Year ended 31 July 2023 £'000	Restated Group Year ended 31 July 2022 £'000
Sustainable Insecticides for Public Health	5,248	5,957
LIGHT RPC	1,122	1,375
ReBuild	1,100	807
READ-It	750	789
Reducing Maternal and Neonatal Deaths in Kenya	176	530
TDDAP	94	207
ACRC Foundation	37	3
SEMI : Essential services for maternal and child health programme in DRC	27	-
K4D	7	33
CouNTDown	-	370
Next generation snakebite therapies	-	312
LQAS Survey South Sudan 2	-	122
Monitoring/evaluation services Royal Society-DFID Capacity Building Africa Initiative	-	91
CNTD Global Programmes including Ascend	-	85
FIEBRE	-	59
Stronger Health Partnerships for Stronger Health Systems	-	22
Healthsite Emergency health data validation	-	3
	<b>8,561</b>	<b>10,764</b>

## 37 Consolidated Reconciliation of Net Funds

	Group Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2023 £'000		
Net funds 1 August 2022	34,524	13,597		
Movement in cash and cash equivalents	(3,957)	(135)		
Other non-cash changes	10,798	10,687		
Net funds 31 July 2023	41,365	24,149		
Change in net funds	6,841	10,552		
Analysis of net funds :				
	Group Year ended 31 July 2023 £'000	Group Year ended 31 July 2022 £'000	LSTM Year ended 31 July 2023 £'000	LSTM Year ended 31 July 2022 £'000
Cash and cash equivalents	40,081	44,038	22,843	22,978
Borrowings: amounts falling due within one year				
Obligations under finance leases	-	467	-	467
Forward contracts	(1,284)	439	(1,306)	306
	(1,284)	906	(1,306)	773
Borrowings: amounts falling due after more than one year				
Obligations under finance lease	-	8,608	-	8,608
	-	8,608	-	8,608
Net funds/(debt)	41,365	34,524	24,149	13,597

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