



**LIVERPOOL  
HOPE  
UNIVERSITY**

Est. 1844



**FINANCIAL STATEMENTS  
for year ending 31<sup>st</sup> July 2022**

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COMPANIES HOUSE

Registered Company Number: 3285547

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

Registered Charity number: 1060579

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## Members of the University Council

The following persons served as governors during the year ended 31<sup>st</sup> July 2022 or were members as at 23<sup>rd</sup> November 2022 when these financial statements were approved. In the case of those who became or ceased to be governors during the year, the appropriate dates are shown.

The governors are generally appointed for a period of three years. Each year they sign a register of interests. All the members of the Council are Trustees of the University and directors of the Company.

Revd Canon P Winn	Chair
Mrs J Beever	Vice-Chair
Mr Tim Alderman (Joined 2 <sup>nd</sup> August 2021)	
The Right Reverend Paul Bayes (Resigned 25 <sup>th</sup> March 2022)	
Cllr Jane Corbett (Resigned 23 <sup>rd</sup> November 2021)	
Ms Anne-Marie Costello (Joined 9 <sup>th</sup> September 2021)	
Dr Edwin Djabatey (Joined 3 <sup>rd</sup> September 2021)	
Ms Jean Ellis	
Revd Canon C Fallon	
Dr Penny Haughan	
The Very Reverend Dr Sue Jones	
Fr C. McCoy	
Ms Lesley Martin-Wright (Joined 2 <sup>nd</sup> August 2021)	
Ms Erin Meharry (Joined 12 <sup>th</sup> July 2022)	
Revd Canon Professor K Newport	
Dr A. Naylor	
Mr J Norbury	
Fr M O'Dowd	
Ms Clara Priestley (Resigned 11 <sup>th</sup> July 2022)	
Ms Paula Raper	
Mr U Russell	
Ms Deborah Shackleton (Joined 13 <sup>th</sup> October 2022)	
Mrs M Swinson	
Dr Caroline Wakefield	
HH Judge Graham Wood QC	
Professor GJ Pillay	Vice Chancellor and Rector
Mr D Dykins	Secretary

### *Vice-Chancellor Remuneration Committee*

Mrs J Beever  
Reverend P Winn  
Mr J Norbury  
Dr A Naylor

### *Senior Salaries Remuneration Committee*

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

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

### *Finance & General Purposes Committee*

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

### *Audit Committee*

Dr Arthur Naylor (Chair)  
Mrs J Beever  
Ms L Martin-Wright  
Mrs S Suchoparek

### *Nominations Committee*

Revd Canon P Winn (Chair)  
Professor GJ Pillay  
Mrs J Beever

### **Advisers**

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

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

National Westminster Bank plc  
10<sup>th</sup> Floor, The Plaza  
100 Old Hall Street  
Liverpool, L3 9QJ

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

## **Strategic Report**

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

The essence of what Liverpool Hope is striving to deliver is clearly summarised in the Corporate Plan – a path of excellence in scholarship and collegial life without reservation or hesitation. The University's distinctive philosophy is to 'educate in the round' – mind, body and spirit - in the quest for Truth, Beauty and Goodness. At the heart of the University is the idea of the Collegium: an academic community of scholars providing a nurturing environment to stimulate and foster advancement of all its students. The University is committed to making educational opportunities available to all, regardless of background and to the transformation of its students into graduates that are prepared for the world of work.

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

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

In the challenging circumstances of the pandemic, our nature and mission as an institution became even more evident. The University's strength is in its collegium and the wider Hope community. The loss of face-to-face teaching and move online was in conflict with our culture of a personal approach to education based on relationships. Therefore, in 2021/22, the University managed to successfully deliver all its courses and support services back on campus and face-to-face.

### ***Academic Profile***

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

The latest published data (2020/21) from HESA (Higher Education Statistics Agency), shows that 74% of academic staff are qualified to doctoral level. A rigorous appointment process ensures that we only appoint staff who meet our requirements and improve the University's academic profile. The intention is to achieve a minimum of 85% of academic staff with doctorates, with the remainder as Professional Tutors, bringing experiential practice in areas such as Education, Law and Accountancy.

Liverpool Hope University is a vibrant community with high scholarly standards. We are proud of our past, confident in our present, and ambitious for our future research goals. We submitted over 96% of our Research active staff (colleagues with Significant Responsibility for Research) in thirteen Units of Assessment for REF 2021. All 13 subject units were assessed as having aspects of their work in Internationally Excellent (3\*) or World Leading (4\*) categories. The subjects submitted were English Language and Literature; Theology and Religious Studies; Psychology; History; Computer Science and Informatics; Nutrition; Sport and Exercise Sciences; Geography and Environmental Studies; Politics and International Studies; Education; Music, Drama, Dance, Performing Arts; Social Work and Social Policy; Art and Design. We are a research-informed, teaching-led University of distinction, our policy is to combine these elements and continue to expand the University's academic profile.

The University is continually developing its research profile and has an ambitious agenda for the future to build on the already impressive 2021 results. All new academic staff appointed to the University as lecturers or senior lecturers must either already be research active at 3\* or above or have the proven capacity, willingness and ability to become research active at this level for the next REF. Our REF2021 submission of over 96% of research active staff is an indicator of the inclusive and broad-based research culture in the University which is taking shape as a research intensive institution with a solid foundation to build upon going forward.

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

The University continued to maintain the entry requirements for young full-time degree students in 2021/22, at an average of 116 points (2020/21-117 points, 2019/20 115 - points). At the same time, recruitment continues to increase year-on-year, especially in the areas of Foundation Year and International.

### ***Reputation***

Liverpool Hope University was one of only eighty Initial Teacher Training (ITT) providers to be successfully accredited by the Department for Education (DfE) in the first Round for accreditation. This means the University is in a strong position to continue to deliver ITT leading to Qualified Teacher Status (QTS) from September 2024 onwards and successfully meeting all the remaining requirements is a key objective for 2022/23 and 2023/24. The small number of institutions successful in the first round, received a high level of national scrutiny and subsequently raised the status and profile of Liverpool Hope University in relation to its expertise in Initial Teacher Education.

The accreditation process is designed to ensure that providers are able to deliver high quality teacher training against a set of new Quality Requirements and we are pleased that our provision has met this benchmark. This achievement allows us to continue our partnership commitment to train the very best Hope Teachers who are creative, proactive and reflective and are dedicated to inspire and influence the lives of children.

There are now 179 providers accredited following a second round. 163 of those were existing providers but there are now 15 new providers who have gained approval to start offering courses.

The National Student Survey (NSS) result for 2022 were encouraging. Of the 12 North West Universities, Hope was ranked in the top 5 in 9 of the 10 categories and 2nd in the following 4 categories:

- Assessment and Feedback
- Learning Community
- Students Voice
- Students Union

The Complete University Guide for 2023 covers 128 Universities and for items 1 to 3 above, Liverpool Hope was listed in the top 20 in the country.

### ***Widening Participation / Access and Participation***

The University is committed to the Widening Participation agenda and invests considerable money and effort each year on its work with schools and young people. This can be clearly demonstrated by our work in the Network of Hope, providing educational opportunities for people and communities with limited access to higher education. The University's Access and Participation Plan has been accepted by the Office for Students and we will continue to strive to ensure that all students have the same opportunities to succeed regardless of race, background or financial hardship.

The University has continued to provide hardship funding for students who experience financial difficulties and scholarships to reward academic excellence. The University also continued to invest in a range of facilities and services to support disabled students, ensuring they were not disadvantaged in any way and are able to fully participate in the life of the University. In 2021/22, 24.7% of Liverpool Hope students had a declared disability. This is significantly higher than the sector average, and reflects the caring nature of the institution and level of support provided.

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

The total expenditure in the four categories was £1,259,997. While this is £268,421 lower than 2020/21, the 2020/21 figure included £330,637 of hardship payments funded directly by the Government. So, in reality, the level of University expenditure has increased by 5%.

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

The impact of the pandemic continued to be felt during 2021/22 and the University did not quite meet the APP target for expenditure for the year. The shortfall was £47,513 (6%). Now that we are fully back on campus, the University has set up a monitoring group and a range of activities are taking place which will lead to increased expenditure in 2022/23.

### ***Capital Developments***

In line with the Corporate Plan objective to provide a distinctive place for learning, the University has continued to invest in its buildings, equipment and infrastructure with spend of £6.918 million during 2021/22. All expenditure was fully financed by using the University cash reserves.

Several major refurbishment projects were completed in 2021/22 including: the restoration of the Hermitage and Cloisters listed buildings at the Aigburth campus (£2.245 million), refurbishment and decarbonization of residential accommodation at the Aigburth campus (£2.745 million) and the refurbishment of an existing building at Hope Park to repurpose as a dedicated building for the Geography department (£720k).

The University had successfully applied for a Salix grant of £888,000 to partly fund decarbonisation works at St Julies, one of the residential blocks at Aigburth, and this money was received in 2021/22. A further Salix grant of £85,000 was granted at the year-end in relation to decarbonization work on the Trinity building at Aigburth. This work will complete in 2022/23. The University continues to make progress on meeting its Carbon Management targets.

At the end of 2021/22, the University formally started the IQ Building project. This 52 weeks, £13.2 million building at the Hope Park Campus, will incorporate the existing Lecture Theatre Complex and will be a flagship Learning and Teaching building. These new facilities will improve the student experience by providing access to a range of different learning and teaching methods, including new technologies such as the use of VR within a Simulation Suite. The building will be completed for the start of the 2023/24 academic year. The building is being fully paid for from cash reserves.

### ***Finance***

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

#### **a) Budget management**

In 2021/22, the University's budget was devolved to the primary budget holders - the four members of the University Senior Executive Team (USET) who report directly to the Vice-Chancellor & Rector and the ten Heads of Schools / Departments.

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

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

The University took a prudent approach to budget setting in 2021/22. The continuing level of uncertainty caused by the pandemic, the frozen tuition fees level and inflationary pressures, meant delivery of a surplus at the same level as 2020/21 would not be achievable. The objective was to protect a minimum surplus level of 3% and to grow the cash reserves.

## Strategic Report *(continued)*

Two reforecasts take place during the year, and at the March 2022 reforecast, the target surplus was increased from 3% to 7%. It was expected that the year end result would exceed this, as a material contingency had been retained. However, a higher than expected FRS 102 staff adjustment, and accelerated depreciation on part of the existing Lecture Theatre Complex to facilitate the IQ building, meant the final result was 6.66% of income.

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

	2021/22 £000	2020/21 £000
Income	58,119	55,012
Expenditure	54,246	48,983
Operating surplus	3,873	6,029

The OfS has stated that taken alone, surpluses or deficits are not necessarily a clear indicator of financial viability or sustainability as they can be distorted by accounting treatments. With this in mind the OfS suggests net operating cashflow is a better indicator of a providers underlying financial performance. The cash generated by the University during the year was £11,529,540, 20% of income. (2020/21 £15,424,298 28% of income). This demonstrates the strength of the underlying financial position.

The Statement of Comprehensive Income for the year is set out on page 29.

## Student Numbers

As at 31<sup>st</sup> July 2022 the University had 5,452 students (31<sup>st</sup> July 2021 – 5,602).

	Full Time Students	Part Time Students
Undergraduate	3,885	105
Postgraduate (taught)	373	407
Postgraduate (research)	36	101
PGCE	465	25
Other	55	-
	<hr/> 4,814 <hr/>	<hr/> 638 <hr/>

## Treasury Management Policy

Cash at bank and investments had increased by £4,470,798 to £39,019,235 over the 12 months period to July 2022. Given the uncertainty across the sector, the University is gradually increasing its cash reserves to ensure that it has the flexibility to respond to unexpected developments and also to fund the capital programme. All investments are made in line with the University Treasury Management Policy, ensuring that investments are ethical and risk averse.

The outstanding value of the University bank loans had reduced to £3,529,747 at the year-end (2021 - £4,787,754) and no new loans were taken out in 2021/22. During the year, the University had settled three small loans that were due to finish in the next couple of years. In addition, early settlement of the variable element on the larger loan was finalised. In 2011 the University took the opportunity to take over a lease arrangement for Hopkins Hall and bring it back under our control. The value of the creditor at July 2022 was £6,222,345. All borrowing is undertaken in the name of the University and conforms to OfS requirements. The Treasury Management policy is updated annually and was revised in June 2022.



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

### **Major Risks**

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

Through its Risk Register, which is reviewed at Operational Leadership Meetings, and overseen by the Audit Committee on behalf of University Council, key risks, which are not all directly financial, are highlighted. These might be compliance or accountability risks such as data returns, health & safety, safeguarding matters or they might be reputational such as quality audits and inspections. The University has a comprehensive internal control system to manage risk. This includes a program of work by the internal auditors which directly addresses the major risks identified in the risk register.

The Risk Register is a dynamic document, updated as required to reflect changing circumstances. Many of the risks have financial consequences for example recruitment and retention. Other risks pose business continuity challenges: for example, the prevalence of cyber attacks in the sector. The risk register is used to identify the key financial risks to the institution and financial modelling of these scenarios is undertaken. As we enter 2022/23 the key financial risks are the inflationary pressures caused by the economic crisis, particularly in relation to staffing and utilities costs, and the static tuition fee rate. While not complacent, all of the financial modelling undertaken to date provides reassurance of the University's long-term financial sustainability.

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

Despite these challenges and risks, the University is confident that it has a clear strategic vision underpinning the objectives of the Corporate Plan and can adapt to, manage and minimize the risks above. This vision is endorsed by the University Governance structure and ownership is embedded in all senior management. We enter 2022/23 confident that we will be able to flourish and thrive.

## **Directors' Report**

### ***Legal status***

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

Liverpool Hope University is the only ecumenical University in Europe, whose origins lie in colleges (one Anglican College founded in 1844, two Catholic Colleges founded in 1856 and 1965) which came together first in a federation, known as Liverpool Institute of Higher Education and then through full merger as a single ecumenical college. In 2002 taught degree awarding powers were secured and the title Liverpool Hope University College officially bestowed. In July 2005 the granting of full University status led to the adoption of the title Liverpool Hope University and in August 2009, the Privy Council granted the University the power to award research degrees. In the academic and financial year 2021/2022 there were 5,452 students and 638 members of staff, with a range of degrees at undergraduate and postgraduate levels.

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

All the members of the University Council are directors of the Company. No director had any interest in any contract made by the University during the financial year, other than a contract of employment as a member of staff and that described in note 21 to the accounts.

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

### ***Mission Statement***

The Mission Statement reflects both the University's traditions and its intention to develop and maintain a distinctive and forward-looking programme relevant to local, regional, national and international needs.

Liverpool Hope University is an ecumenical, Christian foundation which strives:

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

### ***Employee Involvement***

The University places considerable value on the involvement of its employees and on good communication with them. Staff are encouraged to participate in formal and informal consultation at University, School and department level, sometimes through membership of formal Committees. The Vice-Chancellor addresses all staff at the start of the academic year and during Covid sent regular letters to the staff to keep them informed of plans. The Vice-Chancellor, meets all Academic Leaders and Operational Leaders with his senior team at least twice a term but more regularly if required.

There is a system of cascading information from those meetings to all staff and departments and service areas are expected to hold regular staff meetings to enhance two-way communication.

The University's People 2020 Strategy has a strategic strand to enhance engagement with and of staff. The Joint Consultative and Negotiating Committee (JCNC) is a forum for management and Trades Unions' representatives which meets regularly. There is a weekly electronic newsletter sent to the inbox of all members of staff every Wednesday.

Section 13 of the Trade Union Act 2016 introduced a new requirement to publish data on trade union facility time reporting. For Financial Year ending 31<sup>st</sup> July 2022 there were 23 trade union representatives equating to 21.1 FTEs at a cost of £31,746. In terms of percentage of working hours spent on facility time, there were 15 employees working less than 0% and 8 employees working between 1% to 50% of their working hours.

### ***Supplier Involvement***

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

### ***Equality and Diversity***

The University is cognisant of its obligations under the Equality Act 2010 and has due regard to equality and diversity in its policy making processes. Its Equality and Diversity Policy and other related information can be found at <https://www.hope.ac.uk/gateway/staff/personnel/equalitydiversityandinclusion/>. The University has an Equality & Diversity

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

Steering Committee which reports to Senior Management Team, Senate and the Staffing Committee of University Council. The Steering Committee takes an overview of the University's equality objectives and analyses data reports to ensure that any issues relating to groups with protected characteristics are identified and then tackled. The University has participated in the Aurora programme to support women into management and leadership positions and is planning to apply for Athena Swann membership.

### ***Areas of Public Benefit provided by Liverpool Hope University***

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

The Public Benefit requirement requires two principles to be met.

1. There must be an identifiable benefit or benefits.

The objects of the University are;

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

This is a clearly identifiable benefit.

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

As well as the students themselves, the University provides benefits for the general public. This includes a range of events such as concerts, lectures and the Cornerstone Festival that are either free or accessible for a minimal charge. The pandemic has meant that this did not take place in 2020/21 but these activities were re-introduced in 2021/22.

Health and well-being initiatives are also run at the University which the public are able to attend. The University's Service and Leadership award encourages students to undertake a range of voluntary activities across the local community and overseas and is recognised by a formal award at the end of their degree. The University is a partner of Contact the Elderly and participates in Childwall in Bloom.

