

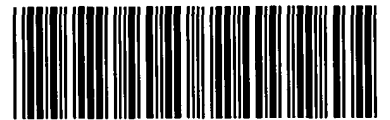


**LIVERPOOL
HOPE
UNIVERSITY**
Est. 1844



FINANCIAL STATEMENTS
for year ending 31st July 2023

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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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STRATEGIC REPORT

Liverpool Hope University welcomes all who seek an excellent higher education. Our educational philosophy is based on the triune quest for Truth, Beauty and Goodness. We are deeply committed to a culture of research and knowledge exchange and to preparing our graduates to serve the common good.

In December 2022, the University said farewell to Professor Gerald Pillay as he retired after nineteen years as Vice-Chancellor. Professor Pillay had overseen the transition of Liverpool Hope from an affiliated College of Liverpool University, to an established University with teaching and research degree awarding powers. He successfully led the University through its initial formative years, and left Liverpool Hope well placed for the future, and with the thanks and good wishes of the Hope Community.

Liverpool Hope is a vibrant community of staff and students, and the collegial ethos of the University is at the heart of our mission and values. In February 2023 the University celebrated 118 long-serving colleagues who have worked at Hope for over 20 years, recognising the contribution they have made to the University over many years.

In March 2023, the University was delighted to welcome our new Vice-Chancellor, Professor Claire Ozanne, to lead the institution into the next phase of its evolution as a University. A 'Strategic Plan 2023 – 2028' has been developed in consultation with the staff and student community, which will provide a framework to underpin the University strategy going forward. The Strategic Plan builds on the strong foundations and ethos embedded at the core of Hope. The objective is to take the University forward to the next level, increasing its national and international reputation, while students and community remain at the heart of what Liverpool Hope stands for.

The Strategic plan is based around five pillars, supported by a number of enabling strategies. The five pillars are:

- Ethos and Community
- Education
- Research, Scholarship and KE (Knowledge Enhancement)
- Partnership and Voice
- Sustainable and Future Ready

2022-2023 therefore marked the end of one era, and the start of a new one. Going forward the challenges within the sector will require the University to adapt and evolve. However, the fundamental nature of the University will remain unchanged, and the University moves forward feeling positive about the future and supported by strong foundations.

EDUCATION

Liverpool Hope University is committed to providing education that transforms lives. We welcome all who seek an excellent education.

The University provides a learning experience which is both personalised and community-orientated, and promotes a sense of belonging and success. We achieve this through a clear awareness of our student profile, their different characteristics and needs. This experience

equips students to be active participants in their learning and prepares them, through the development of skills and knowledge, to make a difference for good in the world as future leaders in wide range of contexts. In 2022/2023 this commitment was set out with greater clarity in the University's new Learning Teaching and Assessment Strategy. This strategy is based on two fundamental concepts, firstly the attributes which every Hope graduate should have and secondly the underpinning principles of Learning, Teaching and Assessment at Hope.

The University applied for a TEF award and gained silver recognition in both Student Experience and Student Outcomes categories. The University's Communities of Practice (COP) scheme for staff development continued, with new COPs being introduced in Supervising Dissertations, Student Reading and Literary Early Career Teacher and Teaching Socially Relevant Topics. The structure of the University Virtual Learning Environment was substantially updated in response to student feedback. A new peer enhancement policy was developed and implemented; this structures the opportunity for colleagues to observe good practice in the classroom.

Academic year 2022/23 saw several new courses being added to the Liverpool Hope portfolio including majors in contemporary fashion design and human geography. We also extended the reach of the foundation year and introduced a range of professional development opportunities for those working in the education sector. These included Special Educational Needs and Autism related training.

The University commissioned four external reviews to investigate the potential for curriculum development. These focussed on the UG and PGT portfolios and also on international recruitment and on the potential for health-related provisions such as Physiotherapy. The outcomes of these reviews are currently being taken forward to inform curriculum development for 2024 onwards.

Hope featured in a range of national league tables and the University was particularly pleased to be recognised as the top university in the country for student satisfaction in Drama, Dance and Cinematics in the Complete University Guide. The University also took part in the National Student Survey (NSS 2023) and achieved an 82% student completion rate. Overall Hope achieved success as the top modern university in the North West for academic support and was ranked first in Liverpool for assessment and feedback.

The University continues to develop and augment its support for students and a range of new initiatives were developed in 2022/23.

- An enhanced provision for English Language support was introduced for international students.
- An online system using QR codes was introduced to facilitate more effective recording of student attendance.
- The availability of the student support fund was widened to provide opportunities for a greater proportion of the full cohort to apply.
- Pastoral support was enhanced by the creation of a new senior post, Director of Student Life, with a remit to ensure that all student support is fully networked.
- The introduction of two Student Engagement Officers allowed low level support to be much more readily available to students who needed advice.

There were 480 nominations made for the annual Hope Star Awards organised by the Students' Union. These awards recognise staff and students who go the extra mile to make the University a better place.

Outside the curriculum students continued to embrace a wide range of opportunities made available to them. 2022/23 saw the fifth annual **Insight to Business Awards** which sees Hope's Business School joining forces with some of the region's most influential companies to offer short-term placements to both undergraduates and recent graduates. This year 40 students were shortlisted for an award. Students showcased their credentials as international diplomats of the future, by winning an Outstanding Delegation award at the **annual BISA Model NATO** held at the Foreign Commonwealth and Development Office (FCDO). The LHU Music Team launched a record label, **Wild Hope Records**, offering opportunities for undergraduate and postgraduate students to release their own compositions.

The University continues to encourage students to have international experiences. Global Hope sent its first post-pandemic student team to work with the Instituto Ramacrisna Arts Co-operative in Brazil.

The University offers students the opportunity to spend time at its campus in Wales. Students from all levels of study visited Caerleon in 2022/23 to undertake a wide range of activities both study and activity based. There is also encouragement to work with partners in the city. More than 40 students from the School of Creative and Performing Arts took to the stage as part of Liverpool's **Eurovision** celebrations, including performing with Pupils from Sandfield Park School in West Derby and Alt Bridge Secondary School in Huyton. The University continues to enable students to take up placement opportunities within their courses to improve their employment options. In 2022/23 approximately 25% of Hope students undertook an employment related placement.

RESEARCH AND KNOWLEDGE EXCHANGE

Liverpool Hope University is a vibrant academic community with high scholarly standards. We are proud of our past, confident in our present, and ambitious for our future research goals.

In order to underpin our new Strategic Plan, the research, scholarship, and knowledge exchange (KE) strategy is being refined to support our engagement in excellent research and knowledge exchange activities which have impact on societal challenges and underpin our learning and teaching. We submitted over 96% of our active research 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.

The University is continually developing its research profile and has an ambitious agenda for the future to build on the REF 2021 results. Our objectives include fostering interdisciplinary approaches to knowledge creation and exchange, scaling-up external funding for our research and supporting innovation to increase our capacity to seek solutions to the challenges facing society. Our REF 2021 submission is an indicator of the inclusive and broad-based research

culture in the university, which provides a strong foundation for the enhancement of our academic standing and the impact of our work.

There is wide-ranging research in the University across the Humanities, Social Sciences, Business, Education, Performing Arts and Design, Psychology, Geography and Environmental Science, Health Sciences, Law, and Computing Science and Engineering and a range of impactful research initiatives and activities across various disciplines, showcasing the University's dedication to producing research with real-world impacts. Some example projects and their societal impacts include:

- **Understanding of Terrorism and Political Violence:** This research offers deep insights into the psychological processes involved in politically motivated violence. Its findings significantly influenced global policymakers, security services, NGOs, and the public, enhancing counter-terrorism strategies and understanding of political violence.
- **Age-Related Changes in Colour Vision:** The study developed new normative data for colour perception across different age groups, revolutionizing the clinical diagnosis and treatment of colour vision impairments. This advancement has been globally recognized and implemented in clinical settings, particularly benefiting older adults.
- **Exercise and Nutrition for Muscle Strength in Older Adults:** Research highlighted the importance of resistance and functional exercises combined with a protein-rich diet for improving muscle strength and overall quality of life in older adults. These findings have shaped health promotion practices and strategies to combat mobility issues and promote healthy aging.

The University's research makes significant contributions in areas like educational practices, environmental conservation and sustainability, innovations in agricultural techniques, mental health interventions, advancements in renewable energy technologies, cultural studies, biomedical research in disease prevention, social policy and welfare systems, and innovations in engineering and design.

