



# **Financial Statements**

for the year ending 31 July 2015

## **VISION**

To be recognised as a modern civic university delivering solutions to the challenges of the 21st century

## **MISSION**

Our mission is to create and sustain a vibrant community for learning and knowledge where staff and students work together in an active and supportive partnership; providing opportunities to enrich our students, partners and wider society through education, training, research, scholarship and knowledge transfer.



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# Operating and Financial Review

## Scope of the Financial Statements

These are the consolidated statutory accounts of Liverpool John Moores University and its subsidiaries for the year ended 31 July 2015.

## Vision and Mission

Our Vision is to be recognised as a modern civic university delivering solutions to the challenges of the 21st century.

Our mission is to create and sustain a vibrant community for learning and knowledge where staff and students work together in an active and supportive partnership: providing opportunities to enrich our students, partners and wider society through education, training, research, scholarship and knowledge transfer.

## Strategic Objectives

Our actions in pursuing our Vision and Mission are guided by our Strategic Framework for 2012 to 2017 which sets out a detailed roadmap for the University. Our strategic objectives are to be:

- A university known for excellent teaching within an academically engaging and supportive student experience that produces graduates who, as citizens, are prepared for life and the world of work and are valued as contributors to society.
- A university where scholarship is at our core and our Research Institutes are recognised as beacons of excellence that provide inspiration and motivation for staff, students and society.
- A university which is true to its values and is recognised globally as a driving force that through partnership supports wealth creation, social well-being, culture and the arts within the city-region and beyond.

Successful achievement of these outcomes will require strong focus, strategic management discipline and a clear and relentless pursuit of the principles of excellence. Robust mechanisms and structures are in place to deliver these requirements.

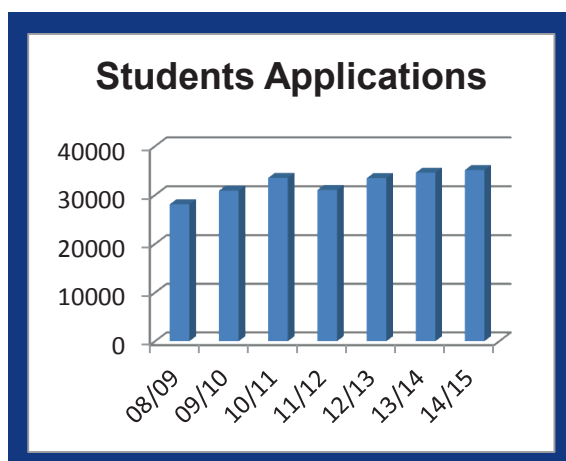
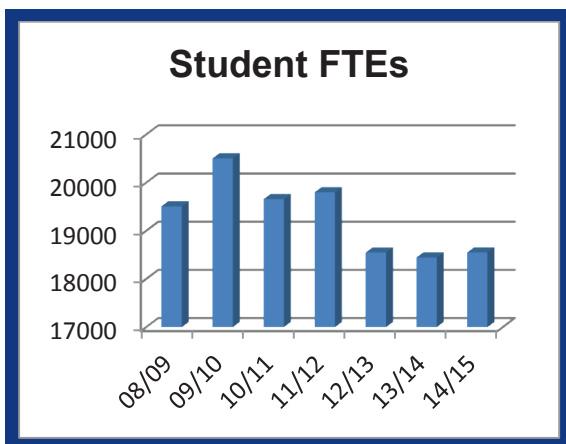
## OPERATIONS

### Students

LJMU is one of the largest Universities in the UK with 21,000 students in Liverpool plus a further 1,800+ students enrolled on accredited University courses overseas. Actual full time equivalent numbers for 2014/15 were 18,552. This represents an increase of 0.4% compared with 2013/14.

This outstanding position is attributable to excellent recruitment in FT UG which resulted in an increase of 300+ FTEs in comparison to 2013/14. The 2014/15 recruitment was in line with planned control numbers for 2014/15. This was achieved whilst maintaining intake quality.

The enhancement of the postgraduate programme portfolio has been a priority, with a range of new programmes being designed to meet new and emerging market demands. Another key focus has been the continuous improvement of the quality of all taught programmes, in line with the Strategic Plan and guided by the revised UK Quality Code and our



preparations for HE Review in 2015-16. The Academic Registry continues to ensure a coherent and consistent approach to quality assurance and enhancement across the University.

A new assessment receipt, marks and feedback tool on the University's VLE (Blackboard), also accessible through mobile devices, has enhanced the student learning experience. Improvements have also been made to student-facing administrative processes, such as enrolment and online module registration. Student satisfaction, as evidenced in the NSS outcomes, continues to rise.

As shown above, student applications and recruitment remains buoyant despite the very challenging environment that universities are facing. LJMU continues to operate very effective widening participation and outreach activities which are identified in the Access Agreement recently approved by OFFA, e.g. the National Schools Observatory scheme continues to grow as schools use their access to the Liverpool Telescope

In total, 97 new programmes were approved for development in 2014/15 of which 30 were Postgraduate taught and 67 undergraduate. This represents an increase of 40 more than the previous year and demonstrates a commitment to continual refreshment of the portfolio and the strategic objective to increase the University's Postgraduate portfolio.

The university continued to ensure that, wherever possible, programmes have Professional Statutory Regulatory Body accreditation. Of the 139 Key Information Set (KIS) course records 72 accreditations are recorded, including multiple accreditations on some programmes. There are 49 distinct KIS programmes with one or more accreditations representing 35% of KIS records.

In February 2012, a bid was successfully submitted to the HE STEM Sigma project and £10,000 was awarded (to be match funded by the university) for the establishment of a Maths Resource and Support Centre (MRSC) at LJMU. This MRSC operates alongside existing study support provision. The MRSC opened in March 2012 and has now been in continuous operation since that time. The centre has proven to be very successful and the university opened a second Maths support centre in 2013/14.

The University continues to invest in the Maths Support Centres, and in 2015/16 the original Support Centre was re-located to a new site within the Byrom St Campus. The new site provides enhanced access for students from the Faculties of Science and Engineering & Technology. In addition, LJMU acts as a Sigma spoke for the North West and North Wales (NWNW), with the Hub being at Loughborough University. The role of the Sigma@LJMU spoke is to organise dissemination and networking events in the NWNW.

Internationally the University is redoubling its efforts to recruit strongly from outside the EU and has a long-term goal of recruiting 15% of the student body in Liverpool from non-EU territories from a base of 4% in 2013 entry cohorts. Following an extensive review, new structures and procedures (including a competitive scholarship offer and centralised decision-making on international applications) have been put in place alongside a significant expansion in the taught Masters portfolio.

The University continues to expand upon its portfolio of international collaborations and graduated its first dual PhD student in 2013 from the University of Malaya. New agreements on student articulation were concluded with institutions in China and the University continues to be a strong partner of the Sino-British College in Shanghai, delivering BEng degrees in Industrial Electronics & Control and Manufacturing Systems. We have also begun a very

promising dialogue with a set of state universities in the USA state of Connecticut.

In relation to maximising the mutual benefits of the LJMU/Study Group (SG) strategic partnership, kick started by an LJMU/SG Summit in Summer 2013 to agree a new, revitalised institutional approach to the partnership, including new IFY routes and the development of on-line products. The LJMU/SG International Study Centre (ISC) was reviewed by QAA (as part of an assessment of 13 colleges offering provision in the name of Study Group Bellerbys). The key findings for the LJMU ISC were that there was confidence in the academic standards at the ISC, confidence in the quality of the learning opportunities at the ISC and reliance on the accuracy of information published about the ISC and its programmes.

Collaborative relationships with employers continue to develop with the World of Work Careers Centre Employer Advisory Group consisting of for example The Royal Liverpool University Hospital, Sound City, Sellafeld Ltd., Ernst and Young, The IoD, The Army, Aldi, Liverpool City Council, SEMTA, The RAF, Royal Mail, Barclays, Liverpool Chamber of Commerce, Tate Liverpool, Hill Dickinson LLP, TUC, The Federation of Small Business, Enterprise Rent-A-Car, Bosch and BT.

In 2014 LJMU recorded the 7th successive increase in graduate prospects (71.2% of all graduates), the fifth successive annual decrease in unemployment (7.2% for UK, full time, first degree students) and increase in further study and training (12% for all graduates).

The World of Work Programme continued to be recognised as a best practice case study in nationally important publications and conferences in 2014/15 including from the HEFCE, University Alliance, the Higher Education Academy, British Council and QS Apple.

During the year over 7,777 students completed the Bronze, Silver or Gold stages of the World of Work Skills Certificate. The certificate continues to be designed, developed and delivered collaboratively with many employer partners and a Student Advisory Group and is being continuously modified and improved following feedback.

The university organised the third year of the LJMU funded internships programme for unemployed graduates (28) and Level 5 students (91) which was highly successful. This year the student internships were focussed on supporting the Liverpool City Region economic priority sectors.

The University continues to transfer knowledge and share its employability expertise by accepting invitations to conferences and to work with universities and Governments in the Netherlands, Norway, Morocco, Tunisia, Dubai, Palestine, and USA.

## Research & Scholarship

In 2014-15 the University continued to focus its research efforts and resources through its Research Institutes and Centres. Similarly, core HEFCE QR research funds (distributed based on Research Assessment Exercise [RAE] 2008 performance) have primarily been used to support academic staff costs in these research-active areas; 2015/16 sees a new model for quality-related (QR) funding distribution based on the outcomes of the Research Excellence Framework (REF2014).

In December 2014, the outcomes of the University's submission to the REF in the previous year were announced. This was indeed a major highlight of the year, in which the success of our institutional REF strategy was demonstrated and celebrated. The University rose 19 places in the research league table (THES) placing it 62nd



overall in the UK and in the upper half of this league table for the first time in the University's history. The REF2014 outcomes also verified the outstanding and very considerable reach and significance of the impact of LJMU's research on wider society. The strategic framework for the institution for 2012-17 continues to provide a clear roadmap for the University for delivering excellence in research and scholarship that positively impacts on society and serves as an inspiration to students, fellow staff and the public.

### Highlights

- LJMU doubled the amount of research rated as world-leading (18% 4\*) compared to the REF's predecessor the RAE2008, and more than doubled the volume of activity rated as internationally-excellent or above (66% 3\*). The research activity of each of the 17 Units of Assessment (UOA) submitted by the University was rated as at least 45% internationally-excellent or better (4\*/3\*).
- LJMU's Sport & Exercise scientists achieved an exemplary and outstanding outcome in REF2014 with 97% of their research deemed to be 4\*/3\* (61% 4\*), placing them second in their UOA by just 0.01 points. LJMU submissions in Astrophysics, English Literature and Art & Design UOAs were the next best performing subject areas for the University based on institutional ranking.
- HEFCE's funding letter to LJMU (March 2015) advised of a 52% increase in total QR funding to the University; in 2015-16 LJMU will receive an allocation of £5,262,310
- The University's preparations for the next REF continue in earnest. We put in-place an institutional repository for the deposit of research publications in electronic format (launched in October 2014), ensuring that LJMU research is publically accessible/open access (and eligible for submission to the next REF). Additionally,

the University invested in electronic systems to support researchers in their endeavours to conduct impactful research (and capture the evidence of this), and to gain institutional intelligence with respect to LJMU's research performance/ benchmarking that will aid with strategic planning.

- Investment in research capacity and capability by the University in 2014-15 saw another round of strategic investment in research-active academic posts, including early career researchers as well as more well-established researchers (who can act as team leaders and mentors). These posts were targeted at areas of research excellence across the University and are highly significant to our staffing strategy for the next REF.
- Academic staff continue to submit substantive research grants bids to external organisations in excess of 250 grants bids per annum. There has been a continued improvement in the guidance and support available to academic staff in preparing high quality bids and on the importance of peer review within the grants submission process. Increased reporting on the grant submission pipeline in 2015-2016 will support the development of more complex and valuable institutional data.
- The number of research degrees awarded by the University in 2014-2015 was 95 including 87 PhDs. This is a rise of 20% overall from the previous year with PhDs up by just under 30%.
- Research Grant Income rose by 16% in 2014-2015 to £8.7m from £7.5m in 2013-2014.
- At the end of July 2015 LJMU was managing a research grants portfolio of £57m
- £9m in new research grant funding was awarded to LJMU in 2014-2015.
- Grants are awarded from a very wide range of sponsors. UK Research Council income (the most competitive source of research funding) accounts for approximately 22% of our total research income.
- Funding from the European Framework Programmes has become a more important part of the funding portfolio in recent years and accounts for 13% of the Institutions total research income. The focus on supporting bids to Horizon 2020 continued over the year. With notable successes for the General Engineering Research Institute, working in collaboration with the Research Centre in Evolutionary Anthropology and Palaeoecology, Co-ordinators of the DigiArt project and Astrophysics Research Institute; who secured the University's first European Research Council Consolidator Grant, Multi-Pop.

### Commercial Enterprise, Knowledge Exchange and Student Entrepreneurship

The University utilises income from the Higher Education Innovation Fund (HEIF) combined with core funds to ensure support for Commercial Enterprise, and Knowledge Exchange activity across the University. Following the establishment of the central support team; Research & Innovation Services, an integrated approach to these activities continues to support both external clients and stakeholders along with our own staff.

Student Entrepreneurship is supported by core University funds as well as operating projects via the European Regional Development Fund (ERDF). A business start service for students and recent graduates runs alongside considerable delivery within the curriculum.

### Highlights

- LJMU is ranked 10th in the UK for the number of active Graduate



Start Ups and 12th in the UK for the current turnover of these firms.

- Over 10,000 attendees to free public lectures sees LJMU ranked 39th in the UK in this category.
- The Centre for Entrepreneurship held over 100 events within the curriculum, engaging nearly 2000 students.
- Analysis of the Higher Education Business and Community Interaction survey (HE-BCIS) for 2013-14 showed the total annual value of LJMU's interaction with business and the community was £10m.
- LJMU is ranked 53rd in the UK for income from Contract Research
- The university has a current portfolio of 18 live and active commercialisation projects.
- 9 early stage projects were awarded funding from the Commercialisation Budget in 2014-2015 across a range of disciplines.
- Uni-Health, one of the 9 projects funded and supported through Commercialisation Budget, was successfully spun out during the year with a commercial partner. The company provides employability outcomes for students alongside contributing to the regional health agenda.
- Revenue from Commercial enterprise has increased by 8% from £3.7m in 2013-2014 to £4.1m in 2014-2015
- The academic community continues to deliver Commercial enterprise and commercialisation practices, with all four faculties delivering to these agendas. Engagement and collaboration with external partners covering all sectors and multiple industries.
- Key highlights include multiple SBRI funded contract research and technology development bids secured with industrial partners in the healthcare sector; continued contracts with Premiership football clubs, National governing bodies and public sector agencies; successful large scale bespoke training provision within the Health sector and key research translated into new technologies that are progressing through for exploitation. 2014 saw the launch of a new facility at LJMU Face Lab, which carries out forensic research, archaeological investigation and consultancy work during 2014. This facility secured its first commercial contract within 2014-2015 and a significant consultancy contract has been secured for 2015-2016 with a collaborating HEI and delivering for a Government organisation
- 2014-2015 saw the successful extension of LJMU's research partnership with the National Joint Utilities Group through to 2016. The consortium of over 20 members from across all utility sectors was formed in 2013 has seen its research on Pavement Engineering directly inform the national policy debate.
- Members of the Knowledge Exchange Team undertook the University's first Staff Erasmus+ project. They visited three Swedish Universities to share approaches to Commercialisation and Knowledge Exchange. The highly successful trip has already seen a return visit made by Karlstad University and a number of potential collaborations are under discussion.
- LJMU had 6 live KTP projects running during 2014-2015 and saw the award of a highly respected Grade B for their project with Prozone.
- LJMU in partnership with the University of Liverpool hosted a highly successful 2014 National KTP Conference.
- The Centre for Entrepreneurship delivered its first international

boot camp, with staff from the Centre travelling to China.

- The Centre for Entrepreneurship hosted the largest Student Enterprise conference in Europe in partnership with NACUE. Over students 600 from all over the UK attended the event.

## Resources

### Capital Development

The goal of the University's Capital Development Strategy is to generate a vision for a unified connected University Village with a clear identity and outward focus.

The Capital Development strategy underpins the University's Estate Strategy and Master Plan. The University's Estate Strategy and Master Plan embraces the varied nature of the campus as a mixture of historical and contemporary buildings and spaces. It seeks to resolve the intricacies and inconsistencies in the urban environment and draw together disparate parts of the University into a lush and unique composition that unifies and spatially interconnects the elements as a vibrant mixture of buildings enveloped in appropriate public realm space.

In addition, the University's Estate Strategy and Master Plan will serve to address the medium to long term objectives, as interpreted in a number of important themes that will drive the University's strategy in the future.

The University Estate Strategy and Master Plan will address these themes specifically by identifying and responding to the following issues:

- The Student Experience: in both learning and social perspectives and consequently adequate space will be provided for each.
- Flexibility: There is a requirement for the University to respond flexibly and quickly to changes in the competitive environment, so that the right type of space is made available when required. To ensure that the University estate is sufficiently flexible to adjust to changing circumstances and respond to external initiatives.
- ICT Infrastructure: Digital technology will continue to affect teaching, learning and research and the spaces in which these take place.
- Operational Delivery: There will be a need to implement effective and efficient business operations and where and how these should take place will influence the Estate Strategy.
- Environmental Sustainability: To guarantee that the University's 2020 carbon reduction targets are achieved and in the interests of sustainability, all new buildings and business practices will meet rigorous criteria regarding energy usage, carbon emissions and reduction of car usage.
- Regional Growth: To develop facilities that will maximise the University's potential and will contribute to the regional economy of Liverpool.
- Physical Environment: To create a sense of place within the city and through the medium of architecture and urban design reflect the University's academic ethos.
- Health, Safety and Wellbeing: To ensure that the University estate meets all Health & Safety, statutory, regulatory and HEFCE requirements.
- Long Term Maintenance: To ensure that the University's property portfolio is correctly maintained to an appropriate and agreed standard.



- Fit for Purpose: To ensure that the University estate is appropriate to deliver first class research, teaching and learning, academic, service and social needs.
- Capital Development: To provide a basis for capital planning and to identify priorities for property investments.
- Delivery Programme: To develop robust programme management systems to ensure that all development programmes are delivered to agreed time, cost and quality targets.

In addition, it should be noted that The University's ongoing capital investment strategy is for the most part driven by a blend of changing stakeholder expectations, rising energy costs, tightening regulations and a wish to deliver on the University's environmental sustainability agenda.

The University's ambition over the next seven years is to invest £160 million in the creation of a Connected University Village that combines ongoing investment in bricks and mortar with the delivery of high quality, innovative, cutting edge buildings that offer transformational learning, teaching, research and civic opportunities for the entire University.

