

# FINANCIAL STATEMENTS

For the year ended 31 July 2021

# CONTENTS

Introduction from the Chair of Governors	4
Strategic overview	6
Operating Review	10
Financial Review	18
Corporate Governance Statement	20
Public Benefit Statement	23
Responsibilities of the Board of Governors	25
Report of the Auditors	26
Statement of Principal Accounting Policies	28
Consolidated and Institution Statement of Comprehensive Income	34
Consolidated and Institution Statement of Changes in Reserves	35
Consolidated and Institution Statement of Financial Position	37
Consolidated Statement of Cash Flows	38
Notes to the accounts	39



# AN INTRODUCTION FROM THE CHAIR OF GOVERNORS

It would be remiss of me not to reference the context of the year under review in this document – in a year of enormous global upheaval and challenge, the COVID-19 pandemic forced many organisations to reassess and reorganise their standard working practices and the university sector was no different.

Liverpool John Moores University is predominantly a face-to-face, teaching and research institution; we pride ourselves on the amount of personal and practical time we can spend with our students and arrange our curriculum around real world opportunities and experiential learning in discipline specific professional environments.

With the exception of our students in healthcare practice and teacher training, very little on the ground learning experience was possible – and students in those particular disciplines played a crucial role in response to the pandemic.

That we were able to pivot the university to deliver our programmes almost completely on-line is a testament to our staff for thinking first of our students and how the curriculum could be delivered in new and creative ways. This was underpinned by a technical infrastructure which was tested to the limit and met the demands placed upon it.

We have learned from our experience and can now enable 24-hour access to many of our services on-line – even to our labs and studio spaces.

Resources were diverted to help our students when they most needed either technical or pastoral support and the university community responded as one to the needs of all of our students, in what were the most difficult and trying circumstances.

The Board of Governors were appraised and reassured by all of the measures put in place to protect the academic integrity of the university and we were fully supportive of the senior staff who managed the delicate balance of keeping our community safe, whilst continuing to deliver and complete the academic year to the highest standard.

This set of documents tell the story of a turbulent year in which Liverpool John Moores University rose to the challenges presented both locally and globally, and the whole community can be proud of the achievements recorded here.



**Mike Parker CBE**

**Chair of the Board of Governors**





# STRATEGIC OVERVIEW

Liverpool John Moores University (LJMU) is a pioneering modern civic university delivering solutions to the challenges of the 21st Century. The evolution and growth of LJMU reflects the important role that it has played in the development of professional education, research and consultancy services that are relevant to industry, commerce and innovation.

The university was founded in 1823 as the Liverpool Mechanics' and Apprentices' Library which was a catalyst for an educational revolution in the city. Over nearly 200 years, the institution has had a transformative impact, turning Liverpool into a city of learning, raising and supporting the aspirations of its communities.

The university delivers learning, research and knowledge exchange through five Faculties: Arts, Professional and Social Studies; Business and Law; Engineering and Technology; Health; Science.

## Strategic Plan 2017-2022

The Strategic Plan 2017-22 expresses the university's fundamental desire to make a difference and a tangible impact, in and through the lives of those who come through its doors. It sets out a commitment to education as a lever for positive, lasting change; to the generation and dissemination of knowledge addressing the challenges of the day; and to building and sustaining connections that enrich the lives of students, staff, the city in which it sits and the broader communities which it is privileged to be part of.

The last 12 months have seen the university pass the mid-point of the current strategy period and significant shifts in the landscape in which it is pursuing its plan. Covid-19 has touched every area of the university's activity and context; the onward pressures on the public purse will exacerbate financial challenges, regulation is becoming increasingly visible and political and the need to chart a path for the UK post-Brexit and post-pandemic will shape future Higher Education (HE) policy.

The risks and opportunities facing the university are therefore changing and offer new ways in which its ambitions can be pursued in the final two years of its current strategic plan. It has an opportunity to harness the dynamics of the 'new normal' arising from the pandemic and to reconsider what high-quality education and research should 'look like' going forward.

The top-level map for the 2017-22 strategy has been slightly amended in the context of the changing landscape. This now includes a mission, designed to express the core purpose of the university and sees the 'People' enabler move to the heart of the map to reflect the centrality of the university community to achievement of its goals.

## Outstanding Student Experience: Excellence in Education

Students sit at the heart of the LJMU community and it is committed to supporting each and every to realise their aspirations and potential. The 2017-22 plan expresses its ambition to recruit high-calibre students, to support them well and to equip them to flourish in their future careers and lives through an education characterised by academic rigour and by innovative, inclusive delivery.

## Research and Scholarship: Civic and Global Engagement

Research and scholarship are core to the university's identity and to the delivery of its vision: the generation and dissemination of knowledge are fundamental endeavours in their own right, but they also underpin the currency and quality of the educational offer and are vital to knowledge transfer and exchange.

Conducted in partnership within and beyond the academy, the university's research is also marked by an impulse to engagement and co-creation that characterises its broader activity. It is embedded in the city and local communities through a wide range of initiatives and is increasingly forging connections and collaborations nationally and globally.



## Outstanding Student Experience: Excellence in Education

Students sit at the heart of the LJMU community and it is committed to supporting each and every to realise their aspirations and potential. The 2017-22 plan expresses its ambition to recruit high-calibre students, to support them well and to equip them to flourish in their future careers and lives through an education characterised by academic rigour and by innovative, inclusive delivery.

## Research and Scholarship: Civic and Global Engagement

Research and scholarship are core to the university's identity and to the delivery of its vision: the generation and dissemination of knowledge are fundamental endeavours in their own right, but they also underpin the currency and quality of the educational offer and are vital to knowledge transfer and exchange.

Conducted in partnership within and beyond the academy, the university's research is also marked by an impulse to engagement and co-creation that characterises its broader activity. It is embedded in the city and local communities through a wide range of initiatives and is increasingly forging connections and collaborations nationally and globally.

## Environment and Enablers

### People and culture

The reconfiguration of the strategy map – with 'People' at the heart – emphasises the centrality of staff to the university's vision and

mission and the importance of building an environment in which they are able to thrive. The 2017-22 plan articulates a commitment to attracting exceptional staff, to developing and supporting them and to recognising their contribution; the pandemic has amplified the imperative of ensuring that mechanisms to support staff wellbeing are robust.

The strategy also commits to a culture in which 'each person is respected equally and diversity is embraced'. Equality, Diversity and Inclusion (EDI) priorities, agreed in autumn 2020, will govern the university's work to embed EDI through to 2024; priorities include supporting the progression of BAME and female staff and creating a workplace where staff with mental health conditions feel supported and able to flourish.

## Digital and physical infrastructure

The pandemic forced two of the biggest changes in working practice across the university. Primarily LJMU operated on campus with face-to-face teaching and business practice, however this changed dramatically in a two-week period in March 2020 to becoming entirely off campus with blended learning or on-line delivery as standard practice for the first time across all functions.

The university community reacted positively and the wider community was supported by our IT and digital strategy. The pandemic put pressure on our technical infrastructure, which has proven itself a strategic enabler and has been designed to drive a key tenet of the strategy, which is to make all core services accessible from any internet-connected device.

This test proved that LJMU has a strong foundation in our virtual estate, in particular to support Active Blended Learning.

## Our Estate

The primary link between the overall Property and Capital Development Strategy and the university's overarching Strategic Plan is in the creation of a university whose estate and physical and digital infrastructure are exemplars of a modern city-based campus.

Due to COVID-19 and the advent of hybrid working, the university has the opportunity to review its Estate Strategy for the next 10-year period, to enable the university's short and long-term strategic objectives to be delivered.

The university's ambition over the next ten years is to continue to invest in the creation of a series of new and refurbished buildings that offer transformational learning, teaching, research and civic opportunities for the entire university.

Over the last year, the university has completed substantial estates infrastructure projects and made excellent progress in delivering enhanced learning, teaching and research spaces.

Significant completed developments include:

- Student Life Building
- Sports Building
- Education Building
- New facilities for Health at Tithebarn Street

## Sustainable Development and Environmental Responsibility 2017-2022

The university has grid-supplied electricity from 100% naturally renewable product. The product uses UK registered origin certificates to evidence that all electricity supplied to LJMU originates from 100% renewable generation sources.

## 2020 Carbon Vision and Target

Carbon management is a key component of LJMU's response to the sustainable development and environmental challenges of the 21st Century. LJMU's 2015–2020 Carbon Management Plan (CMP) aligns with HEFCE's 2020 sector carbon reduction target of -43% of 2005/06 academic year emissions arising from the direct combustion of fossil fuels and consumption of grid supplied electricity to heat and power buildings and fuels used in university vehicles.

Carbon management is reviewed by the Environment and Sustainability Panel to ensure that institutional progress is maintained in so far as is practicable. This considers the implications of the Capital Development Programme to ensure that future capital investment initiatives incorporate carbon emission mitigation measures.

The university will continue to identify and realise further operational reduction opportunities through reactive and planned maintenance activities.





## LJMU Climate Action

LJMU is at the forefront of initiatives to tackle climate change.

We know that the climate crisis is the biggest emergency we face as a planet and that is why LJMU is committed to playing a leading role in finding sustainable solutions. We believe in leading by example and we work closely with our partners to make a positive difference at a local, national and global level.

LJMU declared a climate emergency in 2020 and our commitment to environmental sustainability runs through everything we do:

- We have developed and implemented a wide range of green initiatives across our estate.
- Research by our academic staff is contributing to global understanding of environmental issues and the development of solutions.
- We launched the UK's first ever BSc (Hons) Climate Change.
- LJMU is a key partner in the Liverpool City Region's sustainability strategy, contributing to and shaping local policy-making.
- We help hundreds of businesses create low carbon goods, processes and services
- Working with local schools, we are helping to educate children about the importance of environmental responsibility.

The climate crisis facing our world is immense and LJMU is steadfast in our commitment to helping address these issues.

## On Campus

It is important that our estate is sustainable and creates an environment that enhances the health and wellbeing of our students and staff. We have a wide range of green initiatives in place to raise awareness of the importance of sustainability and directly reduce our carbon footprint.

As part of our Estates Masterplan, we ensure that the fabric of our buildings is energy efficient and utilises a responsible green infrastructure, such as:

- Sustainable water and heating infrastructure
- Rainwater harvesting
- Solar thermal heat collection
- Green roofs
- Energy saving technology

Our two campuses are home to a series of other green measures supporting a number of LJMU priorities:

- Secure, high quality cycle storage to support the Active Travel Strategy
- Raised beds and micro allotments where students and staff grow plants
- Biodiversity supporting wildlife
- Fairtrade products used by our catering service
- Responsible waste management processes

Our Estate Strategy supports a decarbonisation plan to make a major contribution to the sustainability targets we have set.

We are committed to continually improving our environment and keen to look at how we can develop and use our green spaces to enhance the health and wellbeing of our staff and students, as well as that of the wider neighbouring communities.

## A Green Estate

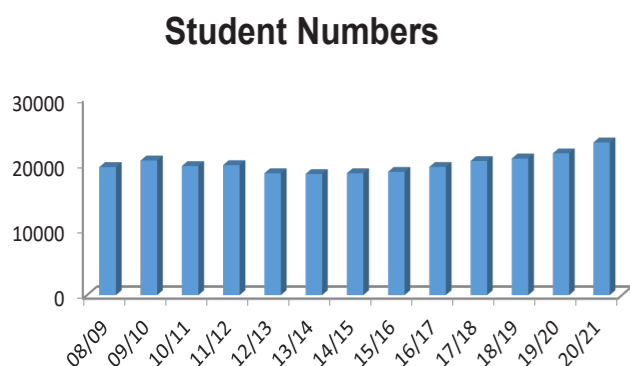
Our estate contains natural, semi-natural and landscaped environments that provide a good mix of wildlife habitats. These spaces are key contributing areas for biodiversity cultivation and feed into a broader agenda to enhance the natural resources in and around the university.

We have also developed a series of projects across our estate to introduce smaller green spaces and micro allotments where students and staff can grow plants to encourage collaborative working and boost their wellbeing.