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

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

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

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

## Directors' Report *(continued)*

The University's Scope 1 and 2 carbon emissions during 2021-2022 (August to July) were 2,637 tonnes CO<sub>2</sub>e (equivalent to 0.03 tonnes CO<sub>2</sub>e per m<sup>2</sup> GIA) and have been calculated using the Government conversion factors for company reporting of greenhouse gas emissions. Work is continuing to collate and analyse the University's relevant Scope 3 emissions:

Emissions Source	Scope	Consumption	Tonnes CO <sub>2</sub> e	Ratio (Consumption/Student)
Gas	1	8,643,506kWh	1,578	1,632
Fugitive Emissions	1	41.5kg	86.7	0.01
Fuel in owned vehicles	1	1,880L	4.7	0.22
Electricity	2	5,450,328 kWh	1,054	1,029
<b>Total</b>	<b>1&amp;2</b>		<b>2,637</b>	
Scope 1 & 2 emissions	3	As above	641	
Water (supply & treatment)	3	52,169 m <sup>3</sup>	22	

The University's total Scope 1 and 2 emissions have decreased by 3.3% compared to last year (2020-2021); despite the 2021-2022 year being the first year since 2018-2019 of full operation (the 2019-2020 and 2020-2021 years being affected by Covid restrictions). Carbon reduction projects have continued contributing to the decrease in carbon emissions: non-convulsive taps were installed in residential buildings. The University was awarded Salix funding for the Public Sector Decarbonisation Scheme Phase 2 (to decarbonise St Julies Halls of Residence including replacing the gas fired central heating system with electric panel heaters, replacing the original steel framed single glazed windows with double glazing, installing internal wall insulation and solar PV) and Phase 3a (to decarbonise the Trinity building by replacing the gas heating system with an Air Source Heat Pump, installing double glazing, solar PV and a Building Management System; this project will be completed in 2022-2023); and continued fine-tuning of our existing Building Management System.

### ***Going concern***

The financial position of the University, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The University currently has £3.5 million of loans outstanding with bankers, all being secured by a fixed and floating charge on University assets. The University's forecasts and financial projections indicate that it will be able to operate within these existing facilities and attached covenants for the foreseeable future, taking into account reasonably expected changes in performance.

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

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

The Council has prepared cash flow forecasts for a period up to July 2024. The University enters this period in a very strong financial position. After reviewing these forecasts the Council is of the opinion that, taking account of severe but plausible downsides, the University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The financial planning model has used a series of pessimistic assumptions to demonstrate going concern, inflation increases in relation to Utility costs, staffing cost of living rises, general inflation and increased student attrition. Even on this basis, liquidity levels are forecast to remain strong despite paying the £16 million capital programme from cash reserves.

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

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

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

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

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

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

### **Students**

Liverpool Hope takes pride in providing its students with a distinctive learning experience in this stage of their learning journey. Liverpool Hope offers the best possible student transformational experience enabling staff to get to know students one by one. This is delivered through high quality teaching and pastoral support, learning resources that underpin teaching and learning and a variety of learning spaces. This learning environment challenges and develops the students to enable them to progress on their journey into the workplace or further study.

The University considers it extremely important that effective ways are found to hear the whole students' voice in order to respond to their concerns and build a supportive learning community. A well-functioning Students' Union is a vital part of to this endeavour and the University ensures that students are represented in all its major decision-making bodies. <https://www.hope.ac.uk/gateway/students/studentvoice/>

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

### **Employees**

The University has well established frameworks in place to both protect and engage with colleagues through formally agreed policies and procedures for all aspect of the employment life-cycle. These include health and safety, well-being, performance, reward, personal development and training as well as rigorous recruitment, selection and progression procedures. We also have means by which we can communicate with colleagues through different media to ensure that their views are heard and where colleagues can raise any issues of concern.

We continue to build on the resources made available during the pandemic for the physical and mental health of employees for example, all colleagues now have access to the Togetherall email support community. We continue to promote and support colleagues with access to appropriate risk assessments and protocols for their activities and access to external resources via Personnel to occupational health assessment, flu vaccinations, free counselling services and mental health support. This year we have reviewed and changed our occupational health provision and we have a stress survey planned for colleagues. In addition, this year we have run a programme of training to equip a cohort of colleagues with Mental Health First Aider status to support both students and staff who are facing difficulties.

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

Compliance and statutory training via online means is available. There are two new e-modules: Identifying and responding to Student Mental Health Concerns and Cyber Security training. Also, regular induction programmes for new colleagues with support staff providing appropriate training to enable them to make a direct application for Fellowship status from Advance HE. We continue to review our position in line with changing equality and diversity demands and offer Equality and Diversity training through online modules which colleagues can access at a convenient time, whatever their work pattern. Another key area of focus this year is completing our action plan for dealing with Sexual Misconduct (for staff and students). This is an important area for our sector and we are working to ensure that we are promoting culture change and reviewing our relevant policies through this lens as well as providing necessary awareness training for staff across the Campus.

This year the University became a member of the Womens in Higher Education Network (WHEN). WHEN is dedicated to equity of opportunity for women\* in higher education. \*At the WHEN, when we refer to women, we include trans women and non-binary people who are comfortable in a female centred community

We continue to develop our Schools structure around our internal leadership communications framework for colleague engagement and we retain at Senior Management level our robust committee structure and that for joint consultation with our colleagues and partnership unions. Clear and regular management communication cascades remain in place to support our strategic and operational objectives – such as the weekly Hope Bulletin and direct communications from the Vice Chancellor and Deputy Vice Chancellor to encourage the collegial culture and personal collaboration between colleagues.

### **Future Students**

Student recruitment returned to campus in 21/22, it was acknowledged that one of the key selling points of the University is its campus and community and the team worked hard on driving enquirers to visit the campus through Open Days, Taster sessions, Applicant days and campus tours. It was acknowledged that due to travel costs, financial circumstances or distance from the University (such as international students) there may be some that can still not attend, for this reason, one online Open and Applicant day was offered to the widest range of markets were reached.

The recruitment team partnered with Unibuddy, The Student Room and Unifrog to increase awareness of the university through emerging platforms that our target audiences utilise personally and within schools. Unibuddy has been particularly successful and has since been embedded on the university website as an opportunity to ask students a question about the course, university or higher education in general.

In 21/22 Student Recruitment merged with careers and employability to create 'Student Futures' this gave the team a renewed focus on aspiration raising and ensuring careers provision and advice are given to prospective students in order to support their course choice. 21/22 saw an increase in applications (main cycle and clearing) and registrations which are all supported by the full student journey communications strategy.

### **Suppliers**

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

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

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

### **Community Engagement**

Building on the work of the Covid-19 volunteering group, Liverpool Hope University brought together a team of volunteers, the Community Engagement Team whom have continued to develop bringing people, projects and resources together. The work of the team was structured across three main strands, Hope for Staff and Students, Hope for Community and Hope Fundraising and Volunteering. The Community Engagement Team co-ordinates and creates a number of project opportunities, such as PenPal Project, Alder Hey Christmas Toy Appeal and Food Pantry Project.

### **Capital Investment**

During the year approval was given for a £13 million Inquiry Building, a key priority for the University in relation to capital investment was to improve the quality of Learning and Teaching facilities at Hope Park. The University held a design competition to appoint the building designer, Wilson Mason were the chosen designer as they successfully grasped what the University was trying to achieve.

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

The Council is responsible for preparing the Strategic Report, Directors' Report, Statement of Corporate Governance and Statement of Internal Control and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

Company law requires the Council (the members of which are the Directors of the University company for the purposes of company law) to prepare financial statements for each financial year. Under that law it has elected to prepare the University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Terms and Conditions of Funding further require the financial statements to be prepared in accordance with the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction') and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

Under company law the Council must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the University and of their income and expenditure, gains and losses and changes in reserves, and of the University's cash flows for that period. In preparing the University financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the University or to cease operations, or have no realistic alternative but to do so.

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

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

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

The Council is also responsible for ensuring that:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England) and the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

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

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

1. To approve the educational character, mission and strategic vision of Liverpool Hope University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To delegate authority to the head of the institution, as Vice-Chancellor & Rector, for the academic, corporate, financial, estate and personnel management of the institution, and other responsibilities as detailed in the constitution, and keeping those functions under regular review.
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment and procedures for handling internal grievances and for managing conflicts of interest.
4. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
5. To establish processes to monitor and evaluate the performance and effectiveness of Council itself.
6. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. To safeguard the good name and values of Liverpool Hope University.
8. To appoint the head of the institution as Vice-Chancellor & Rector, and to put in place suitable arrangements for monitoring his/her performance.



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

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

9. To appoint a secretary to Council and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
10. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of Liverpool Hope University, to ensure that proper books of account are kept and resources used properly, effectively and efficiently, and to approve the annual budget and financial statements and have overall responsibility for the University's assets, property and estate.
12. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all of the institution's legal obligations, including those arising from contracts and other legal commitments made in Liverpool Hope University's name.
13. To make such provision as it thinks fit for the general welfare of students, in consultation with senate, and for the operation of the Students' Union under a constitution approved by council.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of Liverpool Hope University.
15. To ensure that Liverpool Hope University's constitution is followed at all times and that appropriate advice is available to enable this to happen.



Revd Canon P Winn

Director and Chair of Council

## Statement of Corporate Governance

This statement of corporate governance explicitly relates to the period 1st August 2021 – 31st July 2022, up to and including the date when the financial statements are approved. The institution endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and with the guidance to institutions of higher education from the Committee of University Chairs in its Guide for Members of HE Governing Bodies in the UK. The University is committed to best practice in all aspects of corporate governance and conducts its business in line with the Office for Students (OfS) general ongoing conditions of registration. The University, through its arrangements for governance, is committed in a demonstrable way to the principles of academic freedom and equality of opportunity.

Liverpool Hope University is an incorporated body whose legal status is that of a company limited by guarantee, a registered charity and a University with taught and research awarding powers. Its objects, powers and framework of governance are set out in the articles of association which were approved by the Privy Council in 1996. The current version of the articles was approved by the Privy Council with effect from 20th April 2005. The articles require Liverpool Hope University to have a governing body and a senate, each with clearly defined functions and responsibilities to oversee and manage its activities. The University Council is the executive governing body, responsible for matters including the finance, property and staffing of the institution. It is specifically required to determine the educational character and mission of the institution and to set its general strategic direction. The governing body has a majority of independent members and the chair is elected from among the independent members. There is also provision for the appointment of co-opted members, and representatives of the academic staff and the student body. No members of University Council receive any reimbursement for the work they do for that body. Subject to the overall responsibility of the governing body, Senate has oversight of the academic affairs of Liverpool Hope University and draws its membership entirely from the staff and the students of the institution, save for 3 Network of Hope College Principals. It is particularly concerned with general issues relating to the learning and teaching and research work of Liverpool Hope University. The Chief Executive Officer (Vice Chancellor and Rector) is the head of Liverpool Hope University and has a general responsibility to the governing body for the organisation, direction and management of the institution. As Chief Executive, the head of the institution exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments, and shaping of the institutional ethos. The University Senior Executive Team all contribute in various ways to these aspects of the work, working in close collaboration with the Vice Chancellor and University Council which has ultimate responsibility for the University's strategic direction, education character and use of resources. Members of University Council make an annual declaration of interests and further declare any interests in relation to matters under discussion at meetings. The University also makes an annual declaration on matters that confirm that they are "fit and proper" as defined under the Framework for the Office for Students. University Council has adopted a Statement of Primary responsibilities reflecting sector guidance. This statement reflects the University Council's understanding of its responsibilities in relation to governance and internal control. In accordance with the articles of association, a secretary to the governing body has been appointed. The Chief Officer for Legal Services, Governance and Risk provides independent advice on matters of governance to all members of University Council. Although the governing body meets four times per year, much of its detailed work is handled by committees, including Finance and General Purposes Committee, Audit Committee, Staffing Committee, Health and Safety Standing Committee, Nominations Committee and a Remuneration Committee. The decisions of the Committees are formally reported to the full University Council by the respective chairs.

Regularity and propriety in the use of public funding is delivered through the overarching governance structure described above. Public funding of research has an additional layer of governance provided through the Research Committee which reports to Senate. The research Committee considers research strategy, policy, funding and scholarly activity. The University governance structure described above facilitates a transparent, adequate and effective system of governance. The structures, policies and processes can be viewed at: <https://www.hope.ac.uk/aboutus/governance/#:~:text=The%20governing%20body%20of%20Liverpool,company%20directors%20and%20charity%20trustees.>

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

### **Audit Committee**

The Audit Committee meets four times per year, with the University's External and Internal Auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control, management responses and implementation plans and regularly reviews the University's progress and risk register. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee is empowered to meet the External and Internal Auditors on their own for independent discussions.

### **Finance and General Purposes**

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

### **Staffing Committee**

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

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

The committee develops and monitors the implementation of the University's Health and Safety Policy, Safety Management System and the associated procedures and codes of practice. It keeps under review the University's compliance with health and safety legislation and monitors trends in accidents and dangerous occurrences.

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

The purpose is to determine and review the salaries, terms and conditions of the Head of the institution and such other members of staff as Council deems appropriate. These two Committees report annually to Council. The Remuneration Committee for Deans Pro Vice Chancellor and Deputy Vice Chancellor comprises the Pro-Chancellor, the Chair of Audit Committee, the Chair of Finance Committee, the Deputy Chair of University Council and the Vice Chancellor. The Committee meets annually to set the salaries of the members of the senior team. The remuneration package of the Vice Chancellor is set by the Remuneration Committee for the Vice-Chancellor, which comprises the Pro-Chancellor, the Chair of Audit Committee and the Chair of Finance Committee. The Vice Chancellor does not attend this meeting. The Remuneration Committee has an established policy of placing the Vice Chancellor's salary within the top decile of heads of institutions that were granted University status in 2005 dependent on satisfactory performance. This recognises his experience as one of the longest serving Vice Chancellor's in the sector and his pivotal role in both the creation of the strategic vision for the University and driving forward its implementation. His performance is monitored and assessed by regular meetings with the Pro-Chancellor and progress against a range of external metrics in areas such as SSRs (Staff Student Ratios), NSS (National Student Survey) performance, student retention, quality of academic staff and financial management. The Council believe that his strategic guidance, experience and continuity of leadership is essential for the University as the HE sector enters a further period of uncertainty.

### **Nominations Committee**

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

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

### **Statement of Internal Control**

This statement of internal control explicitly relates to the period 1<sup>st</sup> August 2021 – 31<sup>st</sup> July 2022, up to and including the date when the financial statements are approved. The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, members of the University Senior Executive Team and other senior managers;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of academic performance and monthly reviews of financial performance involving variance reporting and updates of forecast outturns;

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

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

The Audit Committee receives regular reports from the internal auditor, which include the internal auditor's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement.

- An organisation-wide risk register is operational.
- Reports are received from budget holders and project managers on internal control activities.
- Policies such as the Code of Practice on Whistleblowing, Declarations of Interest, Financial and other Irregularities, including Fraud Policy and an Anti-Bribery Policy have been periodically reviewed and revised.

### **Control Weaknesses Identified**

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

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

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

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

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

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

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

### **Opinion**

We have audited the financial statements of Liverpool Hope University ("the University") for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2022, and of the University's income and expenditure, gains and losses and changes in reserves, and of the University's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the University in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

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

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

Our conclusions based on this work:

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

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

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

*Identifying and responding to risks of material misstatement due to fraud*

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

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

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because tuition fees are generally based on standard fee rates and are non-variable in nature. We do not believe there to be an incentive or pressure to manipulate this or other income streams that are material as amounts received either typically relate to a single specific financial year or the source transactions are non-complex, involving little judgement.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and, where relevant, other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by users who do not regularly do so and those posted to pension liability codes at year end.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

#### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

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

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

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

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

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

We have reported separately on the University’s use of funds in the section of our audit report dealing with other legal and regulatory requirements.

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

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

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

### **Other information**

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

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

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

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **Council responsibilities**

As explained more fully in their statement set out on page 13, the Council (the members of which are the Directors of the University company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities**

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

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

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

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

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

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

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

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

We have nothing to report in these respects.

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

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

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

Date

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## Statement of Principal Accounting Policies

### 1. Basis of preparation

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

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

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

### 2. Going Concern

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

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

The Council have prepared cash flow forecasts for a period up to July 2024, the University enters this period in a very strong financial position. After reviewing these forecasts the Council is of the opinion that, taking account of severe but plausible downsides, the University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The financial planning model has used a series of pessimistic assumptions to demonstrate going concern, inflation increases in relation to Utility costs, staffing cost of living rises, general inflation and increased student attrition. Even on this basis, liquidity levels are forecast to remain strong despite paying for £16 million capital programme from cash reserves.

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

### 3. Basis of accounting

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

### 4. Basis of consolidation

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

The financial statements do not include those of Liverpool Hope Students' Union as it is a separate organisation in which the University has no control or significant influence over policy decisions.

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

### 5. Format of the accounts

The directors have taken advantage of the Companies Act 2006 to adapt the format of the accounts to reflect the special nature of the Company's business.

### 6. Recognition of income

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

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

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

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

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

### 7. Retirement benefits

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

#### Defined Contribution Plan

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

#### Defined Benefit Plan

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

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

Retirement benefits for employees of the University are provided by defined benefit schemes, which are funded by contributions from the University and its employees.

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

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

Pension Scheme. Contributions to the scheme are charged to the comprehensive statement of income so as to spread the cost of pensions over employee's working lives with the University in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. Variations from regular costs are spread over the expected average remaining lifetime of members of the schemes after making allowances for further withdrawals. The contributions are determined by qualified actuaries.

### IFRIC 14: limit on Defined Benefit Asset

The standard limits the measurement of the defined benefit asset to the present value of economic benefits available in the form of refunds from the plan or a reduction in future contributions to the plan.

For both LGPS schemes the University has set a limit of 50 employees to determine the long-term viability of the scheme. If the scheme falls below 50 members we recognise a 'short term' approach and calculate the present value of future projected service costs over the term determined by the difference between the average employee age and the normal retirement age. If the scheme remains above 50 members we recognise a 'perpetuity' approach and calculate the projected service costs in perpetuity.

### Merseyside Pension Fund

There are 5 members in the pension scheme with an average age of 57, although the scheme is 'open' the University does not necessarily encourage new employees to opt into MPF as the preferred pension fund. Three of the members to MPF have been transferred in rather than opted to join. For calculation purposes we have assumed the employees will retire at the age of 67 and therefore calculations this year are based on 10 years (average age (57) to retirement age (67)).

### Greater Manchester Pension Fund

GMPPF is the preferred pension fund for support staff, new employees joining the University pension fund are automatically included within GMPPF. Contained within the actuary report confirms the active members in the fund is 328 (at 31<sup>st</sup> March 2019), the University calculates (at the end of July 2022) 335 active members which demonstrates growth and continuing membership. For calculation purposes we have assumed this fund will continue in perpetuity.