**The key projects within the Capital Development Strategy include:**

- The redevelopment of the Copperas Hill site as an environment that all students and staff will want to identify and connect to. With a location next to Liverpool Lime Street Station, this presents a unique opportunity for the University to make a bold statement to staff, students, stakeholders and the public that LJMU is a place to "dream, plan and achieve".
- The disposal of the University's I M Marsh Campus following the relocation of all academic delivery within the Connected University Village.
- The development of a connected city centre university village that co-locates all University buildings into an integrated centre of knowledge and learning.
- A sustainable refurbishment programme that will ensure the entire University's entire property portfolio is fit for purpose, efficient and flexible.

Over the past twelve months the University has undertaken a moderate amount of capital investment in its property portfolio and has made excellent progress in delivering enhanced learning, teaching and research spaces. The following progress has been made over the past twelve months;

- To improve the student experience the University has continued to invest in the refurbishment of its Byrom Street campus, which is providing enhanced general teaching space, lecture theatres and specialist teaching and research facilities.
- A new 2-storey building located in the courtyard at Byrom Street links to the existing social space. The ground floor provides catering facilities and social space and the upper floor provides open access IT provision. The new facility has been opened for the 2015/16 academic year.
- The University is investing £12 million to refurbish STEM laboratory space in Byrom Street. The project is part funded by the Higher Education Funding Council for England (HEFCE). The project will take two years to deliver and on completion will provide 4,000m<sup>2</sup> of state of the art science and engineering facilities for the Faculties of Science and Technology and Environment.

- The University has purchased the Henry Cotton Building in order to consolidate the University's land ownership in this area. Moreover, the Henry Cotton Building provides strong links and sight lines between Byrom Street Campus and Copperas Hill Campus, thus creating the connectivity for a unified and connected University Village. Work has commenced on site for general refurbishment to the circulation space, upgrading of student teaching space along with the refurbishment of toilet facilities.
- The John Foster building continues to undergo a significant change with the University identifying a substantial capital investment in the refurbishment of the site. Following a three month refurbishment programme, the John Foster Building now provides modern general teaching accommodation for the Faculty of Arts, Professional and Social studies.
- To develop the student experience the University has continued to invest in the upgrading of its Audio Visual Information Technology (AVIT) systems.

**Environmental Sustainability**

Managing carbon emissions is at the heart of our vision to be a modern civic university delivering solutions to the challenges of the 21st Century. It touches all four core aims of embedding and enhancing the student partnership, excellence in learning teaching and assessment, embedding research and scholarship and social and economic engagement.

The University has achieved an absolute carbon reduction of 25% on the 2005 HEFCE baseline, which compares favourably across the sector.

The University agreed its Carbon Management Plan in 2008/9. The University is currently reviewing the plan.

The University has grown by 13% (21,694m<sup>2</sup>) since 2008/9 but notwithstanding this, it has reduced the carbon footprint of its buildings by 17%. The key opportunities and challenges for the new plan are fostering environmental and sustainability awareness, precipitating behavioural change, adopting sustainable procurement methods, the development of the Estate, space utilisation and identifying further energy management improvement opportunities.

The carbon management plan is one of a number of initiatives that is required to embed environmental sustainability across the institution.

There are significant legislative, environmental and sector drivers to support the requirement for a carbon management plan. Moreover it is a further opportunity to make a positive difference to our community as a modern civic university.

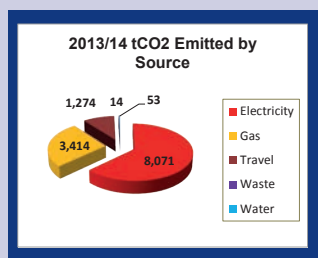
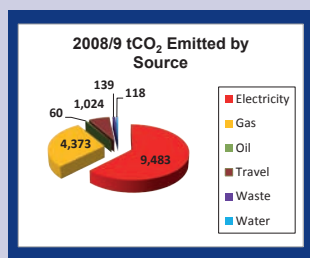
**Carbon Management Performance 2009 to 2014**

LJMU target:  
Reduce 2008/9 total emissions by 25% (3,800tCO<sub>2</sub>) by 2014.  
Outcome:  
Total emissions reduced by 17% (2,555tCO<sub>2</sub>) by 2014

**Positive Impacts**

- Carbon emissions from gas consumption reduced by 959tCO<sub>2</sub> (-22% of 2008/9 baseline).
- Carbon emissions from electricity consumption have reduced by 1,339tCO<sub>2</sub> (-15% of 2008/9 baseline).
- Carbon emissions from water consumption have reduced by 65tCO<sub>2</sub> (-55% of 2008/9 baseline).

- Carbon emissions from waste have been reduced by 125tCO<sub>2</sub>e (-89% of 2008/9 baseline).
- Carbon Trust Standard for year on year carbon reduction achieved 2010 and renewed in 2013.



### Major carbon abatement measures delivered

- Over-cladding and double glazing of the James Parsons Centre Wing and Tower Buildings.
- Total refurbishment and over-cladding of Max Perutz Building.
- Installation of a state of the art Performance Optimised Data Centre – home to all of LJMU’s IT and web services.
- Retrofit LED lighting upgrades to Aldham and Avril Roberts Libraries.
- Installation of voltage optimisation equipment to Henry Cotton Campus, John Foster Building, Aldham Roberts Library and I.M. Marsh Campus.
- Installation of variable speed drives to pumps and fans across the estate.
- Improved performance of LJMU’s Building Energy Management System.
- Night Watchman’ PC power management software to all of LJMU’s circa 4,850 managed desktop pc clients.
- Bespoke shutdown scripts developed by various departments to control PC’s not managed by ‘Night Watchman’.
- The University Print Strategy reduced the number of multifunction devices and introduced stand-by mode energy saving features.
- Diversion of all non-recyclable waste to refuse derived fuel production.

### IT Developments

- Delivery of all the core KPI services throughout 2014-15 at (or close to) 100% availability.
- As a modern civic university, IT facilities have been provided in the libraries for use by the local community.
- A service catalogue has been developed to provide a framework for business users to access and find information about the services they require.
- Numerous improvements to our Virtual Learning Environment (VLE), including the integration of a new Reading List product to present students with their reading lists in an attractive user interface within the VLE
- Implementation of the first phase of the redevelopment of the LJMU website
- Responded to over 15,600 support requests with an average customer satisfaction of 99.7%.
- Introduction of a sophisticated system based solution to support the simultaneous release of results to students on “Results

Notification Day”, including extensive performance and stress testing to ensure the developed solution would support very high concurrent usage

- A brand new CRM system to support student recruitment and welfare based on Microsoft’s class leading “Dynamics” product
- Numerous enhancements to our operational systems including changes to our student administration system to better support Online Module Selection, Sandwich Placements, and Programme Leaders
- Ongoing and significant investment has been made in the University’s technical infrastructure network, including:
  - Developing the means to provide students with Microsoft Office 365, which will be available for use at the start of the academic year. This will enable them to have a free copy of Microsoft Office on up to five devices, in addition to other benefits such as access to Microsoft’s OneDrive storage application
  - Introduction of a new IP based telephony system to support Clearing, including advanced real time call statistics
  - Replacement of the legacy data storage solution with a 400 Terabyte, resilient HP 3Par storage area network, enabling enterprise high availability data storage and access
  - Replacement of over 600 student facing PCs and the installation of 30 new student PCs in the new Social Zone adjacent to James Parsons Building.
  - Complete rebuild of approximately 2,000 student PCs with the latest Microsoft products.
  - Deploying over 120 student loan laptops and procuring over 200 iPads.
  - Development and deployment of over 300 new Laptops and Microsoft Surface devices to teaching staff enabling them to access their LJMU data wherever they may be as long as they have a Wi-Fi signal
  - Installation or upgrade of over 80 applications

### Sports Facilities

An agreement with Liverpool City Council’s Sports and Leisure Division continues to provide the following facilities to students and staff:

- The provision of general access to a range of sports and leisure facilities across the Life Style venues.
- To progressively allow the relocation of those academic programmes that have a sport related component which are currently delivered at the IM Marsh Campus to the Copperas Hill Campus on opening in 2018.
- To enable the Liverpool Students Union to provide facilities for its club and societies, presently provided either at IM Marsh or purchased from private providers.

### Governance and Risk

- The University’s governance practices are consistent with the Higher Education Code of Governance by the Committee of University Chairs (CUC), published in December 2014.
- The University remains strongly committed to adopting best practice in terms of Governance and Management.
- Risk management is incorporated into the corporate planning and

## Results for the Year

The University's consolidated Income, Expenditure and Results for the year to 31 July 2015 are summarised as follows:

	<b>2014/15 £000</b>	<b>2013/14 £000</b>
Income	193,225	178,183
Expenditure	173,408	166,718
Surplus after depreciation of assets at valuation and before tax	19,817	11,465
Profit/(Loss) on disposal of fixed assets	(89)	1,074
Surplus/(deficit) after depreciation of tangible fixed assets at valuation and disposal of fixed assets and before tax	19,728	12,539
Share of Operating (loss)/profit in Joint Venture	(22)	-
Share of Operating (loss)/profit in associate	(31)	(48)
Surplus/(deficit) after depreciation of tangible fixed assets at valuation, disposal of assets and tax	19,675	12,491
Surplus/(deficit) for the year transferred to accumulated income in endowment funds	695	336
Surplus/(deficit) for the year	20,370	12,827
Difference between historical cost depreciation charge and the actual depreciation charge for the year on the revalued amount	476	494
Realisation of property revaluation gains of previous years on disposal of assets	-	20
Surplus/(deficit) for the year on a historical cost basis	20,846	13,341







### Future

LJMU continues to work to rise to the challenges presented by the changing political and economic climate, and the ramifications of the new fee regime. As a consequence, LJMU fully achieved its targeted home student control numbers for 2013/14 and 2014/15 whilst enhancing retention rates represents a challenge moving forward.

The Institution will need to continue to work hard to ensure that this level of success is delivered in 2015/16 and onwards. This will be achieved by the continuation of the successful implementation of the 2012-17 Strategic Framework. This clearly sets out our ambitions for the coming 3 years.

### Conclusion

2014/15 has been a successful year for LJMU. Significant investment in the staffing establishment and infrastructure has continued to enable continued improvements in academic delivery. A surplus significantly in excess of budget has increased LJMU's net worth before pension liabilities.

This, coupled with the on-going delivery of the 2012-17 Strategic Framework and an enhanced league table position, places LJMU in a strong position to manage the challenges and difficulties currently facing Universities in the light of the changing financial climate ahead.

**Mr Rod Hill BA, FCMA, IPFA**  
Chairman



## Delivering the Public Benefit

### 1. Public Benefit

1.1 The University is an exempt charity and as such is required to undertake activities in accordance with the charitable purpose of the advancement of education for the public benefit. The Board of Governors, as the charity trustees of the University, confirm that they have complied with the duty in section 17 of the Charities Act 2011, to have due regard to the public benefit guidance published by the Charity Commission for England and Wales. The Board of Governors has also received the new 'Essential Guide for Trustees' published by the Charity Commission in July 2015.

1.2 The University achieves its charitable purposes through its vision "to be recognised as a modern civic University delivering solutions to the challenges of the 21st century". The University's mission is to create and sustain a vibrant community for learning and knowledge where staff and students work together in an active and supportive partnership, providing opportunities to enrich our students, partners and wider society through education training, research, scholarship and knowledge transfer. Liverpool John Moores University is an ambitious and forward thinking Institution that challenges convention and believes passionately in the concept of 'One University' – a community working together to common student-centred objectives within a clear strategy.

1.3 Public benefit is embedded in the University's Strategy 2012-2017 through its aims to be:

- a University known for excellent teaching within an academically engaging and supportive student experience that produces graduates who, as citizens, are prepared for life and the world of work and are valued as contributors to society.
- a University where scholarship is at its core and our Research Institutes are recognised as beacons of excellence that provide inspiration and motivation to staff, students and society.
- a University which is true to its values and is recognised globally as a driving force that through partnership supports wealth creation, social well-being, culture and the arts within the city-region and beyond.

2. Specific information is provided below about how the University delivers public benefit in all its activities:

#### 2.1 Student Access and Equal Opportunities

2.1.1. For over 180 years, LJMU has remained true to its original mission of creating and supporting opportunities for participation in quality higher education by under-represented groups and is proud of its tradition. The University's longstanding and successful track record of widening participation is evidenced by its performance against Higher Education Statistical Agency (HESA) widening participation indicators. 97.5% of LJMU's UK domiciled young students are from state schools (UK average 89.7%); 18.3% from lower participation neighbourhoods based on POLAR 3 (UK average 10.9%) and 41.8% from social classes NS-SEC 4-7 (UK average 32.6%). Based on POLAR 3 the percentage of mature students with no previous higher education experience and from lower participation neighbourhoods is 17.9% (UK average 11.8%). 5.7% of LJMU's UK full-time first degree students are in receipt of the Disabled Students' Allowance, and whilst this is below the UK average it is an increase from 4.2% in 2012/13. 10.3% of home students are from a BME background.

2.1.2 As identified above, LJMU has a high proportion of under-represented students as evidenced by a variety of measurements and indicators of access performance. The University is above all the HESA performance benchmarks for attracting students from widening participation backgrounds (including location adjusted

benchmarks). Its success in this area is also reflected in the number of students from lower-socio economic backgrounds.

2.1.3 The University has committed to spend in excess of 20% of its fee income above the basic rate on access measures in 2016-17. This includes outreach activity, investment in retention strategies and initiatives that improve the employability and success of LJMU graduates.

2.1.4 The University remains committed to ensuring that all students that are able to participate in higher education can do so regardless of their financial circumstances and provides a holistic approach to financial support. The following support is offered:

- Progression Bursary of £500 per annum for eligible full-time home students with a household income of £25,000 or less to support retention.
- Fee waiver of £3,000 for full-time home and EU students taking the Foundation Year of a four year STEM programme.
- Looked After Children Bursary - a minimum bursary of £1,000 per year to help care leavers with their living costs.
- Young Adult Carers Bursary - £500 per year to help with their living costs
- Anthony Walker Bursary – through its work with the Crown Prosecution Service and the Anthony Walker Foundation LJMU will offer a £500 per year cash bursary to two BME students who study law or law and criminal justice at the University in 2016. There are also mentoring and volunteering opportunities for the successful recipients.

2.1.5 The University has made steady progress with its BME activities, exceeding its targets and improving recruitment of "home" students from BME backgrounds in 2013-14.

#### 2.2 Employability

2.2.1 Students who attend the University benefit directly from the quality of the education they receive. The University's 'World of Work Programme' aims to ensure that every student is equipped with the skills they need to stand out from the crowd and to successfully engage in the world of work, either because they possess skills which are highly valued by employers or because they are well equipped to set themselves up in their own business. In 2014/15 new Careers Zones were opened in locations enjoying high student footfall thus providing career support services where and when students require it. The World of Work Careers Centre conducted 22,000 student interactions and the following number of students completed three statements that constitute the World of Work Skills Certificate – Self Awareness (5,550);

Organisational Awareness (1,549); and Making Things Happen (616). By doing so each student reflected and provided evidence of these essential employability attributes.

2.2.2 The World of Work Careers Centre is accredited against the Department for Business, Innovation and Skills EMQC Matrix Quality Standards and was re-accredited in December 2014. It offers a range of services designed to support students and graduates in their job hunting and these services are available to the University's alumni for life. We saw the leaving class of 2014 secure the highest percentage of graduates for six years securing managerial and professional employment, the highest percentage securing postgraduate study and six successive years of decreasing unemployment. In 2014/15 new initiatives developed by the Centre included: (1) A self-directed online resource designed to assist students assess how prepared they are to make career decisions and transitions, identify gaps in knowledge and skills and create an







action plan; (2) collection of career readiness data obtained for each student at the point of course registration each year – this is used in discussion with academic colleagues to plan careers provision and interventions. This work has been recognised by HEFCE and LJMU will partner with other universities e.g. University of London in a HEFCE funded Learning Gain project over 3 years analysing how collection of this data enhances learning; (3) School-focussed Career Planning Guides made available as hard and digital resources.

2.2.3 In addition to administering 128 LJMU funded internships for students and graduates, the Centre conducted 852 employer engagements, arranging for 451 to act as visiting speakers within the curriculum and at events. The Centre has also provided training and consultancy services for universities in Jordan, Egypt, Morocco, Tunisia and the USA. The Director of Graduate Advancement continues to provide public benefit as a member of the Liverpool Manufacturing Futures Group; The North West Business Leadership Team; as an Adviser to the Liverpool City Council Select Committee on Employment; Skills and Enterprise; and in actively facilitating active partnerships with the Chambers of Commerce; the Institute of Directors; the Federation of Small Business; the local Civil Service; and the CBI.

2.2.4 The Centre for Entrepreneurship supports LJMU students and recent LJMU graduates to start up in business or become self-employed. The Centre offers a range of services; in-curricular support to modules and programmes that focus on business start-up, extracurricular workshops on a range of start-up topics and intensive boot camp training programmes, all alongside confidential one to one advice and mentoring. Complementing these activities are a dedicated peer to peer network that has over 1200 members and a range of financial support for entrepreneurs. Strategically, the Centre seeks to champion entrepreneurship as a career option and highlighting the benefits of enterprising pedagogies in the classroom.

2.4.5 For the past nine years students from the Sport Development with Physical Education programme in the School of ELSS have been involved with the Namibia based International Development through Excellence and Leadership in Sport (IDEALS) programme which aims to establish a high quality, progressive and coordinated sports leadership development exchange programme for young people aged 20-30 between the UK and partner countries. The aim is to increase the employability of UK students and their international counterparts through a peer to peer sport-based programme that develops their sport, leadership and life skills.

## 2.3 Research and Knowledge Transfer

2.3.1 Publication of research outcomes is a standard condition of research funding agreements; this leads to enhanced public knowledge and is a vital part of the way that research creates societal impact. Impact is at the forefront of the University's research

activities and the benefits arising from our research extend far beyond our academic peers. Indeed, the outcomes of the Research Excellence Framework 2014 verified the outstanding and very considerable reach and significance of our impact on wider society (three-quarters of impact judged to be 4\* and 3\*). From working directly with industry and commerce, public and third sector organisations, to engaging with members of the public, the University's researchers are helping to inform public debate, policy, shape new laws, transform lives and enhance the environment.

2.3.2 LJMU's research is carried out in a wide variety of subject areas that span all areas of the University, including the arts and humanities, science, engineering and medicine. In each case, the research has the aim of increasing our knowledge of the subject under study and of enhancing society by means of influencing local or national government policies or by generating wealth and well-being via partnership with industry or healthcare services. The impact of our research is varied and includes the work of our Astrophysics

Research Institute in supporting the National Schools' Observatory, which supports over 4,000 UK and Irish teachers and their classes by making our Liverpool Telescope available to stimulate the scientific aspirations of school children [see also 2.5.6-2.5.8 below]. Our Research Institute for Sport and Exercise Sciences carried out wide-ranging activities that include promoting physical activity to improve the health of children and work with elite football clubs and national associations that lead the way in analysis of match performance and player preparation/recovery.[see also 2.3.5; 2.5.9-2.5.11 below]

2.3.3 In the recent Research Excellence Framework assessment, 96% of our research was judged to be internationally recognised in terms of originality, significance and rigour, with 67% world-leading or internationally excellent. Our teaching is informed by our high-quality research activities, ensuring that our programmes of study are stimulating for the students and their content is informed by the latest cutting-edge research.