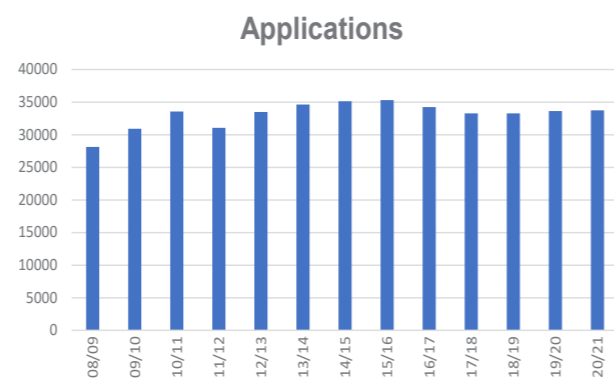




**Student numbers**



**Student applications**



# OPERATING REVIEW

**Students**

LJMU is one of the largest universities in the UK with 27,300 students in Liverpool plus a further 7,500 students enrolled on accredited university courses overseas. Actual full-time equivalent numbers for 2020/21 were 23,427, this represents an increase of 7.6% compared with 2019/20.

As shown above, undergraduate student applications and recruitment via UCAS remains buoyant, despite the very challenging environment that universities are facing.

In total, 52 new programmes were approved for development in 2020/21, of which 37 were postgraduate taught and 15 undergraduate.

The university continued to ensure that wherever possible, programmes have Professional Statutory Regulatory Body accreditation. Of the 239 Key Information Set (KIS) course records, 133 accreditations are recorded, including multiple accreditations on some programmes. There are 87 distinct KIS programmes with one or more accreditations representing 36% of KIS records.

Academic Registry continues to ensure a coherent and consistent approach to quality assurance and enhancement across the university. The university has built upon its exceptional outcome in the Higher Education Review by the Quality Assurance Agency (QAA), by further reviewing key processes.

**Student Employability, Enterprise and Employment**

LJMU is delivering an ambitious Student Employability, Enterprise and Employment Strategy, based upon two key principles:

1. We are ensuring that all students, regardless of their background, have access to career-transforming experiences, professional networks and the means to forge a fulfilling future when they leave LJMU.
2. LJMU will continue to collaborate with external partners to create opportunities for our students to develop their skills and knowledge in-situ, while also making a significant contribution to the local economy and community.

In 2020/21 we introduced a new Student Futures service to align with our strategy. This replaces the former Student Advancement (LJMU's Careers, Employability and Enterprise Service) and supports students during their career journey.

A wide range of services and opportunities for students were developed throughout the year, including employer engagement and account management, funded internships, workshops and webinars. Unitemps (LJMU's on-campus recruitment agency) passed the major milestone of students and graduates earning a combined £1m in the 18 months it has been trading. To date, the branch has supported 4,500 people.

**Research and Scholarship**

LJMU's submission to the Research Excellence Framework (REF) in March 2021 confirmed our standing as an institution committed to driving a positive, broad and inclusive research culture.

The submission comprised 16 units of assessment with first-time/new submissions to Earth Systems and Environmental Sciences (61 staff) and Business and Management (32 staff). Our largest units were Allied Health Professions, Dentistry, Nursing and Pharmacy (77 staff) and Sport and Exercise Sciences (66 staff).

Almost 1,500 research outputs were presented for assessment and 56 impact case studies detailed the influential reach and significance of research outcomes and knowledge exchange. Almost 60% of eligible academic staff were included in unit submissions (604 staff including 97 early career researchers).

This is more than double the number of academic staff submitted to the REF in 2014 (which was 242.5 FTE). The increase in-part reflects the altered REF framework from REF2014 and the requirement for the university to submit all staff with "significant responsibility for research" but can also be directly attributed to cultural change and a strategy to grow research capability.

The impact case studies illustrated considerable change as a result of putting the research into the public domain. The submissions were diverse and inclusive and directly have a positive impact on people's lives.

Crucially, the research is of value to our students and as a student-focused university, it is vital that our curriculum is informed and shaped by the knowledge we generate.

Overall, LJMU's research environment is increasingly active and supported by a range of funding agencies and partnerships as the 2020-21 highlights below demonstrate:

- The School of Sport and Exercise Sciences gained funding from the Research Council of Norway as part of a collaborative study led by the Norwegian School of Sport Science which will create novel therapies to prevent falls in older people.
- The School of Justice Studies, secured a major award from the Economic and Social Research Council, in partnership with the universities of Sheffield, Southampton and Nottingham, HM Inspectorate of Probation, the National Probation Service and the Institute for Government to examine the consequences of the transition of the Probation Service, from the private sector back into the public sector.
- The School of Biological and Environmental Sciences will work with an international team in a project awarded by the United Nations Environmental Programme to develop and disseminate a knowledge-base for sustainable vegetable oils in the Congo Basin, with a special focus on palm oil.
- The ParaCoach project, co-funded by the Erasmus+ Programme of the European Union aims to address the lack of coordinated EU Policy on the training and development of the Para-Disability coaching workforce across Europe.
- With support from the Liverpool Combined Authority Skills Capital budget we have created the Construction Professional Knowledge and Skills Hub to enable interaction between students and apprentices, employers, other learning providers (further education in particular) and wider industry networks.
- Graduate Futures will provide practical and developmental support through which SMEs can capitalise on the skills and knowledge that degree-level talent can bring to business challenges, not least those arising from the COVID-19 pandemic. Graduate Futures is a strategic partnership with the Liverpool City Region Combined Authority, Liverpool City Region LEP, Growth Platform, Professional Liverpool and the region's Chambers of Commerce.
- LJMU is a partner in the Enterprise Hub Skills project which aims to simplify access to enterprise training and development for Liverpool City Region residents. Drawing together expert community organisations from across the region, the project offers high quality learning and development opportunities to build the enterprise skills and economic pathways for individuals no matter what their background and circumstance. The project is delivered through an innovative partnership approach, led and managed by The Women's Organisation, along with several other partners including Everton Development Trust; Granby Toxteth Development Trust; Make Liverpool; Merseyside Expanding Horizons; Citizens Advice Halton and RAISE Ltd.
- The Leadership Growth Skills project, led by the Liverpool Business School, looks at improving leadership and management. As part of the project, LJMU will offer a demand-led training package for SMEs and their employees in the Liverpool City Region. The aim is to upskill participants currently fulfilling or with the future potential to undertake

higher level management roles within the city region's business base, with long term impact in terms of improving technical competence, and as a result productivity.



**Civic and community engagement**

**Access and Participation Plan**

We have a clear plan to improve the experience, outcomes and progression of our diverse student population.

LJMU's Access and Participation Plan sets out our approach to removing barriers that prevent equality of opportunity for some student groups.

Our key objectives include:

- Maintaining our strong access targets for students from low participation neighbourhoods and lower socio-economic groups.
- Reducing the attainment gaps for BAME students and those from low participation neighbourhoods.
- Continuing to work with mature students studying access qualifications to support their transition and progression in higher education.
- Offering a range of pathways to support entry to higher education, including degree apprenticeships, foundation year pathways for a broad range of subjects, articulated progression from partner colleges and validating awards with strategic partners.
- Targeting specific groups such as carers, care leavers, students estranged from their families and those with specific learning difficulties. We have a well-established programme for care leavers that supports students throughout the whole lifecycle.
- Working in collaboration with local schools through a sustained outreach programme to support attainment and progression.
- Seeking to address gender imbalances in identified subject areas.
- Collaborating with other higher education providers, specifically through the National Collaborative Outreach Programme (NCOP) and the local consortium Shaping Futures.

**Reciprocal Mentoring Programme**

Following a highly successful pilot programme, we are delivering a Reciprocal Mentoring Programme involving our non-BAME senior leaders and BAME students and staff. This inspirational and thought-provoking scheme pairs senior leaders with BAME students to understand the experiences and the challenges they face.

We believe that understanding the lived experiences of BAME individuals at LJMU raises awareness and positively influences decision-making at the university. In turn, this can help ensure we are a diverse and inclusive institution where all staff and students can progress and thrive personally and professionally.

## Social Mobility Pledge

LJMU is one of 50 partner organisations backing the Social Mobility Pledge, which enshrines our commitment to encouraging entry to higher education for youngsters from low socio-economic backgrounds, including white boys, BAME students, those on free school meals, looked-after children, young adult carers and disabled students.

The pledge is a campaign led by former minister of education, Justine Greening, to tackle inequality in the UK and to build a fairer society.

## Positive Action Training

A dozen trainees have joined LJMU as part of our Positive Action Training scheme. The programme is providing opportunities for local BAME people to combine workplace learning and training at LJMU.

This is one of the steps we are taking to address the under-representation of BAME people in our workforce and to make sure we reflect the rich diversity of our city. We believe that having a diverse workforce, reflective of the communities we serve, helps to create a greater sense of belonging among our staff and students.

## Decolonising the Curriculum

Schools across the university have been evaluating what is taught, creating subject-specific resources and delivering activities to foster the exchange of ideas. This is a crucial process of critical self-reflection, which spotlights privilege and inequality and aims to decolonise the systems of thought, working practices, curricula and cultures within the university.

We believe this approach will go beyond our curriculum and help to ensure LJMU is a fully inclusive environment that supports progression in academia by all.

## Policing Opportunities

We have created new opportunities for people of colour in specialist policing roles.

Our Liverpool Centre for Advanced Policing is offering scholarships for police officers and policing staff seeking a career in covert investigations and intelligence on a specialist course. The new scholarships are aimed at people of colour and follow on from a wider push to recruit to covert policing roles under the banner Project Harpocrates.

It is the latest in a series of unique courses run nationally by police forces in tandem with LJMU and complements the university's commitment to equality, diversity and inclusion.

## World-leading end-to-end Pandemic Institute

LJMU has partnered with the city's major health research and public organisations to help the world prevent, prepare and respond more effectively to pandemics. The new Global Pandemic Institute will offer world-leading clinical, academic, public health and data-driven expertise.

As a partner in the Institute, LJMU is contributing to clinical and research expertise across the pandemic lifecycle, a game-changer that will allow the world to respond at pace in the race to prepare for the next pandemic.

The Institute is a medical, academic and civic partnership between LJMU, the University of Liverpool, Liverpool School of Tropical

Medicine, Liverpool University Teaching Hospital NHS Foundation Trust, Liverpool City Council, Liverpool City Region Combined Authority and Knowledge Quarter Liverpool (KQ Liverpool).

## Building the world's largest robotic telescope

We have commenced work on the world's largest telescope to help astronomers around the globe better understand the universe.

The £24m New Robotic Telescope (NRT) will allow highly sensitive, efficient and fast response observing of the most dynamic and variable objects in our universe. The four-metre-diameter telescope will be four times more sensitive and ten times faster than the previous record-holder. It will allow astronomers to see events we have never been able to capture before.

It is being built on the island of La Palma in the Canary Islands by an international consortium led by LJMU, Spain's University of Oviedo and the Institute of Astrophysics of the Canary Islands.

The NRT will be located next to the Liverpool Telescope, which is also run by LJMU. As well as enabling cutting-edge science, the NRT will also be a key part of our engagement work through the National Schools Observatory. This is a successful and engaging programme to enable school children from across the UK and worldwide to make their own observations of our night sky.

## Shopping trolleys save people from strokes

An LJMU study is using shopping trolleys to help save people from suffering strokes by identifying irregular heartbeats. The trolleys in the trial have sensors attached to their handles to monitor participants' heartbeats. The data gathered from the sensors is then analysed by a team of experts, with anybody identified as having an irregular heartbeat referred to a consultant cardiologist who specialises in atrial fibrillation.

## Law Clinic supports our communities

We have doubled the size of LJMU's no-cost law clinic to support our communities affected by the pandemic.

Due to the impact COVID-19 has had on all aspects of people's lives, from housing and employment to family circumstances and civil liberties, there is a growing demand for legal advice. LJMU has one of the only law schools in the UK to give every undergraduate law student in-house legal experience and the team has now expanded to cope with the burgeoning caseload. The clinic works with around thirty volunteer solicitors, who give their time for free, from firms such as Brabners, Hill Dickinson and Weightmans among many others.

The team provides clients with free initial advice to enable our communities to access much-needed help and guidance.