## 8. Employment benefits

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

## 9. Maintenance of premises

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

## 10. Operating Leases

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

## 11. Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

The calculation of the cost of early retirement provisions charged to the statement of comprehensive income in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 2.5% in excess of price inflation.

An amount is included in provisions for liabilities and charges representing the extent to which the capital cost charged exceeds actual payments made. The provision will be released against the cost to the University of enhanced pension entitlements over the estimated life expectancy of each relevant employee. (See note 23).

### 12. Fixed assets

In 1980 the two former colleges, St. Katharine's and Christ's and Notre Dame, entered into a Deed of Adherence with the Liverpool Institute of Higher Education under which they provided their respective properties to the Institute. These were superseded in 1998 by similar Deeds of Arrangement of Membership with Liverpool Hope.

St. Katharine's College (Warrington Training College Incorporated), was granted a 99 year lease in 1963 from the Central Board of Finance of the Church of England for the properties provided to the Institute under the Deed of Adherence. The lease is renewable upon request for a second and final 99 years from 2062.

Christ's and Notre Dame College property is owned by the Trustees of Christ's and Notre Dame College. Under the Deed of Adherence the property of the College was made available for the use of the Institute. These buildings have been included on the balance sheet since 2004/05 to reflect the fact that the University carries the majority of the benefits and liabilities of the buildings.

Under the terms of the Deed of Adherence neither College shall withdraw from Liverpool Hope without the agreement of the remaining College and the consent of the Secretary of State for Education.

Subject to the appropriate agreements, written notice must be given at least five years prior to any withdrawal and, in the first instance, may only be given to expire no earlier than 31<sup>st</sup> August 2023.

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

Fixed assets land and buildings were subject to a full revaluation as at 31<sup>st</sup> July 2014 under a policy of periodic reappraisal at least every five years. The revaluation was undertaken by Eddisons, a firm of chartered surveyors and the basis of valuation has varied depending upon the nature of the property. The majority of properties were valued on a depreciated replacement cost basis, others such as St Michaels & St Julies at Aigburth and Gerard Manley Hopkins at Everton at market value. The accounting policy hitherto had been to revalue all land and buildings within a class of revalued assets

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

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

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. During the year a partial demolition of the lecture theatre complex is considered an indication of impairment and an accelerated depreciation charge will be included. An annual impairment review is also carried out annually across the Estate.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31<sup>st</sup> July. They are not depreciated until they are brought into use.

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

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

Equipment costing less than £10,000 per individual item or group of related items constituting a single suite of equipment is written off to the statement of comprehensive income in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated over their useful economic lives as follows, and a full year's depreciation is charged in the year of acquisition or transfer:

<b>Land &amp; Buildings</b>		
	Buildings existing at 31 <sup>st</sup> July 2014	As estimated*
	New buildings	50 years
	Building refurbishments (greater than £20,000)	10-30 years
<b>Vehicles</b>		
	Motor vehicles	5 years
<b>Equipment</b>		
	Computer equipment	5 years
<b>Furniture &amp; fittings</b>		
		10 years

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

### 13. Taxation Status

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

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

### 14. Bursaries and Scholarships

The University provides bursaries and scholarships to students from its own revenue funds. These bursaries and scholarships are shown in the statement of comprehensive income, as expenditure, and not deducted from income. The University also distributes bursaries on behalf of the National College for Teaching and Leadership. The University only acts as agent and has no interest in these funds. As such, these transactions are not recognised in the statement of comprehensive income.

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

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash Equivalents are short term highly liquid investments that are readily convertible to known amounts of cash

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

with insignificant risk of change in value. They include term deposits, government securities and loan stock held as part of the University's Treasury Management activities and policies.

### 16. Finance Leases

Fixed assets held under hire purchase agreements and the related hire purchase obligations are recorded in the balance sheet and these assets are depreciated over their useful life.

On 31<sup>st</sup> March 2011 the University acquired the remaining lease on Gerard Manley Hopkins Hall, a 188 bed student accommodation block at their Everton campus. The remainder of the lease was acquired for a premium of £625,000 payable to the former lease holder, also requiring the payment of an annual rent payable to the lessor, at time of acquisition, of £376,494 (currently £504,156) with inflationary increases every 5 years until the termination of the lease in November 2038. At the end of the term the University has the option to buy the freehold for 25% of market value and this outcome has been treated in the accounts as a foregone conclusion. Taking all aspects of the lease into account the University is accounting for it as a hire purchase, at the rate of interest implicit in the minimum lease payments (including the payment to acquire the freehold at the end of the term), and therefore including the asset at open market value of the property (£6,261,151 adjusting for dilapidations) at 31<sup>st</sup> March 2011.

### 17. Accounting Estimates and Judgements

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

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

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

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

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

### 18. Financial Instruments

The University's principal financial instruments are cash, investments and loans. The core objective of these instruments is to meet the financing needs of the University's operations. The fair value of each category of University's financial instruments are the same as their carrying value in the statement of financial position. The University has adopted to apply the provisions of both Section 11 and Section 12 of FRS102 in full.

## Statement of Comprehensive Income

Year ended 31<sup>st</sup> July 2022

	Note	2022 £	2021 £
<b>Income</b>			
Funding council grants	1	3,908,549	3,888,131
Tuition fees and short course fees	2	47,472,256	46,963,264
Research grants and contracts	3	102,970	264,708
Other operating income	4	6,511,686	3,814,087
Investment income	5	123,510	82,279
		<hr/>	<hr/>
<b>Total Income</b>		<b>58,118,971</b>	<b>55,012,469</b>
		<hr/>	<hr/>
<b>Expenditure</b>			
Staff costs	7	35,964,320	33,081,660
Other operating expenses	8	12,224,571	10,391,907
Depreciation	12	4,823,148	4,270,795
Interest and other finance costs	9	1,233,803	1,238,927
		<hr/>	<hr/>
<b>Total expenditure</b>	11	<b>54,245,842</b>	<b>48,983,289</b>
		<hr/>	<hr/>
<b>Operating surplus</b>		<b>3,873,129</b>	<b>6,029,180</b>
		<hr/>	<hr/>
<b>Actuarial gain in respect of pension scheme</b>		<b>37,696,927</b>	<b>1,447,432</b>
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>41,570,056</b>	<b>7,476,612</b>
		<hr/>	<hr/>
<b>Represented by:</b>			
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		41,570,056	7,476,612
		<hr/>	<hr/>
		<b>41,570,056</b>	<b>7,476,612</b>
		<hr/>	<hr/>

## Statement of Changes in Reserves

*Year ended 31<sup>st</sup> July 2022*

	Unrestricted Reserve £	Revaluation Reserve £	Total £
Balance at 1 August 2021	77,257,393	31,603,572	108,860,965
Operating surplus	3,873,129	-	3,873,129
Actuarial gain in respect of pension scheme	37,696,927	-	37,696,927
Transfers	1,112,436	(1,112,436)	-
<b>Balance at 31 July 2022</b>	<b>119,939,885</b>	<b>30,491,136</b>	<b>150,431,021</b>

## Statement of Changes in Reserves

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

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

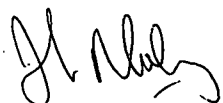


## Statement of Financial Position

As at 31<sup>st</sup> July 2022

	Note	2022 £	2021 £
<b>Non-current assets</b>			
Tangible assets	12	123,699,548	121,604,372
Pension asset	24	2,862,000	0
		<u>126,561,548</u>	<u>121,604,372</u>
<b>Current assets</b>			
Debtors	13	1,918,092	1,713,416
Cash at bank and in hand		16,269,234	25,048,436
Investments	14	22,750,000	9,500,000
		<u>40,937,326</u>	<u>36,261,852</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(6,446,740)</u>	<u>(6,793,263)</u>
<b>Net current assets</b>		<u>34,490,586</u>	<u>29,468,589</u>
<b>Total assets less current liabilities</b>		<u>161,052,134</u>	<u>151,072,961</u>
<b>Creditors: amounts falling due after more than one year</b>	16	<u>(9,420,395)</u>	<u>(10,087,302)</u>
<b>Provisions for liabilities and charges</b>	23	<u>(1,200,718)</u>	<u>(766,694)</u>
<b>Net assets excluding pension liability</b>		<u>150,431,021</u>	<u>140,218,965</u>
<b>Pension liability</b>	24	<u>0</u>	<u>(31,358,000)</u>
<b>Total net assets</b>		<u>150,431,021</u>	<u>108,860,965</u>
<b>Unrestricted Reserves:</b>			
Income and expenditure reserve		119,939,885	77,257,393
Revaluation reserve		30,491,136	31,603,572
<b>Total funds</b>		<u>150,431,021</u>	<u>108,860,965</u>

The financial statements on pages 29 to 49 were approved by the University Council on 23rd November 2022, and signed on its behalf by:



Mr J Norbury  
Chair of Finance & General  
Purposes Committee



Revd Cannon P Winn  
Chair of University Council



Professor G. Pillay  
Rector & Vice Chancellor

**Statement of Cash Flows**  
*Year ended 31<sup>st</sup> July 2022*

	2022 £	2021 £
<b>Cash flow from operating activities</b>		
Surplus for the year	3,873,129	6,029,180
<b>Adjustment for non-cash items</b>		
Depreciation	4,823,148	4,270,795
Investment income	(123,510)	(82,279)
Interest payable	1,233,803	1,238,927
(Increase)/Decrease in Debtors	(204,676)	257,698
Increase/(Decrease) in Creditors	244,576	1,609,435
Increase/(Decrease) in Provisions	(14,516)	(18,922)
Pension costs	3,392,000	2,530,000
<b>Adjustment for investing or financing activities</b>		
Capital grants utilised in year	(1,694,414)	(410,536)
<b>Net cash inflow from operating activities</b>	<b>11,529,540</b>	<b>15,424,298</b>
<b>Cash flows from investing activities</b>		
Capital grants received	1,694,414	410,536
Payments to acquire fixed assets	(6,918,324)	(3,740,014)
New Deposits	(13,250,000)	6,500,000
	<b>(18,473,910)</b>	<b>3,170,522</b>
<b>Cash flows from financing activities</b>		
Other interest received	123,510	82,279
Interest paid	(700,336)	(796,785)
Repayments of borrowed amounts	(1,258,006)	(530,575)
	<b>(1,834,832)</b>	<b>(1,245,081)</b>
<b>(Decrease)/Increase in cash</b>	<b>(8,779,202)</b>	<b>17,349,739</b>

## Notes (forming part of the financial statements)

### 1 Funding council grants

	2022 £	2021 £
Recurrent Grant - OfS	2,198,285	1,679,740
<b>Specific</b>		
Engineering and Physical Sciences Research Council - EPSRC	1,075,702	1,184,647
Higher Education Innovation Fund	419,064	548,846
OfS Hardship Fund	-	330,637
OfS Covid Test Centre	-	111,503
EPSRC Special initiatives	184,128	-
Capital Grants	31,370	32,758
	<u>3,908,549</u>	<u>3,888,131</u>

### 2 Tuition fees and short course fees

	2022 £	2021 £
Full-time students	41,344,846	42,074,970
Full-time students charged overseas fees	2,414,032	2,159,945
Part-time students	376,625	530,203
	<u>44,135,503</u>	<u>44,765,118</u>
Total fees paid by or on behalf of individual students		
	44,135,503	44,765,118
Short course fees	3,336,753	2,198,146
	<u>47,472,256</u>	<u>46,963,264</u>

### 3 Research grants and contracts

	2022 £	2021 £
Research councils	-	9,828
Research charities	44,860	39,244
Industry and commerce	34,600	205,876
Other	23,510	9,760
	<u>102,970</u>	<u>264,708</u>

### 4 Other operating income

	2022 £	2021 £
Residences, catering and conferences	5,099,707	3,153,735
Other income	528,935	660,352
Capital Grants – Equipment (Salix)	883,044	-
	<u>6,511,686</u>	<u>3,814,087</u>

Note: Salix grant was used for capital expenditure

## Notes (continued)

### 5 Investment income

	2022	2021
	£	£
Interest receivable	123,510	82,279

### 6 Grant and fee income

	2022	2021
	£	£
Grant income from the OfS	2,198,285	2,121,880
Grant income from other bodies	1,710,264	1,766,251
Fee income for taught awards (exclusive of VAT)	45,080,714	45,873,963
Fee income for research awards (exclusive of VAT)	103,394	243,291
Total	49,092,657	50,005,385

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

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

	2022	2021
	£	£
Wages and salaries	25,019,576	23,513,565
Social security costs	2,560,754	2,340,872
Other pension costs	5,081,193	4,763,519
FRS102 staff pension adjustments	3,302,797	2,463,704
	35,964,320	33,081,660

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

	2022 Number FTE	2021 Number FTE
Academic	317	289
Administrative and technical	225	230
Manual and ancillary	96	97
	638	616

## Notes (continued)

Emoluments of the Vice-chancellor & Rector	2022 £	2021 £
Salary	304,286	300,158
Benefits (Company Car)	6,618	6,618
Pension	72,055	71,077
Total	382,959	377,853

The emoluments of the Vice-chancellor & Rector are shown on the same basis as for higher paid staff (excluding employer's social security contributions). The University's pension contributions to the Teachers Pension Scheme are paid on behalf of the Vice-Chancellor & Rector at the same rate as for other academic staff (23.68%).

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

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

All payments to directors are in respect of services as members of staff and relate to the period of office. Where appropriate these emoluments are also included in the bands for higher paid staff.

Basic Salary Ratio (Based on a median pay rate of £36,358): 8.37 times (2021: £35,034; 8.57 times)

Total Remuneration Ratio (Based on a median pay rate of £43,691): 8.77 times (2021: £42,913; 8.81 times)

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

	2022 Number	2021 Number
£100,000 - £104,999	3	3
£125,000 - £129,000	1	-
£130,000 - £134,999	1	1
£135,000 - £139,999	-	1
£140,000 - £144,999	1	-
£150,000 - £154,999	-	1
£305,000 - £309,999	-	1
£310,000 - £314,999	1	-
	7	7

### Key Management Personnel

2022 £	2021 £
1,319,103	1,315,098

## Notes (continued)

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

**Severance Payments** - Payments were made to 5 individual members of staff equating to £46,954.

### 8 Other operating expenses

	2022 £	2021 £
Residences, catering and conference operating expenses	490,731	159,011
Teaching departments	2,418,003	1,946,247
Books and periodicals	550,247	592,221
Heat, light, water and power	1,697,104	1,279,230
Repairs and general maintenance	1,440,337	1,563,506
Grants to Liverpool Hope Students' Union	252,150	252,150
External auditors' remuneration	108,440	109,675
Other support services	743,877	521,438
Administration and central services	3,135,535	2,725,402
Other income generating activities	163,739	63,062
Other operating expenses	1,223,969	1,179,965
Reimbursement of Trustees' expenses	439	-
	<hr/>	<hr/>
	12,224,571	10,391,907
	<hr/>	<hr/>

In 2021/22 the expenses related to travel amounted to £439.

	2022 £	2021 £
External auditors' remuneration in respect of audit services	100,940	103,850
Audit related assurance services	7,500	5,825
	<hr/>	<hr/>
	108,440	109,675
	<hr/>	<hr/>

### 9 Interest and other finance costs

	2022 £	2021 £
Interest payable on bank loans not wholly repayable within five years	165,526	265,071
Pension fund interest payable	533,467	442,142
Interest payable on finance lease	534,810	531,714
	<hr/>	<hr/>
	1,233,803	1,238,927
	<hr/>	<hr/>

## Notes (continued)

### 10 Access and Participation

	2022	2021
	£	£
Access Investment	438,240	423,200
Financial Support	309,246	557,192
Disability Support	512,511	548,026
Research and Evaluation	-	-
	<u>1,259,997</u>	<u>1,528,418</u>

As a small institution, the access and participation activities are embedded within the operations of the University and cannot be easily identified as stand-alone costs for the target student population. For some of the categories of expenditure these are subjective in nature therefore, the total costs are used and then a percentage of these costs shown as countable expenditure: 42% for Access Investment as 40%- 45% of the student population qualify for APP, Financial Support includes 85% of Learning Support Fund, Disability Support cost is uplifted by 25%for overheads.

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

### 11 Analysis of expenditure

	Staff costs	Depreciation	Interest payable	Other operating expenses	Total
	£	£	£	£	£
Academic departments	20,867,894	-	-	2,418,003	23,285,897
Academic support services	1,746,349	-	-	1,270,553	3,016,902
Other support services	1,946,278	-	-	996,027	2,942,305
Administration and central services	3,977,413	-	-	3,243,975	7,221,388
General education expenditure	-	-	-	64,472	64,472
Premises	2,748,847	-	-	3,577,071	6,325,918
Other income generating activities	332,275	-	-	163,739	496,014
Residences, catering and conferences	1,042,468	-	-	490,731	1,533,199
Depreciation	-	4,823,148	-	-	4,823,148
Interest payable	-	-	1,233,803	-	1,233,803
FRS 102 Pension Costs Adjustment	3,302,796	-	-	-	3,302,796
	<u>35,964,320</u>	<u>4,823,148</u>	<u>1,233,803</u>	<u>12,224,571</u>	<u>54,245,842</u>
Total per Statement of Comprehensive Income	35,964,320	4,823,148	1,233,803	12,224,571	54,245,842

## Notes (continued)

<b>12 Fixed Assets</b>	<b>Assets in the course of construction</b>	<b>Land and Buildings</b>	<b>Equipment</b>	<b>Vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Deemed cost</b>					
At 1 August 2021	1,884,849	140,109,399	10,741,680	156,050	152,891,978
Additions at cost	4,620,282	893,114	1,360,225	44,703	6,918,324
Disposals at cost	-	-	-	(21,292)	(21,292)
Transfers	(5,435,396)	5,306,408	128,988	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 July 2022	1,069,735	146,308,921	12,230,893	179,461	159,789,010
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>					
At 1 August 2021	-	22,878,228	8,284,084	125,294	31,287,606
Eliminated on disposals	-	-	-	(21,292)	(21,292)
Charge for the year	-	4,129,849	668,980	24,319	4,823,148
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 July 2022	-	27,008,077	8,953,064	128,321	36,089,462
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>					
At 31 July 2021	1,884,849	117,231,171	2,457,596	30,756	121,604,372
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 July 2022	1,069,735	119,300,844	3,277,829	51,140	123,699,548
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Included is £6,154,875 which relates to Gerard Manley Hopkins Hall, acquired at an imputed cost of £6,261,151 in March 2011. The substantive nature of the acquisition was that of a hire purchase arrangement with rental payments due for 27½ years from the date of acquisition. The property is being depreciated over its remaining useful economic life of 42 years.