2.3.4 The University's research is truly global, building on opportunities for collaboration with some of the best minds, organisations and facilities from across the globe (especially throughout Europe, North America and Asia); with more than half the University's published research co-authored internationally. This global presence leads to a stimulating and contemporary student learning experience. A thriving research base helps the University to engage globally, and embrace internationalisation to the benefit of its students, staff and partners.

2.3.5 LJMU's School of Sport and Exercise Sciences continues to be at the forefront of development and innovation in sport and exercise sciences and is recognised as a world-leading department. In 2015 the School celebrated 40 years of such innovation and development in teaching, learning, research and applied practice. In the recent Research Excellence Framework (REF) 2014, of the 1,911 departmental submissions in all subjects Sport and Exercise Sciences ranked equal 11th, the highest ranked submission outside of the Russell Group Universities. The School operates across a range of domains that include cellular, molecular and medical aspects, through to an understanding of more behavioural personal and humanistic existence; from early years through to later years and from health through to performance environments. In all these domains the School is committed to making a difference by enhancing the lives of others.

2.3.6 The Face Lab research group based in the School of Art and Design completes forensic and archaeological research as well as consultancy work for organisations such as the Police, national and international museums and forensic institutes. Police Forces will use the facility to help identify dead bodies and make e-fits of criminals based on witness accounts or partial CCTV evidence. The Face Lab will also be able to produce facial images for forensic scientists following the discovery of decomposed bodies and it will be used by archaeologists to find out how figures from the past would have looked, by reconstructing profiles based on recovered skulls and historical evidence.

2.3.7 Research conducted at the highly specialised Face Lab relates to CCTV identification, post-mortem decomposition, ancestry determination, craniofacial reconstruction, preserved bodies and facial animation. It is equipped with the latest technology including laser scanning and 3D-printing as well as modelling, texturing, animation and haptic reconstruction software.

2.3.8 The Liverpool Screen School have been successful in a bid to JISC and Globelynx to become a Broadcast Hub. JISC's aim is to strengthen relationships between research and education institutions, and broadcasting networks, by supporting the creation of three "broadcasting hubs" in the UK. Broadcast hubs are sites that host equipment that enables them to connect to network broadcasters. Hubs are then able to film and stream their half of an interview to the broadcasters, in real-time. As one of the successful bidders,



Liverpool Screen School have been awarded funding to assist the procurement of equipment (camera, lighting, etc.) necessary for an HD broadcast and streaming. This equipment will enable the University to connect to all national and international broadcasters and news networks, including BBC, Sky, ITN, CNBC, Bloomberg and Al Jazeera.

2.3.9 The Liverpool Business School in the Faculty of Arts, Professional and Social Studies, undertakes research for Public Services Management, which enables them to focus research expertise in public management. Part of the School's current work is with public bodies, such as MerseyCare, Age Concern, Liverpool and Knowsley Councils, Merseyside housing associations, the UK Department of Health, and with international groups such as public sector change projects in Saudi Arabia, Abu Dhabi and Pakistan. This work builds upon the School's research base and places theory into practice. This work is now expanding to include private sector developments encompassing areas such as insider research, knowledge management, banking and finance, as well as managing technology businesses.

2.3.10 The University's Centre for Public Health has significantly contributed to the development of two successive UK National Drug Strategies and a number of national and international guidance. Systematic reviews of evidence for the effectiveness of drug prevention interventions, and optimal provision of needle and syringe exchange programmes underpinned National Institute for Health and Clinical Excellence (NICE) guidance in these areas. The Centre for Public Health also coordinates the UK arm of the European Monitoring Centre for Drugs and Drug Addiction's (EMCDDA) early warning system on psychoactive drugs and this intelligence also feeds into UK monitoring systems.

## 2.4 Economic Engagement and Collaborative Partnerships

2.4.1 The University accesses various external sources of funding to support projects which address the Social and Economic Engagement strand of the University's strategic plan. External funding is sought from a wide range of UK and European sources, including European Regional Development Fund (ERDF), European Social Fund (ESF), Research and Technological Development (RTD) programmes as well as various government initiatives. A small sample of the projects supported by these funds is provided below:

- Open Labs, which is nearing the end of a successful five year ERDF project provides a unique environment in which to develop and nurture collaborative partnerships between small and micro-SMEs and Higher Education. A Smart Specialisation approach was adopted where areas of strength were selected based on the evidence of combined LJMU capability, local economic capacity and emerging global market opportunity. Five Smart Specialisation areas were identified: Connected Health, Unmanned Aerial Systems, Sensor Technologies, Big Data and Maritime.

For example, through the Connected Health Programme, the Open Labs team have worked with companies, university researchers and the wider health ecosystem to share insight into new opportunities for innovations in digital health and to develop collaborations that can deliver on them. In addition Open Labs are working with the surgical team at Aintree University Hospital to explore the use of sensors in emergency and trauma surgery.

- Sensor City: In November 2014 Liverpool was awarded University Enterprise Zone (UEZ) status by the Department for Business Innovation and Skills (BIS) to provide a unique sensor-systems business incubator focussed on creating, nurturing and establishing commercially viable hi-tech companies with a particular emphasis on increasing interaction between universities and business. A £15m project is currently under development; part-funded by BIS, Liverpool John Moores University and the University of Liverpool; with a grant application submitted and

under appraisal for ERDF to provide a unique facility for Sensor Technology research, entrepreneurship and commercialisation by March 2017.

Opportunities for Public Benefit within the Sensor City initiative are significant. The building design provides unique spaces to encourage interactions between different groups; undergraduate and post graduate students, academics, SMEs and large companies. Public Engagement has begun with initial events designed to involve stakeholders at the planning and design stage of the proposed Sensor City incubation and innovation space. [Subject to ERDF].

- The Low Carbon Innovation Hub (LoC) ERDF Project has supported the development of SMEs in the Liverpool City Region (LCR) by facilitating access to University research linked to the low carbon agenda. The Low Carbon Innovation Hub team generate collaborations with SMEs by organising themed engagement events. The team members are also involved in a range of local forums and work with a number of voluntary and community organisations. Many of these SME-Academic collaborations have led to further funding, student projects, and improved networking opportunities for the SMEs involved.

2.4.2 In 2012-13 the University began to put in place a set of corporate partnerships with some of the major arts & cultural organisations within the city-region. Given the University's city-centre location and civic ethos, the University has begun to establish strong formal links to the world-class cultural and arts establishments within the City with the primary driver of putting these relationships in place to improve the student experience – providing opportunities for LJMU students to access for free, or at discounted rates, the premier cultural establishments within the city. Additional benefits accrue, including opportunities for academic collaboration and co-creation of exhibitions and performances, as well as corporate benefits such as reputational enhancement through joint events and co-branding. The primary focus is on enhancing the student experience, and we are now promoting a series of 'exclusive offers' for LJMU students to enjoy a range of offers and discounts at cultural events across the city. Three head-line partnerships are now in place with The Royal Liverpool Philharmonic Orchestra (RLPO); The Everyman & Playhouse; and Tate Liverpool. In addition the University has sponsored a number of cultural events or arts organisations, notably: Light Night; Homotopia; The Biennial; John Moores Painting Prize; and The Royal Court Theatre.

2.4.3 The School of Education, Leisure and Sports Studies (ELSS) has used a recent Faculty Seeding Grant to invite a number of colleagues from other Schools (School of Nursing & Allied Health, School of Sport Science and the Centre for Public Health) in addition to other colleagues from other universities (Edge Hill, Bournemouth and Leeds Beckett) to be part of a multifaceted, interdisciplinary, project looking at the use of a 'Think Aloud' protocol with St Helens' Rugby League FC, British Cycling and a group of physiotherapists.

2.4.4 The School of Teacher Education and Professional Learning (TEPL) provides initial teacher education and continuing professional development programmes for qualified teachers and support staff. The School partners with around 250 schools and sixth form colleges across Merseyside and works with schools and other education setting to develop an evidence-based approach to support and enrich pupil learning. TEPL has developed innovative collaborative partnerships with School Improvement Liverpool and West Kirby Grammar School to provide practice based professional learning at postgraduate level that draws on the academic expertise of TEPL and the currency of outstanding practitioners to provide postgraduate programmes that meet the professional development needs of teachers across the region.

2.4.5 The Merseyside Science Learning Partnership (SLP) led by the School of Teacher Education and Professional Learning, receives

funding from the Department for Education to lead professional learning improving the currency of teachers in STEM subjects in schools across Merseyside. As part of a national network of SLPs the group is having a significant impact on improving teaching in science subjects in local schools.

2.4.6 The School of Teacher Education and Professional Learning has developed strong partnerships with key schools across Merseyside to support the development of school led initial teacher training as part of the Government's School Direct Initiative. Schools, including a number of National Teaching Schools, have been impressed by the University's commitment to the principles of partnership in this initiative, which has seen LJMU enabling schools to take a greater role and responsibility for the design and provision on initial teacher training.

## 2.5 Outreach and Community Engagement

Some illustrations of the University's contributions are:

2.5.1 LJMU has a long-established and successful history of outreach activity designed to raise aspirations and attainment and encourage students from under-represented groups to apply to higher education. In further developing its outreach strategy the University has taken into consideration its current student composition, its work on equality and diversity and the regional context in which it operates.

2.5.2 All outreach activity is carefully planned and targeted based on a range of internal and external information sources and analyses. This includes UCAS (Universities and Colleges Admissions Service) management statistics and research, HEFCE performance indicators, GCSE and A Level attainment data, higher education participation rates of schools and colleges and LJMU's own institutional monitoring and research.

2.5.3 Equality and diversity is embedded within all aspects of the University's outreach work. The University also seeks to widen participation for disabled students, Looked after Children (LAC) and specific BME groups that are under-represented in higher education, for example, black males. Given that the University is based within an area of high deprivation and the high percentage of students from the Liverpool city region, widening participation outreach is largely targeted at local schools and communities.

2.5.4 LJMU has invested in, and will continue to invest in, longer-term, well-targeted and sustained outreach programmes that work with potential applicants over a number of years rather than just one-off interventions. Specifically, the University strives to:

- Raise aspirations and attainment within local and regional communities and provide high quality information, advice and guidance through a programme of outreach activity targeted at schools, colleges and parents. This includes 600 plus outreach activities reaching over 60,000 prospective students and key stakeholders from over 200 schools/colleges. This activity is delivered both in schools and at the University.
- Encourage vocational routes into higher education, recognising that post GCSE two thirds of young people spend all or some of the years from 16-19 on courses which are partly or wholly vocational. This involves working closely with 25 Further Education colleges to deliver 60 outreach activities and progression events each year.
- Work in partnership with other bodies, such as Career Academies UK in terms of stimulating interest in STEM (Science, Technology, Engineering and Mathematics) subjects in schools and colleges. This includes hosting visits at LJMU where pupils have the opportunity to engage with employers from STEM related industries as well as trained student advocates delivering

interactive sessions promoting STEM subjects in schools. In addition, LJMU successfully bid for funding to deliver the Royal Society of Chemistry's Chemistry for All programme, which will run until July 2019 and involves six local secondary schools. The programme promotes chemistry to school children from widening participation backgrounds through engaging outreach interventions and will support STEM provision in the Merseyside region. The University is match funding this project.

- Foster relationships between LJMU and its community by delivering a programme of local community outreach. This includes initiatives such as staff and student volunteers supporting local schools and colleges through governorship, assisting with reading and numeracy and acting as mentors to improve attainment. The University currently supports 850 pupils through sustained volunteering work. In addition, LJMU hosts Higher Education information evenings in local community centres to raise awareness of Higher Education options to specifically targeted under-represented groups.

2.5.5 LJMU is a member of the recently formed Merseyside Network for Collaborative Outreach, which is currently funded by HEFCE for two years. The University is working in partnership with five other local higher education providers and four local further education providers to develop new outreach initiatives to target under-represented groups.

2.5.6 LJMU's world-leading Astrophysics Institute (ARI) owns and operates the World's largest and most sophisticated Robotic Telescope, based in the Canary Islands, and time on this telescope is made available to the National Schools' Observatory (NSO) alongside its function as a National Facility for research. The NSO now has approximately 4,000 teachers including those in some 2,000 secondary schools as registered users of the telescope and approximately 15,000 individual students have user accounts. Since the NSO was launched, over 90,000 observations have been requested and delivered to schools across the UK. The NSO project is funded by LJMU and is offered free to registered school users. Expansion of the scope and reach of the NSO is being undertaken within the University's Widening Participation agenda.

2.5.7 The Astrophysics Institute also helped found, and continues to provide knowledge input to 'Spaceport', a locally based major tourist attraction owned by Mersey Travel and attracting around 60,000 paying customers per year.

2.5.8 A particular success this year was an STFC-supported (Science and Technology Facilities Council) Gold-medal winning garden at the Chelsea Flower Show which reached an estimated global TV audience of well over 100 million. The garden brought the mysteries of the Universe to Chelsea through innovative structures and planting and represented the effect of dark matter on light. The team comprised an eclectic mix of astronomers, horticulturalists, construction experts and was led by an architect. The garden is the latest example of the NSO's mission to use astronomy to enthuse young people about science and technology and has now been moved to the STFC Daresbury Laboratories, giving LJMU a permanent presence there.

2.5.9 The School of Sport and Exercise Sciences continues to translate and apply its world leading research through its public engagement activity. Through the Face-2-Face programme the School has collaborated with key partners on award-winning public engagement projects including CBBC, Commonwealth Games, National History Museum, Comic Relief and Sport Relief. The School also holds partnerships and collaborations with industry partners focused on exercise, health and physical activity, including local and national hospitals, schools, and organisations committed to health promotion and positive behaviour change.

2.5.10 The School's public engagement events enable the public to experience sport and exercise science and explore the research that underpins athletic performance and exercise/physical activity generally. The School of Sport and Exercise Sciences actively supports MerseySTEM and offers training and support opportunities for the University's staff and students to engage in STEM Ambassador activities.

2.5.11 Through the award of a third Royal Society Partnership Grant, pupils from St Margaret's Church of England Academy, Aigburth, Liverpool, Years 8, 9, 12 and 13, had the chance to work in a hands-on environment at the state-of-the-art facilities at the School of Sport and Exercise Sciences in December 2014. This included a session looking at how muscles function, performance analysis and the limits of human performance. The mixture of lectures and interactive activities were designed to inspire the pupils and raise awareness of STEM subjects and how they are applied to elite sport.

2.5.12 The School of Pharmacy and Biomolecular Sciences launched the esteemed Royal Society of Chemistry (RSC) outreach project 'Chemistry for All' which is aimed at understanding the impact of longitudinal interventions in chemistry by promoting the significance of chemistry to school children. The School established the Pharmacy Innovation Centre, the first of its kind, to promote research and collaborations and professional activities among community, hospital, and academic pharmacists. The School of Pharmacy and Biomolecular Sciences is one of the very first four Schools which have been accredited as a Foundation School by the Royal Pharmaceutical Society of Great Britain under its workplace education programme to support newly qualified pharmacists.

2.5.13 The School of Law, within the Faculty of Arts, Professional and Social Studies offers a Legal Advice Centre, providing free legal advice to students, staff and members of the public. Students can volunteer at the Legal Advice Centre, gaining valuable legal experience. In March 2015, the Legal Advice Centre was shortlisted for the LawWorks and Attorney General Student Pro Bono Awards 2015 (Best Contribution by a Law School and Best New Student Pro Bono Activity).

2.5.14 The College of Policing, HEFCE and the Home Office recently launched a £10m Police Knowledge Fund to encourage collaboration between academia and police forces in order to increase evidence-based knowledge, skills and problem solving approaches within policing. The School of Humanities and Social Science has been successful in gaining a grant to work in partnership with Merseyside Police and the Police and Crime Commissioner for Merseyside to deliver a programme entitled 'Embedding evidence based practice in public protection and crime prevention: a multi-disciplinary partnership.' This will run as part of the University's new Centre for Advanced Policing Studies, due to be launched in September 2015. The programme will focus on providing support for victims, protecting vulnerable people and maintaining public safety, with specialisms offered in child exploitation, effective crime prevention and hate crime. Research knowledge relating to cyber-crime, computer forensics and CCTV will be embedded in each of these specialisms. In addition to LJMU tutors, practitioners from Merseyside Police will be seconded on a part time basis to assist with the delivery of the 20-month-long programme.

2.5.15 The Centre for Public Health (CPH) successfully piloted a programme providing independent evaluation for small innovative charities conducted by a trainee researcher with supervision from experienced CPH staff. A violence prevention charity was evaluated with the findings widely disseminated to practitioners, commissioners, and academics, resulting in further funding for the service. The trainee researcher is now employed as a Research Assistant at CPH and the programme continues.

2.5.16 The School of Nursing and Allied Health provides education

in health and social care to the future and existing workforce of the NHS and local councils, focusing on the particular needs of services in the North West. The School engages with around 90 public and private sector organisations and works with external colleagues in 900 placement sites.

2.5.17 Postgraduate teacher training students support the educational work of Liverpool's Supplementary Schools, providing volunteer teaching support to children from the city's many immigrant communities enabling the work of these community based schools to flourish.

2.5.18 Postgraduate teacher training students have for several years worked with Liverpool ONE to develop a range of educational resources that relate the physical environment and vocational opportunities to several subject areas of the school curriculum. The products of this project are used to support learning in school groups visiting the retail centre.

2.5.19 As a flag-ship of LJMU's community engagement, the Roscoe Foundation for Citizenship promotes good citizenship amongst the young people in the Greater Merseyside region. More than 800 schools are engaged in the scheme, to promote good citizenship to school children by making awards to role models in society. LJMU believes that schools should be leading the way in encouraging young people to become caring, compassionate and tolerant individuals who have a real sense of civic responsibility. The Foundation also runs the prestigious Roscoe Lecture series, securing high profile speakers from the national and international community to present thought-provoking public lectures that are free and open to the community in the North West. Audiences typically number over 1000 (and sometimes reach 2500) and tickets are free of charge. Speakers have included notable people from the fields of national and international politics and diplomacy, academia, religion and belief, journalism and entertainment. Through the Roscoe Lectures, LJMU is able to give people from different walks of life the opportunity to exchange ideas, forge connections and hopefully gain greater understanding in a time of increasing diversity and change.

### 3. Sustainability

3.1 LJMU is a modern civic university aware of its social economic and environmental responsibilities and continually strives to improve its sustainability and environmental performance. Specifications for the University's new buildings and refurbishment require accommodation to align with and complement LJMU's sustainability vision, to be constructed to high environmental standards, and to support and enhance sustainable operating models. The University sources all its grid supplied electricity from 100% certified renewable generation sources and closely monitor and regularly report on all utility consumption and waste resource management. LJMU has a sustainable communications presence on its website and social media which includes information on the University's environmental performance, sustainability initiatives and travel plans to mitigate the effects of student and staff commuting.