## Roscoe Lecture Series

LJMU's Roscoe Lecture Series provides a valuable open platform to discuss issues of importance to our society. Since establishing the Roscoe Lecture series in 1997, we have delivered around 120 lectures, helping to foster informed debate and broadening horizons and perspectives.

In the last year, we adapted to the restrictions of lockdown by hosting online events featuring Everton FC's Chief Executive, Denise Barrett-Baxendale MBE and award-winning Sky News journalist, Gillian Joseph.

A new development in the series saw us hosting a hustings for the

candidates standing to be Mayor of Liverpool in 2021. Organised in partnership with JMSU and the Institute of Chartered Accountants for England and Wales, the event provided a platform to debate key issues affecting people across Liverpool and the future direction of the city.

## Award-winning LJMU scheme boosts NHS

LJMU is enabling nurses from overseas to join the NHS workforce through a pioneering scheme. Hundreds of nurses who have often fled conflict or persecution abroad to settle in Britain are currently unable to practice, despite being fully qualified in their own countries.

Some of them have come to Liverpool where they are being 'oriented' as NHS nurses by our School of Nursing and Allied Health in the first scheme of its kind in the country. Completion of the course, which is the idea of charity RefuAid, places the nurses in frontline work with three local NHS employers – Southport & Ormskirk Hospital NHS Trust, St Helens & Knowsley Hospitals NHS Trust and the Liverpool Heart and Chest Hospital.

The success of the scheme has been recognised nationally, winning the Community Partnership of the Year award at the Global Good Awards 2021.

## Supporting our communities

We are proud of our place in the city of Liverpool and take our responsibilities to its people seriously.

That commitment has perhaps never been more important than during the pandemic. In addition to our ongoing community work, we have found new ways to make a difference.

Examples over the last year include:

- LJMU health staff returned to clinical practice to support the NHS through the pandemic. In many cases, they worked alongside current and former LJMU students to care for our communities.
- 3D printing face shields at our Byrom Street 'print farm' to supply to local hospitals.
- Donating personal protective equipment to Whiston Hospital.
- Our student teachers helped local schools to remain open for the children of key workers during the pandemic.
- We donated food and drink to the Whitechapel Centre for them to provide to people sleeping rough in the city.
- LJMU donated 3,000 items of quality but redundant furniture to local good causes, including schools, charities and grass roots organisations.
- We raised £10,500 for Micah Liverpool Foodbank to support some of the most vulnerable people in the city. LJMU pledged a donation for every student who completed the National Student Survey 2021.

We also want our communities to benefit from our estates developments and from having LJMU as a neighbour, whether that be through accessing public spaces or taking part in specific community projects. For instance, LJMU is supporting the Bronte Project, close to Copperas Hill. This after-school initiative gives local primary school children the opportunity to learn more about nature and sustainability by growing plants and vegetables, tending to the garden and taking part in forest school activities such as firelighting.

## Widening Access and Outreach

### Social Context

LJMU works with schools and communities in some of the most disadvantaged areas of the UK. These interventions support progression to higher education for individuals from low socio-economic backgrounds.

As a result, the university consistently recruits a high proportion of students from low higher education participation backgrounds. LJMU's Access and Participation Plan outlines how the university will continue to support disadvantaged students through access, success and progression and identifies targets where it is seeking to improve performance for specific groups.

As measured by POLAR4 (a system supporting the government's increasing focus on social mobility) LJMU outperforms many other English universities in terms of social mobility. In 2019, the average proportion of 18-year-old entrants from "lowest participation neighbourhoods" was 11.5%, at Liverpool John Moores University, however, this figure hit 15.7%.

### School Partnerships

LJMU has an extensive network of teacher contacts in schools and colleges across the UK with whom the university works collaboratively to offer expert information advice and guidance to support young learners in reaching their potential.

As a provider of Initial Teacher Training programmes (including School Direct consortia) and ongoing development for teachers (including both professional and accredited programmes), LJMU contributes to improving school attainment. This is further enhanced through educational partnerships with local authorities, schools and professional subject associations that combined with ongoing research and consultancy contributes to raising school attainment.

Staff and student volunteers support local schools and colleges through governorship, assisting with reading and numeracy and acting as mentors to improve attainment.

LJMU's National Schools' Observatory (NSO) provides free access for UK schools to the world's largest robotic telescope (owned and operated by LJMU), 10% of the professional telescope time is dedicated to use by schools and engages around 4,000 teachers and students annually. The NSO also leads in local astronomy outreach to generate wider interest in STEM subjects, engaging with approximately 5,000 students and the public annually and providing regular teacher professional development courses.

In 2020-21, Celebrating British Science Week activity was delivered by NSO in the form of an online Innovation themed treasure hunt for pupils Year 7-11.

In 2020-21, ten PhD students were placed as tutors for the Brilliant Club, a scheme through which researchers pass on their subject expertise to school pupils with the objective of inspiring a new generation of learners.

### Response to Coronavirus

LJMU has continued to provide outreach services to support disadvantaged individuals and communities during the pandemic. The university's commitment to social mobility has been further demonstrated by a programme of virtual outreach via webinar technology.





No on-campus activity has been possible in 2020-21 and only a small proportion of the usual volume of in-school interactions has been possible. Much of the activity ordinarily delivered face-to-face was transferred to digital engagement due to government advice and restrictions necessary due to the public health crisis.

LJMU has provided schools with a lockdown learning booklet to support learners during the pandemic and provided a wealth of on-demand web-based resources to support teachers and learners in navigating higher education. This has included developing a bank of useful outreach presentations, student led video content and signposting for digital events, which could be accessed, by schools and pupils even during the period when schools were closed in 2020-21.

### Targeting Disadvantaged Learners

Equality of opportunity is a key feature of our outreach strategy. Targets include lower quintile groups, low participation neighbourhoods, pupils on free school meals, first generation into HE and mature students (age 21+).

In addition, the Liverpool Business School has begun to develop a programme of support for Gypsy, Roma, Traveler students.

Sustained multi-intervention programmes with evaluation plans cater for students in all of the above categories, ordinarily providing on-campus experiences that result in attitudinal change in respect to knowledge, confidence and ability to progress to HE.

Such opportunities, linked to the university's Access and Participation Plan, support aspiration and attainment raising of (primarily) young people in the city, with theory of change logic models adopted to evaluate impact. With much of this activity focused on providing on-campus experience, the university worked with schools to identify the most effective ways to support learners during 2020-21, re-formatting activities via digital platforms.

LJMU, has a long history of supporting care experienced young people in progressing to higher education. Through our award-winning John Lennon Imagine Award scheme and our programme of outreach activities, we offer a range of initiatives to encourage care experienced young people to consider university study as an option for them and provide extensive support throughout each student's time at the university. In addition we were one of the first universities to sign up to the Government's Care Leaver Covenant and are a member of the National Network for the Education of Care Leavers.

### Uni-Connect – OFS Funded National Collaborative Outreach

Shaping Futures, the local consortium of Uni-Connect, was established to raise learner higher education aspirations and progression rates within targeted electoral wards in Liverpool City Region, where progression to higher education is lower than expected given historic GCSE attainment patterns. Shaping Futures provides impartial higher education related activities and progression advice to target learners in forty three priority secondary schools and across partner further education and sixth form colleges.

Aligned to the region's economic priorities, the activities are designed to complement and add value to the existing widening participation work of the twelve partner institutions. As a key partner in the network, LJMU has developed its own Shaping Futures projects. These projects complement existing institutional outreach programmes and focus on raising the aspirations and

attainment of learners in the identified target wards.

LJMU is leading on programmes using student advocates and subject staff to improve Mathematics GCSE outcomes and subsequent progression to higher education as well as delivering aspiration raising events focused on the creative arts - 395 learners benefited from this programme in 2020-21. The Shaping Futures Absolute Chemistry programme follows the successful 'Chemistry for All' model delivered by LJMU for a number of years with the Royal Society of Chemistry and engages pupils using science to raise aspiration to higher education.

Both of these programmes have been delivered successfully through virtual formats in 2020-21. In addition, LJMU has been actively involved in the Shaping Futures Special Educational Needs project, in December 2020 the outreach team collaboratively delivered two CPD events attended by 50 teachers/SENCO support teachers across England and provided further sessions in May-July 2021.

### Reduced Offer and Ethnicity Scholarship

The university's widening access initiatives now come with the added benefit of a reduced offer for those students who have engaged in identified outreach activity. This will also apply to any applicant who has experience of living in local authority care. It is recognised that disadvantaged students face more barriers than others do, and that the offer of a place at LJMU at two grades below the standard offer will support the University's widening access initiatives. Students applying for 2021 entry will benefit from this strategy.

In addition, a new scholarship for students from ethnic minority backgrounds who have engaged in one of the university's outreach initiatives has been implemented in 2021.

### Adult Learner Support

LJMU works with local Further Education (FE) colleges and students undertaking Access programmes as well working with community groups. This includes drop-in days and online chats throughout the year as well as specific student finance clinics.

In addition, LJMU engages with Pre-Access students to help bridge the skills gap at Level 3 and advises students on their progression options. Promoting different and more flexible pathways to higher education is particularly important for mature students.

In 2020-21, LJMU successfully switched its drop in events for prospective learners on-line, where attendees could get study advice, admissions support and guidance on financial implications of studying at university from expert staff within student advice and wellbeing. Eight mature student focused events ran in 2020-21.

### Vocational Routes

LJMU offers a range of pathways to support access to higher education. This includes the expansion of degrees with a foundation year across a broader range of subject areas, as well as providing articulated progression from partner colleges.

The university has also been at the forefront of degree apprenticeship development across a growing number of disciplines providing a more flexible, work-based route for students, including those that may have family or other commitments. LJMU's outreach programme actively promotes such vocational routes with the aim of increasing participation and supporting



social mobility. In 2020-21, the team delivered a Discover Degree Apprenticeships webinar in January reaching 65 prospective students.

### Community Partnerships

LJMU has established relationships with a number of community groups in Liverpool working to raise aspirations of young people and to support the most disadvantaged in societies to access Higher Education and help them to reach their potential.

Much of this work is concentrated in the Liverpool 8 district with support programmes established with organisations such as Fire Fit, Unity, Kuumba Imani, Mandela8, Barnardo's, TATE, DWF, DWP and a number of Local Authorities. These initiatives have the primary aim of reducing the gap relating to the percentage of LJMU students who come from diverse backgrounds. Work has continued with these groups throughout 2020-21, however physical activity has been restricted and increased activity is scheduled for 2021-22 circumstances permitting. The outreach team also link in with the LFC Foundation to share mutually beneficial opportunities.

### Transition

Given the challenges facing learners who have had two years of disruption to their education, LJMU has provided a range of interventions and resources to support students to be prepared for Higher Education. This has included the production of a transition booklet focused on hints and tips for students to help them with their pre-arrival preparation and a series of live webinars and on-demand material covering themes that might be of concern to those starting university in September 2021. These included a getting uni-ready workshop, accommodation advice, student union talks and student advice and wellbeing sessions.





# FINANCIAL REVIEW

## Headlines and summary

The headline result for 2020/21 year was a consolidated surplus of £14.5m. This compared to a surplus of £18.5m in 2019/20.

## Income and Expenditure Account

Total Income increased by 5.6% to £250.1m driven by increased tuition fee related income arising from increased student numbers, mainly home undergraduate students.

Expenditure increased by 7.7% to £235.5m.

The majority of the University's expenditure relates to staff costs and these rose by 6.5% to

£151.5m in the year 2020/21. Staff costs in 2020/21 included £4.4m (£0.8m 2019/20) restructuring costs incurred as the university sought to ensure a sustainable cost base for the future.

Other operating expenses rose £5.5m to £64.0m, an increase of 9.4%. £2.8m of COVID-19 resumption costs were incurred in 2020/21 (£1.3m 2019/20).

Access and Participation costs incurred were £9.7m (£7.7m 2019/20). £2.2m of these were staff cost related, the balance in other operating expenses.

Depreciation increased £4.3m to £14.1m. During the year several large capital projects were completed and The Student Life Building, LJMU Sport and the Nursing and Allied Health Building were brought into use. The cost of these buildings is £72.9m.