Fixed assets include £8,266,000 in relation to land. The land has not been depreciated in the accounts.

## 13 Debtors

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year</b>		
Trade debtors	1,262,959	1,095,800
Sundry debtors	17,787	23,816
Prepayments and accrued income	637,346	593,800
	<u>          </u>	<u>          </u>
	1,918,092	1,713,416
	<u>          </u>	<u>          </u>



## Notes (continued)

### 14 Investments

	2022 £	2021 £
Deposits maturing in one year or less	22,750,000	9,500,000

There are 3 deposits on 6 month fixed rate terms £10,000,000 with Barclays, £10,000,000 with HSBC and £2,750,000 with Santander.

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

	2022 £	2021 £
Loans	331,697	892,143
Trade creditors	765,167	1,036,772
Social security and other taxation payable	1,302,732	1,193,268
Accruals and deferred income	4,047,144	3,671,080
	<u>6,446,740</u>	<u>6,793,263</u>

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

	2022 £	2021 £
Loans secured on residential and other property repayable by 2030	3,198,050	3,895,610
Obligations under hire purchase agreement	6,222,345	6,191,692
	<u>9,420,395</u>	<u>10,087,302</u>

Analysis of secured and unsecured loans:	2022 £	2021 £
<b>Due within one year or on demand (Note 15)</b>	<b>331,697</b>	<b>892,143</b>
Due between one and two years	352,662	384,591
Due between two and five years	1,184,356	1,278,398
Due in five years or more	1,661,032	2,232,622
<b>Debt due after more than one year</b>	<b>3,198,050</b>	<b>3,895,611</b>
<b>Total secured and unsecured loans</b>	<b>3,529,747</b>	<b>4,787,754</b>

## Notes (continued)

<i>Interest/terms on loans</i>	<b>Original Value £</b>	<b>Interest rate %</b>	<b>Basis</b>	<b>Number of years remaining</b>
Student accommodation	8,300,000	5.72 1.10	£7m Fixed £1.3m Variable	8

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

### 17 Lease Obligations

Total payable under hire purchase agreement	<b>2022</b> £	<b>2021</b> £
Later than 1 year and not later than 5 years	<b>163,326</b>	<b>74,101</b>
Later than 5 years	<b>6,059,019</b>	<b>6,117,591</b>
	<hr/>	<hr/>
Total payment due	<b>6,222,345</b>	<b>6,191,692</b>
	<hr/>	<hr/>

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

	<b>2021</b> £	<b>Cash flows</b> £	<b>2022</b> £
Cash at bank	25,048,436	(8,779,202)	16,269,234

### 19 Capital and other commitments

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

	<b>2022</b> £	<b>2021</b> £
Capital commitments	<b>12,676,279</b>	<b>2,895,357</b>
	<hr/>	<hr/>

### 20 Training bursary payments

	<b>2022</b> £	<b>2021</b> £
Grant paid by National College for Teaching and Leadership (NCTL)	<b>1,566,700</b>	<b>4,858,900</b>
Payments to trainees	<b>(1,538,300)</b>	<b>(4,848,000)</b>
	<hr/>	<hr/>
Grant due to NCTL at end of year	<b>28,400</b>	<b>10,900</b>
	<hr/>	<hr/>

During the year the University administered the Training Bursary Scheme for PGCE students. The University acts only as paying agent. The grants and related disbursements are therefore excluded from the statement of comprehensive income.

## Notes (continued)

### 21 Related party disclosures

Due to the nature of the University's operations and the composition of the University Council (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a Member of the Board may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. Council members declare their interests and the University updates the register of interests annually.

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

	Income	Expenditure
	£	£
<b>Rev Peter Winn</b>		
Chair of Governing Body, St Margaret's Church of England Primary School	-	1,775
<b>Fr Christopher McCoy</b>		
Governor, Holy Spirit Primary School	-	1,665
<b>Ms Lesley Martin-Wright</b>		
Company Secretary, Knowsley Chamber of Industry & Commerce	-	681
<b>Dr Penny Haughan</b>		
Chair of Governors, Locking Stumps Community Primary School	13,250	-

The nature of expenditure transactions relates to payments to schools on behalf of students, secondment agreements for primary teaching staff and a subscription. All payments were made during the financial year 2021/22 and there were no debtors or creditors at the year end.

### 22 Connected Charitable Institutions

The University is connected to one charitable institution, Liverpool Hope-Carter Preston Foundation which was set up in its current state in April 2012. The University appoints two of the trustees. The Foundation has no income or expenditure. The net book value of Heritage assets on the Statement of Financial Position were £305,270 and the Foundation has £121,396 in its current account as at 31 July 2021.

### 23 Provisions for liabilities and charges

	Obligation to fund deficit on USS pension	Pension enhancement on termination	Total pension provision
	£	£	£
At 1 <sup>st</sup> August 2021	657,575	109,119	766,694
Movement in year	(32,966)	(14,516)	(47,482)
Interest cost	5,721	1,746	7,467
Actuarial loss	494,398	(20,359)	474,039
	<u>1,124,728</u>	<u>75,990</u>	<u>1,200,718</u>

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

## Notes (continued)

	2022	2021
Discount Rate	3.31%	0.87%
Salary Growth	4.60%	2.86%

Following the conclusion of the 2020 valuation and subsequent negotiations the agreed contribution rates are in force from 1 April 2022.

### 24 Pension and similar obligations

The University's employees belong to three principal pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, the Greater Manchester Pension Fund (GMPF) and the Merseyside Pension Fund (MPF) for non-academic staff. The total pension cost for the period was £5,006,506 (2021: £4,838,812).

	2022 £	2021 £
As at 1 August	31,358,000	29,888,000
(Decrease)/Increase in liability	(34,220,000)	1,470,000
As at 31 <sup>st</sup> July	(2,862,000)	31,358,000
The University's pension (asset)/ liability is analysed as follows:	£	£
Greater Manchester Pension Fund	(2,520,000)	31,188,000
Merseyside Pension Fund	(342,000)	170,000
	(2,862,000)	31,358,000

The GMPF surplus of £2,520k can be fully recognised as the present value of projected services costs is more than the surplus, in particular as the fund is open to new members and can therefore be valued in perpetuity. The MPF can only be recognised to the present value of the projected future service rates. The University has calculated this using an assumption that the annual future service rate remains constant each year for a period from the current average age of active members until an expected retirement age of 67. This results in a recognisable surplus of £342k.

### Teachers' Pension Scheme (TPS)

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

### The Teachers' Pension Budgeting and Valuation Account

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

## Notes (continued)

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

### Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 23.68% of pensionable pay;
- total scheme liabilities for service to the effective date of £218.1 billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22 billion
- an employer cost cap of 10.9% of pensionable pay.

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

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

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

### Scheme Changes

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

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

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

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

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

### Greater Manchester Pension Fund (GMPF)

The GMPF is a funded defined benefit scheme, with the assets held in a separate trustee administered fund. The total contribution made for the year ended 31 July 2022 was £2,286,000 of which employer's contributions totalled £1,694,000 and employee's contributions totalled £592,000. The agreed contribution rates for future years are 19.1% for employers and ranges between 5.5% to 12.5% for employees, dependent on salary.

## Notes (continued)

There has been a change in approach in allowing for inflation experience at 31 July 2022 to make allowance for the exceptionally high inflation over the period since September 2021. The DBO at 31 July 2022 includes allowance for emerging inflation experience up to July 2022, which has increased the DBO at 31 July 2022 by £3,409k. A loss of £3,409k has been recognised due to the high levels of inflation experienced over the period from September 2021 (the reference month for the April 2022 pension increase) to July 2022, in comparison with that assumed at the start of the period.

The following information is based upon a full actuarial valuation of the fund as 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

	2022	2021	2020
Rate of increase in salaries	3.45%	3.55%	2.90%
Rate of increase in pensions in payment/inflation	2.70%	2.80%	2.10%
Discount rate for liabilities	3.50%	1.60%	1.40%
Commutation of pension to lump sums	55.00%	55.00%	55.00%

The mortality assumptions as at 31 July 2022 include sufficient allowance for future improvements in mortality rates but does not include the potential effects of Covid-19 this is mainly because there remains uncertainty of the Covid-19 impact on long term mortality rates for pension scheme members. This will be monitored in future periods and will be updated as appropriate. The assumed life expectancies are based on age 45 for future pensioners and aged 65 for current pensioners as per the triennial valuation.

	At 31 July 2022	At 31 July 2021	At 31 July 2020
Retiring today			
Males	20.30	20.50	20.50
Females	23.20	23.30	23.10
Retiring in 20 years			
Males	21.60	21.90	22.00
Females	25.10	25.30	25.00

The sensitivities regarding the principal assumptions used to measure the scheme obligations are:

Change in assumptions at 31 July 2022	Approximate %Increase To DBO	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	1,424
1 year increase in member life expectancy	4%	2,595
0.1% increase in the Salary Increase Rate	0%	135
0.1% increase in the Pension Increase Rate (CPI)	2%	1,296

The University's share of assets in the scheme (which is estimated at 0.2% of total scheme assets) and the estimated rates of return (are based on actual returns to 30<sup>th</sup> June 2022 and adjusted to calculate the estimated returns as at 31<sup>st</sup> July 2022) were:

	Value at 31 July 22 £000	Value at 31 July 21 £000	Value at 31 July 20 £000
Equities	48,152	45,290	35,549
Bonds	10,622	9,705	9,020
Property	6,373	4,529	3,714
Cash	5,665	5,176	4,775
Share of total market value of assets	70,812	64,700	53,058
Present value of scheme liabilities			
- Funded	(68,268)	(95,861)	(81,947)
- Unfunded	(24)	(27)	(28)
Surplus/(Deficit) in the scheme	2,520	(31,188)	(28,917)

## Notes (continued)

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

	2022 £000	2021 £000	2020 £000
Current service cost	(4,975)	(4,158)	(3,859)
Past service cost (including curtailments)	(50)	0	294
Total service cost	(5,025)	(4,158)	(3,565)

### Analysis of pension finance income

	2022 £000	2021 £000	2020 £000
Interest income on plan assets	1,042	749	1,163
Interest cost on defined benefit obligation	(1,567)	(1,171)	(1,562)
Total net interest	(525)	(422)	(399)

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

(5,550)	(4,580)	(3,964)
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### Movement in deficit during year

	2022 £000	2021 £000
Surplus/(Deficit) in scheme	(31,188)	(28,917)
Movement in year:		
Current service charge	(4,975)	(4,158)
Past service charge (including curtailments)	(50)	0
Net interest/return on assets	(525)	(422)
Contributions	1,694	1,672
Remeasurements recognised in the statement of comprehensive income	37,564	637
Surplus/(Deficit) in the scheme at end of year	2,520	(31,188)

### History of experience gains or losses

	2022 £	2021 £	2020 £	2019 £	2018 £
Return on assets excluding amounts included in net interest	4,134	9,903	(3,826)	1,528	2,737
Value of Assets	70,812	64,700	53,058	54,800	50,707
% of scheme assets	5.84%	15.31%	(7.21%)	2.79%	5.4%
Experience gains and losses on scheme liabilities	(33,430)	9,266	4,295	7,143	(2,783)
Total present value of liabilities	(68,292)	(95,888)	(81,975)	(72,680)	(60,686)
% of Total present value of scheme liabilities	48.95%	(9.66%)	(6.01%)	(9.83%)	4.59%
Actuarial gain/(loss) recognised in statement of comprehensive income	37,564	637	(8,751)	(5,615)	5,520
% of the present value of liabilities	(55.00%)	(0.66%)	10.68%	7.73%	(9.01%)

## Notes (continued)

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

### Merseyside Pension Fund (MPF)

The MPF is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2022 was £12,000 of which employer's contributions totalled £2,000 and employees' contributions totalled £10,000. The agreed contribution rates for future years are 56.2% for employers and ranges between 5.5% to 12.5% for employees, dependent on salary.

The following information is based upon a full actuarial valuation of the fund as at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

	2022 £000	2021 £000	2020 £000
Rate of increase in salaries	4.20%	4.10%	3.80%
Rate of increase in pensions in payment/inflation	2.80%	2.70%	2.40%
Discount rate for liabilities	3.40%	1.60%	1.50%
Commutation of pension to lump sum	50.00%	50.00%	50.00%

The mortality assumptions as at 31 July 2022 include sufficient allowance for future improvements in mortality rates but does not include the potential effects of Covid-19 this is mainly because there remains uncertainty of the Covid-19 impact on long term mortality rates for pension scheme members. This will be monitored in future periods and will be updated as appropriate. The assumed life expectancies are based on age 45 for future pensioners and aged 65 for current pensioners as per the triennial valuation.

	At 31 July 2022	At 31 July 2021	At 31 July 2020
Retiring today			
Males	20.90	21.00	20.90
Females	24.00	24.10	24.00
Retiring in 20 years			
Males	22.40	22.60	22.50
Females	25.90	26.00	25.90

The University's share of assets in the scheme (which is estimated at 0.2% of total scheme assets) and the estimated rates of return (are based on actual returns to 30<sup>th</sup> June 2022 and adjusted to calculate the estimated returns as at 31<sup>st</sup> July 2022) were:

	Value at 31 July 22 £000	Value at 31 July 21 £000	Value at 31 July 20 £000
Equities	3,020	3,417	2,918
Bonds – government	1,772	226	264
Bonds – other	661	1,894	1,657
Property	670	629	542
Cash & other	2,042	1,894	1,950
IFRIC14 surplus adjustment	(896)	-	-
Total market value of assets	7,269	8,060	7,331
Present value of scheme liabilities			
- Funded	(6,923)	(8,224)	(8,294)
- Unfunded	(4)	(6)	(8)
	342	(170)	(971)



**Notes (continued)**

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

	2022	2021	2020
	£000	£000	£000
Employer service cost (net of employee contributions)	(62)	(45)	(42)
Past service cost	0	0	(54)
	<u>(62)</u>	<u>(45)</u>	<u>(96)</u>
Total operating credit/(charge)	<u>(62)</u>	<u>(45)</u>	<u>(96)</u>

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

	2022	2021	2020
	£000	£000	£000
Interest on plan assets	127	108	147
Interest on pension scheme liabilities	(128)	(122)	(171)
	<u>(1)</u>	<u>(14)</u>	<u>(24)</u>
Pension finance costs	<u>(1)</u>	<u>(14)</u>	<u>(24)</u>
	<u>2022</u>	<u>2021</u>	<u>2020</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Actual return on plan assets	244	914	(82)
Experience gains and losses arising on the scheme liabilities	(465)	152	356
Change in financial and demographic assumptions underlying the scheme liabilities	1,691	(207)	(14)
IFRIC14 surplus adjustment	(896)		
	<u>574</u>	<u>859</u>	<u>260</u>
Total remeasurement included within statement of comprehensive income	<u>574</u>	<u>859</u>	<u>260</u>

**Movement in deficit during year**

	2022	2021	2020
	£000	£000	£000
Deficit in scheme at beginning of year	(170)	(971)	(1,227)
Movement in year:			
Current service charge	(62)	(45)	(42)
Contributions	2	2	117
Past service costs	0	0	(54)
Administration costs	(1)	(1)	(1)
Settlements and Curtailments	-	-	-
Net interest/return on assets	(1)	(14)	(24)
Actuarial gain	1,470	859	260
IFRIC14 surplus adjustment	(896)		
	<u>342</u>	<u>(170)</u>	<u>(971)</u>
Surplus/(Deficit) in scheme at end of year	<u>342</u>	<u>(170)</u>	<u>(971)</u>

## Notes (continued)

### History of experience gains or losses

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Return on assets excluding amounts included in net interest	244	914	(82)	229	298
Value of assets	7,269	8,060	7,331	7,444	7,155
% of scheme assets	3.36%	11.34%	(1.12%)	3.08%	4.16%
Experience gains and losses on scheme liabilities	(1,226)	55	(342)	1,010	(228)
Total present value of liabilities	(6,927)	(8,230)	(8,302)	(8,671)	(7,686)
% of Total present value of scheme liabilities	17.7%	(0.67%)	4.12%	(11.65%)	2.97%
Actuarial gain/(loss) recognised in statement of comprehensive income	574	859	260	781	526
% of the present value of liabilities	(8.29%)	(10.44%)	(3.13%)	9.01%	(6.84%)

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross defined benefit obligations and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

## 25 Financial Instruments

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

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

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

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

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

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

**Notes (continued)**

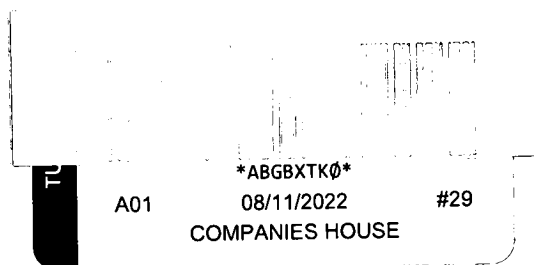
<b>Financial Assets</b>	<b>2022</b>	<b>2021</b>
Investments	22,750,000	9,500,000
Trade & Other Receivables	1,276,296	1,119,617
Cash & Cash Equivalents	16,269,235	25,048,438
	<hr/>	<hr/>
	40,295,531	35,668,055
	<hr/>	<hr/>

<b>Financial Liabilities</b>	<b>2022</b>	<b>2021</b>
Loans	3,529,747	4,787,754
Trade & Other Payables	765,167	1,036,772
	<hr/>	<hr/>
	4,294,914	5,824,526
	<hr/>	<hr/>

<b>26 Reconciliation of Net Debt</b>	<b>2022</b>	<b>2021</b>
Net Debt at 1 August	(14,068,992)	3,783,764
Movement in Cash & Cash Equivalents	(8,779,202)	17,349,740
Other non-cash changes	16,331,050	(35,202,496)
	<hr/>	<hr/>
Net Debt at 31 July	(6,517,144)	(14,068,992)
	<hr/>	<hr/>
Change in Net Debt	7,551,848	(17,852,756)
	<hr/>	<hr/>

**Analysis of Net Debt:**

	<b>2022</b>	<b>2021</b>
Cash & Cash Equivalents	16,269,235	25,048,438
<b>Borrowings: amounts falling due within 1 year</b>		
Secured loans	331,697	892,143
<b>Borrowings: amounts falling due after 1 year</b>		
Secured loans	3,198,050	3,895,611
Obligations under finance lease	6,222,345	6,191,692
	<hr/>	<hr/>
	9,420,395	10,087,303
	<hr/>	<hr/>
Net Debt	(6,517,144)	(14,068,992)
	<hr/>	<hr/>



## **Strategic Report**

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

The essence of what Liverpool Hope is striving to deliver is clearly summarised in the Corporate Plan – a path of excellence in scholarship and collegial life without reservation or hesitation. The University's distinctive philosophy is to 'educate in the round' – mind, body and spirit - in the quest for Truth, Beauty and Goodness. At the heart of the University is the idea of the Collegium: an academic community of scholars providing a nurturing environment to stimulate and foster advancement of all its students. The University is committed to making educational opportunities available to all, regardless of background and to the transformation of its students into graduates that are prepared for the world of work.