Some further specific examples in brief include:

- Studies on the **Colombian peace process** informed political debates and media narratives, particularly regarding land restitution and the impact of political and media discourses.
- Research on **wireless communications technologies** influenced international agreements on radio frequency spectrum allocation. This is a niche research area at the boundaries of Robotics and Aerospace research that has been developing at the University during the last 5 years or so.
- Participatory research on **health policies** impacted healthcare professional practices and health service user experiences.
- Conservation efforts on **coastal dunes** were influenced by research highlighting the need for improved conservation status in line with EU guidelines.
- Collaborative research on **diet and lifestyle habits** shed light on the risk factors of noncommunicable diseases among young adults, leading to improved health promotion practices.

These examples of our research reflect Liverpool Hope University's commitment to advancing academic knowledge while having a tangible impact on society, health, environment, education, and technology.

In March 2023, our chancellor, Professor Monica Grady, delivered the prestigious Michael Faraday Prize Lecture. The University was delighted when Professor Grady was confirmed as the winner in August, receiving the award for her significant contribution to the field of planetary science, and her dedication and enthusiasm for public engagement, particularly in raising the profile of STEM subjects for young women. The prize is awarded annually to the scientist or engineer whose expertise in communicating scientific ideas in lay terms has been exemplary.

NATIONAL AND INTERNATIONAL PARTNERSHIPS

During 2022/23 the University has continued to build its reputation both nationally and internationally and to strengthen its relationships with external partners. The following are examples of some of the activities that took place.

Strategic Partnerships

In June 2023, the University was appointed Higher Education Institute partner for **Ambition Institute** and from 2024/25 will be validating and awarding their new PGCE for their ITT programme. Ambition Institute is a national education charity and the largest provider of teacher education in England.

In April 2023 the University joined **Growth Platform** – Liverpool City Region’s growth company. This will provide the University with further opportunities to engage with key networks and stakeholders in the City region. The University will seek to explore mutually beneficial collaborative opportunities that will deepen its contribution to the sustainable growth and wellbeing of the City region and its communities.

The University continues to partner with Universities in Europe and across the US, India, Africa, China and the Philippines. These partnerships afford opportunities for student and staff mobility, joint programmes and research endeavours.

Conferences

During 2022/23 the University was delighted to host a number of national and international conferences. This included the following:

- **Consortium for Global Education International Conference (June 2023)**
The University welcomed higher education leaders from around the world. Hosting the conference and being part of the CGE strengthens opportunities for our students as well as bringing more international students into the student community.
- **Shoulder Rehabilitation Conference (December 2022)**
Physiotherapy and rehabilitation experts from around the world attended the University’s third biannual Shoulder Rehabilitation Conference, led by our specialists from our own Health Sciences School.
- **Cost of living Conference (June 2023)**
160 leaders from 87 regional and national institutions, NGOs and charities attended Hope to explore solutions to poverty across the UK, including leader of Liverpool City Council, Liam Robinson.

The conference led to the formation of a new research network - The Poverty Research and Advocacy Network (PRAN) – which has been set up by Dr Natalija Atas and Dr Vicki Dabrowski to combat poverty and deprivation in the North West.

OUTREACH AND WIDENING ACCESS AND PARTICIPATION

The University aspires to strengthen delivery on our Life-Long Learning mission, including widening access and participation and ensuring good outcomes for our graduates. We have an approved Access and Participation Plan (APP) Through our commitment to the APP we have an ambitious set of strategic aims which support attainment raising in schools and which seek to improve outcomes for students who may otherwise be less likely to access higher education and succeed once there. As a University we seek to ensure equality for everyone that applies or registers with us regardless of ethnicity, background or financial hardship.

Furthermore, the University is committed to the Outreach and Widening Access and Participation agenda more generally through its outreach work. This includes through its partnership with Holy Cross Bury (the Network of Hope) where higher education courses are delivered locally for those who might otherwise have limited access to provision.

The University fulfils its ambitions in relation to Access and Participation by offering support for students through a series of scholarships, and through on course funds for those who are struggling financially. The Learning Support Fund is available to students from the groups identified in the Plan; with the aim of ensuring that discontinuation of studies is avoided. Details of 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 University continued to invest in a range of facilities and services to support disabled students, ensuring they are able to fully participate in the life of the University. In 2022/23, 26.55% of Liverpool Hope students had a declared disability. This is significantly higher than the sector average, and reflects the mission and values of the institution.

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 £1,492,981. This represents an increase of £232,984 compared to 2021/22 (18.5%).

CAPITAL DEVELOPMENTS

Underpinned by our desire to deliver an excellent education and student experience and our commitment to reducing environmental impact, the University continues to develop our estate. In July 2022, the University started work on the IQ (Inquiry) Building project at the Hope Park Campus which is due to complete in December 2023. This is a flagship Learning and Teaching building which has a budget of £13.5 million, and is being fully paid for from cash reserves. 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.

Other capital work currently being undertaken includes the refurbishment of one of our student residential halls, which is partly funded by a Salix grant as part of our move towards net zero. There is also a major refurbishment of a grade 2 listed building at the Creative Campus which will provide teaching and office space. This brings back into use a dilapidated building and demonstrates the University commitment to the regeneration of a deprived area of Liverpool.

FINANCIAL PERFORMANCE

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.

While Liverpool Hope has a strong financial foundation, it is not immune to the challenges being felt throughout the sector. The majority of our students are Home UG students, and therefore the decision to freeze the tuition fee at £9,250, has meant that fee income remains static while the cost base increases. The unprecedented level of inflation in 2022/23, especially in relation to Utilities and salary increases, has placed the financial position under far more pressure than usual going forward. Good progress is being made on a range of initiatives to diversify income and reposition the University for the future.

At the same time, the University recognized the strain that the cost of living crisis was having on staff and made a one-off bonus payment of £1,000 (pro-rata) in December 2023 to acknowledge this. It also increased the level of payments through the Student Support Fund (hardship fund) to provide further financial assistance to students facing financial issues.

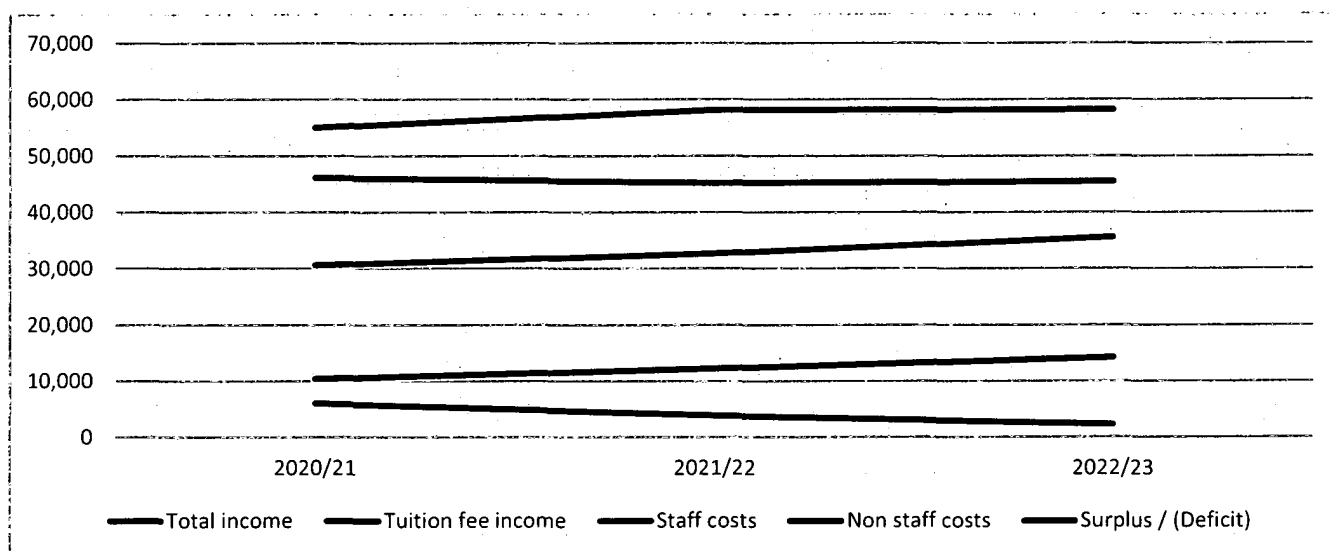
The original budget approved by Council was a 3% surplus. Through careful management of the resources via the two reforecast exercises and strong financial controls, the final result was a surplus of 4%. However, it should be noted that this was only achieved due to the major reduction in the FRS 102 Pension adjustment.

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

	2022/23	2021/22
	£000	£000
Income	58,243	58,119
Expenditure	55,934	54,246
Operating surplus	2,309	3,873

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 £4,565,327 (2021/22 £11,529,540) and it is encouraging to see that additional cash is being generated year on year. This demonstrates the strength of the underlying financial position.

The Statement of Comprehensive Income for the year is set out on page 42



While the results for 2022/23 were encouraging, the chart above demonstrates the impact of fixed home fees on the University over the last three years. Annual surpluses are declining due to static income and rapidly rising staff and non-staff costs.