## Balance Sheet

The Balance Sheet has strengthened with income and expenditure reserves increasing from

£25.1 to £64.1m, an increase of £39.0m. The increase includes an actuarial gain on the Local Government Pension Scheme valuation of £24.1m.

Fixed Assets showed a net increase of £25.2m. This movement is after depreciation of

£14.1m, includes £39.8m additions to work in progress and equipment and disposals of

£0.7m. As stated above the Student Life Building, LJMU Sport and the Nursing and Allied Health Building were brought into use. The cost of these buildings is £72.9m.

Investments, Cash and Cash Equivalents have increased by £13.8m.

## Future

The principal risks and uncertainties being faced by LJMU relate to the result of the outcome of the Government's review of tuition fees (Augar review), the exposure to any increased pensions contributions, the changing political and economic climate (including the ramifications of Brexit and the ongoing global pandemic) and the impact of the ever-changing needs of students.

These risks and uncertainties could impact future student recruitment and fee income as well as LJMU's ability to deliver the planned improvements for student experience and IT and Estate development.

LJMU will continue to work to rise to the challenges of these risks and uncertainties. Cash flow forecasts have been prepared for a period of at least 12 months from the date of these financial statements. The forecasts include scenario modelling and sensitivity analysis and they are reviewed by university committee and the Governors. The University is confident that it has sufficient funds to continue to meet all liabilities as they fall due.

The Institution will continue to work hard to ensure that a high level of success for its students is delivered. This will be achieved by the successful implementation of the 2017-22 Strategic Framework.

## Conclusion

Despite the adversities faced, 2020/21 has been a successful year for LJMU. We have completed several strategic building projects all of which are aimed at enhancing the student experience for the future. This achievement, coupled with the on-going delivery of the 2017- 22 Strategic Plan, places LJMU in a strong position to manage the challenges and difficulties currently facing universities in the financial climate ahead.





# CORPORATE GOVERNANCE STATEMENT

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

The following statement is provided to enable readers of the Annual Report and Statement of Accounts to obtain a better understanding of the governance and legal structure of the university

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), the requirements of the HE regulator, the Office for Students (OfS), its Instrument and Articles of Government and the Committee of University Chairs' (CUC's) Higher Education Code of Governance. It is the opinion of the Board of Governors that the governance practices of the University are consistent with and satisfy the seven primary elements contained in the Higher Education Code of Governance.

Liverpool John Moores University is a Higher Education Corporation as defined under the Education Reform Act 1988 and the Further and Higher Education Act 1992.

The university has exempt charitable status as defined in the Charities Act 2011, with the OfS acting as its principal regulator. The charitable purpose of the university, as defined in the Charities Act 2011, is the advancement of education for the public benefit. The members of the university's Board of Governors are the charity trustees and are responsible for ensuring compliance with charity law.

The Instrument of Government state that the Board shall consist of not less than fifteen and no more than twenty-two appointed members, made up of up to fifteen independent members, two nominees from the Academic Board, two students, two staff and two co-opted members. The membership of the Board is completed by the Vice-Chancellor & Chief Executive

The role of Chair of the Board of Governors is separate from the role of the university's Vice-Chancellor & Chief Executive. The Vice-Chancellor is the designated Accountable Officer for the purposes of the OfS terms and conditions of funding and is supported by an Executive Leadership Team (ELT). 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 Scheme of Delegation and in guidance from the OfS.



## BOARD OF GOVERNORS

The Board of Governors holds to itself the responsibilities for the educational character, the financial solvency of the university and its strategic direction in accordance with its Strategic Plan 2017-2022

In the period from 1 August 2020 up to the date of this report membership of the Board of Governors has been as follows:

### Ex-officio Members

Professor Ian Campbell	Vice-Chancellor and Chief Executive (resigned 16th August 2021)
Mark Power	Interim Vice-Chancellor and Chief Executive (appointed 16th August 2021)

### External Independent Members

Mike Parker	Pro-Chancellor and Chair of the Board Chair of Nominations Committee Chair of Chairs' Group Chair of Infrastructure Committee
-------------	--

Anthony Akaraonye	
Brian McCann	Chair of Finance Committee
Charles Oddy	Chair of Audit & Risk Committee
Eliot Ward	Deputy Chair of the Board Chair of Remuneration Committee

Gareth McIntegart	
Garry Banks	
Jane Tomkinson	(appointed 17 May 2021)
Lee Gilmore	
Lesley Davies	(resigned 14 September 2021)
Nicky Benson	(resigned 1 July 2021)
Shirley Anderson	
Wendy Williams	Chair of Employment Committee

### External Co-opted Members

Graeme Robinson	Co-opted member of Finance Committee (appointed 30th March 2020)
Vacancy	Co-opted member of Finance Committee

### Nominee Members

Lila Tamea	Student Governor (Student President) (resigned 1 July 2021)
Emily Roxbee-Cox	Student Governor (Student President) (appointed 2 July 2021)
Ambar Ennis	Student Governor (Student Vice President)

### Staff Members

Professor Dhiya Al-Jumeily	Staff Governor (Teaching Staff)
Mrs Yvonne Turnbull	Staff Governor (Teaching Staff)

### Academic Board Nominees

Dr David McIlroy
Professor Catherine Cole

The Board of Governors are the Trustees of the University.



The Board of Governors meets a minimum of four times a year and maintains a committee structure comprising:

- Audit & Risk Committee
- Employment Committee
- Finance Committee
- Infrastructure Committee
- Nominations Committee
- Remuneration Committee

All of the above committees are formally constituted with terms of reference and are comprised of independent members of the Board of Governors. The Vice-Chancellor and Chief Executive is an attendee at meetings of the Employment, Finance and Nominations Committees and by invitation attends meetings of the Audit & Risk and Remuneration Committees and is a member of the Infrastructure Committee. The Chair and Deputy Chair of the Board are not members of the Audit & Risk Committee and there is no overlap in membership of the Audit & Risk and Finance Committees. On the Audit & Risk Committee, there is a Co-opted member with the relevant audit qualifications, experience and expertise.

The Board of Governors and its Committees review their terms of reference on an annual basis to ensure that they are embedding risk management effectively into their work and that the terms of reference align with the Higher Education Code of Governance and OfS requirements.

**The Audit & Risk Committee** advises the Board of Governors on the adequacy and effectiveness of the University's arrangements for risk management control, governance value for money (economy, efficiency and effectiveness). It oversees internal and external audit and agrees the audit approach and schedule with the auditors. The Audit & Risk Committee also receives and reviews the Risk Register. The committee is comprised of four independent members (three Independent Governors and one Associate member). Whilst the Vice-Chancellor and Chief Executive and other senior managers attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee. Both the external and independent internal auditors also attend the Committee's meetings where appropriate. The Committee meets the external and internal auditors at least annually without management, for independent discussions in line with best practice. The Committee also meets regularly with the Vice Chancellor and Chief Executive and the Registrar and Chief Operating to discuss emerging issues. The Committee's minutes are presented to the full Board meetings. The Audit & Risk Committee met five times during the year.

**The Employment Committee** advises the Board of Governors on issues related to staffing and employment. The responsibilities of the Committee also encompass Equality, Diversity and Inclusivity (EDI) monitoring and the oversight and review of Human Resources (HR) policies. The Committee's minutes are presented to the full Board meetings. In the last academic year, the Employment Committee met three times.

**The Finance Committee** oversees the financial solvency and sustainability of the university. It also keeps under review all significant income and expenditure and at each meeting it receives reports on the university's performance in relation to approved budgets, estate related capital investment plans and treasury management, and financial reports from the John

Moore's Students' Union (JMSU). The Committee's minutes are presented to the full Board meetings. The Finance Committee met four times in the last academic year.

**The Nominations Committee** considers membership issues and appointments to vacancies on the Board for non-executive members, based on a skills and diversity analysis. The Committee's minutes are presented to the full Board meetings. In the last academic year, the Nominations Committee met five times.

**The Infrastructure Committee** supports the development of an infrastructure strategy including but not limited to, the estates strategy and/or the review of the existing estates masterplan along with those elements of the IT/Digital strategy that are related to either the physical or virtual infrastructure or in some cases both. All Finance Committee are also members of the Infrastructure Committee. The Committee's minutes are presented to the full Board meetings. The Infrastructure Committee, in the last academic year, met five times.

**The Remuneration Committee** considers the performance and annual remuneration of the Vice-Chancellor and Chief Executive, the Executive Leadership Team and the annual remuneration of the Directorate and Professoriate. The Committee also has oversight of the university's policy framework on severance payments for senior staff. The Committee's minutes are presented to the full Board meetings. The Chair of the Remuneration Committee, in line with best practice, is the Deputy Chair of the Board. The Committee met on one occasion during the last academic year.

In addition the Board also works closely with the **University's Academic Board**. The Academic Board meets at least four times a year and has twenty nine members comprising the Vice-Chancellor and Chief Executive as Chair, the Pro-Vice-Chancellors, the Registrar & Chief Operating Officer, academic and professional services staff and students. (The Vice Chair is the Pro-Vice-Chancellor, Education). 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 and Chief Executive and the Board of Governors for the quality and standards of its awards. The Academic Board, in the last academic year, met four times.

The Board of Governors is committed to continuous monitoring of its performance and has reviewed its terms of reference, programme of business, and the effectiveness of all its committees. In support of such commitment an independent Governance Effectiveness review was undertaken during the year to ensure that the University continued to comply with the HE code of Governance.

New Governors are required to participate in an induction programme. Each year all Governors are given the opportunity to attend training and development activities provided by the Leadership Foundation for Higher Education, receive regular bulletins regarding the activities across the university and the Higher Education sector and receive regular governance briefings on, relevant topics.

Upon commencing appointment, Governors are required to declare any pecuniary, family or other personal interest, direct or indirect, and this is noted in the publicly available Register of Members' Interests. Governors are advised and expected to update their declaration as and when their circumstances change and the university also conducts an annual update in accordance

with recommendations from the CUC. There is an item on each and every agenda where governors are also given the opportunity to declare any conflict of interest.

## Public Benefit Statement

The strategic overview on pages 6 - 8 describes how the university has carried out its charitable purposes for the public benefit through its educational research and engagement activities. It also refers to the university's Access and Participation plan approved by the Office for Students which shows progress to date and future plans for improving equality of opportunity for underrepresented groups to access, succeed in and progress from higher education.

## Statement of Internal Control

The Board of Governors, is responsible for ensuring that the university has a sound system of internal control and for reviewing the effectiveness of the university's system of internal control on an annual basis, whilst safeguarding the public and other funds and assets for which it is responsible. This is in accordance with OfS requirements and consistent with the Higher Education Code of Governance by the Committee of University Chairs (CUC), published in September 2020.

Detailed review and monitoring of the system of internal control is carried out on behalf of the Board of Governors by the Audit & Risk Committee, from which it receives periodic reports concerning internal control, and regular reports from members of the Executive Leadership Team on the steps taken to manage risk within their areas of responsibility.

Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. It is based on a framework of regular management information, administrative procedures, and a system of managed delegation and accountability.

Key elements of the Universities system of internal control include:

- The university has a **Scheme of Delegation** which records the reserved powers of the Board of Governors and the delegation of the Board's powers to its sub-committees, to the Vice-Chancellor and beyond.
- There is a **medium and short-term planning process** supplemented by detailed annual income, expenditure, capital and cash flow budgets. The Executive Leadership Team, the Finance Committee the Audit & Risk Committee and the Board of Governors, receive regular financial reports and updates including budgets, monitoring, half year and outturn forecasts in addition to the end of year financial statements.
- The university has **Financial Regulations**, together with supporting financial policies and procedures, a robust Anti-Money Laundering Policy and Bribery Act Compliance and Criminal Finances Act Statements.
- The university has an agreed **Risk Management Policy and a Risk Appetite Statement**. Responsibility for identifying and evaluating the major risks faced by the university and for ensuring that appropriate mitigating measures are in place, sits with the Executive Leadership Team, which has considered the institutional register three times in the year ended 31st July 2021. The institutional risk register is reviewed by the Audit & Risk Committee throughout the year and the Finance Committee reviews the high-level

financial risks annually. The Board of Governors' agenda includes a standard item for consideration of relevant or emerging risks and the Board and ELT remain committed to the review and refinement of risk management procedures.