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

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

In the challenging circumstances of the pandemic, our nature and mission as an institution became even more evident. The University's strength is in its collegium and the wider Hope community. The loss of face-to-face teaching and move online was in conflict with our culture of a personal approach to education based on relationships. Therefore, in 2021/22, the University managed to successfully deliver all its courses and support services back on campus and face-to-face.

### ***Academic Profile***

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

The latest published data (2020/21) from HESA (Higher Education Statistics Agency), shows that 74% of academic staff are qualified to doctoral level. A rigorous appointment process ensures that we only appoint staff who meet our requirements and improve the University's academic profile. The intention is to achieve a minimum of 85% of academic staff with doctorates, with the remainder as Professional Tutors, bringing experiential practice in areas such as Education, Law and Accountancy.

Liverpool Hope University is a vibrant community with high scholarly standards. We are proud of our past, confident in our present, and ambitious for our future research goals. We submitted over 96% of our Research active staff (colleagues with Significant Responsibility for Research) in thirteen Units of Assessment for REF 2021. All 13 subject units were assessed as having aspects of their work in Internationally Excellent (3\*) or World Leading (4\*) categories. The subjects submitted were English Language and Literature; Theology and Religious Studies; Psychology; History; Computer Science and Informatics; Nutrition; Sport and Exercise Sciences; Geography and Environmental Studies; Politics and International Studies; Education; Music, Drama, Dance, Performing Arts; Social Work and Social Policy; Art and Design. We are a research-informed, teaching-led University of distinction, our policy is to combine these elements and continue to expand the University's academic profile.

The University is continually developing its research profile and has an ambitious agenda for the future to build on the already impressive 2021 results. All new academic staff appointed to the University as lecturers or senior lecturers must either already be research active at 3\* or above or have the proven capacity, willingness and ability to become research active at this level for the next REF. Our REF2021 submission of over 96% of research active staff is an indicator of the inclusive and broad-based research culture in the University which is taking shape as a research intensive institution with a solid foundation to build upon going forward.

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

The University continued to maintain the entry requirements for young full-time degree students in 2021/22, at an average of 116 points (2020/21-117 points, 2019/20 115 - points). At the same time, recruitment continues to increase year-on-year, especially in the areas of Foundation Year and International.

### ***Reputation***

Liverpool Hope University was one of only eighty Initial Teacher Training (ITT) providers to be successfully accredited by the Department for Education (DfE) in the first Round for accreditation. This means the University is in a strong position to continue to deliver ITT leading to Qualified Teacher Status (QTS) from September 2024 onwards and successfully meeting all the remaining requirements is a key objective for 2022/23 and 2023/24. The small number of institutions successful in the first round, received a high level of national scrutiny and subsequently raised the status and profile of Liverpool Hope University in relation to its expertise in Initial Teacher Education.

The accreditation process is designed to ensure that providers are able to deliver high quality teacher training against a set of new Quality Requirements and we are pleased that our provision has met this benchmark. This achievement allows us to continue our partnership commitment to train the very best Hope Teachers who are creative, proactive and reflective and are dedicated to inspire and influence the lives of children.

There are now 179 providers accredited following a second round. 163 of those were existing providers but there are now 15 new providers who have gained approval to start offering courses.

The National Student Survey (NSS) result for 2022 were encouraging. Of the 12 North West Universities, Hope was ranked in the top 5 in 9 of the 10 categories and 2nd in the following 4 categories:

- Assessment and Feedback
- Learning Community
- Students Voice
- Students Union

The Complete University Guide for 2023 covers 128 Universities and for items 1 to 3 above, Liverpool Hope was listed in the top 20 in the country.

### ***Widening Participation / Access and Participation***

The University is committed to the Widening Participation agenda and invests considerable money and effort each year on its work with schools and young people. This can be clearly demonstrated by our work in the Network of Hope, providing educational opportunities for people and communities with limited access to higher education. The University's Access and Participation Plan has been accepted by the Office for Students and we will continue to strive to ensure that all students have the same opportunities to succeed regardless of race, background or financial hardship.

The University has continued to provide hardship funding for students who experience financial difficulties and scholarships to reward academic excellence. The University also continued to invest in a range of facilities and services to support disabled students, ensuring they were not disadvantaged in any way and are able to fully participate in the life of the University. In 2021/22, 24.7% of Liverpool Hope students had a declared disability. This is significantly higher than the sector average, and reflects the caring nature of the institution and level of support provided.

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

The total expenditure in the four categories was £1,259,997. While this is £268,421 lower than 2020/21, the 2020/21 figure included £330,637 of hardship payments funded directly by the Government. So, in reality, the level of University expenditure has increased by 5%.

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

The impact of the pandemic continued to be felt during 2021/22 and the University did not quite meet the APP target for expenditure for the year. The shortfall was £47,513 (6%). Now that we are fully back on campus, the University has set up a monitoring group and a range of activities are taking place which will lead to increased expenditure in 2022/23.

### ***Capital Developments***

In line with the Corporate Plan objective to provide a distinctive place for learning, the University has continued to invest in its buildings, equipment and infrastructure with spend of £6.918 million during 2021/22. All expenditure was fully financed by using the University cash reserves.

Several major refurbishment projects were completed in 2021/22 including: the restoration of the Hermitage and Cloisters listed buildings at the Aigburth campus (£2.245 million), refurbishment and decarbonization of residential accommodation at the Aigburth campus (£2.745 million) and the refurbishment of an existing building at Hope Park to repurpose as a dedicated building for the Geography department (£720k).

The University had successfully applied for a Salix grant of £888,000 to partly fund decarbonisation works at St Julies, one of the residential blocks at Aigburth, and this money was received in 2021/22. A further Salix grant of £85,000 was granted at the year-end in relation to decarbonization work on the Trinity building at Aigburth. This work will complete in 2022/23. The University continues to make progress on meeting its Carbon Management targets.

At the end of 2021/22, the University formally started the IQ Building project. This 52 weeks, £13.2 million building at the Hope Park Campus, will incorporate the existing Lecture Theatre Complex and will be a flagship Learning and Teaching building. These new facilities will improve the student experience by providing access to a range of different learning and teaching methods, including new technologies such as the use of VR within a Simulation Suite. The building will be completed for the start of the 2023/24 academic year. The building is being fully paid for from cash reserves.

### ***Finance***

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

#### **a) Budget management**

In 2021/22, the University's budget was devolved to the primary budget holders - the four members of the University Senior Executive Team (USET) who report directly to the Vice-Chancellor & Rector and the ten Heads of Schools / Departments.

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

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

The University took a prudent approach to budget setting in 2021/22. The continuing level of uncertainty caused by the pandemic, the frozen tuition fees level and inflationary pressures, meant delivery of a surplus at the same level as 2020/21 would not be achievable. The objective was to protect a minimum surplus level of 3% and to grow the cash reserves.

## Strategic Report *(continued)*

Two reforecasts take place during the year, and at the March 2022 reforecast, the target surplus was increased from 3% to 7%. It was expected that the year end result would exceed this, as a material contingency had been retained. However, a higher than expected FRS 102 staff adjustment, and accelerated depreciation on part of the existing Lecture Theatre Complex to facilitate the IQ building, meant the final result was 6.66% of income.

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

	2021/22 £000	2020/21 £000
Income	58,119	55,012
Expenditure	54,246	48,983
Operating surplus	3,873	6,029

The OfS has stated that taken alone, surpluses or deficits are not necessarily a clear indicator of financial viability or sustainability as they can be distorted by accounting treatments. With this in mind the OfS suggests net operating cashflow is a better indicator of a providers underlying financial performance. The cash generated by the University during the year was £11,529,540, 20% of income. (2020/21 £15,424,298 28% of income). This demonstrates the strength of the underlying financial position.

The Statement of Comprehensive Income for the year is set out on page 29.

## Student Numbers

As at 31<sup>st</sup> July 2022 the University had 5,452 students (31<sup>st</sup> July 2021 – 5,602).

	Full Time Students	Part Time Students
Undergraduate	3,885	105
Postgraduate (taught)	373	407
Postgraduate (research)	36	101
PGCE	465	25
Other	55	-
	<hr/> 4,814 <hr/>	<hr/> 638 <hr/>

## Treasury Management Policy

Cash at bank and investments had increased by £4,470,798 to £39,019,235 over the 12 months period to July 2022. Given the uncertainty across the sector, the University is gradually increasing its cash reserves to ensure that it has the flexibility to respond to unexpected developments and also to fund the capital programme. All investments are made in line with the University Treasury Management Policy, ensuring that investments are ethical and risk averse.

The outstanding value of the University bank loans had reduced to £3,529,747 at the year-end (2021 - £4,787,754) and no new loans were taken out in 2021/22. During the year, the University had settled three small loans that were due to finish in the next couple of years. In addition, early settlement of the variable element on the larger loan was finalised. In 2011 the University took the opportunity to take over a lease arrangement for Hopkins Hall and bring it back under our control. The value of the creditor at July 2022 was £6,222,345. All borrowing is undertaken in the name of the University and conforms to OfS requirements. The Treasury Management policy is updated annually and was revised in June 2022.

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

### ***Major Risks***

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

Through its Risk Register, which is reviewed at Operational Leadership Meetings, and overseen by the Audit Committee on behalf of University Council, key risks, which are not all directly financial, are highlighted. These might be compliance or accountability risks such as data returns, health & safety, safeguarding matters or they might be reputational such as quality audits and inspections. The University has a comprehensive internal control system to manage risk. This includes a program of work by the internal auditors which directly addresses the major risks identified in the risk register.

The Risk Register is a dynamic document, updated as required to reflect changing circumstances. Many of the risks have financial consequences for example recruitment and retention. Other risks pose business continuity challenges: for example, the prevalence of cyber attacks in the sector. The risk register is used to identify the key financial risks to the institution and financial modelling of these scenarios is undertaken. As we enter 2022/23 the key financial risks are the inflationary pressures caused by the economic crisis, particularly in relation to staffing and utilities costs, and the static tuition fee rate. While not complacent, all of the financial modelling undertaken to date provides reassurance of the University's long-term financial sustainability.

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

Despite these challenges and risks, the University is confident that it has a clear strategic vision underpinning the objectives of the Corporate Plan and can adapt to, manage and minimize the risks above. This vision is endorsed by the University Governance structure and ownership is embedded in all senior management. We enter 2022/23 confident that we will be able to flourish and thrive.

## **Directors' Report**

### ***Legal status***

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

Liverpool Hope University is the only ecumenical University in Europe, whose origins lie in colleges (one Anglican College founded in 1844, two Catholic Colleges founded in 1856 and 1965) which came together first in a federation, known as Liverpool Institute of Higher Education and then through full merger as a single ecumenical college. In 2002 taught degree awarding powers were secured and the title Liverpool Hope University College officially bestowed. In July 2005 the granting of full University status led to the adoption of the title Liverpool Hope University and in August 2009, the Privy Council granted the University the power to award research degrees. In the academic and financial year 2021/2022 there were 5,452 students and 638 members of staff, with a range of degrees at undergraduate and postgraduate levels.

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

All the members of the University Council are directors of the Company. No director had any interest in any contract made by the University during the financial year, other than a contract of employment as a member of staff and that described in note 21 to the accounts.



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

### ***Mission Statement***

The Mission Statement reflects both the University's traditions and its intention to develop and maintain a distinctive and forward-looking programme relevant to local, regional, national and international needs.

Liverpool Hope University is an ecumenical, Christian foundation which strives:

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

### ***Employee Involvement***

The University places considerable value on the involvement of its employees and on good communication with them. Staff are encouraged to participate in formal and informal consultation at University, School and department level, sometimes through membership of formal Committees. The Vice-Chancellor addresses all staff at the start of the academic year and during Covid sent regular letters to the staff to keep them informed of plans. The Vice-Chancellor, meets all Academic Leaders and Operational Leaders with his senior team at least twice a term but more regularly if required.

There is a system of cascading information from those meetings to all staff and departments and service areas are expected to hold regular staff meetings to enhance two-way communication.

The University's People 2020 Strategy has a strategic strand to enhance engagement with and of staff. The Joint Consultative and Negotiating Committee (JCNC) is a forum for management and Trades Unions' representatives which meets regularly. There is a weekly electronic newsletter sent to the inbox of all members of staff every Wednesday.

Section 13 of the Trade Union Act 2016 introduced a new requirement to publish data on trade union facility time reporting. For Financial Year ending 31<sup>st</sup> July 2022 there were 23 trade union representatives equating to 21.1 FTEs at a cost of £31,746. In terms of percentage of working hours spent on facility time, there were 15 employees working less than 0% and 8 employees working between 1% to 50% of their working hours.

### ***Supplier Involvement***

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

### ***Equality and Diversity***

The University is cognisant of its obligations under the Equality Act 2010 and has due regard to equality and diversity in its policy making processes. Its Equality and Diversity Policy and other related information can be found at <https://www.hope.ac.uk/gateway/staff/personnel/equalitydiversityandinclusion/>. The University has an Equality & Diversity

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

Steering Committee which reports to Senior Management Team, Senate and the Staffing Committee of University Council. The Steering Committee takes an overview of the University's equality objectives and analyses data reports to ensure that any issues relating to groups with protected characteristics are identified and then tackled. The University has participated in the Aurora programme to support women into management and leadership positions and is planning to apply for Athena Swann membership.

### ***Areas of Public Benefit provided by Liverpool Hope University***

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

The Public Benefit requirement requires two principles to be met.

1. There must be an identifiable benefit or benefits.

The objects of the University are;

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

This is a clearly identifiable benefit.

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

As well as the students themselves, the University provides benefits for the general public. This includes a range of events such as concerts, lectures and the Cornerstone Festival that are either free or accessible for a minimal charge. The pandemic has meant that this did not take place in 2020/21 but these activities were re-introduced in 2021/22.

Health and well-being initiatives are also run at the University which the public are able to attend. The University's Service and Leadership award encourages students to undertake a range of voluntary activities across the local community and overseas and is recognised by a formal award at the end of their degree. The University is a partner of Contact the Elderly and participates in Childwall in Bloom.

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

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

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

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

## Directors' Report *(continued)*

The University's Scope 1 and 2 carbon emissions during 2021-2022 (August to July) were 2,637 tonnes CO<sub>2</sub>e (equivalent to 0.03 tonnes CO<sub>2</sub>e per m<sup>2</sup> GIA) and have been calculated using the Government conversion factors for company reporting of greenhouse gas emissions. Work is continuing to collate and analyse the University's relevant Scope 3 emissions:

Emissions Source	Scope	Consumption	Tonnes CO <sub>2</sub> e	Ratio (Consumption/Student)
Gas	1	8,643,506kWh	1,578	1,632
Fugitive Emissions	1	41.5kg	86.7	0.01
Fuel in owned vehicles	1	1,880L	4.7	0.22
Electricity	2	5,450,328 kWh	1,054	1,029
<b>Total</b>	<b>1&amp;2</b>		<b>2,637</b>	
Scope 1 & 2 emissions	3	As above	641	
Water (supply & treatment)	3	52,169 m <sup>3</sup>	22	

The University's total Scope 1 and 2 emissions have decreased by 3.3% compared to last year (2020-2021); despite the 2021-2022 year being the first year since 2018-2019 of full operation (the 2019-2020 and 2020-2021 years being affected by Covid restrictions). Carbon reduction projects have continued contributing to the decrease in carbon emissions: non-convulsive taps were installed in residential buildings. The University was awarded Salix funding for the Public Sector Decarbonisation Scheme Phase 2 (to decarbonise St Julies Halls of Residence including replacing the gas firer central heating system with electric panel heaters, replacing the original steel framed single glazed windows with double glazing, installing internal wall insulation and solar PV) and Phase 3a (to decarbonise the Trinity building by replacing the gas heating system with an Air Source Heat Pump, installing double glazing, solar PV and a Building Management System; this project will be completed in 2022-2023); and continued fine-tuning of our existing Building Management System.

### **Going concern**

The financial position of the University, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The University currently has £3.5 million of loans outstanding with bankers, all being secured by a fixed and floating charge on University assets. The University's forecasts and financial projections indicate that it will be able to operate within these existing facilities and attached covenants for the foreseeable future, taking into account reasonably expected changes in performance.