### 4. Summary

4.1 Having had regard to the public benefit guidance published by the Charity Commission for England and Wales, the Board of Governors is assured that the University has met its charitable purpose of the advancement of education for the public benefit for the year 2014/15.







## BOARD OF GOVERNORS

The University is an independent Higher Education Corporation whose authority derives from the Education Reform Act 1988, and the Further and Higher Education Act 1992.

The Board of Governors derive their authority from the University's Instrument and Articles of Government which was approved by the Privy Council on 5 March 1993, and revised in 1995 and 2002.

The Instrument and Articles of Government state that the Board shall consist of not less than twelve and not more than twenty-four appointed members. The Board must decide what size it wishes to be. The Board currently consists of twenty members, of whom up to thirteen would be independent members, one nominee each from the Academic Board and two students, two staff governors and two co-opted members. The membership of the Board is completed by the Vice-Chancellor, who is the Chief Executive.

In the period from 1 August 2014 membership of the Board of Governors has been as follows:

### Ex-officio Members

Professor Nigel Weatherill Vice-Chancellor & Chief Executive

### External Independent Members

Ms N. Benson	Deputy Chair of the Board (Appointed 1 October 2015) Chair of Remuneration Committee (Appointed 1 October 2015)
Ms K Byrne	Chair of Finance Committee (Appointed 2 July 2015) Deputy Chair of Finance Committee
Mr R Hill	Chair and Pro Chancellor Chair of Nominations Committee Deputy Chair of Employment Committee
Mr A Holroyd	
Mr P Hyland	
Sir B Massie	Chair of Audit Committee
Mr B McCann	Deputy Chair of Audit Committee
Ms K McCormick	Appointed 6 July 2015
Mr G Morris	Chair of Finance Committee (Retired 1 July 2015)
Mr J Rowan	Appointed 30 March 2015
Ms D Shackleton	Deputy Chair of the Board of Governors (Retired 30 September 2015) Chair of Remuneration Committee (Retired on 30 September 2015)
Mr J Stopforth	Deputy Chair of Finance Committee (Appointed 2 July 2015)
Mr E Ward	Appointed 6 July 2015
Ms W Williams	Appointed 6 July 2015

### External Co-opted Members

Mr P Holme	Co-opted Governor from Education Sector Chair of Employment Committee
Mr C Williams	Appointed Co-opted member of Audit Committee

### Nominee Members

Mrs J Murphy	Staff Governor (Academic Board Nominee) (Retired 31 August 2015)
Ms M Laing	Staff Governor (Academic Board Nominee) (appointed 16 November 2015)
Mr I Wroot	Staff Governor (Academic Board Nominee) (appointed 16 November 2015)
Ms L Sebastian-Francois	Student Governor (Student President) (Appointed 6 July 2015)
Ms A Davis	Student Governor (Vice-President) (Appointed 6 July 2015)
Mr D Cole	Student Governor (Student Vice President) (Retired 6 July 2015)
Miss S Davys	Student Governor (Student President) (Retired 6 July 2015)

### Staff Members

Ms. S Maclennan	Staff Governor (Teaching Staff)
Ms D Fantin	Staff Governor (Non-Teaching Staff) (Retired 28 October 2015)
Mr J Trantom	Staff Governor (Teaching Staff) (appointed 16 November 2015)

The Board of Governors are the Trustees of the University.

**OFFICERS AND ADVISORS OF THE UNIVERSITY**

Vice-Chancellor and Chief Executive	:	Professor Nigel Weatherill
Bankers	:	Barclays Bank plc. 1st Floor Octagon House Gadbrook Park Northwich Cheshire CW9 7RB
External Auditors	:	KPMG LLP 1 St Peters Square Manchester M2 3AE
Solicitors	:	Davies Wallis Foyster 5 St Pauls Square Old Hall Street Liverpool L3 9AE
Internal Auditor	:	RSM (formally Baker Tilly) 9th Floor, 3 Hardman Street, Manchester, M3 3HF

**RESPONSIBILITIES OF THE BOARD OF GOVERNORS OF LIVERPOOL JOHN MOORES UNIVERSITY**

In accordance with the Education Reform Act 1988, the Board of Governors of the University is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University, and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions and relevant Accounting Standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Board of Governors of the University, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

**In causing the financial statements to be prepared, the Board has ensured that:**

- Suitable accounting policies are selected and applied consistently.
- Judgements and estimates are made that are reasonable and prudent.
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Board is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

**The Board has taken reasonable steps to:**

- Ensure that funds from the Higher Education Funding Council for England and the Training and Development Agency are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the relevant Funding Council and any other conditions which the Funding Council may from time to time prescribe.
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
- Safeguard the assets of the University and prevent and detect fraud.
- Secure the economical, efficient and effective management of the University's resources and expenditure.



Mr Rod Hill BA, FCMA, IPFA  
Chairman

## Corporate Governance Statement 2014/15

1.1 The University is committed to adopting good practice in all aspects of corporate governance. It aims to conduct its business in accordance with the principles identified in the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and the Committee of University Chairs (CUC) Higher Education Code of Governance (December 2014). The Board of Governors has adopted the CUC's Higher Education Code of Governance and works to ensure that governance practice remains consistent with the principles of the Code. The following processes for governance have been in place throughout the year ended 31st July 2015 and up to the date of approval of the financial statements.

1.2 It is the opinion of the Board of Governors that the governance practices of the University are consistent with the Higher Education Code of Governance, the Statutes of the University, and the 'Memorandum of assurance and accountability between HEFCE (Higher Education Funding Council for England) and institutions'.

## 2. Summary of the University's Structure of Corporate Governance

2.1 The University's Board of Governors comprises lay, academic, student and other staff persons appointed under the provisions of the Education Reform Act 1998, the majority of whom are independent and non-executive. The composition of the Board of Governors is set out on page 21. The role of Chair of the Board of Governors is separate from the role of the University's Vice-Chancellor & Chief Executive. The Chair is supported by the Deputy Chair of the Board. The matters reserved specifically to the Board of Governors for decision are set out in the Articles of Government of the University; the terms of reference of the Board and its Committees; and under the Memorandum of assurance and accountability between HEFCE and institutions.

2.2 The Board of Governors holds to itself the responsibilities for the educational character, the ongoing strategic direction and the financial solvency of the University. The Board approved the University's new Strategic Plan 2012-2017 on 15 February 2012 which can be found [here](#). In addition to its formal Board and Committee meetings, the Board holds a strategic workshop and a residential strategic event each year, affording it the opportunity to consider, contribute to and influence strategic issues at an early stage in their development. The Board is also responsible for approval of all major developments, including property developments. In this regard the Board has set up a Governance Steering Group to oversee the major capital project of a 'connected university village', consisting of Governors with particular expertise in this area and co-opting an independent member with particular expertise in overseeing major capital projects. Governors are also in receipt of regular reports from Executive Officers on the day-to-day operations of the University's business and its subsidiary operations.

2.3 The Board of Governors has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board is independent of management and free from any business or other relationship which could interfere materially with the exercise of its independent judgement.

2.4 Members of the Board of Governors, the Trustees of the University, do not receive any remuneration for their service on the Board. Those Trustees who are also employees of the University receive no supplementary payment for trusteeship. Trustees are entitled to claim reasonable expenses incurred in undertaking their duties as Trustees in accordance with the University's financial regulations. In 2014/15 a total of £1,609.95 for expenses were paid to governors. This covered: travel expenses to formal and informal meetings and other University events; fees for training and development events; travel, accommodation and other expenses incurred in representing the University at external events.





2.5 Upon commencing appointment, Governors are required to declare any pecuniary, family or other personal interest, direct or indirect, and this is noted in the Register of Members' Interests. Governors are advised and expected to update their entry at any time as and when their circumstances change and the University also conducts an annual update in accordance with the recommendations of the CUC. The Registers of Interests for both the Board and the University's Senior Management are published on the University website. Upon appointment Governors are also required to sign a 'statement of confidentiality'.

2.6 In accordance with the introduction of the Bribery Act 2010, Governors have taken responsibility for establishing an anti-corruption culture formulated around the six general principles of: Proportionate procedures; Top-level commitment; Risk Assessment; Due diligence; Communication (including training); and Monitoring and Review.

2.7 A statement of commitment from the Chair of the Board of Governors outlines that the Board of Governors expects that all staff, associates and agents will conduct business in accordance with the highest standards of ethical behaviour and that any bribery, or any form of corruption, by a member of staff of the University will be considered gross misconduct and the member of staff may face dismissal. To ensure that all staff are aware of the new Bribery Act, which came into effect in 2011, a mandatory e-learning module has been developed which gives an overview of the legislation to help staff to understand their corporate and individual duties and responsibilities. Agents, consultants and business partners who work with, or on behalf of, the University must act with integrity and behave ethically. The University will terminate agreements with such agents, consultants and business partners in the event of any breach of anti-bribery law, corruption or unethical behaviour of which it becomes aware.

2.8 The Board of Governors meets a minimum of four times a year and maintains several Committees, namely: Academic Board; Finance Committee; Employment Committee; Remuneration Committee; Nominations Committee; and Audit Committee. All of these Committees are formally constituted with terms of reference and comprise lay members of the Board of Governors only. The Chair and Deputy Chair of the Board are not members of the Audit Committee and there is no overlap in membership of the Audit and Finance Committees. The Audit Committee also has a co-opted member who has the relevant financial qualifications and expertise required for the Committee. The Vice-Chancellor & Chief Executive is not a member of the Audit Committee and attends that Committee in his capacity of Vice-Chancellor & Chief Executive rather than as a Governor. The Board of Governors and its Committees review their terms of reference on a regular basis in the light of prevailing circumstances with a view, inter alia, to ensuring that they are embedding risk management effectively into their work. The Chair of the Board of Governors is Mr R Hill appointed from 1 April 2013. The Deputy Chair of the Board was Ms D Shackleton, appointed from 1 October 2013 to 30th September 2015, and Ms N Benson appointed from 1st October 2015 until 30th September 2017. The full Board of Governors, in the last financial year, met on 29th September 2014; 17th November 2014; 1st December 2014 (Governors' Workshop); 28th and 29th January 2015 (Residential Strategic Event); 30th March 2015; and 6th July 2015. Up to the present date in the new financial year, the Board has met on 29th September 2015 and 16th November 2015.

2.9 The Academic Board meets at least five times a year and has 30 members, comprising the Vice-Chancellor & Chief Executive as Chair, the Pro-Vice-Chancellors, the Registrar & Deputy Chief Executive, academic and professional services staff and students. The Academic Board is established as the principal academic body of the University, overseeing the overall planning, co-ordination, development and supervision of the academic work of the University and providing assurance to the Vice-Chancellor & Chief Executive

and the Board of Governors for the quality and standards of its awards. The Academic Board, in the last financial year, met on 22nd September 2014; 8th December 2014; 2nd February 2015; 23rd March 2015; 11th May 2015; and 29th June 2015. Up to the present date in the new financial year, the Academic Board has met on 30th September 2015.

2.10 The Audit Committee, which meets at least four times a year, is responsible for overseeing the work of the external auditors (currently KPMG) and internal auditors, Deloitte up until August 2014, and Baker Tilly from 1st August 2014 and up to the present date. Baker Tilly rebranded on 26th October 2015 and are now known as RSM. The Committee provides assurance on governance, accounting integrity, internal controls, data integrity, risk management, and the efficient use of resources. In line with government regulations, the Audit Committee has two members with the appropriate financial expertise and qualifications, having appointed an additional co-opted member to the Committee in February 2013. The Committee also receives and considers reports from HEFCE as they affect the University's business, monitors adherence with regulatory requirements and reviews the University's accounting policies. Whilst the Vice-Chancellor and Chief Executive and other managers attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee meets the external and internal auditors annually, without management, for independent discussions in line with best practice. The Committee's membership comprises three independent members of the Board and one co-opted member of the Audit Committee. The Audit Committee, in the last financial year, met on 13th October 2014; 3rd November 2014; 9th March 2015; and 15th June 2015; Up to the present date in the new financial year, the Audit Committee has met on 12th October 2015 and 5th November 2015.

2.11 The Finance Committee meets at least three times a year and recommends to the Board of Governors the University's annual revenue and capital budgets after giving consideration to the financial health of the University. It also receives at each meeting reports on the University's performance in relation to approved budgets, estate related capital investment plans and treasury management, and a financial report from the Liverpool Students' Union (LiverpoolSU), which is a separate legal entity. The Finance Committee, in the last Financial Year, met on 27th October 2014; 16th March 2015 and 22nd June 2015. Up to the present date in the new financial year, the Finance Committee has met on 26th October 2015.

2.12 The Employment Committee meets at least three times a year and considers issues related to staffing and employment; and including Health & Safety in the University. Health & Safety is also a standing item at the full Board meetings. Over the last year the Employment Committee has led on overseeing the implementation of a new HR Strategy. The responsibilities of the Committee also encompass equality and diversity monitoring and the oversight and review of HR policies. In the last financial year the Employment Committee met on 20th October 2014; 28th January 2015; 2nd March 2015; and 8th June 2015. Up to the present date in the new financial year, the Employment Committee has met on 19th October 2015.

2.13 The Remuneration Committee, which meets at least twice a year, considers the performance and determines the annual remuneration of the Vice-Chancellor & Chief Executive and Senior Officers of the University. The Committee also has oversight of the University's policy framework on severance payments for senior staff. The Chair of the Remuneration Committee, in line with best practice, is the Deputy Chair of the Board. In the last financial year the Remuneration Committee has met on 27th October 2014; 16th March 2015; and 22nd June 2015. Up to the present date in the new financial year, the Remuneration Committee has met on 26th October 2015.

2.14 The Nominations Committee meets at least twice a year and more regularly if necessary, and considers membership issues and appointments to vacancies on the Board for non-executive members, based on a skills and diversity analysis. The Committee also advises the Board of Governors of attendance statistics on an annual basis and supports any necessary intervention that the Chair of the Board should make in instances of low attendance. There have been no issues around attendance in the last year. In the last financial year, the Nominations Committee met on 27th October 2014; 16th March 2015; and 22nd June 2015. At its meeting held on 2nd June 2014 the Nominations considered the equality characteristics of the membership of the Board and agreed more pro-active succession planning would need to take place to ensure the right age; gender; disability and ethnicity balance of the membership of the Board. In this regard it was agreed that an executive search company should be appointed; that the University's alumni should be further targeted and that a general vacancy for governors should be included on the University's website encouraging prospective governors from the equality groups stated above to apply. The appointment of an executive search company in March 2015 successfully realised the appointment of three new governors with the relevant expertise and experience required at this time. The Nominations Committee also drew a new governor from the University's alumni, again based on skills required by the governing body and to better balance the membership age of the Board. Up to the present date in the new financial year, the Nominations Committee has met on 26th October 2015.

2.15 In accordance with the CUC Governance Code of Practice, the Board of Governors keeps its effectiveness under regular review. A full effectiveness review of the Board was undertaken during 2014 and 2015. The review concluded that the University has a high level of satisfaction in the effectiveness of the Board and outlined a number of actions for reviewing the Board's policies and terms of reference, and building upon relationships with the Academic Board. The action plan for ensuring the recommendations from the review are implemented will be overseen by the Audit Committee and the Board of Governors throughout 2015 and early 2016. Alongside the review a full and robust review was also implemented for the Academic Board and the University's internal committee structure.

### 3. Internal Control

3.1 The University's Board of Governors is responsible for the University's system of internal control and for reviewing its effectiveness. The system is designed to support the achievement of operational activities and to manage and limit the risk of failure to achieve policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the University's Statutes, the 'Memorandum of assurance and accountability between HEFCE and institutions', and best practice guidance from the British Universities Finance Directors Group.

3.2 The system of internal control is based on an ongoing risk management process designed to identify the principal risks to the achievement of the organisation's objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. It can therefore only provide reasonable and not absolute assurance of effectiveness.

It is underpinned by compliance with the requirements of the core standards in:

- Governance
- Management
- Quality
- Reputation
- Financial Management
- Risk Management

3.3 The Board of Governors is committed to the continuous

development of a comprehensive process for identifying, evaluating and managing the University's significant risks, both financial and non-financial, in line with HEFCE requirements. The Risk Management Policy is linked to the University's Strategy and the Board of Governors regularly discusses risk and related reports from its Committees, in particular the Audit Committee.

3.4 The Board of Governors, both directly and through its Finance and Audit Committees, is responsible for ensuring the economical, efficient and effective management of the University's resources, income and expenditure, and for safeguarding its assets. The system of internal financial control provides for comprehensive financial planning processes, assessments of annual income, expenditure, capital and cash flow budgets in conjunction with regular reporting to the Finance Committee and the Board of Governors in relation to five year forecasts and reporting of variances and the projection of out-turns.

3.5 The Strategic Management Team have the responsibility to undertake an annual review of the effectiveness of the system of internal control overall and to provide a statement of assurance to the Board of Governors. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors; by the executive managers within the University structure who have responsibility for the maintenance of the internal control framework; and by the opinions and recommendations of the external auditors in their management letter and other reports.

3.6 The most recent overall assessment from the HEFCE Assessment of Institutional Risk, dated 24th March 2015, was that LJMU was 'not at higher risk' and was meeting the accountability obligations set out in the 'Financial Memorandum between HEFCE and Institutions'.

3.7 An HEFCE Assurance Review was undertaken at LJMU on 8th January 2015. The final report was received by the University on 15th July 2015 which concluded that HEFCE were able to place reliance on the University's accountability information with one recommendation to present forecast information from July 2015 in the form in which it is submitted to HEFCE. This has been duly actioned.

### 4. Processes and Control Arrangements

4.1 The following review arrangements covering corporate governance, business, operational and compliance as well as financial risk have been in place throughout the year ended 31st July 2015 and up to the date of approval of the financial statements:

4.2 The Audit Committee receives a report annually from the SMT regarding their review of the effectiveness of the system of internal control overall and which provides a statement of assurance to the Board of Governors. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors; by the executive managers within the University structure who have responsibility for the maintenance of the internal control framework; and by the opinions and recommendations of the external auditors in their management letter and other reports. This report is duly signed by the Vice-Chancellor & Chief Executive as the Head of the SMT before reporting to the full Board of Governors at its November meeting and before sign-off of the financial returns to HEFCE.

4.3 The University has an agreed Risk Management Policy and a Risk Appetite Statement which has been approved by the Board of Governors, and is incorporated into the corporate planning and decision making process of the Institution. The Strategic Management Team is responsible for identifying and evaluating the major risks faced by the University and for ensuring that appropriate actions are taken to mitigate those risks. Since 2012/13 all local risk registers have been the subject of annual review by the SMT. The University's High Level Risk Register is reviewed by the Board of

Governors and the Audit Committee twice yearly, and the Finance Committee reviews the high level financial risks annually. The Board of Governors' agenda also includes a regular standard item for consideration of any relevant risk item. Further refinement and review of Risk Management Procedures is a regular commitment of the Board and SMT.