- The university uses externally appointed **Internal Auditors** to inform the Board of Governor's review of the effectiveness of the system of internal control. The internal auditors operate to defined professional standards. The internal audit plan is approved by the Audit & Risk Committee and takes into consideration emerging sector issues and required assurances, with clear linkage to the university's risk register. The Audit & Risk Committee receives regular reports from the independent internal auditors, on specific areas of internal control together with agreed management actions for improvement. A tracking record is presented to the Audit & Risk Committee at each of its meetings to monitor the implementation of audit recommendations. Assessment grading for audits in 2020/21 were in the main, either substantial or reasonable and all recommendations made by the Internal Auditors during the year were accepted by management. The internal auditors advised that they were satisfied that the University was implementing the appropriate policies and meeting the management actions and recommendations from the internal audit fieldwork.
- The review of the effectiveness of the system of internal control is also informed by the work of the Executive Leadership Team, who have responsibility for the development and maintenance of the internal control framework and by comments made by the external auditors in their management letter and other reports

Based on a review of the processes established to ensure effectiveness of internal controls and the range of indicators demonstrating effectiveness, there is an ongoing process for identifying, evaluating and managing the University's significant risks that has been in place for the year ended 31 July 2021 and up to the date of approval of the financial statements





# Education Building

## OFFICERS AND ADVISORS OF THE UNIVERSITY

### Vice-Chancellor and Chief Executive

Professor Ian Campbell  
(resigned 16th August 2021)

Mr Mark Power  
(appointed 16th August 2021)

### 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 UK  
9th Floor  
3 Hardman Street  
Manchester  
M3 3HF

## STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Governors are responsible for preparing the financial statements in accordance with the requirements of the Office for Students' terms and conditions of funding for higher education institutions and Research England's terms and conditions of Research England grant and applicable law and regulations.

They are required to prepare group and parent university financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the Office for Students. The Board of Governors are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent university financial statements, the Board of Governors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Assess the group and parent university's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Use the going concern basis of accounting unless they either intend to liquidate the group or the parent university or to cease operations, or have no realistic alternative but to do so.

The Board of Governors is responsible for keeping proper accounts and records in relation to the accounts. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board of Governors are also responsible for ensuring that:

- 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.
- Funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them.
- Ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
- Securing the economical, efficient and effective management of the university's resources and expenditure.

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

**Mr Mike Parker CBE**  
Pro-Chancellor and Chair of the Board



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

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

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

In our opinion the financial statements:

- Give a true and fair view of the state of the Group's and the university's affairs as at 31 July 2021 and of the Group's and the university's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- Have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education*.

#### Basis for opinion

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

#### Going concern

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

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

Our conclusions based on this work:

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

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

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

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

- Enquiring of the Board of Governors, the Audit & Risk Committee, internal audit and inspection of policy documentation as to the Group and university's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group and university's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit & Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. In particular the risk that income from Postgraduate Tuition Fees and Research Grant Income is recorded in the wrong period and the risk that Group and university's management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by the infrequent users and those posted to unusual accounts.
- Assessing whether revenue transactions either side of the year end were recognised in the correct period.

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

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

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

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

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

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

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

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

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

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

#### Other information

The Board of Governors is responsible for the other information, which comprises the Operating and Financial Review, the Public Benefit Statement and the Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

- We have not identified material misstatements in the other information; and
- In our opinion the information given in the Operating and Financial Review, the Public Benefit Statement and the Corporate Governance Statement, is consistent with the financial statements.

#### Board of Governors responsibilities

As explained more fully in their statement set out on page 25, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent university's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent university or to cease operations, or has no realistic alternative but to do so.

#### Auditor's responsibilities

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

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

#### Report on other legal and regulatory requirements

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction'). In our opinion, in all material respects:

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

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

We are required by the Accounts Direction to report to you where the university has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the university's expenditure on access and participation activities for the financial year disclosed in Note 9b has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the university's grant and fee income, as disclosed in Note 3 to the financial statements has been materially misstated.

We have nothing to report in these respects.



## The purpose of our audit work and to whom we owe our responsibilities

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



**Timothy Cutler 3rd December 2021**

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 St Peter's Square  
Manchester

## STATEMENT OF ACCOUNTING POLICIES

### 1. Accounting Convention

The Consolidated and Institution financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education issued in 2019. They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

The Institution is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards.

### 2. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS) 102. The university is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention.

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

The Group and parent university's activities, together with the factors likely to affect its future development, performance and position, are set out in the Operating and Financial Review, which forms part of the Board of Governors' Report. The Operating and Financial Review also describes the financial position of the institution, its cash flows, liquidity position and borrowing facilities.

Cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements have been prepared. After reviewing these forecasts the Board of Governors is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19 the Group and parent university will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

Cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements have been prepared. After reviewing these forecasts the Board of Governors is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19 the Group and parent university will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

Specifically, the Board of Governors has considered the possible impacts of COVID-19 on cash inflows and outflows during the going concern assessment period and consider that with the application of appropriate sensitivities there remains adequate headroom for the Group and parent university to continue to meet their liabilities as they fall due.

These sensitised forecasts indicate that mitigations to improve liquidity, such as delays or reductions in capital expenditure, or the arrangement of additional lending facilities, are not expected to be required during this period. The university has in place financial covenants in connection with its existing secured borrowings and these forecasts indicate that the university will continue to be compliance with these covenants.

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

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

### 3. Exemptions under FRS102

The Institution has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS

102) to not produce a cash flow statement for the Institution in its separate financial statements.

### 4. Basis of consolidation

The consolidated financial statements include the financial statements of the institution and all its subsidiaries together with the share of the results of joint ventures and associates for the financial year to 31 July 2021.

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. Normal trading transactions that are not settled by the statement of financial position date 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.

The consolidated financial statements do not include the Students' Union as the Institution does not exert control or dominant influence over policy decisions.

Associated companies and joint ventures are accounted for using the equity method.

### 5. Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

Investment income is credited to the statement of income and expenditure on a receivable basis.

Funds the university receives and disburses as paying agent on

behalf of a funding body are excluded from the income and expenditure of the university where the university is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

### Grant Funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the university recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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

### Donations and endowments

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

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

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

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

**Restricted donations** - the donor has specified that the donation must be used for a particular objective.

**Unrestricted permanent endowments** – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the university.

**Restricted permanent endowments** - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

## 6. Accounting for retirement benefits

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the Teachers' Pension Scheme (TPS) and the Merseyside Pension Fund (MPF). The schemes are defined benefit schemes which are externally funded and contracted out of the State Second Pension (S2P). The funds are valued every three years (MPF) and every five years (TPS) by professionally qualified independent actuaries.



The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities of university members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

### Defined Contribution Plan

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

### Multi-employer Schemes

Where the university is unable to identify its share of the underlying assets and liabilities in a multi-employer scheme on a reasonable and consistent basis, it accounts as if the scheme were a defined contribution scheme. Where the university has entered into an agreement with such a multi-employer scheme that determines how the university will contribute to a deficit recovery plan, the university recognizes a liability for the contributions payable that arise from the agreement, to the extent that they relate to the deficit, and the resulting expense is recognised in expenditure.

### Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the university's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the university.

The net liability is recognised in the statement of financial position in respect of each scheme and is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The Group recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the university is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses. The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during

the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

Further detail is provided on the specific pension schemes in note 30 to the accounts.

## 7. Employment benefits

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

## 8. Finance leases

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

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

## 9. Service Concession Arrangements

Fixed assets held under service concession arrangements are recognised on the Statement of financial position at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

## 10. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

## 11. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit [except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in Other Comprehensive Income]. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the

exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

## 12. Joint Venture Entities and Associates

The institution's share of assets and liabilities in associate entities and joint ventures is recognised in the institution's statement of financial position in accordance with FRS102 to the extent of the university's investment in that entity. The gross equity method is used when consolidating joint venture entities and associate entities are consolidated using the equity method entities in accordance with FRS102.

## 13. Property, plant and equipment Land and buildings

Land and buildings are capitalised at cost on initial recognition.

After initial recognition land and buildings are subsequently measured at deemed cost less accumulated depreciation and accumulated impairment losses.

Certain items of land and buildings that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Buildings	50 years
Refurbishments	10 – 20 years

Where an item of land and buildings comprise two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred.

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

Leasehold land is depreciated over the life of the lease up to a maximum of 50 years.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

### Equipment

Equipment costing less than £15,000 per individual item is recognised as expenditure. Computers and software with an invoice value of less than £15,000 recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

<b>Computer Equipment</b>	4 years
<b>Equipment acquired for specific research projects</b>	4 years or life of project if appropriate
<b>Other Equipment</b>	4 years
<b>Motor Vehicles</b>	4 years
<b>Telescope</b>	20 years

Where an item of equipment comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

### Impairment

A review for potential indicators of impairment is carried out at each reporting date. If events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable, a calculation of the impact is completed and arising impairment values charged against the asset and to the SOCIE.

### Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

## 14. Heritage assets

Heritage assets are individual objects, collections, specimens or structures of historic, scientific or artistic value that are held and maintained principally for their contribution to knowledge and culture.

## 15. Investments

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the Institution's separate financial statements.

The university owns a number of works of art which have been donated or loaned during the last ten years. These items are not included in the university's Statement of Financial Position as they are not material in value.

Investments are held in the Statement of Financial Position as basic financial assets and are measured in accordance with accounting policy note 21.

## 16. Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell.

## 17. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. The university considers cash investments with less than ninety days left to maturity as being cash equivalent.



## 18. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

## 19. Accounting for Joint Operations, Jointly Controlled Assets and Jointly Controlled Operations

The university accounts for its share of joint ventures using the equity method.

The university accounts for its share of transactions from joint operations and jointly controlled assets in the Consolidated Statement of Income and Expenditure.

## 20. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. The university is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the university is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The university receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax and VAT in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are

more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

## 21. Financial Instruments

The university has elected to adopt the provisions of sections 11 and 12 of FRS 102 in respect of the recognition, measurement, and disclosure of financial instruments. Financial assets and financial liabilities are recognised when the university becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Financial Assets

Basic financial assets include trade and other receivables, cash and cash equivalents, and investments in commercial paper (i.e. deposits and bonds). These assets are receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method. Financial assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

For financial assets carried at amortised cost the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates, or joint ventures are initially measured at fair value, which is typically the transaction price. These assets are subsequently carried at fair value and changes in fair value at the reporting date are recognised in the statement of comprehensive income. Where the investment in equity instruments are not publicly traded and where the fair value cannot be reliably measured the assets are measured at cost less impairment.

Financial assets are de-recognised when the contractual rights to the cash flows from the asset expire or are settled or substantially all of the risks and rewards of the ownership of the asset are transferred to another party.

### Financial Liabilities

Basic financial liabilities include trade and other payables, bank loans and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the reporting date. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in finance costs or finance income as appropriate.

To the extent that the institution enters into forward foreign exchange contracts which remain unsettled at the reporting date, the fair value of the contracts is reviewed at that date. The initial fair value is measured as the transaction price on the date of inception of the contracts. Subsequent valuations are considered on the basis of the forward rates for those unsettled contracts at the reporting date. The Institution does not apply hedge accounting in respect of forward foreign exchange contracts held to manage cash flow exposures of forecast transactions denominated in foreign currencies.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

## 22. Critical Accounting estimates and judgements

The preparation of the institution's financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income, and expenses. These judgements, estimates, and associated assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

### Recoverability of debtors

The provision for doubtful debts is based on our estimate of the expected recoverability of those debts. Assumptions are made based on the level of debtors which have defaulted historically, coupled with current economic knowledge. The provision is based on the current situation of the customer, the age profile of the debt and the nature of the amount due.

### Impairments

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

### Provisions

Management apply judgement to arrive at the best estimate for any obligation required. The amount recognised as a provision is management's best estimate of the present value of the amount required to settle the obligation. To arrive at this amount management assess the likelihood and extent of any future settlement and make judgements based on these.