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

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

The Council has prepared cash flow forecasts for a period up to July 2024. The University enters this period in a very strong financial position. After reviewing these forecasts the Council is of the opinion that, taking account of severe but plausible downsides, the University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The financial planning model has used a series of pessimistic assumptions to demonstrate going concern, inflation increases in relation to Utility costs, staffing cost of living rises, general inflation and increased student attrition. Even on this basis, liquidity levels are forecast to remain strong despite paying the £16 million capital programme from cash reserves.

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

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

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

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

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

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

### **Students**

Liverpool Hope takes pride in providing its students with a distinctive learning experience in this stage of their learning journey. Liverpool Hope offers the best possible student transformational experience enabling staff to get to know students one by one. This is delivered through high quality teaching and pastoral support, learning resources that underpin teaching and learning and a variety of learning spaces. This learning environment challenges and develops the students to enable them to progress on their journey into the workplace or further study.

The University considers it extremely important that effective ways are found to hear the whole students' voice in order to respond to their concerns and build a supportive learning community. A well-functioning Students' Union is a vital part of this endeavour and the University ensures that students are represented in all its major decision-making bodies. <https://www.hope.ac.uk/gateway/students/studentvoice/>

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

### **Employees**

The University has well established frameworks in place to both protect and engage with colleagues through formally agreed policies and procedures for all aspect of the employment life-cycle. These include health and safety, well-being, performance, reward, personal development and training as well as rigorous recruitment, selection and progression procedures. We also have means by which we can communicate with colleagues through different media to ensure that their views are heard and where colleagues can raise any issues of concern.

We continue to build on the resources made available during the pandemic for the physical and mental health of employees for example, all colleagues now have access to the Togetherall email support community. We continue to promote and support colleagues with access to appropriate risk assessments and protocols for their activities and access to external resources via Personnel to occupational health assessment, flu vaccinations, free counselling services and mental health support. This year we have reviewed and changed our occupational health provision and we have a stress survey planned for colleagues. In addition, this year we have run a programme of training to equip a cohort of colleagues with Mental Health First Aider status to support both students and staff who are facing difficulties.

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

Compliance and statutory training via online means is available. There are two new e-modules: Identifying and responding to Student Mental Health Concerns and Cyber Security training. Also, regular induction programmes for new colleagues with support staff providing appropriate training to enable them to make a direct application for Fellowship status from Advance HE. We continue to review our position in line with changing equality and diversity demands and offer Equality and Diversity training through online modules which colleagues can access at a convenient time, whatever their work pattern. Another key area of focus this year is completing our action plan for dealing with Sexual Misconduct (for staff and students). This is an important area for our sector and we are working to ensure that we are promoting culture change and reviewing our relevant policies through this lens as well as providing necessary awareness training for staff across the Campus.

This year the University became a member of the Womens in Higher Education Network (WHEN). WHEN is dedicated to equity of opportunity for women\* in higher education. \*At the WHEN, when we refer to women, we include trans women and non-binary people who are comfortable in a female centred community

We continue to develop our Schools structure around our internal leadership communications framework for colleague engagement and we retain at Senior Management level our robust committee structure and that for joint consultation with our colleagues and partnership unions. Clear and regular management communication cascades remain in place to support our strategic and operational objectives – such as the weekly Hope Bulletin and direct communications from the Vice Chancellor and Deputy Vice Chancellor to encourage the collegial culture and personal collaboration between colleagues.

### **Future Students**

Student recruitment returned to campus in 21/22, it was acknowledged that one of the key selling points of the University is its campus and community and the team worked hard on driving enquirers to visit the campus through Open Days, Taster sessions, Applicant days and campus tours. It was acknowledged that due to travel costs, financial circumstances or distance from the University (such as international students) there may be some that can still not attend, for this reason, one online Open and Applicant day was offered to the widest range of markets were reached.

The recruitment team partnered with Unibuddy, The Student Room and Unifrog to increase awareness of the university through emerging platforms that our target audiences utilise personally and within schools. Unibuddy has been particularly successful and has since been embedded on the university website as an opportunity to ask students a question about the course, university or higher education in general.

In 21/22 Student Recruitment merged with careers and employability to create 'Student Futures' this gave the team a renewed focus on aspiration raising and ensuring careers provision and advice are given to prospective students in order to support their course choice. 21/22 saw an increase in applications (main cycle and clearing) and registrations which are all supported by the full student journey communications strategy.

### **Suppliers**

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

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

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

### **Community Engagement**

Building on the work of the Covid-19 volunteering group, Liverpool Hope University brought together a team of volunteers, the Community Engagement Team whom have continued to develop bringing people, projects and resources together. The work of the team was structured across three main strands, Hope for Staff and Students, Hope for Community and Hope Fundraising and Volunteering. The Community Engagement Team co-ordinates and creates a number of project opportunities, such as PenPal Project, Alder Hey Christmas Toy Appeal and Food Pantry Project.

### **Capital Investment**

During the year approval was given for a £13 million Inquiry Building, a key priority for the University in relation to capital investment was to improve the quality of Learning and Teaching facilities at Hope Park. The University held a design competition to appoint the building designer, Wilson Mason were the chosen designer as they successfully grasped what the University was trying to achieve.

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

The Council is responsible for preparing the Strategic Report, Directors' Report, Statement of Corporate Governance and Statement of Internal Control and the financial statements in accordance with the requirements of the Office for Students' Terms and Conditions of Funding for Higher Education Institutions and Research England's Terms and Conditions of Research England Grant and applicable law and regulations.

Company law requires the Council (the members of which are the Directors of the University company for the purposes of company law) to prepare financial statements for each financial year. Under that law it has elected to prepare the University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Terms and Conditions of Funding further require the financial statements to be prepared in accordance with the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction') and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

Under company law the Council must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the University and of their income and expenditure, gains and losses and changes in reserves, and of the University's cash flows for that period. In preparing the University financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the University or to cease operations, or have no realistic alternative but to do so.

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

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

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

The Council is also responsible for ensuring that:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England) and the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the terms and conditions attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

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

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

1. To approve the educational character, mission and strategic vision of Liverpool Hope University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To delegate authority to the head of the institution, as Vice-Chancellor & Rector, for the academic, corporate, financial, estate and personnel management of the institution, and other responsibilities as detailed in the constitution, and keeping those functions under regular review.
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment and procedures for handling internal grievances and for managing conflicts of interest.
4. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
5. To establish processes to monitor and evaluate the performance and effectiveness of Council itself.
6. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. To safeguard the good name and values of Liverpool Hope University.
8. To appoint the head of the institution as Vice-Chancellor & Rector, and to put in place suitable arrangements for monitoring his/her performance.

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

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

9. To appoint a secretary to Council and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
10. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of Liverpool Hope University, to ensure that proper books of account are kept and resources used properly, effectively and efficiently, and to approve the annual budget and financial statements and have overall responsibility for the University's assets, property and estate.
12. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all of the institution's legal obligations, including those arising from contracts and other legal commitments made in Liverpool Hope University's name.
13. To make such provision as it thinks fit for the general welfare of students, in consultation with senate, and for the operation of the Students' Union under a constitution approved by council.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of Liverpool Hope University.
15. To ensure that Liverpool Hope University's constitution is followed at all times and that appropriate advice is available to enable this to happen.



Revd Canon P Winn

Director and Chair of Council



## Statement of Corporate Governance

This statement of corporate governance explicitly relates to the period 1st August 2021 – 31st July 2022, up to and including the date when the financial statements are approved. The institution endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and with the guidance to institutions of higher education from the Committee of University Chairs in its Guide for Members of HE Governing Bodies in the UK. The University is committed to best practice in all aspects of corporate governance and conducts its business in line with the Office for Students (OfS) general ongoing conditions of registration. The University, through its arrangements for governance, is committed in a demonstrable way to the principles of academic freedom and equality of opportunity.

Liverpool Hope University is an incorporated body whose legal status is that of a company limited by guarantee, a registered charity and a University with taught and research awarding powers. Its objects, powers and framework of governance are set out in the articles of association which were approved by the Privy Council in 1996. The current version of the articles was approved by the Privy Council with effect from 20th April 2005. The articles require Liverpool Hope University to have a governing body and a senate, each with clearly defined functions and responsibilities to oversee and manage its activities. The University Council is the executive governing body, responsible for matters including the finance, property and staffing of the institution. It is specifically required to determine the educational character and mission of the institution and to set its general strategic direction. The governing body has a majority of independent members and the chair is elected from among the independent members. There is also provision for the appointment of co-opted members, and representatives of the academic staff and the student body. No members of University Council receive any reimbursement for the work they do for that body. Subject to the overall responsibility of the governing body, Senate has oversight of the academic affairs of Liverpool Hope University and draws its membership entirely from the staff and the students of the institution, save for 3 Network of Hope College Principals. It is particularly concerned with general issues relating to the learning and teaching and research work of Liverpool Hope University. The Chief Executive Officer (Vice Chancellor and Rector) is the head of Liverpool Hope University and has a general responsibility to the governing body for the organisation, direction and management of the institution. As Chief Executive, the head of the institution exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments, and shaping of the institutional ethos. The University Senior Executive Team all contribute in various ways to these aspects of the work, working in close collaboration with the Vice Chancellor and University Council which has ultimate responsibility for the University's strategic direction, education character and use of resources. Members of University Council make an annual declaration of interests and further declare any interests in relation to matters under discussion at meetings. The University also makes an annual declaration on matters that confirm that they are "fit and proper" as defined under the Framework for the Office for Students. University Council has adopted a Statement of Primary responsibilities reflecting sector guidance. This statement reflects the University Council's understanding of its responsibilities in relation to governance and internal control. In accordance with the articles of association, a secretary to the governing body has been appointed. The Chief Officer for Legal Services, Governance and Risk provides independent advice on matters of governance to all members of University Council. Although the governing body meets four times per year, much of its detailed work is handled by committees, including Finance and General Purposes Committee, Audit Committee, Staffing Committee, Health and Safety Standing Committee, Nominations Committee and a Remuneration Committee. The decisions of the Committees are formally reported to the full University Council by the respective chairs.

Regularity and propriety in the use of public funding is delivered through the overarching governance structure described above. Public funding of research has an additional layer of governance provided through the Research Committee which reports to Senate. The research Committee considers research strategy, policy, funding and scholarly activity. The University governance structure described above facilitates a transparent, adequate and effective system of governance. The structures, policies and processes can be viewed at: <https://www.hope.ac.uk/aboutus/governance/#:~:text=The%20governing%20body%20of%20Liverpool,company%20directors%20and%20charity%20trustees.>

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

### **Audit Committee**

The Audit Committee meets four times per year, with the University's External and Internal Auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control, management responses and implementation plans and regularly reviews the University's progress and risk register. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee is empowered to meet the External and Internal Auditors on their own for independent discussions.

### **Finance and General Purposes**

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

### **Staffing Committee**

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

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

The committee develops and monitors the implementation of the University's Health and Safety Policy, Safety Management System and the associated procedures and codes of practice. It keeps under review the University's compliance with health and safety legislation and monitors trends in accidents and dangerous occurrences.

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

The purpose is to determine and review the salaries, terms and conditions of the Head of the institution and such other members of staff as Council deems appropriate. These two Committees report annually to Council. The Remuneration Committee for Deans Pro Vice Chancellor and Deputy Vice Chancellor comprises the Pro-Chancellor, the Chair of Audit Committee, the Chair of Finance Committee, the Deputy Chair of University Council and the Vice Chancellor. The Committee meets annually to set the salaries of the members of the senior team. The remuneration package of the Vice Chancellor is set by the Remuneration Committee for the Vice-Chancellor, which comprises the Pro-Chancellor, the Chair of Audit Committee and the Chair of Finance Committee. The Vice Chancellor does not attend this meeting. The Remuneration Committee has an established policy of placing the Vice Chancellor's salary within the top decile of heads of institutions that were granted University status in 2005 dependent on satisfactory performance. This recognises his experience as one of the longest serving Vice Chancellor's in the sector and his pivotal role in both the creation of the strategic vision for the University and driving forward its implementation. His performance is monitored and assessed by regular meetings with the Pro-Chancellor and progress against a range of external metrics in areas such as SSRs (Staff Student Ratios), NSS (National Student Survey) performance, student retention, quality of academic staff and financial management. The Council believe that his strategic guidance, experience and continuity of leadership is essential for the University as the HE sector enters a further period of uncertainty.

### **Nominations Committee**

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

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

### **Statement of Internal Control**

This statement of internal control explicitly relates to the period 1<sup>st</sup> August 2021 – 31<sup>st</sup> July 2022, up to and including the date when the financial statements are approved. The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, members of the University Senior Executive Team and other senior managers;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of academic performance and monthly reviews of financial performance involving variance reporting and updates of forecast outturns;

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

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

The Audit Committee receives regular reports from the internal auditor, which include the internal auditor's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement.

- An organisation-wide risk register is operational.
- Reports are received from budget holders and project managers on internal control activities.
- Policies such as the Code of Practice on Whistleblowing, Declarations of Interest, Financial and other Irregularities, including Fraud Policy and an Anti-Bribery Policy have been periodically reviewed and revised.

### **Control Weaknesses Identified**

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

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

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

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

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

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

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

### **Opinion**

We have audited the financial statements of Liverpool Hope University ("the University") for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and related notes, including the Statement of Principal Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2022, and of the University's income and expenditure, gains and losses and changes in reserves, and of the University's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the University in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

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

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

Our conclusions based on this work:

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

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

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

*Identifying and responding to risks of material misstatement due to fraud*

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

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

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because tuition fees are generally based on standard fee rates and are non-variable in nature. We do not believe there to be an incentive or pressure to manipulate this or other income streams that are material as amounts received either typically relate to a single specific financial year or the source transactions are non-complex, involving little judgement.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and, where relevant, other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by users who do not regularly do so and those posted to pension liability codes at year end.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

*Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

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

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

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

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

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

We have reported separately on the University’s use of funds in the section of our audit report dealing with other legal and regulatory requirements.

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

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

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

### **Other information**

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

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

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

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **Council responsibilities**

As explained more fully in their statement set out on page 13, the Council (the members of which are the Directors of the University company for the purposes of company law) is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities**

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

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

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

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

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

We have nothing to report in these respects.

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

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



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

28/11/2022

## Statement of Principal Accounting Policies

### 1. Basis of preparation

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

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

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

### 2. Going Concern

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

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

The Council have prepared cash flow forecasts for a period up to July 2024, the University enters this period in a very strong financial position. After reviewing these forecasts the Council is of the opinion that, taking account of severe but plausible downsides, the University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The financial planning model has used a series of pessimistic assumptions to demonstrate going concern, inflation increases in relation to Utility costs, staffing cost of living rises, general inflation and increased student attrition. Even on this basis, liquidity levels are forecast to remain strong despite paying for £16 million capital programme from cash reserves.

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

### 3. Basis of accounting

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

### 4. Basis of consolidation

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

The financial statements do not include those of Liverpool Hope Students' Union as it is a separate organisation in which the University has no control or significant influence over policy decisions.



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

### 5. Format of the accounts

The directors have taken advantage of the Companies Act 2006 to adapt the format of the accounts to reflect the special nature of the Company's business.

### 6. Recognition of income

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

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

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

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

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

### 7. Retirement benefits

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

#### Defined Contribution Plan

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

#### Defined Benefit Plan

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

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

Retirement benefits for employees of the University are provided by defined benefit schemes, which are funded by contributions from the University and its employees.

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

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

Pension Scheme. Contributions to the scheme are charged to the comprehensive statement of income so as to spread the cost of pensions over employee's working lives with the University in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. Variations from regular costs are spread over the expected average remaining lifetime of members of the schemes after making allowances for further withdrawals. The contributions are determined by qualified actuaries.

### IFRIC 14: limit on Defined Benefit Asset

The standard limits the measurement of the defined benefit asset to the present value of economic benefits available in the form of refunds from the plan or a reduction in future contributions to the plan.

For both LGPS schemes the University has set a limit of 50 employees to determine the long-term viability of the scheme. If the scheme falls below 50 members we recognise a 'short term' approach and calculate the present value of future projected service costs over the term determined by the difference between the average employee age and the normal retirement age. If the scheme remains above 50 members we recognise a 'perpetuity' approach and calculate the projected service costs in perpetuity.

### Merseyside Pension Fund

There are 5 members in the pension scheme with an average age of 57, although the scheme is 'open' the University does not necessarily encourage new employees to opt into MPF as the preferred pension fund. Three of the members to MPF have been transferred in rather than opted to join. For calculation purposes we have assumed the employees will retire at the age of 67 and therefore calculations this year are based on 10 years (average age (57) to retirement age (67)).

### Greater Manchester Pension Fund

GMPPF is the preferred pension fund for support staff, new employees joining the University pension fund are automatically included within GMPPF. Contained within the actuary report confirms the active members in the fund is 328 (at 31<sup>st</sup> March 2019), the University calculates (at the end of July 2022) 335 active members which demonstrates growth and continuing membership. For calculation purposes we have assumed this fund will continue in perpetuity.

## 8. Employment benefits

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

## 9. Maintenance of premises

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

## 10. Operating Leases

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

## 11. Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

The calculation of the cost of early retirement provisions charged to the statement of comprehensive income in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 2.5% in excess of price inflation.

An amount is included in provisions for liabilities and charges representing the extent to which the capital cost charged exceeds actual payments made. The provision will be released against the cost to the University of enhanced pension entitlements over the estimated life expectancy of each relevant employee. (See note 23).

### 12. Fixed assets

In 1980 the two former colleges, St. Katharine's and Christ's and Notre Dame, entered into a Deed of Adherence with the Liverpool Institute of Higher Education under which they provided their respective properties to the Institute. These were superseded in 1998 by similar Deeds of Arrangement of Membership with Liverpool Hope.

St. Katharine's College (Warrington Training College Incorporated), was granted a 99 year lease in 1963 from the Central Board of Finance of the Church of England for the properties provided to the Institute under the Deed of Adherence. The lease is renewable upon request for a second and final 99 years from 2062.

Christ's and Notre Dame College property is owned by the Trustees of Christ's and Notre Dame College. Under the Deed of Adherence the property of the College was made available for the use of the Institute. These buildings have been included on the balance sheet since 2004/05 to reflect the fact that the University carries the majority of the benefits and liabilities of the buildings.