Student Numbers

As at 31st July 2023 the University had 5,459 students (31st July 2022 – 5,452).

	Full Time Students	Part-Time Students
Undergraduate	4,040	92
Postgraduate (taught)	376	369
Postgraduate (research)	46	84
PGCE	309	5
Other	138	-
	<u>4,909</u>	<u>550</u>

Treasury Management Policy

The University had gradually increased the level of cash reserves so that it could undertake its extensive capital programme without needing to resort to external finance.

In July 2023 Cash and Cash equivalents and Investments, had reduced by £9,918,668 to £29,100,566 compared to July 2022. This was not unexpected due to payments of £23.5 million during the year for:

1. Capital programme payments £14.55 million
2. One off termination payment for lease £9 million

The lease payment was an unexpected opportunity that arose during the year to extricate the University from a finance lease in relation to student accommodation and purchase the freehold.

In August 2022 the University had placed £5 million with Rathbones Investment Bank, with the intention of leaving this as a long term investment for the future. The University has now reconsidered this decision and the account has been closed post year year-end.

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 one remaining University bank loan had reduced to £3,198,050 at the year-end (2022 - £3,529,747), and no new loans were taken out in 2022/23. As noted above, the finance lease arrangement was terminated in July 2023. 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 October 2023.

RISK MANAGEMENT

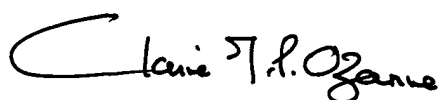
The University takes the management of risk seriously. Where a risk is seen as a threat, mitigations are identified and put in place. However, risks can also be seen as opportunities and the University is not risk averse. Rather, it will take a measured approach to opportunities to achieve its strategic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

Each School and Department has their own Risk Register. These feed into the University Risk Register, which is overseen by the Audit Committee on behalf of University Council, which highlights key risks and mitigations at University and sector level. These include financial, compliance and 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 University continues to scan the policy environment and is fully engaged with sector bodies and local, regional and national partners.

The risk register captures the key financial risks to the institution and financial modelling of these scenarios is undertaken regularly. As we enter 2023/24 the key financial risks to the institution are those common to the sector: recruitment, static fees, and inflation especially in relation to staff costs and utilities. While not complacent, all of the financial modelling undertaken to date provides reassurance of the University's long-term financial sustainability.

The University enters the next phase of its development with a clear strategic vision as outlined in the new Strategic Plan and is confident that it can adapt to, manage and minimize the risks above. This vision is endorsed by the University Governance structure and ownership is embedded across all senior management. We enter 2023/24 confident that we will be able to flourish and thrive.



Professor Claire Ozanne
Vice Chancellor & Rector
22nd November 2023

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).

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 2022/2023 there were 5,459 students and 644 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 18)

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.

Mission Statement

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

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

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

Directors' Report (continued)

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 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.

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. The Vice-Chancellor, meets all Academic Leaders and Operational Leaders with the 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. Hope Bulletin is a weekly electronic newsletter sent to the inbox of all members of staff every Wednesday to keep them up to date with University news and events.

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 31st July 2023 there were 20 trade union representatives equating to 18.34 FTEs at a cost of £21,374. In terms of percentage of working hours spent on facility time, there were 12 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.

Directors' Report (continued)

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 Angel Field Festival that are either free or accessible for a minimal charge.

Health and well-being initiatives are also run at the University which the public is 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. It 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.

Directors' Report (continued)

Sustainability is central to the University's mission and values and is one of the five pillars of the University's Strategic Plan 2023-2028. Our Sustainability Policy commits the University to increasing its positive contribution and reducing its negative impact on the environment in six key impact areas: awareness and engagement, utility consumption, travel and transport, waste, estates development and procurement; all of which contribute to the University's carbon emissions.

The University has committed to achieving net zero Scope 1 and 2 emissions by 2040 and net zero Scope 3 emissions by 2050 at the latest.

The University's Scope 1 and 2 carbon emissions during 2022-2023 (August to July) were 2,449 tonnes CO₂e (equivalent to 0.03 tonnes CO₂e per m² GIA) and have been calculated using the Government conversion factors for company reporting of greenhouse gas emissions. The University's total Scope 1 and 2 emissions have decreased by 7.2% compared to last year (2021-2022) and by 53.1% since 2005-2006. This is despite growth in the size of the University's estate during the same period. Work is continuing to collate and analyse the University's relevant Scope 3 emissions.

Emissions Source	Scope	Consumption (2022-2023)	Tonnes CO ₂ e	% difference between 2005-2006 and 2022-2023 (consumption)	% difference between 2021-2022 and 2022-2023 (consumption)	Consumption per Student headcount [July]
Gas	1	7,351,265 kWh	1345	-34.6	-15.0	1,359
Fugitive Emissions	1	0kg	0	-100	-	0
Fuel used in owned vehicles	1	3,909L	9.6	-37.7	+40.3	0.76
Electricity	2	5,286,534 kWh	1095	-18.8	-3.0	977
Total	1 & 2	-	2,449	-53.1	-7.2	0.45
Scope 1&2 emissions	3	as above	581	-	-	
Water (supply & treatment)	3	48,151 m ³	18	-23.7	-7.7	8.9

Carbon reduction projects have continued to contribute to the decrease in carbon emissions with the continued installation of LED lighting and controls, non-concussive taps, waterless urinals; upgrading and fine-tuning the Building Management System; catering equipment upgrades; upgrading the building fabric, including replacement roofs; and decarbonising a proportion of our heating and hot water systems. The University's Heating and Cooling Policy was ratified setting out the expectations for buildings users.

Directors' Report *(continued)*

Since 2020, the University's Estates team has been successful with five separate grant funding bids to the Government Public Sector Decarbonisation Scheme. This has enabled the University to access over £1.5m grant funding:

- St Julies halls of residence works in 2021-2022 (Salix PSDS Phase 2) included replacing the gas fired heating system with electric panel heaters (removing over 80% of the gas consumption), replacing the original steel framed single glazed windows with double glazing, installing internal wall insulation and solar PV;
- Trinity project in 2022-23 (Salix PSDS Phase 3a) replaced the gas heating system with an Air Source Heat Pump (removing 100% of the gas consumption), installing double glazing, solar PV and a Building Management System;
- Angela Halls of Residence project (Salix PSDS Phase 3c) has begun in 2023-2024 (Salix PSDS Phase 3c), and will install internal wall insulation and replace the gas fired heating system with electric panels heaters, replace the gas fired domestic hot water with an ASHP (removing 100% of the gas consumption).

As part of the decarbonisation plan, the University's infrastructure for on-site solar electrical power generation has been improved 6.5-fold since 2016, to a generation potential of 136,736 kWh p.a.

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 one remaining loan of £3.2 million of loans outstanding with bankers, secured by a fixed and floating charge on University assets. The University's forecasts and financial projections indicate that it will be able to meet the financial commitments in relation to this loan for the foreseeable future, after consideration of 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 University has prepared a financial model and cash flow forecasts for a period up to July 2025 which takes account of severe but plausible scenarios. After reviewing the assumptions underpinning these forecasts, the Council is of the opinion that 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, reduction in recruitment, inflationary increases in relation to staffing and general inflation, Utility costs. Even on this basis, liquidity levels are forecast to remain strong despite funding the committed 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.

Directors' Report (*continued*)

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 the Student Union attends all of its major decision-making bodies so that the student voice is heard. <https://www.hope.ac.uk/gateway/students/studentvoice/>

Employees

The University has well established frameworks in place to both protect and engage with staff, using formally agreed policies and procedures that cover all aspects 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.

Clear and regular management communication remains in place to support our strategic and operational objectives. A number of different media are used, such as the weekly Hope Bulletin and direct communications from the Vice Chancellor and Deputy Vice Chancellor, to ensure views are heard and that colleagues can raise any issues of concern.

Directors' Report *(continued)*

The University continues to ensure that its terms and conditions, and its approaches to wellbeing and health makes the university an engaging and attractive employer, attracting a diverse range of suitably skilled and qualified staff.

The Promotion Wellbeing Action plan for 2022-23 saw a number of initiatives and events across the university to support the Six Ways to Wellbeing. Highlights included new guidance on Menopause, guidance for Managers supporting staff with Mental Ill-Health, an annual Staff Wellbeing Day, health checks for colleagues such as bone density testing, a HSE Stress Survey to gain an understanding of issues and priorities for action, a Pulse survey on staff wellbeing, and continued promotion of staff led groups (such as the Walking Group and the Knit and Natter Group). These initiatives are underpinned by strategic and operational support – Dr Haughan the Deputy Vice Chancellor has approved three staff Health Promotion days from June 2023, and the process for appointing Departmental Wellbeing Champions has begun.