### Retirement benefit obligations

The university operates within three pension schemes. Two of these schemes are accounted for as defined benefit schemes. These are the Merseyside Pension Fund (MPF) and the Teacher's Pension Scheme (TPS). Pension costs under FRS 102 are based upon the latest actuarial valuation, which is based on assumptions agreed by management following actuarial advice. These assumptions are documented within note 30. Estimation of the net MPF liability depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to

increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward for accounting valuation purposes using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations asset returns are estimated using ten months of market experience and two months of extrapolation being assumed. Actual investment returns over a full year might deviate from those reported by the Actuary in the FRS102 valuation.

The university also operates the Universities Superannuation Scheme (USS). These are accounted for as defined contribution schemes as insufficient information is available to identify the university's share of the underlying assets and liabilities. As the university is contractually bound to make deficit recovery payments to USS, this is recognised as a liability on the statement of financial position. The USS deficit recovery plan defines the deficit payment required as a percentage of future salaries until 2031. These contributions will be reassessed within each triennial valuation of the scheme. The provision is based on management's estimate of expected future salary inflations, changes in staff numbers and the prevailing discount rate.

With respect to the Merseyside Pension Fund liabilities at 31 July 2020, in order to reflect the impact of proposals by the UK Chancellor and the UK Statistics Authority (UKSA) to align RPI with CPIH (a variant of the Consumer Prices Index that includes an estimate of housing costs), the CPI assumption methodology was reassessed. In particular, the assumed long term gap between RPI inflation and CPI inflation was reduced from 1.2% at the prior year end to 0.8% at this year-end. The impact of this change is expected to have resulted in an approximate

£44m increase in the university's MPF liabilities since the prior year end.

## 23. Reserves

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

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

## 24. Changes in accounting policies

None.



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Consolidated and Institution Statement of Comprehensive Income

For the year ended 31<sup>st</sup> July 2021

	Note	Consolidated 2021 £000	University 2021 £000	Consolidated 2020 £000 * restated	University 2020 £000 * restated
<b>Income</b>					
Tuition Fees and Education Contracts	1	212,136	212,061	198,289	198,029
Funding Body Grants	2	21,626	21,626	21,061	21,061
Research Grants and Contracts	3	13,917	13,002	10,019	9,779
Other Income	4	2,283	2,199	6,834	6,900
Investment Income	5	111	111	476	523
Donations and Endowments	6	18	18	109	109
<b>Total Income</b>		<u>250,091</u>	<u>249,017</u>	<u>236,788</u>	<u>236,401</u>
<b>Expenditure</b>					
Staff Costs	7	151,525	151,458	142,211	142,169
Other operating expenses	9	63,983	63,813	58,477	57,776
Depreciation	10	14,141	14,141	9,881	9,831
Impairment	31	-	-	1,667	786
Interest and other finance costs	8	5,837	6,009	6,444	6,616
<b>Total Expenditure</b>		<u>235,486</u>	<u>235,421</u>	<u>218,680</u>	<u>217,178</u>
<b>Surplus/(deficit) before other gains losses and share of operating surplus/(deficit) of joint ventures and associates</b>		14,605	13,596	18,108	19,223
Share of operating surplus/(deficit) in associate	13	43	-	652	-
Share of operating (deficit)/surplus in joint venture	13	(126)	-	(245)	-
<b>Surplus/(deficit) for the year</b>		<u>14,522</u>	<u>13,596</u>	<u>18,515</u>	<u>19,223</u>
<b>Other comprehensive income</b>					
Loss on impairment of investment in joint venture	13	-	-	(4,317)	-
Actuarial (loss)/gain in respect of pension schemes	30	24,076	24,076	(16,816)	(16,816)
<b>Total comprehensive income for the year</b>		<u>38,598</u>	<u>37,672</u>	<u>(2,618)</u>	<u>2,407</u>
<b>Represented by:</b>					
Restricted comprehensive income/(expenditure) for the year		(564)	(564)	1,192	1,192
Unrestricted comprehensive income for the year		39,162	38,236	(3,810)	1,215
		<u>38,598</u>	<u>37,672</u>	<u>(2,618)</u>	<u>2,407</u>
<b>Surplus for the year attributable to:</b>					
University		<u>14,522</u>	<u>13,596</u>	<u>18,515</u>	<u>19,223</u>
<b>Total Comprehensive income for the year attributable to:</b>					
University		<u>38,598</u>	<u>37,672</u>	<u>(2,618)</u>	<u>2,407</u>

All items of income and expenditure relate to continuing activities.

\*refer to note 31

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Consolidated and Institution Statement of Changes in Reserves

For the year ended 31<sup>st</sup> July 2021

Consolidated	Income and expenditure reserve		Revaluation reserve £000	Total £000
	Restricted £000	Unrestricted £000		
<b>Balance at 1 August 2020</b> (as previously reported)	2,741	24,045	27,760	54,546
Prior year restatement (see note 31)	-	(1,667)	-	(1,667)
<b>Balance at 1 August 2020</b> (as restated)	<u>2,741</u>	<u>22,378</u>	<u>27,760</u>	<u>52,879</u>
Surplus/(deficit) for the year	(564)	39,162	-	38,598
Transfers between revaluation and income and expenditure reserve	-	374	(374)	-
<b>Total comprehensive income for the year</b>	<u>(564)</u>	<u>39,437</u>	<u>(374)</u>	<u>38,598</u>
<b>Balance at 31 July 2021</b>	<u><u>2,177</u></u>	<u><u>61,914</u></u>	<u><u>27,386</u></u>	<u><u>91,477</u></u>

Consolidated	Income and expenditure reserve		Revaluation reserve £000	Total £000
	Restricted £000	Unrestricted £000		
<b>Balance at 1 August 2019</b>	1,549	25,814	28,134	55,497
Surplus/(deficit) for the year *restated	1,192	(3,810)	-	(2,618)
Transfers between revaluation and income and expenditure reserve	-	374	(374)	-
<b>Total comprehensive income for the year</b>	<u>1,192</u>	<u>(3,436)</u>	<u>(374)</u>	<u>(2,618)</u>
<b>Balance at 31 July 2020</b> (as restated)	<u><u>2,741</u></u>	<u><u>22,378</u></u>	<u><u>27,760</u></u>	<u><u>52,879</u></u>



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Consolidated and Institution Statement of Changes in Reserves

For the year ended 31<sup>st</sup> July 2021 (continued)

University	Income and expenditure reserve		Revaluation reserve £000	Total £000
	Restricted £000	Unrestricted £000		
<b>Balance at 1 August 2020</b> (as previously reported)	2,741	29,786	27,760	60,287
Prior year restatement (see note 31)	-	(7,400)	-	(7,400)
<b>Balance at 1 August 2020</b> (as restated)	2,741	22,386	27,760	52,887
Surplus/(deficit) for the year	(564)	38,236	-	37,672
Transfers between revaluation and income and expenditure reserve	-	374	(374)	-
<b>Total comprehensive income for the year</b>	(564)	38,511	(374)	37,672
<b>Balance at 31 July 2021</b>	2,177	60,996	27,386	90,559
University	Income and expenditure reserve		Revaluation reserve £000	Total £000
	Restricted £000	Unrestricted £000		
<b>Balance at 1 August 2019</b> (as previously reported)	1,549	27,411	28,134	57,094
Prior year restatement (see note 31)	-	(6,614)	-	(6,614)
<b>Balance at 1 August 2019</b> (as restated)	1,549	20,797	28,134	50,480
Surplus/(deficit) for the year *restated	1,192	1,215	-	2,407
Transfers between revaluation and income and expenditure reserve	-	374	(374)	-
<b>Total comprehensive income for the year</b>	1,192	1,589	(374)	2,407
<b>Balance at 31 July 2020</b>	2,741	22,386	27,760	52,887

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Consolidated and Institution Statement of Financial Position

For the year ended 31<sup>st</sup> July 2021

Note	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000 *restated	University £000 *restated
<b>Non-Current Assets</b>				
Fixed Assets	10	271,201	271,201	246,030
Investments	13	39	8,629	39
Investment in associate	13	695	-	652
Investment in Joint Venture	13	331	-	457
		<u>272,266</u>	<u>279,830</u>	<u>247,178</u>
<b>Current Assets</b>				
Stock	14	18	18	31
Trade and other receivables	15	24,178	23,769	24,623
Investments	16	12,000	12,000	6,000
Cash and cash equivalents	21	90,553	90,394	82,718
		<u>126,749</u>	<u>126,181</u>	<u>113,372</u>
Less: Creditors amounts falling due within one year	17	(55,303)	(63,217)	(47,806)
<b>Net current assets/(liabilities)</b>		<u>71,446</u>	<u>62,964</u>	<u>65,566</u>
<b>Total assets less current liabilities</b>		<u>343,712</u>	<u>342,794</u>	<u>312,744</u>
Creditors: amounts falling due after more than one year	18	(36,122)	(36,122)	(37,454)
<b>Provisions</b>				
Pension provisions	19	(207,614)	(207,614)	(216,999)
Other provisions	19	(8,499)	(8,499)	(5,412)
<b>Net Assets</b>		<u>91,477</u>	<u>90,559</u>	<u>52,879</u>
<b>Restricted Reserves</b>				
Income and expenditure reserve	20	2,177	2,177	2,741
<b>Unrestricted Reserves</b>				
Income and expenditure reserve		61,914	60,996	22,378
Revaluation reserve		27,386	27,386	27,760
<b>Total Reserves</b>		<u>91,477</u>	<u>90,559</u>	<u>52,879</u>

\*refer to note 31

The financial statements were approved by the Board of Governors on 26th November 2021 and were signed on its behalf on that date by:


Mr Mike Parker CBE  
Pro-Chancellor and Chair of the Board

Mr Mark Power  
Interim Vice-Chancellor and Chief Executive



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

Consolidated Statement of Cash Flows  
For the year ended 31<sup>st</sup> July 2021

	Note	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000 *restated
<b>Cash flow from operating activities</b>			
Surplus for the year *		14,522	18,515
<b>Adjustment for non-cash items</b>			
Depreciation	10	14,141	9,881
Write off of WIP	10	534	-
Impairment *	31	-	1,667
Decrease/(increase) in stock	14	13	8
Decrease/(increase) in debtors	15	445	(7,551)
Increase/(decrease) in creditors	17	7,497	5,002
Increase/(decrease) in pension provision	19	11,468	4,448
Increase/(decrease) in other provisions	19	3,087	(865)
Share of operating (surplus)/deficit in associate	13	(43)	(652)
Share of operating deficit/(surplus) in joint venture *	13	126	245
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(111)	(476)
Interest payable	8	5,598	6,444
<b>Net cash inflow from operating activities</b>		<u>57,277</u>	<u>36,666</u>
<b>Cash flows from investing activities</b>			
New deposits		(105,000)	(83,000)
Withdrawn deposits		99,000	127,000
		(6,000)	44,000
Investment income	5	111	476
Payments made to acquire fixed assets	10	(39,846)	(55,352)
		(45,735)	(10,876)
<b>Cash flows from financing activities</b>			
Interest paid	8	(2,375)	(2,598)
Repayments of amounts borrowed	17	(1,332)	(1,293)
		(3,707)	(3,891)
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<u>7,835</u>	<u>21,899</u>
Cash and cash equivalents at beginning of the year	21	82,718	60,819
Cash and cash equivalents at end of the year	21	90,553	82,718

\*refer to note 31

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
<b>1. Tuition Fees and Education Contracts</b>				
Full-time home & EU students	176,428	176,428	165,184	165,184
Full-time international students	19,129	19,129	17,302	17,302
Part-time students	9,144	9,144	8,094	8,094
Other fees & NHS contracts	7,435	7,360	7,709	7,449
	<u>212,136</u>	<u>212,061</u>	<u>198,289</u>	<u>198,029</u>
<b>2. Funding Body Grants</b>				
	Consolidated £000	University £000	Consolidated £000	University £000
<b>Recurrent grants</b>				
Office for Students	13,260	13,260	12,553	12,553
Research England	6,114	6,114	6,975	6,975
Education and Skills Funding Agency	35	35	11	11
National College for Teaching and Leadership	(38)	(38)	13	13
Capital Grants	2,158	2,158	1,457	1,457
<b>Specific grants</b>				
Office for Students	97	97	52	52
	<u>21,626</u>	<u>21,626</u>	<u>21,061</u>	<u>21,061</u>
<b>3. Research grants and Contracts</b>				
	Consolidated £000	University £000	Consolidated £000	University £000
Research Councils	3,941	3,941	2,333	2,333
Research Charities	786	696	1,036	1,016
Research Government (UK and Overseas)	7,639	7,064	5,438	5,402
Research Industry and Commerce	930	705	741	580
Research Other	621	596	471	448
	<u>13,917</u>	<u>13,002</u>	<u>10,019</u>	<u>9,779</u>