Under the terms of the Deed of Adherence neither College shall withdraw from Liverpool Hope without the agreement of the remaining College and the consent of the Secretary of State for Education.

Subject to the appropriate agreements, written notice must be given at least five years prior to any withdrawal and, in the first instance, may only be given to expire no earlier than 31<sup>st</sup> August 2023.

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

Fixed assets land and buildings were subject to a full revaluation as at 31<sup>st</sup> July 2014 under a policy of periodic reappraisal at least every five years. The revaluation was undertaken by Eddisons, a firm of chartered surveyors and the basis of valuation has varied depending upon the nature of the property. The majority of properties were valued on a depreciated replacement cost basis, others such as St Michaels & St Julies at Aigburth and Gerard Manley Hopkins at Everton at market value. The accounting policy hitherto had been to revalue all land and buildings within a class of revalued assets

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

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

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. During the year a partial demolition of the lecture theatre complex is considered an indication of impairment and an accelerated depreciation charge will be included. An annual impairment review is also carried out annually across the Estate.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31<sup>st</sup> July. They are not depreciated until they are brought into use.

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

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

Equipment costing less than £10,000 per individual item or group of related items constituting a single suite of equipment is written off to the statement of comprehensive income in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated over their useful economic lives as follows, and a full year's depreciation is charged in the year of acquisition or transfer:

Land & Buildings	
Buildings existing at 31 <sup>st</sup> July 2014	As estimated*
New buildings	50 years
Building refurbishments (greater than £20,000)	10-30 years
Vehicles	
Motor vehicles	5 years
Equipment	
Computer equipment	5 years
Furniture & fittings	10 years

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

### 13. Taxation Status

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

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

### 14. Bursaries and Scholarships

The University provides bursaries and scholarships to students from its own revenue funds. These bursaries and scholarships are shown in the statement of comprehensive income, as expenditure, and not deducted from income. The University also distributes bursaries on behalf of the National College for Teaching and Leadership. The University only acts as agent and has no interest in these funds. As such, these transactions are not recognised in the statement of comprehensive income.

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

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash Equivalents are short term highly liquid investments that are readily convertible to known amounts of cash

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

with insignificant risk of change in value. They include term deposits, government securities and loan stock held as part of the University's Treasury Management activities and policies.

### 16. Finance Leases

Fixed assets held under hire purchase agreements and the related hire purchase obligations are recorded in the balance sheet and these assets are depreciated over their useful life.

On 31<sup>st</sup> March 2011 the University acquired the remaining lease on Gerard Manley Hopkins Hall, a 188 bed student accommodation block at their Everton campus. The remainder of the lease was acquired for a premium of £625,000 payable to the former lease holder, also requiring the payment of an annual rent payable to the lessor, at time of acquisition, of £376,494 (currently £504,156) with inflationary increases every 5 years until the termination of the lease in November 2038. At the end of the term the University has the option to buy the freehold for 25% of market value and this outcome has been treated in the accounts as a foregone conclusion. Taking all aspects of the lease into account the University is accounting for it as a hire purchase, at the rate of interest implicit in the minimum lease payments (including the payment to acquire the freehold at the end of the term), and therefore including the asset at open market value of the property (£6,261,151 adjusting for dilapidations) at 31<sup>st</sup> March 2011.

### 17. Accounting Estimates and Judgements

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

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

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

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

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

### 18. Financial Instruments

The University's principal financial instruments are cash, investments and loans. The core objective of these instruments is to meet the financing needs of the University's operations. The fair value of each category of University's financial instruments are the same as their carrying value in the statement of financial position. The University has adopted to apply the provisions of both Section 11 and Section 12 of FRS102 in full.

**Statement of Comprehensive Income**  
*Year ended 31<sup>st</sup> July 2022*

	<i>Note</i>	<b>2022</b> £	<b>2021</b> £
<b>Income</b>			
Funding council grants	<i>1</i>	<b>3,908,549</b>	3,888,131
Tuition fees and short course fees	<i>2</i>	<b>47,472,256</b>	46,963,264
Research grants and contracts	<i>3</i>	<b>102,970</b>	264,708
Other operating income	<i>4</i>	<b>6,511,686</b>	3,814,087
Investment income	<i>5</i>	<b>123,510</b>	82,279
		<hr/>	<hr/>
<b>Total Income</b>		<b>58,118,971</b>	55,012,469
		<hr/>	<hr/>
<b>Expenditure</b>			
Staff costs	<i>7</i>	<b>35,964,320</b>	33,081,660
Other operating expenses	<i>8</i>	<b>12,224,571</b>	10,391,907
Depreciation	<i>12</i>	<b>4,823,148</b>	4,270,795
Interest and other finance costs	<i>9</i>	<b>1,233,803</b>	1,238,927
		<hr/>	<hr/>
<b>Total expenditure</b>	<i>11</i>	<b>54,245,842</b>	48,983,289
		<hr/>	<hr/>
<b>Operating surplus</b>		<b>3,873,129</b>	6,029,180
		<hr/>	<hr/>
<b>Actuarial gain in respect of pension scheme</b>		<b>37,696,927</b>	1,447,432
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>41,570,056</b>	7,476,612
		<hr/>	<hr/>
<b>Represented by:</b>			
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		<b>41,570,056</b>	7,476,612
		<hr/>	<hr/>
		<b>41,570,056</b>	7,476,612
		<hr/>	<hr/>

## Statement of Changes in Reserves

*Year ended 31<sup>st</sup> July 2022*

	Unrestricted Reserve £	Revaluation Reserve £	Total £
Balance at 1 August 2021	77,257,393	31,603,572	108,860,965
Operating surplus	3,873,129	-	3,873,129
Actuarial gain in respect of pension scheme	37,696,927	-	37,696,927
Transfers	1,112,436	(1,112,436)	-
<b>Balance at 31 July 2022</b>	<b>119,939,885</b>	<b>30,491,136</b>	<b>150,431,021</b>

## Statement of Changes in Reserves

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

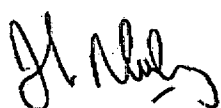
	Unrestricted Reserve £	Revaluation Reserve £	Total £
Balance at 1 August 2020	68,887,461	32,496,892	101,384,353
Operating surplus	6,029,180	-	6,029,180
Actuarial loss in respect of pension scheme	1,447,432	-	1,447,432
Transfers	893,320	(893,320)	-
<b>Balance at 31 July 2021</b>	<b>77,257,393</b>	<b>31,603,572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

## Statement of Financial Position

As at 31<sup>st</sup> July 2022

	Note	2022 £	2021 £
<b>Non-current assets</b>			
Tangible assets	12	123,699,548	121,604,372
Pension asset	24	2,862,000	0
		<u>126,561,548</u>	<u>121,604,372</u>
<b>Current assets</b>			
Debtors	13	1,918,092	1,713,416
Cash at bank and in hand		16,269,234	25,048,436
Investments	14	22,750,000	9,500,000
		<u>40,937,326</u>	<u>36,261,852</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(6,446,740)</u>	<u>(6,793,263)</u>
<b>Net current assets</b>		<u>34,490,586</u>	<u>29,468,589</u>
<b>Total assets less current liabilities</b>		<u>161,052,134</u>	<u>151,072,961</u>
<b>Creditors: amounts falling due after more than one year</b>	16	<u>(9,420,395)</u>	<u>(10,087,302)</u>
<b>Provisions for liabilities and charges</b>	23	<u>(1,200,718)</u>	<u>(766,694)</u>
<b>Net assets excluding pension liability</b>		<u>150,431,021</u>	<u>140,218,965</u>
<b>Pension liability</b>	24	<u>0</u>	<u>(31,358,000)</u>
<b>Total net assets</b>		<u>150,431,021</u>	<u>108,860,965</u>
<b>Unrestricted Reserves:</b>			
Income and expenditure reserve		119,939,885	77,257,393
Revaluation reserve		30,491,136	31,603,572
<b>Total funds</b>		<u>150,431,021</u>	<u>108,860,965</u>

The financial statements on pages 29 to 49 were approved by the University Council on 23rd November 2022, and signed on its behalf by:



Mr J Norbury  
Chair of Finance & General  
Purposes Committee



Revd Cannon P Winn  
Chair of University Council



Professor G. Pillay  
Rector & Vice Chancellor



**Statement of Cash Flows**  
*Year ended 31<sup>st</sup> July 2022*

	2022 £	2021 £
<b>Cash flow from operating activities</b>		
Surplus for the year	3,873,129	6,029,180
<b>Adjustment for non-cash items</b>		
Depreciation	4,823,148	4,270,795
Investment income	(123,510)	(82,279)
Interest payable	1,233,803	1,238,927
(Increase)/Decrease in Debtors	(204,676)	257,698
Increase/(Decrease) in Creditors	244,576	1,609,435
Increase/(Decrease) in Provisions	(14,516)	(18,922)
Pension costs	3,392,000	2,530,000
<b>Adjustment for investing or financing activities</b>		
Capital grants utilised in year	(1,694,414)	(410,536)
<b>Net cash inflow from operating activities</b>	<b>11,529,540</b>	<b>15,424,298</b>
<b>Cash flows from investing activities</b>		
Capital grants received	1,694,414	410,536
Payments to acquire fixed assets	(6,918,324)	(3,740,014)
New Deposits	(13,250,000)	6,500,000
	<b>(18,473,910)</b>	<b>3,170,522</b>
<b>Cash flows from financing activities</b>		
Other interest received	123,510	82,279
Interest paid	(700,336)	(796,785)
Repayments of borrowed amounts	(1,258,006)	(530,575)
	<b>(1,834,832)</b>	<b>(1,245,081)</b>
<b>(Decrease)/Increase in cash</b>	<b>(8,779,202)</b>	<b>17,349,739</b>

## Notes (forming part of the financial statements)

### 1 Funding council grants

	2022 £	2021 £
Recurrent Grant - OfS	2,198,285	1,679,740
<b>Specific</b>		
Engineering and Physical Sciences Research Council - EPSRC	1,075,702	1,184,647
Higher Education Innovation Fund	419,064	548,846
OfS Hardship Fund	-	330,637
OfS Covid Test Centre	-	111,503
EPSRC Special initiatives	184,128	-
Capital Grants	31,370	32,758
	<u>3,908,549</u>	<u>3,888,131</u>

### 2 Tuition fees and short course fees

	2022 £	2021 £
Full-time students	41,344,846	42,074,970
Full-time students charged overseas fees	2,414,032	2,159,945
Part-time students	376,625	530,203
	<u>44,135,503</u>	<u>44,765,118</u>
Total fees paid by or on behalf of individual students	44,135,503	44,765,118
Short course fees	3,336,753	2,198,146
	<u>47,472,256</u>	<u>46,963,264</u>

### 3 Research grants and contracts

	2022 £	2021 £
Research councils	-	9,828
Research charities	44,860	39,244
Industry and commerce	34,600	205,876
Other	23,510	9,760
	<u>102,970</u>	<u>264,708</u>

### 4 Other operating income

	2022 £	2021 £
Residences, catering and conferences	5,099,707	3,153,735
Other income	528,935	660,352
Capital Grants – Equipment (Salix)	883,044	-
	<u>6,511,686</u>	<u>3,814,087</u>

Note: Salix grant was used for capital expenditure

## Notes (continued)

### 5 Investment income

	2022	2021
	£	£
Interest receivable	123,510	82,279

### 6 Grant and fee income

	2022	2021
	£	£
Grant income from the OfS	2,198,285	2,121,880
Grant income from other bodies	1,710,264	1,766,251
Fee income for taught awards (exclusive of VAT)	45,080,714	45,873,963
Fee income for research awards (exclusive of VAT)	103,394	243,291
Total	49,092,657	50,005,385

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

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

	2022	2021
	£	£
Wages and salaries	25,019,576	23,513,565
Social security costs	2,560,754	2,340,872
Other pension costs	5,081,193	4,763,519
FRS102 staff pension adjustments	3,302,797	2,463,704
	35,964,320	33,081,660

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

	2022	2021
	Number FTE	Number FTE
Academic	317	289
Administrative and technical	225	230
Manual and ancillary	96	97
	638	616

## Notes (continued)

Emoluments of the Vice-chancellor & Rector	2022 £	2021 £
Salary	304,286	300,158
Benefits (Company Car)	6,618	6,618
Pension	72,055	71,077
Total	<u>382,959</u>	<u>377,853</u>

The emoluments of the Vice-chancellor & Rector are shown on the same basis as for higher paid staff (excluding employer's social security contributions). The University's pension contributions to the Teachers Pension Scheme are paid on behalf of the Vice-Chancellor & Rector at the same rate as for other academic staff (23.68%).

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

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

All payments to directors are in respect of services as members of staff and relate to the period of office. Where appropriate these emoluments are also included in the bands for higher paid staff.

Basic Salary Ratio (Based on a median pay rate of £36,358): 8.37 times (2021: £35,034; 8.57 times)

Total Remuneration Ratio (Based on a median pay rate of £43,691): 8.77 times (2021: £42,913; 8.81 times)

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

	2022 Number	2021 Number
£100,000 - £104,999	3	3
£125,000 - £129,000	1	-
£130,000 - £134,999	1	1
£135,000 - £139,999	-	1
£140,000 - £144,999	1	-
£150,000 - £154,999	-	1
£305,000 - £309,999	-	1
£310,000 - £314,999	1	-
	<u>7</u>	<u>7</u>

### Key Management Personnel

2022 £	2021 £
<u>1,319,103</u>	<u>1,315,098</u>

## Notes (continued)

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

**Severance Payments** - Payments were made to 5 individual members of staff equating to £46,954.

### 8 Other operating expenses

	2022 £	2021 £
Residences, catering and conference operating expenses	490,731	159,011
Teaching departments	2,418,003	1,946,247
Books and periodicals	550,247	592,221
Heat, light, water and power	1,697,104	1,279,230
Repairs and general maintenance	1,440,337	1,563,506
Grants to Liverpool Hope Students' Union	252,150	252,150
External auditors' remuneration	108,440	109,675
Other support services	743,877	521,438
Administration and central services	3,135,535	2,725,402
Other income generating activities	163,739	63,062
Other operating expenses	1,223,969	1,179,965
Reimbursement of Trustees' expenses	439	-
	<u>12,224,571</u>	<u>10,391,907</u>

In 2021/22 the expenses related to travel amounted to £439.

	2022 £	2021 £
External auditors' remuneration in respect of audit services	100,940	103,850
Audit related assurance services	7,500	5,825
	<u>108,440</u>	<u>109,675</u>

### 9 Interest and other finance costs

	2022 £	2021 £
Interest payable on bank loans not wholly repayable within five years	165,526	265,071
Pension fund interest payable	533,467	442,142
Interest payable on finance lease	534,810	531,714
	<u>1,233,803</u>	<u>1,238,927</u>

## Notes (continued)

### 10 Access and Participation

	2022	2021
	£	£
Access Investment	438,240	423,200
Financial Support	309,246	557,192
Disability Support	512,511	548,026
Research and Evaluation	-	-
	<u>1,259,997</u>	<u>1,528,418</u>

As a small institution, the access and participation activities are embedded within the operations of the University and cannot be easily identified as stand-alone costs for the target student population. For some of the categories of expenditure these are subjective in nature therefore, the total costs are used and then a percentage of these costs shown as countable expenditure: 42% for Access Investment as 40%- 45% of the student population qualify for APP, Financial Support includes 85% of Learning Support Fund, Disability Support cost is uplifted by 25% for overheads.

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

### 11 Analysis of expenditure

	Staff costs	Depreciation	Interest payable	Other operating expenses	Total
	£	£	£	£	£
Academic departments	20,867,894	-	-	2,418,003	23,285,897
Academic support services	1,746,349	-	-	1,270,553	3,016,902
Other support services	1,946,278	-	-	996,027	2,942,305
Administration and central services	3,977,413	-	-	3,243,975	7,221,388
General education expenditure	-	-	-	64,472	64,472
Premises	2,748,847	-	-	3,577,071	6,325,918
Other income generating activities	332,275	-	-	163,739	496,014
Residences, catering and conferences	1,042,468	-	-	490,731	1,533,199
Depreciation	-	4,823,148	-	-	4,823,148
Interest payable	-	-	1,233,803	-	1,233,803
FRS 102 Pension Costs Adjustment	3,302,796	-	-	-	3,302,796
Total per Statement of Comprehensive Income	<u>35,964,320</u>	<u>4,823,148</u>	<u>1,233,803</u>	<u>12,224,571</u>	<u>54,245,842</u>

## Notes (continued)

<b>12 Fixed Assets</b>	<b>Assets in the course of construction</b>	<b>Land and Buildings</b>	<b>Equipment</b>	<b>Vehicles</b>	<b>Total</b>
	£	£	£	£	£
<b>Deemed cost</b>					
At 1 August 2021	1,884,849	140,109,399	10,741,680	156,050	152,891,978
Additions at cost	4,620,282	893,114	1,360,225	44,703	6,918,324
Disposals at cost	-	-	-	(21,292)	(21,292)
Transfers	(5,435,396)	5,306,408	128,988	-	-
	<u>1,069,735</u>	<u>146,308,921</u>	<u>12,230,893</u>	<u>179,461</u>	<u>159,789,010</u>
<b>Depreciation</b>					
At 1 August 2021	-	22,878,228	8,284,084	125,294	31,287,606
Eliminated on disposals	-	-	-	(21,292)	(21,292)
Charge for the year	-	4,129,849	668,980	24,319	4,823,148
	<u>-</u>	<u>27,008,077</u>	<u>8,953,064</u>	<u>128,321</u>	<u>36,089,462</u>
<b>Net book value</b>					
At 31 July 2021	1,884,849	117,231,171	2,457,596	30,756	121,604,372
	<u>1,069,735</u>	<u>119,300,844</u>	<u>3,277,829</u>	<u>51,140</u>	<u>123,699,548</u>

Included is £6,154,875 which relates to Gerard Manley Hopkins Hall, acquired at an imputed cost of £6,261,151 in March 2011. The substantive nature of the acquisition was that of a hire purchase arrangement with rental payments due for 27½ years from the date of acquisition. The property is being depreciated over its remaining useful economic life of 42 years.