In the period under review we have increased the annual leave allocation for non-academic staff by two days and in addition to already generous leave, Hope Liturgical Days which support our ecumenical foundation, and Bank Holidays. This has been welcomed by colleagues. Changes have been made to the Christmas holiday annual shutdown which supports both our wellbeing strategy and our sustainability agenda to ensure that the shutdown period is aligned more closely with school holidays to support carer responsibilities. In recognition of the financial pressures being faced under the cost of living crisis, a one off payment of £1,000 pro rata was made to all permanent staff.

The University continues to implement, monitor and review its people related strategies for health and safety, wellbeing, performance, reward, personal development and training. It allows flexible working and patterns of work that enable staff to have greater agility in their work-life-home balance whilst maintaining the campus life that supports and encourages students and enable staff to be fully collegial.

We continue to ensure our colleagues are protected by appropriate risk assessments and access to health supporting initiatives like free flu jabs and occupational health as well as free confidential counselling for all colleagues who request it. We continue to offer a wide range of compulsory and optional training programmes to colleagues with programmes as varied as Mental Health First Aider, Neurodiversity training and Dealing with Sexual Misconduct.

This latter programme has equipped the university with a cohort of specially trained investigators to deal with this sensitive area. This supports the university's commitment to the sector wide programme of culture change to ensure that inappropriate power imbalance relationships between staff and students are discouraged in the strongest terms. In total we have had 2284 colleagues attend either face to face training modules or e-learning modules as part of their staff development in the last year.

Looking ahead we have begun to engage with colleagues to refine our plans to move to a Faculty based organisation. Stage One is currently underway with consultation on the two models proposed for Faculty structures. Stage Two will detail the impact and implementation plans for colleagues. This will remain within our robust committee structure and joint consultation with trade unions but reflects changes implemented as part of our new strategy, spearheaded by our new Vice Chancellor, Professor Claire Ozanne.

Directors' Report (continued)

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 Strategic Plan and our procurement activity supports that goal. Liverpool Hope University recognises that in order to achieve its ambitious strategic objectives, we need our suppliers to be on board. When engaging suppliers, we utilise a number of routes to market including third party collaborative framework agreements, such as from the North Western Universities Purchasing Consortium (NWUPC), together with other consortia as well as awarding our own contracts through competitive tender and quotation activity.

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

Community Engagement

The Community Engagement Team over 2022-23 has grown in terms of its vision for community development. During this last year we have seen an increase in projects within the CET timetable to include the development of the Campus Cupboard, a food sustainability project for students facing the cost of living crisis. This has also connected colleagues across the university and city to explore research and conference work with external partners looking into the impact and responses to the cost of living crisis.

The Community Engagement Team has supported the development of local community members and students taking more of a lead role in their projects. For example, key students who volunteer with the team have been leading sessions in Growing Spaces alongside community members and demonstrating both their commitment to community practice and their own skill development to support future employment and study opportunities.

Working with other community organisations in the area as part of the ChildwALL Together Group, the CET has been awarded two external funding grants over the 2022-23 academic year. The first, £10,000 from Awards for All, which has funded a number of the weekly projects, for example, the Childwall Community Choir and the newly developed community Tai Chi programme in partnership with Hope Park Sports.

The second award has been through The Josephine Butler Trust who awarded the CET £5,000 for their community work. This funding has supported particular projects with Care Leavers and students estranged from the families through the university providing support graduation gowns and photo packages for students at this time of celebration.

During this year we have also been able to support Summer Creative Camps with young people, working with our partners at Childwall Abbey School and Liverpool City Council SPLICE project. The Creative Camps have offered disabled young people opportunities to work with a range of practitioners through team challenges, art, drama and performance.

Directors' Report *(continued)*

This has provided them with the opportunity for them to develop and to celebrate their skills and talents.

The CET has intentionally fostered further opportunities with academic and support team colleagues across the university and across campuses this year to increase the programme and the opportunities for people to connect with each other. We are grateful to all of those folk and their energies and commitment to supporting students, staff and local community members.

Members of the University Council

The following persons served as governors during the year ended 31st July 2023 or were members as at 22nd November 2023 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	
Ms Anne-Marie Costello	
Dr Edwin Djabatey	
Ms Jean Ellis (Resigned 1 st August 2023)	
Revd Canon C Fallon	
Revd Geoff Felton (Joined 30 th January 2023)	
Dr Penny Haughan	
The Very Revered Dr Sue Jones	
Fr C. McCoy	
Ms Lesley Martin-Wright	
Ms Erin Meharry (Resigned 14 th August 2023)	
Ms Neve Rosser (Joined 11 th September 2023)	
Revd Canon Professor K Newport (Resigned 28 th November 2022)	
Professor Atulya Nagar (Joined 6 th February 2023)	
Dr A. Naylor (Resigned 20 th September 2023)	
Mr J Norbury	
Ms Paula Raper	
Mr U Russell (Resigned 1 st August 2023)	
Ms Deborah Shackleton (Joined 13 th October 2022)	
Mrs M Swinson	
Mr Steven Townley (Joined 11 th September 2023)	
Dr Caroline Wakefield	
HH Judge Graham Wood QC	
Professor GJ Pillay (Resigned 9 th January 2023)	Vice Chancellor and Rector
Professor C Ozanne (Joined 1 st March 2023)	Vice Chancellor and Rector
Mr D Dykins	Company Secretary and Clerk to Council

Directors' Report (*continued*)

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)

Finance & General Purposes Committee

Mr J Norbury (Chair)
Fr C. McCoy
Ms Jean Ellis – ex officio
Ms D Shackleton
Mr N Dawes – ex officio
Professor GJ Pillay (part year only)
Professor C Ozanne (part year only)

Audit Committee

Dr Arthur Naylor (Chair) – resigned
Mr Steven Townley (Chair)
Ms J Beever
Ms L Martin-Wright
Ms S Suchoparek – ex officio

Nominations Committee

Revd Canon P Winn (Chair)
Professor GJ Pillay (part year only)
Professor C Ozanne (part year only)
Mrs J Beever

Advisers

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

Directors' Report *(continued)*

Bankers:	Lloyds Bank Merchants Court 2-12 Lord Street Liverpool L2 XF	Santander 7 th Floor 4 St Paul's Square Liverpool L3 9SJ	HSBC Bank 9 th Floor Royal Liver Pier Head Liverpool L3 1HU
	Barclays plc 48B & 50 Lord Street Liverpool L2 1TD	Rathbones PO Box 1965 Liverpool L69 3HU	

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

Statement of Council responsibilities in respect of the 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:

Directors' Report *(continued)*

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

- 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.

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.

Directors' Report *(continued)*

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

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.
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.

Directors' Report *(continued)*

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

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.

A handwritten signature in black ink, appearing to read 'Peter Winn', with a stylized, cursive script.

Revd Canon P Winn
Director and Chair of Council
22nd November 2023

STATEMENT OF CORPORATE GOVERNANCE

This statement of corporate governance explicitly relates to the period 1st August 2022 – 31st July 2023, 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 1 Network of Hope College Principal. 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.

Statement of Corporate Governance (continued)

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 Company Secretary and Clerk to Council and the Solicitor & Senior Officer for Legal Services, Governance and Risk, provide 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.>

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 including recommendations, for the improvement of the University's systems of internal control, management responses and implementation plans. It also reviews and tracks the University's progress against these plans and monitors the 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.

The overall opinion within the Internal Audit Annual Report for 2022/23 is that the University has an 'adequate and effective framework for risk management, governance, internal control and economy efficiency and effectiveness'. The Audit Committee noted that there were only three high priority actions raised during the year, but that one of the audits, IT Learning Resource Management, had a 'partial assurance' opinion. They were reassured that action was being taken by the University to promptly address all recommendations raised.

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.

Statement of Corporate Governance (*continued*)

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 University Senior Executive Team 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 Committees aim to balance the safeguarding of public funds and the need to remain competitive by reference to the Committee of University Chairs HE Senior Staff Remuneration Code. Remuneration decisions are linked to the context in which the University operates and are made with reference to similar institutions, the level of complexity of the role regardless of size, and the responsibilities of the post holder in comparison to the size of the senior team, and the number of years a senior post holder has successfully served in that role.

Performance objectives are agreed with all senior staff by their line manager. The Remuneration Committees base their decisions on the annual performance of the senior staff, taking into account external benchmarks and the particular financial circumstances of the University.

The Remuneration Committee for the University Senior Executive Team comprises the Pro-Chancellor, the Chair of Audit Committee, the Chair of the Finance and General Purposes 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 the Finance and General Purposes Committee. The Vice Chancellor does not attend this meeting. The performance of the Vice Chancellor is monitored and assessed by regular meetings with the Pro-Chancellor and progress against a range of key performance indicators by which Council monitors the overall performance of the University.