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

The source of grant and fee income, included in notes 1 to 3 is as follows:

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Grant income from the OFS	13,357	13,357	12,605	12,605
Grant income from other bodies	21,892	20,977	18,171	17,931
Fee income for research awards	294	294	304	304
Fee income from non-qualifying courses	704	629	1,579	1,319
Fee income from taught awards	211,432	211,432	196,710	196,710
	<u>247,679</u>	<u>246,689</u>	<u>229,369</u>	<u>228,869</u>

## 4. Other income

	Consolidated £000	University £000	Consolidated £000	University £000
Residences, catering and conferences	82	82	1,057	1,057
Other revenue grants	46	46	162	162
Other income	2,155	2,071	5,615	5,681
	<u>2,283</u>	<u>2,199</u>	<u>6,834</u>	<u>6,900</u>

## 5. Investment income

	Consolidated £000	University £000	Consolidated £000	University £000
Investment income on restricted reserves	5	5	7	7
Other investment income	106	106	469	516
	<u>111</u>	<u>111</u>	<u>476</u>	<u>523</u>

## 6. Donations and Endowments

	Consolidated £000	University £000	Consolidated £000	University £000
Donations with restrictions	18	18	109	109
Unrestricted donations	-	-	-	-
	<u>18</u>	<u>18</u>	<u>109</u>	<u>109</u>

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 7. Staff costs

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Salaries	103,106	103,046	103,639	103,602
Social security costs	10,976	10,970	10,747	10,743
Apprenticeship Levy	499	499	540	540
Movement on USS provision	70	70	(1,857)	(1,857)
Movement on Enhanced Pension Provision	1,667	1,667	(647)	(647)
Other pension costs	30,802	30,801	28,990	28,989
<b>Sub-total</b>	<u>147,120</u>	<u>147,053</u>	<u>141,412</u>	<u>141,370</u>
Restructuring costs	4,405	4,405	799	799
<b>Total</b>	<u>151,525</u>	<u>151,458</u>	<u>142,211</u>	<u>142,169</u>

A further breakdown of pension costs has been included in note 30.

Compensation for loss of Office	Consolidated £000	University £000	Consolidated £000	University £000
Notice pay	146	146	167	167
Redundancy pay	3,292	3,292	486	486
Ex-gratia payments	61	61	98	98
Pension payments	906	906	48	48
	<u>4,405</u>	<u>4,405</u>	<u>799</u>	<u>799</u>

The payments above were made in respect of 116 people (2020 77 people).

## Emoluments of the Vice-Chancellor:

	Year ended 31 July 2021	Year ended 31 July 2020	
	£	£	£
	Prof. Ian Campbell	Prof. Ian Campbell	Mark Power
Basic salary	235,000	187,621	46,371
Emoluments	15,030	-	5,704
Pension contributions to USS	52,756	39,588	-
Ex gratia payments	56,700	-	-
Notice pay	117,500	-	-
Holiday pay	10,846	-	-
	<u>487,832</u>	<u>227,209</u>	<u>52,075</u>

On 14th October 2019 Professor Ian Campbell was appointed as the Vice Chancellor and Chief Executive. Prior to this date Mr Mark Power was Acting Vice Chancellor and Chief Executive. The emoluments included in the table above are only in relation to the role of Acting Vice Chancellor and Chief Executive, and do not include the salary paid to this individual in his previous role, or role at 31<sup>st</sup> July 2021, at the University.



**Notes to the accounts (continued)**

**7. Staff costs (continued)**

On 16th August 2021 Professor Ian Campbell resigned from his role as Vice Chancellor and Chief Executive, and Mr Mark Power was appointed as Interim Vice Chancellor and Chief Executive. Included in the table above are payments made to Professor Campbell in lieu of notice, holidays and an ex gratia payment which were paid after 31st July 2021 but accrued in that year.

**Vice Chancellor’s remuneration**

**The Remuneration Committee**

The purpose of the Remuneration Committee, as set out in the Terms of Reference approved by the Board, is to determine all matters relating to the salary and terms and conditions of employment of designated Senior Post-holders. The Remuneration Committee also maintains oversight of the university’s policy framework for the remuneration and reward of other senior staff on the Directorate level management contracts and the Professoriate. Membership comprises of the Chair (also Deputy Chair of the Board), the Chair of the Board, and the Chairs of the Audit & Risk, Employment and Finance Committees. The Vice-Chancellor is not a member of the committee but attends as required. Other attendees, as required, include the Executive Director of HR and Finance Director. The committee is serviced by the university’s Secretariat. Staff, including the Vice-Chancellor, are not permitted to be present when matters concerning their own performance and salaries are reviewed and discussed.

The Committee met once during 2020/21 and maintained an excellent level of attendance.

Name	Position	26 Oct 2020
E Ward	Committee Chair and Deputy Chair of the Board	✓
W Williams	Chair of Employment Committee	✓
M Parker	Chair of the Board	✓
B McCann	Chair of Finance Committee	✓
C Oddy	Chair of Audit & Risk Committee	✓

**The University’s practice in relation to Remuneration**

The university continues to operate within a highly competitive market. It is important that the university’s policies and practice in relation to remuneration support its ability to recruit and retain the best staff.

The university offers an excellent working environment and scores very highly in staff surveys for staff engagement, suggesting that remuneration is only one of a number of factors that impact individual employee decisions to work here.

**Notes to the accounts (continued)**

**7. Staff costs (continued)**

**The key principles of Remuneration**

- The university has adopted the CUC Remuneration Code and with it a commitment to ensuring, a fair, appropriate and justifiable level of remuneration within a framework of transparency and accountability.
- There is an ongoing commitment to annual Performance Review across the University and the opportunity for staff to develop.
- Gender Pay Gap reporting focussing on the mean and median salary of male and female staff.

**Staff employed on the National Pay spine**

The university appoints staff to specific roles. Roles are evaluated using the Higher Education Role Analysis (HERA) scheme with each role assigned to an identified grade boundary (which specifies the minimum and maximum salary for each grade and the incremental progression points) on the nationally agreed 51 point pay spine. Staff employed on grades 2-10 receive annual incremental progression within the specified grade as well as a pay award agreed through national bargaining.

**Senior staff employed on Manager and Professorial Grades**

Senior management and Professorial staff are appointed on the Hay and Professorial pay scales. The point on the scale is determined having regard to benchmarking, experience, expertise and market forces. The annual pay award for staff on these pay scales is determined by the Remuneration Committee operating within an overall sum agreed for staffing as set out through the university’s budget process – this sum being guided by the annual national pay award agreed for the main body of staff. In accordance with recommendations put forward by UCEA, the University did not implement an annual pay award for any of its staff, including the Vice Chancellor and Chief Executive.

**Designated Senior Post-holders**

In determining the individual salaries and any discretionary payments for which the Remunerations Committee has direct responsibility, a guidance note provided to the Committee highlights that any pay review shall take account of:

- Likely national pay award levels and the university’s financial position
- The principles set out in the CUC Senior Staff Remuneration Code
- Comparative benchmarking data for similar roles in the UCEA Remuneration Survey of institutions comparable in size and income to the University Benchmarking to be in a range that does not exceed the upper quartile of the UCEA Survey
- The outcomes of performance review against agreed objectives



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 7. Staff costs (continued)

- The need to reduce the gender pay gap
- External advice where deemed appropriate

In addition to such guidance the Committee also takes advice from an independent expert with sector knowledge commissioned for this purpose.

## Remuneration of the Vice-Chancellor

In agreeing the base salary for the Vice-Chancellor the Remuneration Committee takes into consideration the depth, breadth and complexity of the role. The Remuneration Committee undertakes benchmarking across the Higher Education sector, including comparative information relating to the relevant contribution and income groups.

The university subscribes to the UCEA Senior Staff Remuneration Survey and this data is analysed and a report provided utilising the benchmarking data as it represents the most comprehensive and reliable source of data within the sector, enabling cross intuitional comparisons to be made. The university also participates in the Committee of University Chairs' Vice-Chancellors Salary Survey and this data is reviewed. External advice is also commissioned for such purposes. Any other elements of the total remuneration package for the Vice-Chancellor are reviewed by the Remuneration Committee alongside the annual individual performance review. The annual objectives are set by the Chair of the Board and following a formal review the Chair provides an assessment of progress against the objectives to Remuneration Committee.

## Pay Ratio

In disclosing the Vice Chancellor's pay ratios the University includes within 'all other employees' all employees who are required to be included in real-time reporting to HMRC.

During the year ended 31 July 2020 there was a change of personnel in the role of Vice Chancellor. Mark Power was in position from 1 August 2019 to 13 October 2019, and from 14 October 2019 the post was occupied by Professor Ian Campbell.

In calculating the pay ratio the full time equivalent salary for each person has been included assuming they had been in post for the whole financial year.

Pay ratio's	Year ended 31 July 2021		Year ended 31 July 2020	
	Prof. Ian Campbell		Prof. Ian Campbell	Mark Power
Basic pay ratio	6.48		6.95	6.81
Total remuneration ratio	7.18		6.81	6.18

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 7. Staff costs (continued)

## Basic Pay Ratio

The Vice Chancellor's basic salary is expressed in the table above as a ratio of the median of the salaries paid by Liverpool John Moores University to its staff. The median pay is calculated on a full-time equivalent basis for the salaries paid to staff who are returned to HMRC through real time information (RTI). The median basic pay is calculated as £36,267 (2020 £33,797) which includes all full and part time staff, fixed term and temporary staff.

## Total remuneration pay ratio

The Vice Chancellor's total remuneration is expressed in the table above as a ratio of the median of the total remuneration paid by Liverpool John Moores University to its staff. The median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid to staff who are returned to HMRC through real time information (RTI). The median total remuneration is calculated as £42,178 (2020 £41,800) which includes all full and part time staff, fixed term and temporary staff. Total remuneration includes basic pay, emoluments, overtime paid to full time employees and employer's pension contributions.

The number of staff with a basic salary of over £100,000 per annum has been included below. Payments made on behalf of the NHS in respect of its contractual obligations to institutional staff under separate NHS contracts of employments are not included within remuneration.

	Year ended 31 July 2021 Consolidated	Year ended 31 July 2020 Consolidated	Year ended 31 July 2020 Institution
	No.	No.	No.
£100,000 to £104,999	1	2	2
£105,000 to £109,999	3	3	3
£110,000 to £114,999	2	-	-
£115,000 to £119,999	1	1	1
£120,000 to £124,999	-	2	2
£125,000 to £129,999	1	-	-
£130,000 to £134,999	1	-	-
£135,000 to £139,999	4	5	5
£140,000 to £144,999	-	-	-
£145,000 to £149,999	1	1	1
£150,000 to £154,999	-	-	-
£155,000 to £159,999	-	-	-
£160,000 to £164,999	-	-	-
£165,000 to £169,999	-	-	-
£170,000 to £174,999	1	-	-
£175,000 to £179,999	-	-	-
£180,000 to £184,999	-	-	-
£185,000 to £189,999	-	1	1
	<u>15</u>	<u>15</u>	<u>15</u>



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 7. Staff costs (continued)

	2021 No.	2020 No.
Academic	1,423	1,361
Non Academic	1,038	1,115
	<u>2,461</u>	<u>2,476</u>

## Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Institution. The University has identified these people as the Vice Chancellor and Chief Executive, the Registrar and Chief Operating Officer, Pro Vice Chancellors, the Executive Director Human Resources and the Finance Director. Staff costs includes compensation paid to key management personnel.

[Note that compensation consists of salary, employer's national insurance contributions and benefits including employers pension]

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Key management personnel compensation	<u>2,730</u>	<u>2,318</u>

Included in the above is £0.280m (2020 £0.170m) paid to two (2020 two) key management personnel in respect of loss of office (£0.185m) and a mutually agreed exit (£0.095m).