Fixed assets include £8,266,000 in relation to land. The land has not been depreciated in the accounts.

## 13 Debtors

	<b>2022</b>	<b>2021</b>
	£	£
<b>Amounts falling due within one year</b>		
Trade debtors	1,262,959	1,095,800
Sundry debtors	17,787	23,816
Prepayments and accrued income	637,346	593,800
	<u>1,918,092</u>	<u>1,713,416</u>

## Notes (continued)

### 14 Investments

	2022 £	2021 £
Deposits maturing in one year or less		
	22,750,000	9,500,000

There are 3 deposits on 6 month fixed rate terms £10,000,000 with Barclays, £10,000,000 with HSBC and £2,750,000 with Santander.

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

	2022 £	2021 £
Loans	331,697	892,143
Trade creditors	765,167	1,036,772
Social security and other taxation payable	1,302,732	1,193,268
Accruals and deferred income	4,047,144	3,671,080
	6,446,740	6,793,263

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

	2022 £	2021 £
Loans secured on residential and other property repayable by 2030	3,198,050	3,895,610
Obligations under hire purchase agreement	6,222,345	6,191,692
	9,420,395	10,087,302

Analysis of secured and unsecured loans:	2022 £	2021 £
<b>Due within one year or on demand (Note 15)</b>	331,697	892,143
Due between one and two years	352,662	384,591
Due between two and five years	1,184,356	1,278,398
Due in five years or more	1,661,032	2,232,622
<b>Debt due after more than one year</b>	3,198,050	3,895,611
<b>Total secured and unsecured loans</b>	3,529,747	4,787,754



## Notes (continued)

<i>Interest/terms on loans</i>	<b>Original Value £</b>	<b>Interest rate %</b>	<b>Basis</b>	<b>Number of years remaining</b>
Student accommodation	8,300,000	5.72 1.10	£7m Fixed £1.3m Variable	8

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

### 17 Lease Obligations

Total payable under hire purchase agreement	<b>2022 £</b>	<b>2021 £</b>
Later than 1 year and not later than 5 years	<b>163,326</b>	74,101
Later than 5 years	<b>6,059,019</b>	6,117,591
	<hr/>	<hr/>
Total payment due	<b>6,222,345</b>	6,191,692
	<hr/>	<hr/>

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

	<b>2021 £</b>	<b>Cash flows £</b>	<b>2022 £</b>
Cash at bank	25,048,436	(8,779,202)	16,269,234

### 19 Capital and other commitments

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

	<b>2022 £</b>	<b>2021 £</b>
Capital commitments	<b>12,676,279</b>	2,895,357
	<hr/>	<hr/>

### 20 Training bursary payments

	<b>2022 £</b>	<b>2021 £</b>
Grant paid by National College for Teaching and Leadership (NCTL)	<b>1,566,700</b>	4,858,900
Payments to trainees	<b>(1,538,300)</b>	(4,848,000)
	<hr/>	<hr/>
Grant due to NCTL at end of year	<b>28,400</b>	10,900
	<hr/>	<hr/>

During the year the University administered the Training Bursary Scheme for PGCE students. The University acts only as paying agent. The grants and related disbursements are therefore excluded from the statement of comprehensive income.

## Notes (continued)

### 21 Related party disclosures

Due to the nature of the University's operations and the composition of the University Council (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a Member of the Board may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. Council members declare their interests and the University updates the register of interests annually.

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

	Income £	Expenditure £
<b>Rev Peter Winn</b>		
Chair of Governing Body, St Margaret's Church of England Primary School	-	1,775
<b>Fr Christopher McCoy</b>		
Governor, Holy Spirit Primary School	-	1,665
<b>Ms Lesley Martin-Wright</b>		
Company Secretary, Knowsley Chamber of Industry & Commerce	-	681
<b>Dr Penny Haughan</b>		
Chair of Governors, Locking Stumps Community Primary School	13,250	-

The nature of expenditure transactions relates to payments to schools on behalf of students, secondment agreements for primary teaching staff and a subscription. All payments were made during the financial year 2021/22 and there were no debtors or creditors at the year end.

### 22 Connected Charitable Institutions

The University is connected to one charitable institution, Liverpool Hope Carter Preston Foundation which was set up in its current state in April 2012. The University appoints two of the trustees. The Foundation has no income or expenditure. The net book value of Heritage assets on the Statement of Financial Position were £305,270 and the Foundation has £121,396 in its current account as at 31 July 2021.

### 23 Provisions for liabilities and charges

	Obligation to fund deficit on USS pension £	Pension enhancement on termination £	Total pension provision £
At 1 <sup>st</sup> August 2021	657,575	109,119	766,694
Movement in year	(32,966)	(14,516)	(47,482)
Interest cost	5,721	1,746	7,467
Actuarial loss	494,398	(20,359)	474,039
	<u>1,124,728</u>	<u>75,990</u>	<u>1,200,718</u>

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

## Notes (continued)

	2022	2021
Discount Rate	3.31%	0.87%
Salary Growth	4.60%	2.86%

Following the conclusion of the 2020 valuation and subsequent negotiations the agreed contribution rates are in force from 1 April 2022.

### 24 Pension and similar obligations

The University's employees belong to three principal pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, the Greater Manchester Pension Fund (GMPF) and the Merseyside Pension Fund (MPF) for non-academic staff. The total pension cost for the period was £5,006,506 (2021: £4,838,812).

	2022 £	2021 £
As at 1 August	31,358,000	29,888,000
(Decrease)/Increase in liability	(34,220,000)	1,470,000
As at 31 <sup>st</sup> July	(2,862,000)	31,358,000
The University's pension (asset)/ liability is analysed as follows:	£	£
Greater Manchester Pension Fund	(2,520,000)	31,188,000
Merseyside Pension Fund	(342,000)	170,000
	(2,862,000)	31,358,000

The GMPF surplus of £2,520k can be fully recognised as the present value of projected services costs is more than the surplus, in particular as the fund is open to new members and can therefore be valued in perpetuity. The MPF can only be recognised to the present value of the projected future service rates. The University has calculated this using an assumption that the annual future service rate remains constant each year for a period from the current average age of active members until an expected retirement age of 67. This results in a recognisable surplus of £342k.

#### Teachers' Pension Scheme (TPS)

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

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

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

## Notes (continued)

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

### Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 23.68% of pensionable pay;
- total scheme liabilities for service to the effective date of £218.1 billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22 billion
- an employer cost cap of 10.9% of pensionable pay.

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

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

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

### Scheme Changes

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

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

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

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

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

### Greater Manchester Pension Fund (GMPF)

The GMPF is a funded defined benefit scheme, with the assets held in a separate trustee administered fund. The total contribution made for the year ended 31 July 2022 was £2,286,000 of which employer's contributions totalled £1,694,000 and employee's contributions totalled £592,000. The agreed contribution rates for future years are 19.1% for employers and ranges between 5.5% to 12.5% for employees, dependent on salary.

## Notes (continued)

There has been a change in approach in allowing for inflation experience at 31 July 2022 to make allowance for the exceptionally high inflation over the period since September 2021. The DBO at 31 July 2022 includes allowance for emerging inflation experience up to July 2022, which has increased the DBO at 31 July 2022 by £3,409k. A loss of £3,409k has been recognised due to the high levels of inflation experienced over the period from September 2021 (the reference month for the April 2022 pension increase) to July 2022, in comparison with that assumed at the start of the period.

The following information is based upon a full actuarial valuation of the fund as 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

	2022	2021	2020
Rate of increase in salaries	3.45%	3.55%	2.90%
Rate of increase in pensions in payment/inflation	2.70%	2.80%	2.10%
Discount rate for liabilities	3.50%	1.60%	1.40%
Commutation of pension to lump sums	55.00%	55.00%	55.00%

The mortality assumptions as at 31 July 2022 include sufficient allowance for future improvements in mortality rates but does not include the potential effects of Covid-19 this is mainly because there remains uncertainty of the Covid-19 impact on long term mortality rates for pension scheme members. This will be monitored in future periods and will be updated as appropriate. The assumed life expectancies are based on age 45 for future pensioners and aged 65 for current pensioners as per the triennial valuation.

	At 31 July 2022	At 31 July 2021	At 31 July 2020
Retiring today			
Males	20.30	20.50	20.50
Females	23.20	23.30	23.10
Retiring in 20 years			
Males	21.60	21.90	22.00
Females	25.10	25.30	25.00

The sensitivities regarding the principal assumptions used to measure the scheme obligations are:

Change in assumptions at 31 July 2022	Approximate %Increase To DBO	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	1,424
1 year increase in member life expectancy	4%	2,595
0.1% increase in the Salary Increase Rate	0%	135
0.1% increase in the Pension Increase Rate (CPI)	2%	1,296

The University's share of assets in the scheme (which is estimated at 0.2% of total scheme assets) and the estimated rates of return (are based on actual returns to 30<sup>th</sup> June 2022 and adjusted to calculate the estimated returns as at 31<sup>st</sup> July 2022) were:

	Value at 31 July 22 £000	Value at 31 July 21 £000	Value at 31 July 20 £000
Equities	48,152	45,290	35,549
Bonds	10,622	9,705	9,020
Property	6,373	4,529	3,714
Cash	5,665	5,176	4,775
Share of total market value of assets	70,812	64,700	53,058
Present value of scheme liabilities			
- Funded	(68,268)	(95,861)	(81,947)
- Unfunded	(24)	(27)	(28)
Surplus/(Deficit) in the scheme	2,520	(31,188)	(28,917)

## Notes (continued)

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

	2022 £000	2021 £000	2020 £000
Current service cost	(4,975)	(4,158)	(3,859)
Past service cost (including curtailments)	(50)	0	294
Total service cost	<u>(5,025)</u>	<u>(4,158)</u>	<u>(3,565)</u>

### Analysis of pension finance income

	2022 £000	2021 £000	2020 £000
Interest income on plan assets	1,042	749	1,163
Interest cost on defined benefit obligation	(1,567)	(1,171)	(1,562)
Total net interest	<u>(525)</u>	<u>(422)</u>	<u>(399)</u>

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

<u>(5,550)</u>	<u>(4,580)</u>	<u>(3,964)</u>
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### Movement in deficit during year

	2022 £000	2021 £000
Surplus/(Deficit) in scheme	(31,188)	(28,917)
Movement in year:		
Current service charge	(4,975)	(4,158)
Past service charge (including curtailments)	(50)	0
Net interest/return on assets	(525)	(422)
Contributions	1,694	1,672
Remeasurements recognised in the statement of comprehensive income	37,564	637
Surplus/(Deficit) in the scheme at end of year	<u>2,520</u>	<u>(31,188)</u>

### History of experience gains or losses

	2022 £	2021 £	2020 £	2019 £	2018 £
Return on assets excluding amounts included in net interest	4,134	9,903	(3,826)	1,528	2,737
Value of Assets	70,812	64,700	53,058	54,800	50,707
% of scheme assets	5.84%	15.31%	(7.21%)	2.79%	5.4%
Experience gains and losses on scheme liabilities	(33,430)	9,266	4,295	7,143	(2,783)
Total present value of liabilities	(68,292)	(95,888)	(81,975)	(72,680)	(60,686)
% of Total present value of scheme liabilities	48.95%	(9.66%)	(6.01%)	(9.83%)	4.59%
Actuarial gain/(loss) recognised in statement of comprehensive income	37,564	637	(8,751)	(5,615)	5,520
% of the present value of liabilities	(55.00%)	(0.66%)	10.68%	7.73%	(9.01%)

## Notes (continued)

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

### Merseyside Pension Fund (MPF)

The MPF is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2022 was £12,000 of which employer's contributions totalled £2,000 and employees' contributions totalled £10,000. The agreed contribution rates for future years are 56.2% for employers and ranges between 5.5% to 12.5% for employees, dependent on salary.

The following information is based upon a full actuarial valuation of the fund as at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

	2022 £000	2021 £000	2020 £000
Rate of increase in salaries	4.20%	4.10%	3.80%
Rate of increase in pensions in payment/inflation	2.80%	2.70%	2.40%
Discount rate for liabilities	3.40%	1.60%	1.50%
Commutation of pension to lump sum	50.00%	50.00%	50.00%

The mortality assumptions as at 31 July 2022 include sufficient allowance for future improvements in mortality rates but does not include the potential effects of Covid-19 this is mainly because there remains uncertainty of the Covid-19 impact on long term mortality rates for pension scheme members. This will be monitored in future periods and will be updated as appropriate. The assumed life expectancies are based on age 45 for future pensioners and aged 65 for current pensioners as per the triennial valuation.

	At 31 July 2022	At 31 July 2021	At 31 July 2020
Retiring today			
Males	20.90	21.00	20.90
Females	24.00	24.10	24.00
Retiring in 20 years			
Males	22.40	22.60	22.50
Females	25.90	26.00	25.90

The University's share of assets in the scheme (which is estimated at 0.2% of total scheme assets) and the estimated rates of return (are based on actual returns to 30<sup>th</sup> June 2022 and adjusted to calculate the estimated returns as at 31<sup>st</sup> July 2022) were:

	Value at 31 July 22 £000	Value at 31 July 21 £000	Value at 31 July 20 £000
Equities	3,020	3,417	2,918
Bonds – government	1,772	226	264
Bonds – other	661	1,894	1,657
Property	670	629	542
Cash & other	2,042	1,894	1,950
IFRIC14 surplus adjustment	(896)	-	-
Total market value of assets	7,269	8,060	7,331
Present value of scheme liabilities			
- Funded	(6,923)	(8,224)	(8,294)
- Unfunded	(4)	(6)	(8)
	342	(170)	(971)

## Notes (continued)

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

	2022	2021	2020
	£000	£000	£000
Employer service cost (net of employee contributions)	(62)	(45)	(42)
Past service cost	0	0	(54)
	<u>(62)</u>	<u>(45)</u>	<u>(96)</u>
Total operating credit/(charge)	<u>(62)</u>	<u>(45)</u>	<u>(96)</u>

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

	2022	2021	2020
	£000	£000	£000
Interest on plan assets	127	108	147
Interest on pension scheme liabilities	(128)	(122)	(171)
	<u>(1)</u>	<u>(14)</u>	<u>(24)</u>
Pension finance costs	<u>(1)</u>	<u>(14)</u>	<u>(24)</u>
	2022	2021	2020
	£000	£000	£000
Actual return on plan assets	244	914	(82)
Experience gains and losses arising on the scheme liabilities	(465)	152	356
Change in financial and demographic assumptions underlying the scheme liabilities	1,691	(207)	(14)
IFRIC14 surplus adjustment	(896)		
	<u>574</u>	<u>859</u>	<u>260</u>
Total remeasurement included within statement of comprehensive income	<u>574</u>	<u>859</u>	<u>260</u>

### Movement in deficit during year

	2022	2021	2020
	£000	£000	£000
Deficit in scheme at beginning of year	(170)	(971)	(1,227)
Movement in year:			
Current service charge	(62)	(45)	(42)
Contributions	2	2	117
Past service costs	0	0	(54)
Administration costs	(1)	(1)	(1)
Settlements and Curtailments	-	-	-
Net interest/return on assets	(1)	(14)	(24)
Actuarial gain	1,470	859	260
IFRIC14 surplus adjustment	(896)		
	<u>342</u>	<u>(170)</u>	<u>(971)</u>
Surplus/(Deficit) in scheme at end of year	<u>342</u>	<u>(170)</u>	<u>(971)</u>



## Notes (continued)

### History of experience gains or losses

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Return on assets excluding amounts included in net interest	244	914	(82)	229	298
Value of assets	7,269	8,060	7,331	7,444	7,155
% of scheme assets	3.36%	11.34%	(1.12%)	3.08%	4.16%
Experience gains and losses on scheme liabilities	(1,226)	55	(342)	1,010	(228)
Total present value of liabilities	(6,927)	(8,230)	(8,302)	(8,671)	(7,686)
% of Total present value of scheme liabilities	17.7%	(0.67%)	4.12%	(11.65%)	2.97%
Actuarial gain/(loss) recognised in statement of comprehensive income	574	859	260	781	526
% of the present value of liabilities	(8.29%)	(10.44%)	(3.13%)	9.01%	(6.84%)

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross defined benefit obligations and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

## 25 Financial Instruments

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

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

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

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

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

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

**Notes (continued)**

<b>Financial Assets</b>	<b>2022</b>	<b>2021</b>
Investments	22,750,000	9,500,000
Trade & Other Receivables	1,276,296	1,119,617
Cash & Cash Equivalents	16,269,235	25,048,438
	<hr/>	<hr/>
	40,295,531	35,668,055
	<hr/>	<hr/>

<b>Financial Liabilities</b>	<b>2022</b>	<b>2021</b>
Loans	3,529,747	4,787,754
Trade & Other Payables	765,167	1,036,772
	<hr/>	<hr/>
	4,294,914	5,824,526
	<hr/>	<hr/>

<b>26 Reconciliation of Net Debt</b>	<b>2022</b>	<b>2021</b>
Net Debt at 1 August	(14,068,992)	3,783,764
Movement in Cash & Cash Equivalents	(8,779,202)	17,349,740
Other non-cash changes	16,331,050	(35,202,496)
	<hr/>	<hr/>
Net Debt at 31 July	(6,517,144)	(14,068,992)
	<hr/>	<hr/>
Change in Net Debt	7,551,848	(17,852,756)
	<hr/>	<hr/>

**Analysis of Net Debt:**

	<b>2022</b>	<b>2021</b>
Cash & Cash Equivalents	16,269,235	25,048,438
<b>Borrowings: amounts falling due within 1 year</b>		
Secured loans	331,697	892,143
<b>Borrowings: amounts falling due after 1 year</b>		
Secured loans	3,198,050	3,895,611
Obligations under finance lease	6,222,345	6,191,692
	<hr/>	<hr/>
	9,420,395	10,087,303
	<hr/>	<hr/>
Net Debt	(6,517,144)	(14,068,992)
	<hr/>	<hr/>