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 INTERNAL CONTROL

This statement of internal control explicitly relates to the period 1st August 2022 – 31st July 2023, 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.

Statement of Internal Control *(continued)*

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 2023 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 2023, 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 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 related higher education legislation), taxation legislation and pensions legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the University is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. 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 fraud 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 its statement set out on page [X], the Council (the members of which are the Directors of the University 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.

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.

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
30 November 2023

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 31st 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 University have prepared a cash flow forecast for a period up to July 2025. 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, including: a 10% reduction in Home undergraduate and teacher training students in September 2024, staffing cost of living, pension and incremental increases, general inflation and significant increased costs for Utilities. The University had breached a bank loan covenant in July 2023 as a result of repayment in full of a Finance lease. Following the breach, a waiver was granted by the bank, with revised covenants agreed. There is a risk of a further breach in July 2024 and if it becomes likely this will occur, the University intends to repay this loan in full before year-end to avoid a breach. This was included as an assumption. Even on this basis, liquidity levels are forecast to remain well above the Office for Students 30-day liquidity days requirement, after paying for a significant capital programme from cash reserves.

Statement of Principal Accounting Policies (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.

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.

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 Department of Education. 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).

Statement of Principal Accounting Policies (continued)

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 account of 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 Pension Scheme.

Contributions to the scheme are charged to the Statement of Comprehensive 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.

Statement of Principal Accounting Policies (continued)

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 6 members in the pension scheme with an average age of 58. 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 9 years (average age (58) to retirement age (67)). Given the low membership of the scheme, and therefore uncertain future membership, MPF has been treated as a closed scheme

Greater Manchester Pension Fund

GMPF is the preferred pension fund for Professional Services staff, new employees joining the University pension fund are automatically included within GMPF. The actuarial report confirms the active members in the fund is 350 (at 31st March 2022), the University calculates 349 active members at the end of July 2023 which demonstrates 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.

Statement of Principal Accounting Policies (*continued*)

11. Provisions

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

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

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

12. Fixed assets

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

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

Christ's and Notre Dame College property is owned by the Trustees of Christ's and Notre Dame College. Under the Deed of Adherence, the property of the College was made available for the use of the Institute. These buildings have been included on the Statement of Financial Position 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 31st 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.

Statement of Principal Accounting Policies (continued)

Fixed assets land and buildings were subject to a full revaluation as at 31st 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 31st 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 31st July. They are not depreciated until they are brought into use.

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

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

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

Land & Buildings

Buildings existing at 31 st July 2014 (As estimated) *	
New buildings	50 years
Building refurbishments (greater than £20,000)	10-30 years

Vehicles

Motor vehicles	5 years
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Equipment

Computer equipment	5 years
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Furniture & fittings

10 years

Statement of Principal Accounting Policies (continued)

**As part of the revaluation carried out on 31st 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 Department of Education in relation to Teacher Training. The University only acts as agent and has no interest in these funds. As such, these transactions are not recognised in the Statement of Comprehensive Income.

15. Cash Flows, Cash and Cash Equivalents

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash Equivalents are short term highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. They include term deposits, government securities and loan stock held as part of the University's Treasury Management activities and policies.

16. Finance Leases

Fixed assets held under hire purchase agreements and the related hire purchase obligations are recorded in the balance sheet and these assets are depreciated over their useful life. As at 31st July 2023 the University held no such assets (£0) – 31st July 2022: net book value of £5,104,000. The asset held under this arrangement in the previous year (Gerard Manley Hopkins Hall) was reacquired by the University as an unencumbered freehold interest in July 2023.

Statement of Principal Accounting Policies (*continued*)

17. Accounting Estimates and Judgements

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

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

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

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

Pensions: The University operates 3 defined benefit pension schemes, the Teacher's Pension Scheme (TPS), the Greater Manchester Pension Fund (GMPF) and the Merseyside Pension (MPF). The present value of the University obligations is dependent on a number of factors including life expectancy, salary increases, asset valuations, liability periods and discount rates on corporate bonds. A qualified actuary estimates these values so management can determine net pension obligations in the balance sheet. This does not include an obligation to make contributions 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 31st July 2023

	<i>Note</i>	2023 £	2022 £
Income			
Funding council grants	1	3,766,741	3,908,549
Tuition fees and short course fees	2	46,673,547	47,472,256
Research grants and contracts	3	202,846	102,970
Other operating income	4	6,640,797	6,511,686
Investment income	5	959,492	123,510
		<hr/>	<hr/>
Total Income		58,243,423	58,118,971
		<hr/>	<hr/>
Expenditure			
Staff costs	7	36,452,253	35,964,320
Other operating expenses	8	14,229,394	12,224,571
Depreciation	12	4,490,251	4,823,148
Interest and other finance costs	9	762,323	1,233,803
		<hr/>	<hr/>
Total expenditure	11	55,934,221	54,245,842
		<hr/>	<hr/>
Operating surplus		2,309,202	3,873,129
		<hr/>	<hr/>
Actuarial gain in respect of pension scheme		13,230,452	37,696,927
		<hr/>	<hr/>
Total comprehensive income for the year		15,539,654	41,570,056
		<hr/>	<hr/>
Represented by:			
Restricted comprehensive income for the year		-	-
Unrestricted comprehensive income for the year		15,539,654	41,570,056
		<hr/>	<hr/>
		15,539,654	41,570,056
		<hr/>	<hr/>

Statement of Changes in Reserves
Year ended 31st July 2023

	Unrestricted Reserve	Revaluation Reserve	Total
	£	£	£
Balance at 1 August 2022	119,939,885	30,491,136	150,431,021
Operating surplus	2,309,202	-	2,309,202
Actuarial gain in respect of pension scheme	13,230,452	-	13,230,452
Transfers	927,398	(927,398)	-
Rounding	1	1	2
Balance at 31 July 2023	136,406,938	29,563,739	165,970,677

Statement of Changes in Reserves
Year ended 31st 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)	-
Balance at 31 July 2022	119,939,885	30,491,136	150,431,021

Statement of Financial Position
As at 31st July 2023

	Note	2023 £	2022 £
Non-current assets			
Tangible assets	12	133,719,104	123,699,548
Pension asset	24	15,112,000	2,862,000
		<u>148,831,104</u>	<u>126,561,548</u>
Current assets			
Debtors	13	2,064,731	1,918,092
Cash at bank and in hand		19,100,566	16,269,234
Investments	14	10,000,000	22,750,000
		<u>31,165,297</u>	<u>40,937,326</u>
Creditors: amounts falling due within one year	15	<u>(10,073,649)</u>	<u>(6,446,740)</u>
Net current assets		<u>21,091,648</u>	<u>34,490,586</u>
Total assets less current liabilities		<u>169,922,752</u>	<u>161,052,134</u>
Creditors: amounts falling due after more than one year	16	<u>(2,845,389)</u>	<u>(9,420,395)</u>
Provisions for liabilities and charges	23	<u>(1,106,686)</u>	<u>(1,200,718)</u>
Net assets excluding pension liability		<u>165,970,677</u>	<u>150,431,021</u>
Pension liability	24	<u>0</u>	<u>0</u>
Total net assets		<u>165,970,677</u>	<u>150,431,021</u>
Unrestricted Reserves:			
Income and expenditure reserve		136,406,938	119,939,885
Revaluation reserve		29,563,739	30,491,136
Total funds		<u>165,970,677</u>	<u>150,431,021</u>

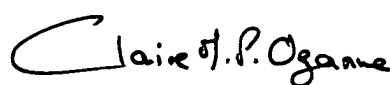
The financial statements on pages 42 to 65 were approved by the University Council on 22nd November 2023, and signed on its behalf by:



Mr J Norbury
Chair of Finance & General
Purposes Committee



Revd Cannon P Winn
Chair of University Council



Professor C. Ozanne
Rector & Vice Chancellor

Statement of Cash Flows
Year ended 31st July 2023

	2023	2022
	£	£
Cash flow from operating activities		
Surplus for the year	2,309,202	3,873,129
Adjustment for non-cash items		
Depreciation	4,490,251	4,823,148
Investment income	(959,492)	(123,510)
Interest payable	762,323	1,233,803
(Increase)/Decrease in Debtors	(146,639)	(204,676)
Increase/(Decrease) in Creditors	(2,616,400)	244,576
Increase/(Decrease) in Provisions	(11,316)	(14,516)
Pension costs	973,000	3,392,000
Adjustment for investing or financing activities		
Capital grants utilised in year	(235,602)	(1,694,414)
Net cash inflow from operating activities	<u>4,565,327</u>	<u>11,529,540</u>
Cash flows from investing activities		
Capital grants received	235,602	1,694,414
Payments to acquire fixed assets	(14,550,849)	(6,918,324)
(Gain) / Loss on tangible fixed assets	(51,432)	-
Proceeds from sale of tangible fixed assets	92,475	-
Withdrawal/ (New) Deposits	12,750,000	(13,250,000)
	<u>(1,524,204)</u>	<u>(18,473,910)</u>
Cash flows from financing activities		
Other interest received	844,492	123,510
Interest paid	(722,586)	(700,336)
Repayments of borrowed amounts	(331,697)	(1,258,006)
	<u>(209,791)</u>	<u>(1,834,832)</u>
(Decrease)/Increase in cash	<u><u>2,831,332</u></u>	<u><u>(8,779,202)</u></u>