4.4 The Audit Committee receives regular reports from the independent Internal Auditors on specific areas of internal control together with recommendations for improvement. Audit planning arrangements and the methodology and approach of internal audit conforms to the latest professional standards reflecting the adoption of risk management techniques.

4.5 The new Memorandum of Assurance and Accountability between HEFCE and Institutions which came into practice as of 1st August 2014, included a revised Audit Code of Practice which streamlines the code and bases it upon the principles of, and the increased links to, good practice provided by professional and other bodies. Any changes required by the Code have been incorporated into the Audit Committee's Annual Report for the year ending 31st July 2015 to take into account any significant issues up to the date of the report's signature. The Board of Governors' review of the effectiveness of the system of internal control is informed by the SMT and the Audit Committee, which operates to standards defined in the Code of Practice.

4.6 The Board of Governors and the Board's committees review their terms of reference on a regular basis against prevailing conditions, with a view, inter alia, to agreeing how best to maintain risk assessment activity in their work. In addition to an internal audit which focused on effective governance, a full and robust governance effectiveness review has taken place during 2014-15 which has closely re-aligned the terms of reference of the Board and its committees to the Higher Education Code of Governance (December 2014) and the 'Memorandum of Assurance and Accountability between HEFCE and Institutions' (August 2014). Actions and recommendations from the governance effectiveness review are being monitored by the Audit Committee and the Board of Governors and will continue to be so until all recommendations have been implemented by the end of 2016.

4.7 Closely linked to the above action the Vice-Chancellor & Chief Executive also instigated a full review of the University's internal committee structure and a review of the terms of reference of all University committees in readiness for the new academic year September 2015, and to provide a clear structure aligned to the delivery of the Strategic Framework 2012-17. An overriding principle is that the University Committee Structure is owned by the Vice-Chancellor & Chief Executive, as Chair of both the SMT and the Academic Board, thus ensuring that all significant reporting and approvals are overseen by the Vice-Chancellor and the SMT, and all academic reporting and approvals are overseen by the Academic Board. This enables the Vice-Chancellor & Chief Executive to assure the Board of Governors and the University's regulators that an appropriate and effective governance framework is in place.

4.8 One of the key changes to the committee structure is the establishment of a new Planning & Resources Committee, chaired by the Vice-Chancellor & Chief Executive, reporting directly to the SMT. The Planning & Resources Committee will take responsibility for a new holistic and integrated approach to the coordination of planning and resource allocation to support the delivery of the University's strategic framework.

4.9 Further, in acknowledging the importance of equality and diversity matters, the Equality & Diversity Steering Group's profile has been enhanced by promoting the Group to the Equality & Diversity Committee and reporting directly to the SMT and the Board's Employment Committee for oversight.

4.10 The University remains committed to good practice in Governance and Management. The principles of 'excellence and quality in all its activities and a commitment to a programme of continuous enhancement and monitoring' underpin the University's strategy (2012-2017), which itself is based on the four core themes of:

- Establishing and Enhancing the Student Partnership;
- Excellence in Learning, Teaching and Assessment;
- Embedding Research and Scholarship; and
- Social and Economic Engagement

4.11 The SMT requires and ensures a regular review of the University's strategic direction and performance. Progress against the strategy is monitored by the SMT and annually by the Board of Governors. The Director of Strategic Planning, a new post from August 2015, as a member of the SMT together with a dedicated Strategy Support Office have specific responsibility for oversight of the performance and delivery of the University's strategy, as well as strategy-related risk management.

4.12 The Internal Audit Plan has continued to be derived from the oversight of the University's control systems, having consideration of emerging sector issues and required assurances with clear linkage to the University's risk register. Alongside audit planning meetings with the University management, consultation took place with the Audit Committee on a draft Internal Audit Plan prior to the start of the financial year to which the plan relates. For the 2014/15 Internal Audit Plan, the new internal auditors, Baker Tilly, undertook "getting to know you" meetings with the University management and the Audit Committee members to prepare a new three year strategy and annual plan, taking into consideration previous coverage and recommendations for follow up by the University's previous internal auditors. The internal audit plan progress and requirements were considered at each Audit Committee to ensure the plan remained appropriate and allowed for flexibility on assurances to meet governors' needs. In addition, during 2014/15, the internal auditors have discussed at the Spring Audit Committee potential auditable areas for coverage, and presented the Internal Audit Plan and the three year audit strategy to the Summer Audit Committee.

4.13 The SMT, Audit Committee, and the Board of Governors receive internal audit reports from the independent internal auditors throughout the year, and in 2014/15, work was phased to ensure a more even flow of reports to each Audit Committee, with timings of reviews agreed to add most value. All assignment reports were presented in year to the Audit Committee for 2014/15, alongside a detailed progress paper which summarised the collective outcomes of recommendations, levels of assurance year to date, thereby signposting the year end annual opinion. The internal auditors' assignment reports have provided a clear opinion on the level of assurance provided on the specific review, with categorised and agreed recommendations for management action, which are subsequently followed up on a cycle of follow up audits. The internal auditors adhere to the standards and principles defined in the HEFCE Accountability and Audit Code of Practice, submit a progress report summarising their audit plan delivery to each Audit Committee, alongside the detailed assignment reports concluding on the design and application of the controls reviewed. In addition, the internal auditors have presented sectorial briefings and delivered short training sessions to the Audit Committee throughout 2014/15, focussing on both control matters and sectorial matters.

4.14 The 2014/15 annual assessment statement by the Internal Auditors of the University's system of internal control, including their opinion on the adequacy and effectiveness of the University's governance, risk management and control arrangements, as well as the processes for ensuring economy, efficiency and effectiveness is achieved, is as follows:

- Governance: Adequate and effective governance arrangements are in place. However, further work is required in order to fully embed processes.



- Risk Management: Adequate and effective risk management arrangements are in place. However, further work is required in order to fully embed processes.
- Internal Control: Adequate and effective control processes are in place although our work identified some areas of improvement based upon the number of recommendations made during the course of the year.
- Economy, Efficiency and Effectiveness: Adequate arrangements are in place for economy, efficiency and effectiveness, although improvements are possible with the way in which processes are coordinated and documented.

4.15. Based on the work the Internal Auditors have undertaken on the University's system of internal control, they do not consider that within these areas there are any issues that need to be flagged as significant internal control issues. However, the results of some audits, in particular high priority recommendations and areas where the Internal Auditors provided 'amber/red' (some) assurance opinions, demonstrate that some development is required. In forming their overall 'positive' opinion, the Internal Auditors also recognised the work undertaken in year by management to enhance practices based upon the outcome of their audit reviews.

4.16 Assessment gradings for audits in 2014/15 were in the main either full or substantial, and all recommendations made by the Internal Auditors during the year were accepted by management. Six audits received high priority recommendations. These audits were arranged as support to management in areas where action was consciously planned to resolve issues that had been identified by management and to further improve controls.

4.17 The Annual Assurance Return is signed by the Vice-Chancellor & Chief Executive and received by the Board of Governors at its November meeting for oversight whereby it is then signed on behalf of the Board of Governors by the Chair of the Board. The Return confirms that the University's accountable officer, the Vice-Chancellor & Chief Executive, has met his obligations to HEFCE under the Financial Memorandum and that all relevant accountability returns are accurate, adhere to the published requirements and have been through the appropriate approval process.

4.18 The University has introduced a 'Policy for the Provision of Non-Audit Work by the External Auditors', setting out the requirements introduced through new European regulations with regard to the provision of non-audit work and fees by external auditors. The external auditors will include within their annual audit letter an appendix summarising any additional work they have performed for the University and its subsidiaries and a review of the effectiveness of this Policy. As part of the reporting process the external auditors will ask the Audit Committee to formally agree on an annual basis that it is content with the structure, content and operation of the Policy.

4.19 The University has established a mechanism to ensure better utilisation of staff resource through the introduction of a Staff Resource Management Group. The group is composed of the three Pro-Vice Chancellors, the Director of HR and the Director of Finance/Deputy Chief Executive; the Pro-Vice-Chancellor (Education) Chairs the Group. SRMG takes a holistic view across the Institution when vacancies arise and new posts are funded. This approach provides the opportunity to redirect resources to ensure alignment with the Institution's strategy and to support particular projects and initiatives whilst also taking into account matters such as staff-student ratios and recruitment trends. In addition, the Group considers other aspects relevant to the Institution's staff establishment, e.g. requests for flexible working, end of probation reports, requests for sessional staff, job regradings, and redundancy payments. SRMG provides oversight to the staff establishment, and ensures a robust, rigorous and auditable process is observed in terms of changes to the establishment. Moreover, the work of the Group ensures a consistent and evidence based approach is employed for changes to the staff establishment.

4.20 The University has also established the HR Strategy Review Group (HRSRG). The HRSRG's remit is to manage and oversee the strategic delivery of the HR Strategy, whilst scrutinising all proposed policies and practices in order to ensure they meet the University's vision of being "a University that through an open, inclusive and fulfilling employment environment attracts and retains the very best talent from across the world".

4.21 The University's Recruitment Policy is designed to facilitate effective staff recruitment and selection in order to achieve its strategic aims, namely that staff are of the requisite standard to meet the needs of work and its control, as defined by the University's objectives and plans. Recruitment is a critical activity, crucial to organisational performance and every staff vacancy is considered an opportunity to raise the bar of performance. All those involved in recruitment activity undertake mandatory training prior to involvement in the process.

4.22 The University's values are based on the concept of 'One University', which is an "ambitious and forward thinking Institution that challenges convention and believes passionately in the concept of 'One University' – a community working together to common student-centred objectives within a clear strategy". This value is at the heart of University policy and practice and is monitored via a 'Staff Code of Conduct', whistleblowing, probation, and personal development and performance review procedures.

4.23 Appropriate training is provided to maintain the competence of staff through a set of training guidelines for managers and staff, formally through the personal development and performance review appraisal procedure.

4.24 The University has an Equality and Diversity Policy that underpins all activity. It is committed to promoting equal opportunities for all those involved within the University community, whether staff, students, visitors, contractors or clients. This commitment is to ensure that people's individual qualities are recognised and celebrated; and that people are treated with dignity and respect. An Equality and Diversity mandatory training module is also completed by all staff on an annual basis.

4.25 Major business change projects that have taken place in the last year have used the principles of 'Managing Successful Programmes' (MSP), a government designed framework to aid in business transformation and change. This has allowed the focus to move from IT projects that implement a system, to a more holistic business change project that has IT as a key stakeholder.

4.26 Development and innovation projects are using the Agile methodology which allows for a much leaner, iterative approach with delivery in sprints. In both these elements, there is a focus on risk mitigation and control to ensure that decision makers are fully informed. PRINCE 2 is still used in the business, however project teams are choosing the best methodology for their particular scenario rather than trying to fit a single methodology to all.

4.27 The transition of the reporting of annual leave from a paper based system to online had allowed staff to access the booking of leave through the University's HR system which is approved online by their manager. This has resulted in a smoother booking process, with the risk of documents being lost in transit reduced. This has also had the benefit of allowing the University to report on annual leave taken at any point in the year (this was a new financial reporting requirement for 2015), and to aid external reporting as at 1st August 2015 (leave days not taken). HR are now able to communicate to managers at key points to remind them that their direct reports have outstanding balances.

4.28 The transition of the expense claim system from paper based to online has allowed those staff who claim expenses (approximately 900 staff) to access the claiming of expenses, and the reconciliation





of credit card transactions fully online. Those claims then go through the standard approval route. This has resulted in more efficient payments to staff and the ability to access receipts quickly. All expense claims are audited by the Finance Department with a plan to reduce this to a 10% spot audit in the future. Also, the University Expense Policy has led the design of the online forms which readily make staff aware when they have breached existing guidelines leading to enhanced exception reporting.

4.29 The development of a new University website has helped to control authorship of content that is available publically. The University has reduced the number of authors from 300+ to less than 15, ensuring that all content available to the public is compliant with the University's digital brand guidelines, is aligned to the content strategy, and has a similar style and approach. This has also resulted in easier accessibility to the most recent and accurate information by all users of the website in compliance with information management legislation.

4.30 The University's Finance, HR and payroll systems have undergone optimisation to ensure that the University is reducing risk and managing controls effectively. The enhancements in this area include:

- The introduction of cross validation rules to reduce the number of manual errors on the system;
- The introduction of invoice scanning to reduce manual input of invoice data, saving staff time and reducing errors;
- Compliance with regulatory changes such as enhancements to the Local Government Pension Scheme; Teachers' Pension; introduction of shared parental leave; and changes to HESA (Higher Education Statistical Agency) reporting requirements;
- The introduction of better processes for managing non-University employees, and how they are represented on the University's internal systems; and
- The evaluation of data sets in the Finance and HR Departments.

4.31 Following the approval of a University Policy Management Framework, implementation of policy management software to be introduced early in the new academic year 2015, will enable the University to ensure that all policies are centrally managed; approved; monitored; reviewed; archived appropriately; and communicated to colleagues in a timely manner. This will improve access to policies and the management of review cycles to ensure policies are reviewed and updated on a regular basis.



4.32 The University ensures that all procurement processes fully comply with the University's financial regulations, current EU regulations, the Public Contracts Regulations and the Public Procurement Regulations. All procurement (where applicable) is subject to competitive tender. If an individual tender process exceeds the current threshold for compliance with the EU public sector procurement legislation, the tender process will follow ED guidelines and will be advertised in the Official Journal for the European Union (OJEU).

## 5. Particular Indicators of the Effectiveness of the Internal Control Systems during 2014/15.

These include:

5.1 HEFCE recommends that regular market testing of internal audit services should take place to maintain quality and cost effectiveness. Consequently in March 2014, the University re-tendered its internal audit service provision resulting in the appointment of new Internal Auditors from 1st August 2014.

5.2 The Audit Committee, has as a standing item on its agenda, the Central Monitoring Log: Statutory Returns, which provides assurance on the management and quality of data and that returns are submitted in a timely and effective manner. The SMT also has oversight of the 'Log' on a monthly basis. In 2014/15 the Internal Auditors performed a 'Data Quality – Framework Review' audit which provided a reasonable assurance opinion, and a Data Quality – Destination of Leavers from Higher Education (DLHE) audit that resulted in a substantial assurance opinion. As such, the Internal Auditors were able to confirm that the University's data controls relating to this area were appropriately designed and were being correctly and consistently applied by management. However, some areas for improvement regarding the formation of some policies and procedures were noted. [See 4.31 above].

5.3 The SMT, the Board's Finance Committee and its Audit Committee, and the Board of Governors receive regular financial reports and updates including forecast outturns and the end of year financial statements. In causing the financial statements to be prepared, the Board of Governors has ensured that:

- Suitable accounting policies are selected and then applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Financial statements are prepared on the going concern basis and the Board is satisfied that the University has adequate resources to continue in operation for the foreseeable future.

5.4 The Office of Fair Access (OFFA) approved the University's Access Agreement 2016-2017 in July 2015, which had been recommended by the SMT and endorsed by the Board of Governors. LJMU's Access Agreement has been produced in accordance with the guidance issues by OFFA. Led by the Director of Student Recruitment & Admissions, the University has established an OFFA Working Group comprising staff from the Finance Department, Academic Registry, Teaching and Learning Academy, Student Advice and Wellbeing and Student Recruitment & Admissions. The Students' Union are also consulted as part of the process. Information published by HEFCE and OFFA, which provided an analysis of the University's Access Agreement spend in comparison with its peer group, using data from the 2015-16 Access Agreements, identified LJMU as broadly in the middle of the peer group range for all reported expenditure and percentages.

5.5 The University's Carbon Management Strategy is undergoing a robust review. The University has grown by 13% (21,694m<sup>2</sup>) since 2008/9 but notwithstanding this, it has reduced the carbon footprint



of its buildings by 17%. The key opportunities and challenges for the new plan are fostering environmental and sustainability awareness, precipitating behavioural change, adopting sustainable procurement methods, the development of the Estate, space utilisation and identifying further energy management improvement opportunities. This will be monitored on a regular basis by the University's Planning & Resources Committee and the Board's Finance Committee.

5.6 Following the implementation of an Anti-Bribery Policy in 2011 a number of activities have been undertaken to raise awareness in connection with the topics of Fraud, Anti-Money Laundering, Anti-Bribery and Due Diligence through the re-drafting of policies, implementation of workshop training and the creation of on-line training modules. Staff are required to complete the online Bribery Act E-Learning Module on an annual basis and prior to their Personal Development and Performance Review (PDPR) appraisal with their respective managers. Included in the PDPR document is a declaration asking the member of staff to confirm that they have completed the training. When conducting PDPR development sessions, line managers are reminded that they have a responsibility to ensure staff complete the module and to follow up with the relevant member of staff if the module has not been undertaken. Reports of staff completion rates can be produced upon request by the Staff Development Team and those completion rates are reported to SMT on a regular basis. At the time of completing this report 84% staff had completed the online Bribery Act E-Learning Module.

5.7 Following the appointment as the University's internal auditors in August 2014, Messrs Baker Tilly gave an awareness raising presentation in December 2014 to the Strategy Delivery Forum which is comprised of the University's senior managers. This seminar is the first stage in a series of seminars and workshops that the University and its internal auditors intend to provide to staff on a regular basis as a means of maintaining awareness of the risks in relation to fraud and bribery. There have been no incidents of bribery reported in 2014/15, and up to the date of this report.

5.8 The University will undergo HE Review, led by the Quality Assurance Agency (QAA), in 2015-16; the date for the Review Team visit has been confirmed as the week commencing 8 February 2016. A steering group, chaired by the Pro Vice Chancellor (Education) and with representation from each Faculty and relevant professional services, has been established to oversee preparations for the Review. Activities of the HE Review Steering Group [HERSG] includes: (i) mapping University policies and procedures against the Quality Code; (ii) auditing Institutional processes and procedures; (iii) overseeing the construction of the University's Self Evaluation Document [SED]; and (iv) overseeing communication actions relating to the HE Review. A number of enhancements have been approved and are being implemented, including revised arrangements for Placement Learning [sandwich and study abroad opportunities], revision of the recognition of prior learning procedure, and review of the Link Tutor reporting arrangements. The guidance and procedures for programme validation for both internal and collaborative programmes has also been formally reviewed and revised, and the template Programme Guides [for internal and collaborative programmes] have been revised.