Notes (forming part of the financial statements)

1 Funding council grants

	2023 £	2022 £
Recurrent Grant – OfS	1,517,775	2,198,285
Specific		
Engineering and Physical Sciences Research Council - EPSRC	1,553,111	1,075,702
Higher Education Innovation Fund	466,414	419,064
OfS Hardship Fund	58,839	-
EPSRC Special initiatives	120,000	184,128
Capital Grants	50,602	31,370
	<u>3,766,741</u>	<u>3,908,549</u>

2 Tuition fees and short course fees

	2023 £	2022 £
Full-time students	41,293,537	41,344,846
Full-time students charged overseas fees	2,898,577	2,414,032
Part-time students	672,723	376,625
	<u>44,864,837</u>	<u>44,135,503</u>
Total fees paid by or on behalf of individual students		
	44,864,837	44,135,503
Short course fees	1,808,710	3,336,753
	<u>1,808,710</u>	<u>3,336,753</u>
Total	<u>46,673,547</u>	<u>47,472,256</u>

3 Research grants and contracts

	2023 £	2022 £
Research councils	-	-
Research charities	10,359	44,860
Industry and commerce	103,851	34,600
Other	88,636	23,510
	<u>202,846</u>	<u>102,970</u>
Total		
	202,846	102,970

Notes (continued)

4 Other operating income

	2023 £	2022 £
Residences, catering and conferences	6,164,872	5,099,707
Other income	390,925	528,935
Capital Grants – Equipment (Salix)	85,000	883,044
	<u>6,640,797</u>	<u>6,511,686</u>

Note: Salix grants in both years were provided in relation to capital expenditure

5 Investment income

	2023 £	2022 £
Interest receivable	959,492	123,510
	<u>959,492</u>	<u>123,510</u>

6 Grant and fee income

	2023 £	2022 £
Grant income from the OfS	1,517,775	2,198,285
Grant income from other bodies	2,248,966	1,710,264
Fee income for taught awards (exclusive of VAT)	45,300,694	45,080,714
Fee income for research awards (exclusive of VAT)	207,908	103,394
	<u>49,275,343</u>	<u>49,092,657</u>
Total	49,275,343	49,092,657

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

7 Staff costs (including directors' emoluments)

	2023 £	2022 £
Wages and salaries	27,547,817	25,019,576
Social security costs	2,750,423	2,560,754
Other pension costs	5,320,725	5,081,193
FRS102 staff pension adjustments	833,288	3,302,797
	<u>36,452,253</u>	<u>35,964,320</u>

Notes (continued)

The average numbers of staff employed by the University (FTE)	2023 Number FTE	2022 Number FTE
Academic	314	317
Administrative and technical	228	225
Manual and ancillary	102	96
	<u>644</u>	<u>638</u>

**Emoluments of the Vice-chancellor
& Rector**

	2023 Prof Claire Ozanne £	2023 Dr Penny Haugan* £	2023 Prof Gerald Pillay £	2022 Prof Gerald Pillay £
Salary	104,167	28,775	152,330	304,286
Benefits (Company Car)	-	-	2,773	6,618
Pension	19,733	3,053	36,072	72,055
Total	<u>123,900</u>	<u>31,828</u>	<u>191,175</u>	<u>382,959</u>
	From 1 March 2023	*Interim VC 1-28 February	To 31 st January 2023	

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%).

Historically, 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 the experience of Professor Pillay 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.

Notes (continued)

Professor Gerald Pillay

Basic Salary Ratio (Based on a median pay rate of £38,974): 7.82 times (2022: £36,358; 8.37 times)

Total Remuneration Ratio (Based on a median pay rate of £47,071): 8.12 times (2022: £43,691; 8.77 times)

Doctor Penny Haughan

Basic Salary Ratio (Based on a median pay rate of £38,974): 8.86 times (2022: not applicable)

Total Remuneration Ratio (Based on a median pay rate of £47,071): 8.11 times (2022: not applicable)

Professor Claire Ozanne

Basic Salary Ratio (Based on a median pay rate of £38,974): 6.36 times (2022: not applicable)

Total Remuneration Ratio (Based on a median pay rate of £47,071): 6.27 times (2022: not applicable)

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

	2023 Number	2022 Number
£100,000 - £104,999	2	3
£105,000 - £109,999	1	-
£110,000 - £114,999	1	-
£125,000 - £129,000	-	1
£130,000 - £134,999	-	1
£135,000 - £139,999	1	-
£140,000 - £144,999	-	1
£155,000 - £159,999	1	-
£170,000 - £174,999	1	-
£310,000 - £314,999	-	1
	<u>7</u>	<u>7</u>

Key Management Personnel

2023 £	2022 £
<u>1,157,817</u>	<u>1,319,103</u>

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 £37,090.

Notes (continued)

8 Other operating expenses

	2023 £	2022 £
Residences, catering and conference operating expenses	714,206	490,731
Teaching departments	2,371,184	2,418,003
Books and periodicals	574,099	550,247
Heat, light, water and power	2,003,723	1,697,104
Repairs and general maintenance	1,961,164	1,440,337
Grants to Liverpool Hope Students' Union	260,000	252,150
External auditors' remuneration	111,718	108,440
Other support services	650,951	743,877
Administration and central services	3,585,318	3,135,535
Other income generating activities	535,622	163,739
Other operating expenses	1,460,576	1,223,969
Reimbursement of Trustees' expenses	833	439
	<hr/>	<hr/>
	14,229,394	12,224,571
	<hr/>	<hr/>

In 2022/23 the Trustees' expenses related to travel amounted to £833 (2021/22 - £439).

	2023 £	2022 £
External auditor's remuneration in respect of audit services	103,968	100,940
Audit related assurance services	7,750	7,500
	<hr/>	<hr/>
	111,718	108,440
	<hr/>	<hr/>

9 Interest and other finance costs

	2023 £	2022 £
Interest payable on bank loans not wholly repayable within five years	195,366	165,526
Pension fund interest payable	39,736	533,467
Interest payable on finance lease	527,221	534,810
	<hr/>	<hr/>
	762,323	1,233,803
	<hr/>	<hr/>

Notes (continued)

10 Access and Participation

	2023	2022
	£	£
Access Investment	460,217	438,240
Financial Support	400,217	309,246
Disability Support	632,547	512,511
Research and Evaluation	-	-
	<u>1,492,981</u>	<u>1,259,997</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.

£701,831 of these costs relates to staff costs and have already been included in the overall staff expenditure figure in note 7.

£58,839 of funding was received from the Office for Students in 2022/23 as a cost of living grant for students. 85% of this figure (£50,013) is included in the 2022/23 Financial Support figure above.

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	22,107,415	-	-	2,371,184	24,478,599
Academic support services	2,071,066	-	-	1,534,688	3,605,754
Other support services	2,124,313	-	-	910,951	3,035,264
Administration and central services	4,695,880	-	-	3,697,869	8,393,749
General education expenditure	-	-	-	60,375	60,375
Premises	2,991,294	-	-	4,404,499	7,395,793
Other income generating activities	458,349	-	-	535,622	993,971
Residences, catering and conferences	1,170,648	-	-	714,206	1,884,854
Depreciation	-	4,490,251	-	-	4,490,251
Interest payable	-	-	762,323	-	762,323
FRS 102 pension costs adjustment	833,288	-	-	-	833,288
	<u>36,452,253</u>	<u>4,490,251</u>	<u>762,323</u>	<u>14,229,394</u>	<u>55,934,221</u>
Total per statement of comprehensive income					

Notes (continued)

12 Fixed Assets	Assets in the course of construction	Land and Buildings	Equipment	Vehicles	Total
	£	£	£	£	£
Deemed cost					
At 1 August 2022	1,069,735	146,308,921	12,230,893	179,461	159,789,010
Additions at cost	10,063,503	3,353,811	1,133,535	-	14,550,849
Disposals at cost	-	(30,000)	-	(55,211)	(85,211)
Transfers	(546,620)	546,620	-	-	-
At 31 July 2023	10,586,618	150,179,352	13,364,428	124,250	174,254,648
Depreciation					
At 1 August 2022	-	27,008,077	8,953,064	128,321	36,089,462
Eliminated on disposals	-	-	-	(44,169)	(44,169)
Charge for the year	-	3,709,349	767,625	13,277	4,490,251
At 31 July 2023	-	30,717,426	9,720,689	97,429	40,535,544
Net book value					
At 31 July 2022	1,069,735	119,300,844	3,277,829	51,140	123,699,548
At 31 July 2023	10,586,618	119,461,926	3,643,739	26,821	133,719,104

Included in the net book value of land and buildings is £7,543,437 which relates to Gerard Manley Hopkins Hall, formerly held under a hire purchase agreement. This includes a net premium of £2,673,097 paid in July 2023 to acquire the unencumbered freehold. This net premium has been treated as an addition to land and buildings. The net premium consisted of £9,000,000 less the outstanding hire purchase creditor.

Fixed assets include £8,921,000 in relation to land. The land has not been depreciated in the accounts.

13 Debtors

	2023	2022
	£	£
Amounts falling due within one year		
Trade debtors	943,116	1,262,959
Sundry debtors	29,056	17,787
Prepayments and accrued income	1,092,559	637,346
	2,064,731	1,918,092

Notes (continued)

14 Investments

	2023 £	2022 £
Deposits maturing in one year or less	10,000,000	22,750,000
July 2023 – one fixed term 12 months deposit with Santander for £10,000,000.	<u> </u>	<u> </u>

£5 million was deposited with Rathbones Bank as a fixed term investment in August 2022. The decision to liquidate this investment was made post year end, and these funds are included within Cash at bank.

15 Creditors: amounts falling due within one year

	2023 £	2022 £
Loans	352,661	331,697
Trade creditors	2,659,119	765,167
Social security and other taxation payable	1,401,051	1,302,732
Accruals and deferred income	5,660,818	4,047,144
	<u> </u>	<u> </u>
	10,073,649	6,446,740
	<u> </u>	<u> </u>

16 Creditors: amounts falling due after more than one year

	2023 £	2022 £
Loans secured on residential and other property repayable by 2030	2,845,389	3,198,050
Obligations under hire purchase agreement	-	6,222,345
	<u> </u>	<u> </u>
	2,845,389	9,420,395
	<u> </u>	<u> </u>

Analysis of secured and unsecured loans:

	2023 £	2022 £
Due within one year or on demand (Note 15)	352,661	331,697
Due between one and two years	372,676	352,662
Due between two and five years	1,252,592	1,184,356
Due in five years or more	1,220,121	1,661,032
	<u> </u>	<u> </u>
Debt due after more than one year	2,845,389	3,198,050
	<u> </u>	<u> </u>
Total secured and unsecured loans	3,198,050	3,529,747
	<u> </u>	<u> </u>

Notes (continued)

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

The loan relates to student accommodation and is secured on the relevant asset of the University. The loan will be repaid by instalments over the period of the loan.

17 Lease Obligations

	2023 £	2022 £
Total payable under hire purchase agreement		
Later than 1 year and not later than 5 years	-	163,326
Later than 5 years	-	6,059,019
	<hr/>	<hr/>
Total payment due	-	6,222,345
	<hr/> <hr/>	<hr/> <hr/>

The lease arrangement was repaid in full in July 2023

18 Reconciliation of cash flow to Statement of Financial Position

	2022 £	Cash flows £	2023 £
Cash at bank	16,269,234	(2,343,563)	13,925,672
	<hr/>	<hr/>	<hr/>

19 Capital and other commitments

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

	2023 £	2022 £
Capital commitments	6,288,983	12,676,279
	<hr/>	<hr/>

Notes (continued)

20 Training bursary payments

	2023 £	2022 £
Grant paid by Department of Education (DfE)	967,500	1,566,700
Payments to trainees	(991,400)	(1,538,300)
Grant due to/(from) DfE at end of year	(23,900)	28,400

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.

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 £
Prof Gerald Pillay		
Former Vice Chancellor (sale of car at market valuation)	25,000	-
Prof Clare Ozanne		
Vice Chancellor (rent of accommodation)	6,000	-
Fr Christopher Fallon		
Chair, Ministry steering group o.b.o. Archdiocese of Liverpool	62,981	-
Fr Christopher McCoy		
Governor, Holy Spirit Primary School	1,386	5,070
Ms Lesley Martin-Wright		
Company Secretary, Knowsley Chamber of Industry & Commerce	-	7,881
Dr Penny Haughan		
Chair of Governors, Locking Stumps Community Primary School	14,560	-

Notes (continued)

	Income	Expenditure
	£	£
Ms Jean Ellis		
Director, Health @ Work Consultancy Services Ltd	-	2,160
Very Rev Sue Jones		
Dean of Liverpool, Director of the Diocese of Liverpool	8,073	-

The nature of expenditure transactions relates to payments to schools on behalf of students, secondment agreements for primary teaching staff and a subscription. With the exception of £7,200 outstanding to Knowsley Chamber of Commerce (paid 16th August 2023), all payments were made during the financial year 2022/23 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 minimal income and expenditure related to its investments and administration. The net book value of Heritage assets on the Statement of Financial Position were £307,421 and the Foundation had £107,725 in its current account as at 31 July 2022.

23 Provisions for liabilities and charges

	Obligation to fund deficit on USS pension	Pension enhancement on termination	Total pension provision
	£	£	£
At 1 st August 2022	1,124,728	75,990	1,200,718
Movement in year	(85,543)	(11,316)	(96,859)
Interest cost	37,228	2,508	39,736
Actuarial loss	(27,189)	(9,720)	(36,909)
	<hr/>	<hr/>	<hr/>
	1,049,224	57,462	1,106,686
	<hr/>	<hr/>	<hr/>

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:

	2023	2022
Discount Rate	5.52%	3.31%
Salary Growth	4.47%	4.60%

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

Notes (continued)

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 £5,332,486 (2022: £5,006,506).

	2023 £	2022 £
As at 1 August	(2,862,000)	31,358,000
(Decrease)/Increase in liability	(12,250,000)	(34,220,000)
As at 31 st July	(15,112,000)	(2,862,000)
The University's pension (asset)/ liability is analysed as follows:	£	£
Greater Manchester Pension Fund	(14,781,000)	(2,520,000)
Merseyside Pension Fund	(331,000)	(342,000)
	(15,112,000)	(2,862,000)

Accounting Surplus

LGPS surplus can only be recognised to the limit of the present value of the projected future service rates. The GMPF surplus of £14,781k can be fully recognised as the present value of projected services costs is greater than the surplus, the fund is open to new members and is therefore valued in perpetuity. The MPF actuary, Mercer, provided a valuation of the schemes present value of future accounting service costs in the case of both closed and open schemes. Given the low membership of the scheme, and therefore uncertain future membership, MPF has been treated as a closed scheme and the accounting surplus has been limited to £331k as per the Mercer report. This is in place of the actuarial valuation of £1,190k.

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.

Notes (continued)

The Teachers' Pension Budgeting and Valuation Account

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

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

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 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:

[TPS 31 March 2016 Actuarial Valuation Report](#)

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.

Notes (continued)

The pension costs paid to TPS in the year amounted to £3,109,001 (2022: £2,720,497).

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 2023 was £2,572,000 of which employer's contributions totalled £1,911,000 and employee's contributions totalled £661,000. The agreed contribution rates for future years are 19.1% for employers and ranges between 5.5% to 12.5% for employees, dependent on salary.

The CPI assumption has been adjusted to recognise the impact of the 2024 PI Order and its medium and long term effects on discount rates and inflation. The CPI assumption has been updated to make allowance for inflation experience since September 2022 being higher than assumed. This adjustment has resulted in the CPI assumption being 0.25% p.a. higher at short durations (less than 17 years), 0.20% higher at medium durations (between 17 and 23 years) and 0.15% higher at long durations (more than 23 years), compared to the assumption that would have been derived using the methodology adopted at 31 July 2022

The following information is based upon a full actuarial valuation of the fund as 31 March 2022 updated to 31 July 2023 by a qualified independent actuary.

	2023	2022	2021
Rate of increase in salaries	3.80%	3.45%	3.55%
Rate of increase in pensions in payment/inflation	3.00%	2.70%	2.80%
Discount rate for liabilities	5.05%	3.50%	1.60%
Commutation of pension to lump sums	55.00%	55.00%	55.00%

The mortality assumptions as at 31 July 2023 include sufficient allowance for future improvements in mortality rates in line with the latest Continuous Mortality Investigation (CMI) The assumed life expectancies are based on age 45 for future pensioners and aged 65 for current pensioners as per the latest triennial valuation.