5.9 The University has a two stage process for the approval of an academic collaborative partnership. Stage one is the approval of an organisation as a new partner of the University. Stage two is the approval of a programme(s) to be delivered by/or in association with the partner, as below:

- Stage One: an initial Assessment of Strategic Fit (IASF) exercise is undertaken by the Academic Partnerships Team and the Faculty. An Assessment of Financial Due Diligence (FDD) is undertaken by the Academic Partnerships Team and the Finance Department. Following sign off of the IASF by the relevant Dean and, sign off of the FDD by the Deputy Finance Director, both documents are submitted to the Pro-Vice-Chancellor (External Engagement)

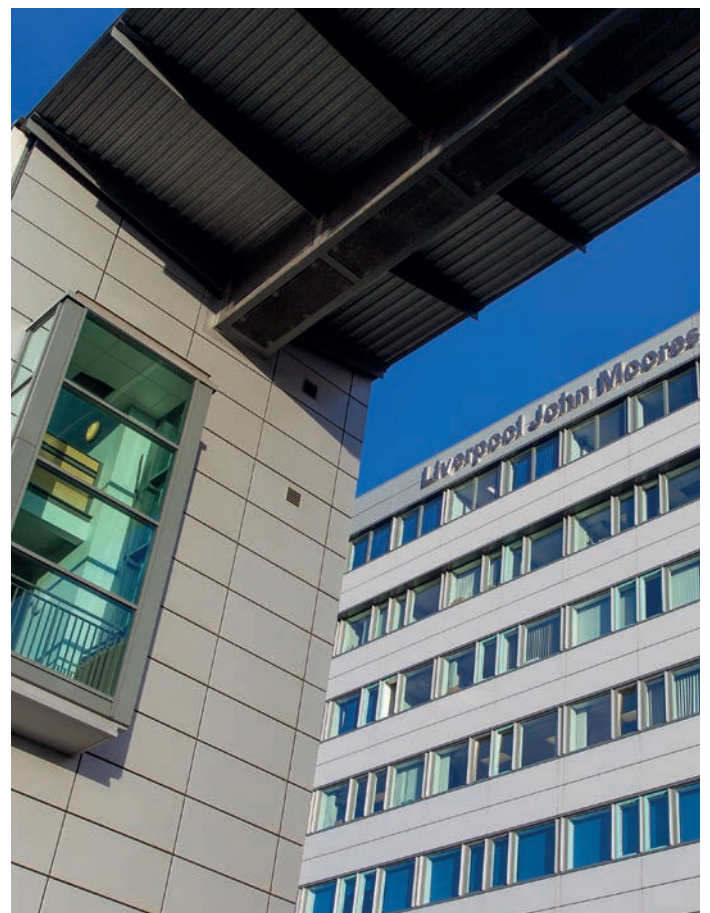
and to the Registrar & Deputy Chief Executive for their individual consideration. Following sign off by both the Pro-Vice-Chancellor (External Engagement) and the Registrar & Deputy Chief Executive, the documentation is submitted to the SMT for their consideration and approval. The agreed procedures are fully detailed within the Academic Collaborative Partnerships Operational Manual.

- Stage Two: a Programme Proposal Form is completed, signed off by the Dean of Faculty and then submitted to the Academic Planning Panel (APP) for their consideration and approval. Outcomes are reported up to Education Committee and the Academic Board. Programmes approved for development by APP follow the University agreed procedures as fully detailed in the Validation of New Collaborative Programmes Procedures Manual. Both of the above Manuals are updated and approved on an annual basis.

5.10 To support the management of the UKVI (UK Visas and Immigration) Highly Trusted Status Licence the University UKVI Compliance Officer has continued to undertake internal audits to ensure Tier 4 activity complies with current sponsor guidance. LJMU has continued to subscribe to the UKVI premium service, which provides information to the University in relation to the core measurable rates.

5.11 The University has met the reporting requirements of both the Freedom of Information Act and the Data Protection Act for requests received, including handling the requests effectively and within the legal timeframe. Staff are required to complete a mandatory online Data Protection and Records Management E-Learning Module on an annual basis. At the date of this report, 89% of staff have completed the module.

5.12 The University managed its occupational safety and health risks effectively. Accidents reported to the Health & Safety Executive reduced from six to three (relating to a student, a member of staff and a visitor). The corresponding incidence rate for reportable accidents per 1,000 staff reduced from 1.74 to 0.43. Workplace accidents



resulting in minor injuries increased for staff and students and reduced for others. Accident statistics submitted to HESA were within sector norms. There was a drive to conduct group stress risk assessments which has resulted in a substantial increase (approximately 140 compared with nine in the previous year). Audits of risk assessments with Directors is an ongoing project. The Health and Safety Annual Report is presented to the SMT and the Board's Employment Committee.

5.13 The University's arrangements for Incident Management are detailed in its Code of Practice MCP5 Incident Management, which was reviewed and updated in February 2015. The Incident Management Team is chaired by the Director, Estate Management. The Incident Management Team participated in a test exercise in January 2015. In a subsequent meeting in June 2015 an action plan was developed to ensure that robust arrangements remain in place. Such exercises have enabled the Incident Management Team to be prepared for, and manage, major disruptions to the business caused by industrial action.

5.14 The Occupational Health Unit adhered to the Higher Education Occupation Physician/Practitioners and Safe Effective Quality Occupational Health Service (SEQHS) standards, along with professional bodies' standards for students in vocational programmes and all health screening targets were duly met. One isolated incident concerning a social care student enrolled on a placement without clearance was rectified immediately and new procedures instigated. An internal audit of SEQHS is planned for 2016 with mandatory accreditation becoming an expectation.

5.15 The number of student complaints referred to the Office of the Independent Adjudicator (OIA) continues to be low and the figure remains the same as 2013 (sixteen). Out of the sixteen complaints opened by the OIA, ten were determined 'Not Justified', two were determined 'Not Eligible' to enter the OIA process, two cases remain 'Open' and two complaints were settled prior to a decision by the OIA.

5.16 As part of the IT Strategy, major system development projects that require capital investment, are subject to a detailed business case and presented to the Planning and Resources Committee for approval. The I.T. Projects Panel, chaired by a Director of School or equivalent Head of Department, has responsibility for the prioritisation and monitoring of small scale I.T. development requests deemed to be of a sufficient scale to warrant formal project management.

5.17 The Academic Board receives an update on all medium and large scale I.T. development projects and I.T. related initiatives designed to enhance the student experience at each meeting.

5.18 The Audit Committee receives an annual report highlighting the major initiatives undertaken by the staff of the Procurement Services Team and provides information about the University's significant purchasing activity. The report identifies a variety of Value for Money, contractual and operational activities undertaken by the Team.

5.19 The P2P (Procure to Pay) e-market system has now been implemented across the whole University. I-Buy requisitions (and their resultant order production) continue to rise – during the first six months of the current 2014/15 financial year i-buy has had an average monthly output of 802 requisitions compared to a monthly average of 607 requisitions in 2012/13. The proportion of official Purchase order transmitted electronically has increased from 93% (2012/13) to 96% (2013/14). The online system strengthens the control of budgets and authorisation of purchase orders and improves the efficiency of purchasing, receipting and invoice matching.

5.20 The Audit Committee received the outcome on the Procurement Maturity Assessment undertaken by Southern Universities Purchasing Consortium (SUPC) Procurement Shared Service of LJMU and approved the outcomes and recommended actions outlined within

the report. The Assessment is an independent detailed assessment of a University's procurement function and provides the University with a bespoke action plan for improvement, a baseline to measure improvements, as well as benchmark scores against similar institutions. The purpose of the assessment is to help institutions to understand and improve the efficiency and effectiveness of their procurement functions, which can, in turn, lead to significant efficiency savings.

5.21 The Diamond Report on Collaborative procurement has recommended a savings target of 30% for individual HEI spend via existing national or regional agreements. LJMU's collaborative spend for 2013/14 was £12.6 million (28.1%) compared to £12 million (27.75%) in 2011/12. The University reported that the use of collaborative agreements contributed £1.07 million towards the cashable savings reported in the EMM (Efficiency Measurement Model) return.

5.22 Key Performance Indicators are monitored monthly by the SMT and reported to the Board of Governors on an annual basis through the Annual Strategic Performance Report. The report includes the progress made against the Strategic Framework 2012-17, including significant headlines, Key Performance Outcomes, and progress and further action.

5.23 The Board of Governors receives the Annual Monitoring Statement (AMS) for approval before submission to HEFCE. The AMS monitors the use of special-initiative funding outside the main teaching and research funding allocation, and forms a significant part of the way in which the University can demonstrate accountability for the public funds distributed to it and is also used to track institutions' work to promote equality and diversity.

5.24 The Annual Sustainability Assurance Report (ASSUR), received by the Board of Governors on an annual basis before submission to HEFCE, provides assurance that the University has in place a proper process for monitoring and managing the sustainability of the Institution, and of its core activities. The five KPIs identified as particularly worthy of governors' attention over the last year, and up to the date of this report, are:

- NSS score for overall satisfaction;
- NSS score for the teaching on my course;
- Research Income;
- Research Outputs (publications) as measured by Symplectic (Independent Consultants); and
- Research, Enterprise, European and Collaborative Income (HE-BCI Defined)

All KPIs are linked to the strategic plan and monitored regularly by the SMT. The ASSUR report is signed by the Chair of the Board.

5.25 The University's Transparent Approach to Costing Return (TRAC) allows the University to fully cost its external research and other activities. The return is submitted to HEFCE by the end of January each year, and is signed by the Vice-Chancellor & Chief Executive, after having been reviewed by the University's Costing and Pricing Steering Group. As the financial accounts are not finalised until the preceding November, HEFCE acknowledge that approval of the TRAC return is unlikely to fit with Universities' normal cycle of Board meetings, and therefore the TRAC is presented to the Board's Finance Committee at its March meeting. The TRAC return process has been audited by the University's independent internal auditors in March 2014 (based on the 2012/13 TRAC return) and will be audited again within the next three years in line with external guidance.

5.26 The University maintains a Register of Interests of members of the Board of Governors and senior staff which is updated as and when new interests are identified and on an annual basis. The Register is a publicly available document on the University's website.



## 6. Opinion

6.1 The Board of Governors is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks: that internal control systems have been in place for the year ended 31st July 2015 and up to the date of approval of the financial statements; that it is regularly reviewed by the Board of Governors; and that it accords with internal control guidance for directors on the UK Corporate Governance Code as deemed appropriate for HE. The Risk Management Policy and Framework has been updated to reflect and align closely with the new Strategic Framework 2012-2017.

## 7. Going Concern

7.1 After making appropriate enquiries, the Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board continues to adopt the 'going concern' basis in preparing the financial statements.



## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF LIVERPOOL JOHN MOORES UNIVERSITY

We have audited the group and University financial statements (the "financial statements") of Liverpool John Moores University for the year ended 31st July 2015 which comprise the Consolidated Income and Expenditure Account, the Consolidated Group and University Balance Sheets, the Consolidated Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### Respective responsibilities of the Board of Governors and auditor

As explained more fully in the Statement of Responsibilities of the Board of Governors on page 22 the Board of Governors is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Operational Financial Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education;
- meet the requirements of HEFCE's Accounts direction to higher education institutions for 2014-15 financial statements; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



**Opinion on other matters prescribed in the HEFCE Audit Code of Practice) issued under the Further and Higher Education Act 1992**

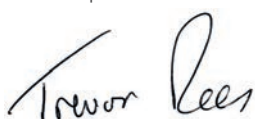
In our opinion, in all material respects:

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

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

We have nothing to report in respect of the following matters where the HEFCE Audit Code of Practice issued under the Further Education Act 1992 requires us to report to you if, in our opinion:

- The Operating Financial Review and the report of the Governors and Corporate Governance statement for the financial year for which the financial statements are prepared is inconsistent with the financial statements and our knowledge of the University and Group.



Trevor Rees  
 For and on behalf of KPMG LLP, Statutory Auditor  
 Chartered Accountants  
 St Peters Square, Manchester M2 3AE

Date: 18th November 2015

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

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

**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

**Basis of preparation**

These financial statements have been prepared in accordance with the statement of recommended practice (SORP – 2007): Accounting for Further and Higher Education and in accordance with applicable accounting standards.

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets

**Basis of consolidation**

The consolidated financial statements include the University and all its subsidiary undertakings for the financial year to 31 July 2015. Intra-group sales and purchases are eliminated fully on consolidation. In accordance with FRS2, the activities of the Students Union have not been consolidated because the University does not control nor have significant influence over their managerial and financial policy decisions.

**Income Recognition**

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Income from specific endowments and donations is included to the extent of the relevant expenditure incurred during the year, together with any related contributions towards overhead costs.

Recurrent grants from the Funding Council are recognised in the period in which they are receivable.

Non-recurrent grants from Funding Council or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

**Pension schemes**

The three pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), Universities Superannuation Scheme (USS) and the Merseyside Pension Fund (MPF). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme. The Funds are valued every five years (TPS) by actuaries using the entry age method, or three years (MPF and USS) by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the latest actuarial valuations of the Schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of Members of the Schemes after making allowances for future withdrawals.

**Tangible fixed assets**

**a. Land and buildings**

Land and Buildings are stated at valuation. The basis of valuation is either open market value for existing use or depreciated replacement cost. CB Richard Ellis, Chartered Surveyors, revalued the freehold and leasehold land and buildings at 31 May 2013. Valuations normally take place every 5 years, with an interim valuation in year 3. Due to FRS102 planning, the University has revisited the valuation undertaken in May 2013 and has gained assurance from CB Richard Ellis that at 31st July 2014 there were no material changes to the values. The University plans to use this valuation as deemed cost for FRS102 purposes, and has taken the decision not to perform another valuation in 2015.

Freehold land is not depreciated. Buildings are depreciated over their expected useful lives of 50 years and leasehold buildings over the life of the lease.

Assets in the course of construction are accounted for at cost, based on actual costs to 31st July plus subsequent expenditure which is included within accruals.

Assets in the course of construction are not depreciated until they are brought into use.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.

## Impairments of Assets

Impairments of assets are calculated as the difference between the carrying value of the asset and its recoverable amount if lower. Recoverable amount is defined as the higher of fair value less costs to sell and the estimated value in use at the date the impairment review is undertaken. Material impairments are recognised in the income and expenditure account within expenditure.

### b. Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period in which it is incurred.

### c. Telescope

The Liverpool Telescope has been capitalised at cost and is being depreciated over 20 years.

### d. Heritage Assets

The University owns a number of works of art which were donated or loaned during the last 10 years. These items are not included in the Financial Statements. Further information can be obtained in note 10.

### e. Equipment

Equipment, including computers and software, costing less than £5,000 per individual item, or group of related items, is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost and depreciated over 4 years.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful life of the equipment.

### f. Leases

Fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the shorter of the fair value of the leased assets at the inception of the lease or the life of the asset as appropriate. The excess of lease payments over recorded lease obligations is treated as finance charges, which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to expenditure in equal annual amounts over the period of the leases.

## Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Current asset investments are included at the lower of their original cost and net realisable value.

## Stocks

Stocks are valued at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

## Taxation status

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1 of Schedule 6 Finance Act 2010 and therefore 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 section 287 CTA2009 and sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly section 505 of ICTA 1988) or section 256 of the Taxation of

Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Taxation. Irrecoverable VAT on inputs is included within the cost of such inputs. Any irrecoverable VAT relating to Tangible Fixed Assets is included in their cost.

The University's subsidiary companies with the exception of JMU Building Services and Maintenance Ltd (which has the same Corporation Tax status as the University, and is not registered for VAT) are subject to corporation tax and VAT in the same way as any commercial organisation.

## Cash flows and liquid resources

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

## 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.

Contingent assets and liabilities are disclosed by way of note where there is a possible rather than actual or probable asset or obligation arising from a past event or where it is not possible to measure the asset or obligation.

## Joint venture entities and associates

The institution's share of income and expenditure in joint venture entities is recognised in the institution's income and expenditure account in accordance with FRS 9. Similarly the institution's share of assets and liabilities in associate entities is recognised in the institution's balance sheet in accordance with FRS 9. The gross equity method is used when consolidating joint venture entities and associate entities are consolidated using the equity method entities in accordance with FRS 9.

## Intra-group transactions

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

Balances between the Institution and its associates and joint ventures are not eliminated; unsettled normal trading transactions are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity, the part relating to the Institution's share is eliminated.

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**

For the year ended 31 July 2015

<b>Income</b>	<b>Note</b>	<b>2014/15 £000</b>	<b>2013/14 £000</b>
Funding body grants	1	24,252	37,807
Tuition fees and education contracts	2	154,444	127,794
Research grants and contracts	3	8,685	7,433
Other income	4	5,307	4,833
Endowment and Investment income	5	537	316
<b>Total income</b>		<b>193,225</b>	<b>178,183</b>
<b>Expenditure</b>			
Staff costs	6	102,659	100,252
Other operating expenses	8	56,120	46,841
Depreciation	9	9,401	9,216
Impairments	10	1,072	6,128
Interest and other finance costs	7	4,156	4,281
<b>Total expenditure</b>	8	<b>173,408</b>	<b>166,718</b>
<b>Surplus after depreciation of tangible fixed assets at valuation and before tax</b>		<b>19,817</b>	<b>11,465</b>
(Loss)/Profit on disposal of fixed assets	9	(89)	1,074
<b>Surplus/(Deficit) after depreciation of tangible fixed assets at valuation and disposal of fixed assets and before tax</b>		<b>19,728</b>	<b>12,539</b>
Share of operating loss of Associate	11	(31)	(48)
Share of operating loss of Joint Venture	11	(22)	-
<b>Surplus/(Deficit) on continuing operations after depreciation of tangible fixed assets at valuation and tax</b>		<b>19,675</b>	<b>12,491</b>
Transferred from/(to) accumulated income in endowment funds	19	695	336
<b>Surplus/(Deficit) for the year retained within general reserves</b>	21	<b>20,370</b>	<b>12,827</b>

The income and expenditure account has been prepared in respect of continuing operations.



**CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS**

For the year ended 31 July 2015

	Note	2014/15 £000	2013/14 £000
Surplus/(deficit) on continuing operations before taxation		20,370	12,827
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	20	476	494
Realisation of property revaluation gains of previous years	20	-	20
<b>Historical cost surplus/(deficit) for the year after tax</b>		<u>20,846</u>	<u>13,341</u>

**STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES**

	Note	2014/15 £000	2013/14 £000
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and disposal of assets and tax		19,675	12,491
Endowment additions	12	472	182
Unrealised (deficit)/surplus released on impairment of fixed assets	20	-	(848)
Actuarial (loss)/gain in respect of pension scheme	25	(16,747)	(12,139)
<b>Total recognised gains/(losses) relating to the year</b>		<u>3,400</u>	<u>(314)</u>

**Reconciliation**

	2014/15 £000	2013/14 £000
Opening reserves and endowments	35,952	36,266
Total recognised gains/(losses) for the year	3,400	(314)
Closing reserves and endowments	<u>39,352</u>	<u>35,952</u>

**BALANCE SHEETS**

As at 31 July 2015

	Note	Group		University	
		2015 £000	2014 £000	2015 £000	2014 £000
<b>Fixed assets</b>					
Tangible assets	9	183,908	181,126	183,908	181,126
Investments	11	39	39	16,029	16,029
Investment in associate:					
Share of net (liabilities)/assets	11	(168)	(137)	-	-
Investment in Joint Venture:					
Share of net (liabilities)/assets	11	(22)	-	-	-
		<u>183,757</u>	<u>181,028</u>	<u>199,937</u>	<u>197,155</u>
<b>Endowment assets</b>	12	947	1,170	947	1,170
<b>Current assets</b>					
Stocks and work in progress		77	62	77	62
Debtors	13	6,012	4,629	6,369	4,756
Investments	16	75,053	53,833	75,053	53,833
Cash at bank and in hand	16	3,376	4,762	3,253	4,131
		<u>84,518</u>	<u>63,286</u>	<u>84,752</u>	<u>62,782</u>
Creditors: Amounts falling due within one year	14	<u>37,341</u>	<u>33,145</u>	<u>36,238</u>	<u>32,324</u>
<b>Net current assets</b>		<u>47,177</u>	<u>30,141</u>	<u>48,514</u>	<u>30,458</u>
<b>Total assets less current liabilities</b>		231,881	212,339	248,398	228,783
<b>Creditors: Amounts falling due after more than one year</b>	15	44,273	44,811	60,431	60,969
<b>Provisions for liabilities</b>	17	<u>15,610</u>	<u>14,842</u>	<u>15,610</u>	<u>14,842</u>
<b>Net assets excluding pension liability</b>		171,998	152,686	172,357	152,972
<b>Net Pension liability</b>	25	<u>100,310</u>	<u>83,413</u>	<u>100,310</u>	<u>83,413</u>
<b>Net assets including pension liability</b>		<u><u>71,688</u></u>	<u><u>69,273</u></u>	<u><u>72,047</u></u>	<u><u>69,599</u></u>
<b>Deferred capital grants</b>	18	32,335	33,320	32,335	33,320
<b>Endowments</b>					
Permanent	19	12	12	12	12
Expendable	19	935	1,158	935	1,158
<b>Total Endowments</b>		<u>947</u>	<u>1,170</u>	<u>947</u>	<u>1,170</u>
<b>Reserves</b>					
Income and Expenditure Account excluding pension reserve	21	108,084	87,088	108,443	87,374
Pension Reserve	25	<u>(100,310)</u>	<u>(83,413)</u>	<u>(100,310)</u>	<u>(83,413)</u>
<b>Income and Expenditure Account including pension reserve</b>		<u>7,774</u>	<u>3,675</u>	<u>8,133</u>	<u>3,961</u>
Revaluation Reserve	20	<u>30,632</u>	<u>31,108</u>	<u>30,632</u>	<u>31,108</u>
<b>Total Reserves</b>		<u>38,406</u>	<u>34,783</u>	<u>38,765</u>	<u>35,069</u>
		<u><u>71,688</u></u>	<u><u>69,273</u></u>	<u><u>72,047</u></u>	<u><u>69,599</u></u>

The financial statements on page 35-65 were approved by the Board of Governors on 16 November 2015

Mr Rod Hill BA, FCMA, IPFA  
Chair of the Board of Governors



Professor Nigel Weatherill DSc, FREng, FRSA  
Vice-Chancellor & Chief Executive







**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 July 2015

	Note	2014/15 £000	2013/14 £000
<b>Net cash inflow from operating activities</b>	22	34,565	27,456
Returns on investments and servicing of finance	23	(2,397)	(2,846)
Capital expenditure and financial investment	23	(12,042)	(3,156)
		<hr/>	<hr/>
<b>Cash inflow before use of liquid resources and financing</b>		20,126	21,454
Management of liquid resources	23	(21,220)	(21,039)
Financing	23	(587)	(637)
		<hr/>	<hr/>
<b>(Increase)/Decrease in cash in the year</b>		<u>(1,681)</u>	<u>(222)</u>
 <b>Reconciliation of net cash flow to movement in net debt</b>			
		<b>2014/15 £000</b>	<b>2013/14 £000</b>
(Increase)/Decrease in cash in the year	24	(1,681)	(222)
Cash inflow/(outflow) from increase in debt and lease financing	24	587	637
Cash inflow/(outflow) from movement in liquid resources	24	<u>21,220</u>	<u>21,039</u>
Change in net debt resulting from cash flows		20,126	21,454
Non cash movement on Endowments	24	<u>75</u>	<u>7</u>
Movement in net debt for year 2015		20,201	21,461
Net debt at 1 August 2014		14,364	(7,097)
Net debt at 31 July 2015	24	<u>34,565</u>	<u>14,364</u>

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015

<b>1 Funding body grants</b>	<b>HEFCE £000</b>	<b>NCTL £000</b>	<b>2014/15 £000</b>	<b>2013/14 £000</b>
Recurrent grant	20,785	197	20,982	32,916
Specific grants	408	1,024	1,432	2,776
Deferred capital grants released in year				
Buildings (note 18)	1,432	-	1,432	1,192
Equipment (note 18)	406	-	406	923
	<u>23,031</u>	<u>1,221</u>	<u>24,252</u>	<u>37,807</u>
<b>2 Tuition fees and education contracts</b>			<b>2014/15 £000</b>	<b>2013/14 £000</b>
Full-time students (UK and European Union)			125,079	99,757
Full-time students charged overseas fees and other fees			8,305	7,179
Part-time fees (UK and European Union)			3,369	2,432
Other fees and NHS education contracts			17,691	18,426
			<u>154,444</u>	<u>127,794</u>
<b>3 Research grants and contracts</b>			<b>2014/15 £000</b>	<b>2013/14 £000</b>
Research councils			2,172	1,856
UK based charities			741	613
Health & Hospitals			1,639	1,636
Central and Local Government			1,080	920
Other grants and contracts			3,053	2,408
			<u>8,685</u>	<u>7,433</u>
<b>4 Other income</b>			<b>2014/15 £000</b>	<b>2013/14 £000</b>
Residences and Catering			1,274	1,102
Other Services rendered			2,533	2,708
Released from deferred capital grant (note 18)			216	335
Other Income			1,284	688
			<u>5,307</u>	<u>4,833</u>
<b>5 Endowment and Investment income</b>			<b>2014/15 £000</b>	<b>2013/14 £000</b>
Income from expendable endowments			7	7
Income from short-term deposits			530	309
			<u>537</u>	<u>316</u>

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**6 Staff Costs**

The average number of persons (including senior post-holders) employed by the University during the year as expressed in full time equivalents was:

	<b>2014/15 Number</b>	<b>2013/14 Number</b>
Teaching staff	1,084	1,066
Non teaching staff	1,066	1,081
	<u>2,150</u>	<u>2,147</u>

**Staff costs for the above persons**

	<b>2014/15 £000</b>	<b>2013/14 £000</b>
Salaries and wages	82,806	80,283
Social security costs	6,500	6,567
Pension costs (including FRS17 adjustment)	12,305	11,859
	<u>101,611</u>	<u>98,709</u>
Restructuring costs	93	834
	<u>101,704</u>	<u>99,543</u>
Pension costs relating to enhanced pension provision (note 17)	955	709
<b>Total Staff costs</b>	<u>102,659</u>	<u>100,252</u>

**Emoluments of the Vice-Chancellor**

	<b>2014/15</b>	<b>2013/14</b>
Salaries	248,178	231,000
Benefits in Kind	1,383	1,000
	<u>249,561</u>	<u>231,000</u>
Pension contributions	<u>28,800</u>	<u>36,800</u>

Included within 'Salaries' is an amount of £8,178 which was paid in lieu of pension contributions (2014 £nil).



**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**6 Staff Costs (continued)**

Annual remuneration of higher paid staff other than the Vice-Chancellor, excluding pension contributions:	2014/15 Number	2013/14 Number
£100,000 - £109,999	1	1
£110,000 - £119,999	1	3
£120,000 - £129,999	2	1
£130,000 - £139,999	2	6
£140,000 - £149,999	6	-

**7 Interest payable**

	2014/15 £000	2013/14 £000
On bank loans, overdraft and other loans:		
Wholly repayable within five years	-	-
Not wholly repayable within five years	2,935	3,155
Other interest payable	-	7
	<u>2,935</u>	<u>3,162</u>
FRS17 Adjustment: Net interest on pension liabilities (note 25)	1,221	1,119
	<u>4,156</u>	<u>4,281</u>

**8 Analysis of 2014/15 expenditure by activity**

	2014/15 £000	2013/14 £000
Academic	80,526	75,518
Academic services	20,214	18,710
Research grants & contracts	6,379	6,471
Residences & catering	1,712	1,765
Premises	32,211	32,450
Administration & central services	9,704	11,200
General education	13,113	12,108
Staff student facilities	6,322	4,836
Other expenses	3,227	3,660
Total per income and expenditure account	<u>173,408</u>	<u>166,718</u>

**Other operating expenditure includes:**

	2014/15 £000	2013/14 £000
Auditors remuneration:		
External audit (of this amount £45k (2014 £50k) relates to the University)	48	53
External auditors provision of non-audit services:		
Taxation	81	228
Grant audits	10	15
Internal audit	65	98
Other audit	4	-
Operating leases	-	381

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**8 Analysis of 2014/15 expenditure by activity (continued)****Governors (Also known as Trustees)**

No Governor has received any remuneration/waived payments from the group during the year (2014 - nil).

The total expenses paid to or on behalf of 22 Governors, also known as Trustees, was £2k (2013 - £7k on behalf of 22 governors). This represents travel and subsistence expenses incurred in attending Board of Governors, Committee meetings and Charity events in their official capacity.

**9 Tangible fixed assets**

<b>Group and University</b>	<b>Freehold land and Buildings £000</b>	<b>Leasehold land and Buildings £000</b>	<b>WIP £000</b>	<b>Telescope £000</b>	<b>Equipment £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>						
At 1 August 2014	168,654	2,427	3,653	5,108	15,575	195,417
Additions	4,550	-	4,544	5	4,467	13,566
Impairment	(1,549)	-	-	-	-	(1,549)
Re-classified	1,249	(1,249)	-	-	(276)	(276)
Disposals	-	-	-	-	(338)	(338)
At 31 July 2015	<u>172,904</u>	<u>1,178</u>	<u>8,197</u>	<u>5,113</u>	<u>19,428</u>	<u>206,820</u>
<b>Depreciation</b>						
At 1 August 2014	5,379	748	-	2,659	5,505	14,291
Charge for the year	5,384	67	-	269	3,681	9,401
Impairment	(477)	-	-	-	-	(477)
Re-classified	477	(477)	-	-	(54)	(54)
Disposals	-	-	-	-	(249)	(249)
At 31 July 2015	<u>10,763</u>	<u>338</u>	<u>-</u>	<u>2,928</u>	<u>8,883</u>	<u>22,912</u>
<b>Net book value</b>						
At 31 July 2015	<u>162,141</u>	<u>840</u>	<u>8,197</u>	<u>2,185</u>	<u>10,545</u>	<u>183,908</u>
At 1 August 2014	<u>163,275</u>	<u>1,679</u>	<u>3,653</u>	<u>2,449</u>	<u>10,070</u>	<u>181,126</u>

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**9 Tangible fixed assets (continued)**

The University's freehold and some leasehold land and buildings were revalued at 31 May 2013 at open market value for existing use or depreciated replacement cost at £148.468m. In addition the remaining leased buildings are shown at the value of the lease. Included in land and buildings is land to the value of £16.050m that is not depreciated.

Disposals of equipment were made during the year with a net book value of £0.089m.

Should land and buildings that have been financed by exchequer funds be sold, the University may be required, under the terms of the Financial Memorandum with HEFCE, to surrender the proceeds. As at 31st July 2015 the net value of assets financed by exchequer funds is:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Freehold Land and Buildings	22,181	23,515
Leasehold Land and Buildings	474	909
Telescope	145	475
Equipment	996	1,388
	<u>23,796</u>	<u>26,287</u>

The University holds heritage assets, donated to the University with an insurance value of £0.061m and loaned to the University with an insurance value of £0.107m. Heritage assets include paintings, vases and ceremonial maces. These assets are not recognised on the balance sheet.

**10 Impairments**

On 19<sup>th</sup> December 2014 the University purchased the freehold of a property which had previously been leased by the University. The property was acquired by the University on an off market basis for £4m. In addition to the purchase price, the University was also carrying refurbishments in relation to this property on its balance sheet, with a net book value of £0.772m. Following the purchase, advice was sought from the University valuers CBRE to provide a valuation based on fair value. The result in this review of valuation method was an impairment of £1.072m. This amount has been written off to income and expenditure in the year.

**11 Investments**

<b>Group</b>	<b>Other Investments £000</b>
<b>Cost or valuation</b>	
At 1 August 2014 and 31 July 2015	<u>39</u>

Other investments are in respect of shares in CVCP Properties PLC (1.0%) and Amaze Ltd (250,000 preference shares, redemption value £nil).



**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**11 Investments (continued)**

<b>University</b>	<b>Interest in Group Undertakings £000</b>	<b>Other Investments £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>			
Net book value at 1 August 2014 and 31 July 2015	15,990	39	16,029

**Subsidiary undertakings**

The subsidiary companies, with the exception of Liverpool John Moores (Malaysia) SDN.BHD are registered in England and Wales. Liverpool John Moores (Malaysia) SDN.BHD is registered in Malaysia and ownership in the UK is via circular transaction. All the subsidiary companies, wholly owned or effectively controlled by the University, are as follows:

<b>Company</b>	<b>Principal Activity</b>	<b>Status</b>
JMU Property Development Company Ltd	100% owned	Property Development Company
JMU Services Ltd	100% owned	Academic enterprise
JMU Learning Resource Centre Ltd	100% owned	Leasing of the Avril Roberts Learning Resource Centre
JMU Building Services and Maintenance Ltd	100% owned	Promotion of the advancement of education by provision of funds to the University
Liverpool Business School Ltd	100% owned	Dormant
Liverpool John Moores (Malaysia) SDN.BHD	100% owned	Promote and support collaborations within Malaysia
Microwaste Two Limited	100% owned	Proof in concept of novel energy waste management system

The University exercises a significant influence over the operations of JMU Building Services and Maintenance Limited, a company limited by guarantee. The University is the guarantor and the directors of the company must be appointed from officers or governors of the University, or members of the Company.

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**11 Investments (continued)****Associates**

Liverpool Science Park Limited is a company limited by guarantee. The company was incorporated on the 13 June 2003. Liverpool John Moores University, University of Liverpool and Liverpool City Council's interest in the company is 24.5%, 24.5% and 51% respectively. The company commenced trading in November 2005. The net liabilities of the company for the year ended 31 March 2015 are £0.685m (2014 net liabilities £0.526m), the group share of these being £0.168m (2014 net liabilities £0.129m). The company's financial year end was 31<sup>st</sup> March 2015.

<b>Investment in associate - group</b>	<b>Share of net assets/ (liabilities) at 1 August 2014</b>	<b>Share of net Surplus/ (Deficit) for the year</b>	<b>Share of net assets/ (liabilities) at 31 July 2015</b>
Liverpool Science Park Limited	(137)	(31)	(168)

**Joint Ventures**

Sensor City Liverpool Limited is a company limited by guarantee. The company was incorporated on 23 October 2014. Liverpool John Moore University and University of Liverpool each have a 50% interest in the company. The arrangement is treated as a joint venture and is accounted for using the gross equity method. The net liabilities of the company for the period ended 31 July 2015 are £0.046m, the group share of these being £0.023m. The company's financial year end is 31 July 2015.

<b>Investment in Joint Venture - group</b>	<b>Share of net assets/ (liabilities) at 1 August 2014</b>	<b>Share of net Surplus/ (Deficit) for the year</b>	<b>Share of net assets/ (liabilities) at 31 July 2015</b>
Sensor City Liverpool Limited	-	(23)	(23)

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**12 Endowment asset investments**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
At 1 August 2014	1,170	1,324
Additions for the year	472	182
Expenditure for the year	(634)	(343)
Interest for the year	7	7
Prior year over provision of Gift Aid	(68)	-
<b>Balance at 31 July 2015</b>	<b>947</b>	<b>1,170</b>

**Represented by:**

Cash Deposits	947	1,167
Debtors	-	3
	<b>947</b>	<b>1,170</b>

**13 Debtors**

	<b>Group</b>		<b>University</b>	
<b>Amounts falling due within one year</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	1,291	604	1,133	233
Prepayments and accrued income	3,046	2,415	3,036	2,413
Other debtors	1,512	1,453	1,501	1,453
Amounts due from associate company	163	157	163	157
Amounts due from subsidiary companies	-	-	536	500
	<b>6,012</b>	<b>4,629</b>	<b>6,369</b>	<b>4,756</b>

**14 Creditors**

	<b>Group</b>		<b>University</b>	
<b>Amounts falling due within one year</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
HEFCE grants not applied	4,175	1,742	4,175	1,742
Research grants received on account	8,384	13,662	8,013	13,181
Payroll deductions	3,445	2,553	3,445	2,553
Bank loan	538	538	538	538
Salix loan	-	49	-	49
Amounts due to subsidiary companies	-	-	697	667
Trade creditors	3,073	2,003	3,062	1,986
Accruals and deferred income	17,017	8,193	17,010	8,209
Other creditors	709	4,405	298	3,399
	<b>37,341</b>	<b>33,145</b>	<b>37,238</b>	<b>32,324</b>



**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

<b>15 Creditors</b>	<b>Group</b>		<b>University</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Amounts falling due after one year</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loan	44,273	44,811	44,273	44,811
Intercompany lease	-	-	16,158	16,158
	<u>44,273</u>	<u>44,811</u>	<u>60,431</u>	<u>60,969</u>

The intercompany lease is in respect of the Avril Robarts Learning Resource Centre. The lease runs for 25 years from 24 November 1995.

**16 Interest rate risk profile of financial liabilities**

	<b>Cash at Bank and in hand</b>				<b>Investments</b>			
	<b>Group</b>		<b>University</b>		<b>Group</b>		<b>University</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Floating Rate	3,376	4,762	3,253	4,131	-	-	-	-
Fixed Rate	-	-	-	-	75,053	53,833	75,053	53,833
As at 31 July 2015	<u>3,376</u>	<u>4,762</u>	<u>3,253</u>	<u>4,131</u>	<u>75,053</u>	<u>53,833</u>	<u>75,053</u>	<u>53,833</u>

The short-term deposits are placed with banks at rates based on prevailing market rates at the time of the deposit. All balances were held in sterling.

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Maturity of financial liabilities</b>		
Within 1 year or on demand	538	587
Between 1 & 2 years	538	538
Between 3 & 5 years	1,614	1,614
Over 5 years	42,121	42,659
	<u>44,811</u>	<u>45,398</u>

All financial liabilities relate to bank and loan debt.

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**16 Interest rate risk profile of financial liabilities (continued)**

The Bank loans are as follows:

<b>Original Value £m</b>	<b>Term Years</b>	<b>Fixed/Variable</b>	<b>Security</b>	<b>Interest rate</b>
7.45	25	Fixed to 2024	Aldham Roberts LRC	7.985%
3.0	25	Variable	Assorted Properties	1.30%
3.0	25	Variable	Avril Roberts LRC	1.33%
20.0	25 from 2013	Fixed to 2038	Art and Design Academy	6.065%
10.0	18 from 2015	Fixed to 2033	Art and Design Academy	6.36%
10.0	12 from 2011	Fixed to 2023	Tom Reilly Building	6.68%

**Borrowing facilities**

The group has £20m undrawn borrowing facility available as at 31 July 2015.

	<b>Total £000</b>	<b>Floating Rate Financial Liabilities £000</b>	<b>Fixed Rate Financial Liabilities £000</b>
As at 31 July 2015	<u>44,811</u>	<u>1,980</u>	<u>42,831</u>
As at 31 July 2014	<u>45,398</u>	<u>2,220</u>	<u>43,178</u>

All the group's creditors falling due within 1 year (other than bank and other borrowings) are excluded from the above table.

**17 Provisions for liabilities and charges**

<b>Group and University</b>	<b>Pension Enhancements £000</b>	<b>Other £000</b>	<b>Total £000</b>
At 1 August 2014	12,296	2,546	14,842
Utilised in the year	(854)	(679)	(1,533)
Transfer from/(to) income and expenditure account	955	1,346	2,301
At 31 July 2015	<u>12,397</u>	<u>3,213</u>	<u>15,610</u>

The pension provision is in respect of pension enhancements payable to staff that have taken early retirement. The provision has been re-valued at 31 July 2015.

Included within other provisions are provisions for restructuring costs of £0.0032m (2014 £0.417m), dilapidation costs of £0.558m (2014 £0.863m) and provisions for bursaries and

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**17 Provisions for liabilities and charges (continued)**

scholarship of £1.253m (2014 £nil). Restructuring costs charged to the Income and Expenditure account in the current year totalled £0.385m (2014 £0.834m). Dilapidations charged to the Income and Expenditure account in the current year totalled £0.098m (2014 £10.189m). Other provisions include contractual obligations in relation to student activity.

The University has considered Contingent Liabilities and is satisfied that there are none for the year ended 31<sup>st</sup> July 2015 (2014 none).

**18 Deferred capital grants****Group and University**

	<b>Funding Council £000</b>	<b>Other £000</b>	<b>Total £000</b>
At 1 August 2014			
Buildings	24,733	5,746	30,479
Equipment	1,554	1,287	2,841
<b>Total</b>	<b>26,287</b>	<b>7,033</b>	<b>33,320</b>
Income			
Buildings	699	138	837
Equipment	537	150	687
<b>Total</b>	<b>1,236</b>	<b>288</b>	<b>1,524</b>
Adjustments			
Equipment	(11)	-	(11)
Released to income and expenditure			
Buildings (notes 1 and 4)	(1,432)	(177)	(1,609)
Equipment (note 1 and 4)	(635)	(254)	(889)
<b>Total</b>	<b>(2,078)</b>	<b>(431)</b>	<b>(2,509)</b>
At 31 July 2015			
Buildings	24,000	5,707	29,707
Equipment	1,445	1,183	2,628
<b>Total</b>	<b>25,445</b>	<b>6,890</b>	<b>32,335</b>

Included in the Buildings total of £24m is £0.271m relating to the Telescope enclosure which is shown in the Telescope category in Fixed Assets (Note 9).



**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**19 Endowments****Group and University**

	<b>Restricted Permanent £000</b>	<b>Restricted Expendable £000</b>	<b>Total 2015 £000</b>	<b>Total 2014 £000</b>
<b>Balances at 1 August 2014</b>				
Capital	12	1,019	1,031	1,192
Accumulated income	-	139	139	132
	<u>12</u>	<u>1,158</u>	<u>1,170</u>	<u>1,324</u>
Additions for the year	-	472	472	182
Release of over provision for gift aid	-	(68)	(68)	-
Interest for the year	-	7	7	7
Expenditure for the year	-	(634)	(634)	(343)
Net	<u>-</u>	<u>(223)</u>	<u>(223)</u>	<u>(154)</u>
<b>Balances at 31 July 2015</b>	<u>12</u>	<u>935</u>	<u>947</u>	<u>1,170</u>
<b>Represented by:</b>				
Capital	12	789	801	1,031
Accumulated income	-	146	146	139
	<u>12</u>	<u>935</u>	<u>947</u>	<u>1,170</u>

**20 Revaluation reserve****Group and University****Revaluations**

	<b>2015 £000</b>	<b>2014 £000</b>
At 1 August 2014	31,108	32,470
Disposals (note 21)	-	(20)
Impairment	-	(848)
Contributions to depreciation: Released in year (note 21)	(476)	(494)
<b>At 31 July 2015</b>	<u>30,632</u>	<u>31,108</u>

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

<b>21 Income and Expenditure Account</b>	<b>Group 2015</b>	<b>Group 2014</b>	<b>University 2015</b>	<b>University 2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 August 2014	3,675	2,473	3,961	2,693
Surplus/(deficit) retained for the year	20,370	12,827	20,443	12,893
Transfer from revaluation reserve	476	514	476	514
Actuarial (loss)/gain in respect of pension scheme	(16,747)	(12,139)	(16,747)	(12,139)
	<u>7,774</u>	<u>3,675</u>	<u>8,133</u>	<u>3,961</u>
At 31 July 2015	<u>7,774</u>	<u>3,675</u>	<u>8,133</u>	<u>3,961</u>
<b>Balance represented by:</b>				
Pension Reserve	(100,310)	(83,413)	(100,310)	(83,413)
Income and Expenditure account excluding pension reserve	108,084	87,088	108,443	87,374
	<u>7,774</u>	<u>3,675</u>	<u>8,133</u>	<u>3,961</u>

<b>22 Reconciliation of consolidated operating surplus to net cash flow from operating activities</b>	<b>2014/15 £000</b>	<b>2013/14 £000</b>
Surplus after depreciation of fixed assets and tax	19,817	11,465
Depreciation (note 9)	9,401	9,216
Impairments (note 10)	1,072	6,128
Deferred capital grants released to income (note 18)	(2,509)	(2,503)
Investment income (note 5)	(537)	(316)
Interest Payable	4,156	4,281
(Increase)/decrease in stock	(15)	2
(Increase)/decrease in debtors	(1,380)	602
Increase/(decrease) in creditors	4,610	(145)
Increase/(decrease) in provisions (note 17)	768	(1,450)
Share of Loss/(profit) of associate	31	48
Pension costs less contributions payable	(1,071)	128
Reclassification of equipment (note 9)	222	-
<b>Net cash inflow from operating activities</b>	<u>34,565</u>	<u>27,456</u>

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

<b>23 Analysis of cash flows for headings netted in the cash flow statement</b>	<b>2014/15 £000</b>	<b>2013/14 £000</b>		
<b>Returns on investments and servicing of finance</b>				
Interest received	538	316		
Interest paid	(2,935)	(3,162)		
	<u>(2,397)</u>	<u>(2,846)</u>		
<b>Capital expenditure and financial investment</b>				
Payments made to acquire fixed assets (note 9)	(13,566)	(7,650)		
Proceeds from sales of fixed assets (note 9)	-	2,300		
Deferred Capital Grants received (note 18)	1,524	2,194		
	<u>(12,042)</u>	<u>(3,156)</u>		
<b>Management of liquid resources</b>				
Cash placed on short term deposit (note 24)	<u>21,220</u>	<u>21,039</u>		
<b>Financing</b>				
Repayments of amounts borrowed	(587)	(637)		
	<u>(587)</u>	<u>(637)</u>		
 <b>24 Analysis of net debt</b>				
	<b>At 1 August 2014 £000</b>	<b>Cash Flow £000</b>	<b>Non Cash Change £000</b>	<b>At 31 July 2015 £000</b>
Cash in hand and at bank:				
Endowments	1,167	(295)	75	947
General	4,762	(1,386)	-	3,376
	<u>5,929</u>	<u>(1,681)</u>	<u>75</u>	<u>4,323</u>
Debt due after one year	(44,811)	-	538	(44,273)
Debt due within one year	(587)	587	(538)	(538)
	<u>(45,398)</u>	<u>587</u>	<u>-</u>	<u>(44,811)</u>
Current asset investments	53,833	21,220	-	75,053
	<u>14,364</u>	<u>20,126</u>	<u>75</u>	<u>34,565</u>



**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**25 Pension schemes**

The pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), which is administered by the Teachers' Pension Agency (TPA), the Universities Superannuation Scheme (USS), which is administered by Universities Superannuation Scheme Limited and the Merseyside Pension Fund (MPF), which is administered by Wirral Metropolitan Borough Council.

The total pension cost for the Institution and its subsidiaries was:

	2015			2014		
	Employer conts'	FRS17	Total cost	Employer conts'	FRS17	Total cost
	£000	£000	£000	£000	£000	£000
USS	462	-	462	413	-	413
LGPS	4,410	150	4,560	3,637	1,247	4,884
TPS	4,640	150	4,640	5,326	-	5,326
Total pension cost	9,512	150	9,662	9,376	1,247	10,623

The University contributions rates at 31 July were:

	2014/15 %	2013/14 %
USS	16	16
TPS	14.1	14.1
LGPS	12.4	10.5

**Teachers' Pension**

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pensions Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. 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 TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**25 Pension schemes (continued)****The Teachers' Pension Budgeting and Valuation Account**

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.0%), 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**

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2004 - 31 March 2012. The GA's report of June 2014 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191.5 billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176.6 billion. The assumed rate of return is 3.0% in excess of prices. The rate of real earnings growth is assumed to be 2.75%. The assumed gross rate of return is 5.06%.

As from 1 April 2015, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 20.4%, and the supplementary contribution rate was assessed to be 5.6% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 26.0%, which translated into an average employee contribution rate of 9.6% and employer contribution rate of 16.4% payable. The cost-sharing agreement also introduced a 10.9% cap on employer contributions payable. It has been agreed that these revised contributions will be implemented from 1 September 2015.

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**25 Pension schemes (continued)****Scheme Changes**

From 1 September 2015, the employer contribution rate will increase to 16.4%.

From 1 April 2015, the TPS is being reformed, with a different benefit structure for a number of members. These changes have been allowed for in the contribution rate set out above.

The pension costs paid to TPS in the year amounted to £4,639,702 (2014 – £5,325,849).

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the University has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The University has set out above the information available on the scheme and the implications for the University in terms of the anticipated contribution rates.

**Universities Superannuation Scheme (USS)**

The company participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The company is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £0.462m (2014 £0.413m). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.



**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**25 Pension schemes (continued)**

FRS 17 liability numbers have been produced for the using the following assumptions:

	<b>At 31 July 2015</b>	<b>At 31 July 2014</b>
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ["light"] YoB tables – No age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	<b>At 31 July 2015</b>	<b>At 31 July 2014</b>
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6
<b>Existing benefits</b>	<b>At 31 July 2015</b>	<b>At 31 July 2014</b>
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**25 Pension schemes (continued)****Local Government Pension Scheme (LGPS) – Merseyside Pension Fund**

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2015 was £4,410,081 (2014 £3,636,791). The agreed contribution rate for employers for the financial year was 12.4%. The employee rate paid is based on the whole time equivalent pensionable pay in accordance with the following table:

<b>Salary</b>	<b>Pension Contribution Rate</b>
£0 – £13,500	5.5%
£13,501 – £21,000	5.8%
£21,001 – £34,000	6.5%
£34,001 – £43,000	6.8%
£43,001 – £60,000	8.5%
£60,000 – £85,000	9.9%
£85,001 – £100,000	10.5%
£100,001 – £150,000	11.4%
Over £150,000	12.5%

The pensions cost is assessed every three years in accordance with the advice of a qualified independent actuary. All revisions to contributions were implemented from 1 April 2013. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2013
Actuarial method	Projected Unit
Investment returns per annum	5.6% per annum
Pension increases per annum	2.6% per annum
Salary scale increases per annum	4.1% per annum
Market value of assets at date of last valuation	£5,819 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	76%

A full actuarial valuation was carried out at 31 March 2013 and updated to 31 July 2015 on an FRS 17 basis by a qualified independent actuary. The material assumptions used by the actuary for FRS 17 at 31 July 2015 were:

	<b>At 31 July 2015</b>	<b>At 31 July 2014</b>
Inflation	2.2%	2.3%
Rate of increase in salaries	3.7%	3.8%
Rate of increase for pensions	2.2%	2.3%
Discount rate for liabilities	3.8%	4.3%
Commutation of Pension to Lump sum	50%	50%

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**25 Pension schemes (continued)**

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2015	At 31 July 2014
	Years	Years
<i>Retiring today</i>		
Males	22.4	22.3
Females	25.3	25.2
<i>Retiring in 20 years</i>		
Males	24.8	24.7
Females	28.1	28

The University's share of the assets in the scheme and the expected rates of return were:

	Long term rate of return expected at 31 July 2015	Value at 31 July 2015 £000	Long term rate of return expected at 31 July 2014	Value at 31 July 2014 £000
Equities	60.1%	113,851	60.2%	101,363
Government Bonds	13.8%	26,142	13.7%	23,068
Other Bonds	5.2%	9,851	2.3%	3,873
Property	8.6%	16,292	7.8%	13,134
Cash/liquidity	2.9%	5,494	4.4%	7,409
Other	9.4%	17,807	11.6%	19,532
		<u>189,437</u>		<u>168,379</u>

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

	Year Ended 31 July 2015 £000	Year Ended 31 July 2014 £000
Employer Service cost	6,312	6,165
Curtailment costs/Past service	26	780
Total operating charge	<u>6,338</u>	<u>6,945</u>

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**25 Pension schemes (continued)****Analysis of net pension finance (costs)**

	<b>Year Ended 31 July 2015 £000</b>	<b>Year Ended 31 July 2014 £000</b>
Expected return on pension scheme assets	9,679	9,610
Interest on pension liabilities	(10,900)	(10,729)
Net pension finance (costs)	<u>1,221</u>	<u>(1,119)</u>

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

	<b>Year Ended 31 July 2015 £000</b>	<b>Year Ended 31 July 2014 £000</b>
Actual return less expected return on pension scheme assets	6,910	(6,032)
Change in financial and demographic assumptions underlying the scheme liabilities	(23,657)	(6,107)
Actuarial (loss)/ gain/recognised in STRGL	<u>(16,747)</u>	<u>(12,139)</u>

**Movement in deficit during the year**

	<b>Year Ended 31 July 2015 £000</b>	<b>Year Ended 31 July 2014 £000</b>
Deficit in scheme at 1 August 2014	(83,413)	(70,027)
Movement in year:		
Current service charge	(6,312)	(6,165)
Contributions	7,409	6,817
Past service/Curtailment cost	(26)	(780)
Net interest on assets	(1,221)	(1,119)
Actuarial (loss)/gain	(16,747)	(12,139)
Deficit in scheme at 31 July 2015	<u>(100,310)</u>	<u>(83,413)</u>

In accordance with the revised FRS17 accounting standard, assets have been valued at realisable (i.e. bid) values for the year ended 31 July 2015.



**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**25 Pension schemes (continued)****Analysis of the movements in the present value of the scheme liabilities**

	<b>Year Ended 31 July 2015 £000</b>	<b>Year Ended 31 July 2014 £000</b>
At the beginning of the year	251,792	232,272
Current service cost	6,312	6,165
Interest cost	10,900	10,729
Contributions by scheme participants	2,398	2,266
Actuarial losses and (gains)	23,657	6,107
Benefits paid	(5,338)	(6,527)
Curtailments	26	780
At the end of the year	<u>289,747</u>	<u>251,792</u>

**Analysis of movement in the fair value of the scheme assets**

	<b>Year Ended 31 July 2015 £000</b>	<b>Year Ended 31 July 2014 £000</b>
At the beginning of the year	168,379	162,245
Expected rate of return on scheme assets	9,679	9,610
Actuarial (losses) and gains	6,910	(6,032)
Contribution by the employer	7,409	6,817
Contributions by scheme participants	2,398	2,266
Benefits paid	(5,338)	(6,527)
At the end of the year	<u>189,437</u>	<u>168,379</u>

The group expects to contribute £3.160m (2014 £3.035m) to its defined benefits pension plan during the year ending 31 July 2016

**Reserves**

	<b>Year Ended 31 July 2015 £000</b>	<b>Year Ended 31 July 2014 £000</b>
University's estimated asset share	189,437	168,379
Present value of scheme liabilities	(289,747)	(251,792)
Deficit in the scheme	<u>(100,310)</u>	<u>(83,413)</u>

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**25 Pension schemes** (continued)**History of experience gains and losses**

	<b>Year Ended 31 July 2015 £000</b>	<b>Year Ended 31 July 2014 £000</b>	<b>Year Ended 31 July 2013 £000</b>	<b>Year Ended 31 July 2012 £000</b>	<b>Year Ended 31 July 2011 £000</b>
Difference between the expected and actual return on assets:					
<b>Amount</b>	6,910	(6,032)	(15,757)	6,635	(6,380)
% of scheme assets	3.6%	3.6%	9.7%	4.9%	4.9%
<b>Change in assumptions</b>	(23,657)	(6,107)	(4,641)	(6,725)	(4,665)
Amount	8.2%	2.4%	2%	3.1%	2.4%
% of scheme liabilities					
<b>Total amount recognised in STRGL</b>	16,747	12,139	(11,116)	(13,360)	1,715
Amount					
% of scheme liabilities	5.8%	4.8%	4.8%	6.2%	0.9%

**26 Access funds**

	<b>2014/15 £000</b>	<b>2013/14 £000</b>
Balance at 1 August 2014	-	5
Funding Council grants	-	492
	-	497
Disbursed to students	-	(497)
<b>Balance at 31 July 2015</b>	<b>-</b>	<b>-</b>

Funding Council grants are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2015 (continued)

**27 NCTL bursaries**

	<b>2014/15 £000</b>	<b>2013/14 £000</b>
Balance at 1 August 2014	366	263
NCTL grants	1,476	1,455
	<u>1,842</u>	<u>1,718</u>
Disbursed to students	(1,461)	(1,352)
<b>Balance at 31 July 2015</b>	<u>381</u>	<u>366</u>

Bursaries are available solely for students, the University acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

**28 Capital commitments**

	<b>2014/15 £000</b>	<b>2013/14 £000</b>
Capital expenditure contracted for, but not provided for in the financial statements	-	-
Capital expenditure authorised by Board of Governors, but not yet contracted for	-	-
<b>Balance at 31 July 2015</b>	<u>-</u>	<u>-</u>

**29 Contingent Liabilities**

The University has considered the existence of any Contingent Liabilities for the group as at 31<sup>st</sup> July 2015 and concludes that there are none.

**30 Related party transactions**

No transactions in 2014/15 were identified which should be disclosed under Financial Reporting Standard 8 'Related Party Disclosures'.

The Group has taken advantage of the exemption set out in FRS 8 and has not disclosed intra-group transactions.

**31 Ultimate Parent Organisation**

Liverpool John Moores University is the ultimate parent organisation. Copies of the group accounts are obtainable from the Finance Director and Deputy Chief Executive, 4<sup>th</sup> Floor, Kingsway House, Hatton Garden, Liverpool, L3 2AJ.