	At 31 July 2023	At 31 July 2022	At 31 July 2021
Retiring today			
Males	20.20	20.30	20.50
Females	23.70	23.20	23.30
Retiring in 20 years			
Males	21.20	21.60	21.90
Females	24.70	25.10	25.30

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

Change in assumptions at 31 July 2023	Approximate % Increase to DBO	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	1,190
1 year increase in member life expectancy	4%	2,276
0.1% increase in the Salary Increase Rate	0%	149
0.1% increase in the Pension Increase Rate (CPI)	2%	1,061

Notes (continued)

The University's share of assets in the scheme (which is estimated at less than 1% of total scheme assets) and the estimated rates of return (are based on actual returns to 30th June 2023 and adjusted to calculate the estimated returns as at 31st July 2023) were:

	Value at 31 July 23 £000	Value at 31 July 22 £000	Value at 31 July 21 £000
Equities	50,886	48,152	45,290
Bonds	10,034	10,622	9,705
Property	5,734	6,373	4,529
Cash	5,017	5,665	5,176
	<hr/>	<hr/>	<hr/>
Share of total market value of assets	71,671	70,812	64,700
Present value of scheme liabilities			
- Funded	(56,868)	(68,268)	(95,861)
- Unfunded	(22)	(24)	(27)
	<hr/>	<hr/>	<hr/>
Surplus/(Deficit) in the scheme	14,781	2,520	(31,188)
	<hr/>	<hr/>	<hr/>

Analysis of the amount charged to the Statement of Comprehensive Income

	2023 £000	2022 £000	2021 £000
Current service cost	(2,807)	(4,975)	(4,158)
Past service cost (including curtailments)	(12)	(50)	0
	<hr/>	<hr/>	<hr/>
Total service cost	(2,819)	(5,025)	(4,158)
	<hr/>	<hr/>	<hr/>

Analysis of pension finance income

	2023 £000	2022 £000	2021 £000
Interest income on plan assets	2,495	1,042	749
Interest cost on defined benefit obligation	(2,423)	(1,567)	(1,171)
	<hr/>	<hr/>	<hr/>
Total net interest	72	(525)	(422)
	<hr/>	<hr/>	<hr/>
Total defined benefit recognised in the statement of comprehensive income	(2,747)	(5,550)	(4,580)
	<hr/>	<hr/>	<hr/>

Notes (continued)

Movement in deficit during year	2023 £'000	2022 £'000
Surplus/(Deficit) in scheme	2,520	(31,188)
Movement in year:		
- Current service charge	(2,807)	(4,975)
- Past service charge (including curtailments)	(12)	(50)
- Net interest / return on assets	72	(525)
- Contributions	1,911	1,694
- Remeasurements recognised in the Statement of Comprehensive income	13,097	37,564
Surplus/(Deficit) in scheme at end of year	14,781	2,520

History of experience gains or losses	2023 £	2022 £	2021 £	2020 £	2019 £
Return on assets excluding amounts included in net interest	(2,699)	4,134	9,903	(3,826)	1,528
Value of Assets	71,671	70,812	64,700	53,058	54,800
% of scheme assets	(3.77%)	5.84%	15.31%	(7.21%)	2.79%
Experience gains and losses on scheme liabilities	(15,796)	(33,430)	9,266	4,925	7,143
Total present value of liabilities	(56,890)	(68,292)	(95,888)	(81,975)	(72,680)
% of Total present value of scheme liabilities	27.77%	48.95%	(9.66%)	(6.01%)	(9.83%)
Actuarial gain/(loss) recognised in statement of comprehensive income	13,097	37,564	637	(8,751)	(5,615)
% of the present value of liabilities	(23.02%)	(55.00%)	(0.66%)	10.68%	7.73%

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 2023 was £19,000 of which employer's contributions totalled £2,000 and employees' contributions totalled £17,000. The agreed contribution rates for future years are 64.1% for employers and ranges between 5.5% to 12.5% for employees, dependent on salary.

The following information is based upon a full actuarial valuation of the fund as at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary.

	2023	2022	2021
Rate of increase in salaries	4.20%	4.20%	4.10%
Rate of increase in pensions in payment/inflation	2.80%	2.80%	2.70%
Discount rate for liabilities	5.30%	3.40%	1.60%
Commutation of pension to lump sum	50.00%	50.00%	50.00%

Notes (continued)

The mortality assumptions as at 31 July 2023 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 latest triennial valuation.

	At 31 July 2023	At 31 July 2022	At 31 July 2021
Retiring today			
Males	20.80	20.90	21.00
Females	23.30	24.00	24.10
Retiring in 20 years			
Males	22.10	22.40	22.60
Females	25.10	25.90	26.00

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 30th June 2023 and adjusted to calculate the estimated returns as at 31st July 2023) were:

	Value at 31 July 23 £000	Value at 31 July 22 £000	Value at 31 July 21 £000
Equities	2,980	3,020	3,417
Bonds – government	865	1,772	226
Bonds – other	269	661	1,894
Property	688	670	629
Cash & other	1,749	2,042	1,894
IFRIC14 surplus adjustment	(859)	(896)	-
Total market value of assets	5,692	7,269	8,060
Present value of scheme liabilities			
- Funded	(5,356)	(6,923)	(8,224)
- Unfunded	(5)	(4)	(6)
	331	342	(170)

Analysis of the amount charged to the Statement of Comprehensive Income

	2023	2022	2021
	£000	£000	£000
Employer service cost (net of employee contributions)	(66)	(62)	(45)
Past service cost	0	0	0
Total operating credit/(charge)	(66)	(62)	(45)

Notes (continued)

Analysis of pension finance income/(costs)

	2023 £000	2022 £000	2021 £000
Interest on plan assets	273	127	108
Interest on pension scheme liabilities	(230)	(128)	(122)
Pension finance costs	43	(1)	(14)
	2023 £000	2022 £000	2021 £000
Actual return on plan assets	(1,617)	244	914
Experience gains and losses arising on the scheme liabilities	190	(465)	152
Change in financial and demographic assumptions underlying the scheme liabilities	1,401	1,691	(207)
IFRIC14 surplus adjustment	(859)	(896)	
Total remeasurement included within statement of comprehensive income	(885)	574	859

Movement in deficit during year

	2023 £000	2022 £000	2021 £000
Deficit in scheme at beginning of year	342	(170)	(971)
Movement in year:			
Current service charge	(66)	(62)	(45)
Contributions	2	2	2
Past service costs	0	0	0
Administration costs	(1)	(1)	(1)
Settlements and Curtailments	-	-	-
Net interest/return on assets	43	(1)	(14)
Actuarial gain	(26)	1,470	859
IFRIC14 surplus adjustment	37	(896)	
Surplus/(Deficit) in scheme at end of year	331	342	(170)

Notes (continued)

History of experience gains or losses

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Return on assets excluding amounts included in net interest	(1,617)	244	914	(82)	229
Value of assets	5,692	7,269	8,060	7,331	7,444
% of scheme assets	(28.41%)	3.36%	11.34%	(1.12%)	3.08%
Experience gains and losses on scheme liabilities	(1,591)	(1,226)	55	(342)	1,010
Total present value of liabilities	(5,361)	(6,927)	(8,230)	(8,302)	(8,671)
% of Total present value of scheme liabilities	29.7%	17.7%	(0.67%)	4.12%	(11.65%)
Actuarial gain/(loss) recognised in statement of comprehensive income	(885)	574	859	260	(781)
% of the present value of liabilities	16.51%	(8.29%)	(10.44%)	(3.13%)	9.01%

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 2023, 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 Chartered Institute of Public Practice (CIPFA)'S 'Treasury Management in the Public Services: Code of Practice.

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)

Financial Assets	2023 £	2022 £
Investments	10,000,000	22,750,000
Trade & Other Receivables	972,171	1,276,296
Cash & Cash Equivalents	19,100,566	16,269,235
	<u>30,072,737</u>	<u>40,295,531</u>

Financial Liabilities	2023 £'000	2022 £'000
Loans	3,198,050	3,529,747
Trade & Other Payables	2,659,119	765,167
	<u>5,857,169</u>	<u>4,294,914</u>

26 Reconciliation of Net Debt

	2023 £	2022 £
Net Debt at 1 August	(6,517,144)	(14,068,992)
Movement in Cash & Cash Equivalents	2,831,332	(8,779,202)
Other non-cash changes	(12,216,704)	16,331,050
Net Debt at 31 July	<u>(15,902,516)</u>	<u>(6,517,144)</u>
Change in Net Debt	<u>(9,385,372)</u>	<u>7,551,848</u>

Analysis of Net Debt

	2023 £	2022 £
Cash & Cash Equivalents less:	19,100,566	16,269,235
Borrowings: amounts falling due within 1 year		
Secured Loans	352,661	331,697
Borrowings: amounts falling due after 1 year		
Secured loans	2,845,389	3,198,050
Obligations under finance lease	0	6,222,345
Net Debt	<u>(15,902,516)</u>	<u>(6,517,144)</u>