## 8. Interest and other finance costs

Note	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Loan interest	2,375	2,375	2,598	2,598
Other interest	-	172	-	172
Unwind of discount on USS pension scheme	28	28	69	69
Unwind of discount on Enhanced pension scheme	211	211	-	-
Net cost on pension scheme	<u>3,223</u>	<u>3,223</u>	<u>3,777</u>	<u>3,777</u>
	<u>5,837</u>	<u>6,009</u>	<u>6,444</u>	<u>6,616</u>

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 9a. Analysis of other operating expenses

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Academic departments and services	21,674	21,674	23,890	24,232
Administration and central services	14,403	15,283	13,299	12,907
Premises	16,411	16,378	14,462	14,462
Residences, catering and conferences	360	360	743	743
Research grants and contracts	8,358	7,341	4,788	4,140
COVID resumption	<u>2,777</u>	<u>2,777</u>	<u>1,295</u>	<u>1,292</u>
	<u>63,983</u>	<u>68,313</u>	<u>58,477</u>	<u>57,776</u>

## Other operating expenses include:

	Year ended 31 July 2021	Year ended 31 July 2020
Fees payable to the company's auditor for the audit of the company's annual accounts	70	60
Fees payable to the company's auditor for the audit of the accounts of subsidiaries	18	17
Fees payable to the company's auditor for other audits	6	6
Fees payable to the company's auditor in respect of non-audit services – University	179	53
Fees payable to the company's auditor in respect of non-audit services – Subsidiaries	14	10
Grant audits (provided by an auditor other than the external auditor)	7	11
Internal audit services	87	85
Operating lease rentals - vehicles	112	71
Operating lease rentals - Land and buildings	1,738	1,009

## 9b. Access and Participation

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Access Investment	1,829	1,829	1,883	1,883
Financial Support	6,807	6,807	4,781	4,781
Disability Support	831	831	821	821
Research and Evaluation	<u>259</u>	<u>259</u>	<u>248</u>	<u>248</u>
	<u>9,726</u>	<u>9,726</u>	<u>7,733</u>	<u>7,733</u>

Included in the above are staff costs totalling £2.16m (2020 £2.37m) which are already included in the overall staff cost figures reported in note 7.



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 9b. Access and Participation (continued)

To assess whether costs incurred by the University meet the criteria for disclosure as Access and Participation the University undertakes a detailed review of those areas that play a significant part in meeting the Access and Participation agreement with service heads and directors. There is a process of engaging the Access and Participation multi-disciplinary team that allows for information to be updated and tested for reasonableness. The methodology and rationale for apportioning and allocating costs follows an activity based costing approach and accounts for both direct and indirect costs across the university following the prescribed guidance from OfS.

## 10. Fixed Assets

Consolidated	Freehold land and Buildings	Leasehold land and Buildings	Telescope	Equipment	WIP	Total
<b>Cost or valuation</b>						
At 1 August 2020 (as previously reported)	204,202	704	5,183	35,143	64,276	309,508
Prior year restatement (see note 31)	(1,793)	-	-	-	-	(1,793)
At 1 August 2020 (restated)	202,409	704	5,183	35,143	64,276	307,715
Additions	60	-	27	5,282	34,477	39,846
Transfers	93,812	(41)	-	3,844	(97,615)	-
Disposals/write offs	-	-	-	(123)	(534)	(657)
At 31 July 2021	296,281	663	5,210	44,146	604	346,904
<b>Consisting of valuation as at :</b>						
31 May 2013	169,203	663	-	-	-	169,866
Cost	127,078	-	-	-	-	127,078
	296,281	663	-	-	-	296,944
<b>Depreciation and impairment</b>						
At 1 August 2020 (as previously reported)	29,705	-	4,342	27,764	-	61,811
Prior year restatement (see note 31)	(126)	-	-	-	-	(126)
At 1 August 2020 (restated)	29,579	-	4,342	27,764	-	61,685
Charge for the year	8,199	-	257	5,685	-	14,141
Disposals	-	-	-	(123)	-	(123)
At 31 July 2021	37,778	-	4,599	33,326	-	75,703
<b>Net book value</b>						
At 31 July 2021	258,503	663	611	10,820	604	271,201
At 31 July 2020	172,830	704	841	7,379	64,276	246,030

## Notes to the accounts (continued)

## 10. Fixed Assets (continued)

University	Freehold land and Buildings	Leasehold land and Buildings	Telescope	Equipment	WIP	Total
<b>Cost or valuation</b>						
At 1 August 2020	202,409	704	5,183	35,143	64,276	307,715
Additions	60	-	27	5,282	34,477	39,846
Transfers	93,812	(41)	-	3,844	(97,615)	-
Disposals/write offs	-	-	-	(123)	(534)	(657)
At 31 July 2021	296,281	663	5,210	44,146	604	346,904
<b>Consisting of valuation as at :</b>						
31 May 2013	169,203	663	-	-	-	169,866
Cost	127,078	-	-	-	-	127,078
	296,281	663	-	-	-	296,944
<b>Depreciation and impairment</b>						
At 1 August 2020	29,579	-	4,342	27,764	-	61,685
Charge for the year	8,199	-	257	5,685	-	14,141
Disposals	-	-	-	(123)	-	(123)
At 31 July 2021	37,778	-	4,599	33,326	-	75,703
<b>Net book value</b>						
At 31 July 2021	258,503	663	611	10,820	604	271,201
At 31 July 2020	172,830	704	841	7,379	64,276	246,030

At 31 July 2021, land and buildings included £27.588m (2020 - £27.588m) in respect of land that is not depreciated.

During the year a number of large capital projects were completed and The Student Life Building, LJMU Sport and the Nursing and Allied Health Building were brought into use. The cost of these buildings is £72.908m.

During the year ended 31 July 2019 the University entered into a development agreement which included the sale of land at the site of the former Haigh building. The site was sold for £2m resulting in a profit on disposal of £1.81m which was charged to the Consolidated and Institution Statement of Comprehensive Income in that year.

Of the £2.0m sale proceeds, £0.950m was deferred included in prepayments and deferred income, of this amount £0.413m is outstanding.



**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021****Notes to the accounts (continued)****10. Fixed Assets (continued)**

JMU Learning Resource Centre Development Limited, a wholly owned subsidiary company of Liverpool John Moores University, commissioned a valuation of the Avril Robarts building by RICS qualified valuer's CBRE. This valuation was significantly less than the assets carrying value due to restrictive covenants which preclude the use of the building to Liverpool John Moores University only. The asset was not impaired during that financial year, but the directors now believe that an impairment of £1.667m should have been recognised. See note 31 for further details.

**11. Heritage Assets**

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 statement of financial position as they are not material in value.

**12. Service Concession Arrangements**

The University has no minimum guaranteed payment and therefore no asset and liability to recognise on the Statement of financial position.

**13. Non-Current Investments**

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Investment in subsidiaries (a)	-	8,590	-	8,590
Short term deposits (b)	39	39	39	39
	<u>39</u>	<u>8,629</u>	<u>39</u>	<u>8,629</u>

\*refer to note 31

**(a) Investment in subsidiaries**

The University owns 100% of the share capital of JMU Services Limited, JMU Property Development Company Limited, JMU Learning Resource Centre Development Limited, JMU Building Services and Maintenance Limited, Liverpool Business School Limited and LJMU Recruitment Agency Limited. All University subsidiary companies are registered in the United Kingdom.

All of the trading subsidiaries have been consolidated. As at 31 July 2020 the directors of JMU Property Development Company Limited, JMU Building Services and Maintenance Limited and JMU Learning Resource Centre Development Limited advised of the intention to

**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021****Notes to the accounts (continued)****13. Non-Current Investments (continued)**

wind those companies up in the next 12 months. As of 3<sup>rd</sup> August 2021 Building Services and Maintenance Limited was dissolved. As of 8<sup>th</sup> October 2021 JMU Property Development Company Limited and JMU Learning Resource Centre Development Limited were put into member's voluntary liquidation.

**(b) Other investments**

£0.039m (2020 £0.039m) other investments are in respect of shares in CVCP Properties PLC (1.0%) and Amaze Ltd (250,000 preference shares, redemption value £nil).

**(c) Investment in joint venture**

The University holds a 50% interest in Sensor City Liverpool Limited, a company limited by guarantee. This is a joint venture company owned equally by Liverpool John Moores University and University of Liverpool. The arrangement is treated as a joint venture and is accounted for using the gross equity method. The net assets of the company have been restated using the University's accounting policy for valuing assets as this differs from the accounting policy of the company. For the year ended 31 July 2021 the net assets of the company were £0.661m (31 July 2020 £0.915m), the group share of these being £0.331m (2020 £0.457m). An external valuation, carried out by RICS qualified valuer's CBRE, of the Sensor City building obtained by management as at 31 July 2021 reported the value of the building as £0.430m (2020 £0.467m) based on fair value in accordance with FRS102. This valuation indicated that the recoverable amount was below the existing carrying value held in the financial statements and as such the asset was impaired in line with accounting policy resulting in a £0.027m (2020 £1.548m) charge to other comprehensive income in that company.

The company's financial year end is 31 July 2021.

The Sensor City reported figures have been adjusted to reflect the University accounting policy with respect to land and buildings. The value of net assets in Sensor City have fallen considerably since inception, and the University recognised an impairment in the value of the University's investment of £4.317m in the year ended 31 July 2020.



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 13. Non-Current Investments (continued)

	Year ended 31 July 2021		Year ended 31 July 2020	
	£000	£000	£000	£000
<b>Statement of Comprehensive Income</b>				
Income		185		523
Deficit before tax		<u>(126)</u>		<u>(4,562)</u>
<b>Statement of financial position</b>				
Fixed Assets	218		254	
Current Assets	<u>173</u>		<u>269</u>	
		391		523
Creditors: amounts due within 1 year		<u>(60)</u>		<u>(66)</u>
<b>Share of net assets/(liabilities)</b>		<u>331</u>		<u>457</u>

## d) Investment in Associate

The University owns 25% of the share capital of Sciontec Developments Limited a private limited company limited by its shares. The company was incorporated on 14 September 2018, and has an accounting reference date of 30 September. Sciontec Developments Limited is a spin-out company of KQ Liverpool, a strategic and place making organisation which is overseeing a £2bn development programme in the city's first Mayoral Development Zone.

At 31 July 2021 the company had net assets of £2.518m (2020 £2.608m), the University share of this being £0.631m (2020 £0.652m), which has been consolidated in these financial statements. Sciontec Developments Limited owns 100% of Liverpool Science Park Limited, a company which is limited by guarantee and has no share capital. The company aims to promote, deliver, sponsor, co-ordinate sponsor, co-ordinate and, where appropriate, fund the establishment and continued operation, development and management of Liverpool Science Park.

At 31 July 2021 the company had net assets of £0.263m (2020 £0.033m net liability), the University share of this being £0.064m (2020 £0.008m net liability) which has been consolidated in these financial statements. The prior year share was not included in the consolidated figures as the University did not consider this to be material.

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 14. Stock

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
General consumables	<u>18</u>	<u>18</u>	<u>31</u>	<u>31</u>

## 15. Trade and other receivables

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Amounts falling due within one year:				
Research grants receivables	2,443	2,443	2,054	2,054
Other trade receivables	14,004	13,544	8,663	8,188
Other receivables	204	134	611	581
Prepayments and accrued income	7,276	7,222	13,087	13,060
Amounts due from subsidiary companies	-	175	-	1,141
Amounts due from associate companies	170	170	170	170
Amounts due from joint venture	81	81	38	38
	<u>24,178</u>	<u>23,769</u>	<u>24,623</u>	<u>25,232</u>

## 16. Current Investments

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Short term deposits (a)	<u>12,000</u>	<u>12,000</u>	<u>6,000</u>	<u>6,000</u>
	<u>12,000</u>	<u>12,000</u>	<u>6,000</u>	<u>6,000</u>

\*refer to note 31

## (a) Short term deposits

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with less than three months maturity at the statement of financial position date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2021 the weighted average interest rate of these fixed rate deposits was 0.14% (2020 0.46%) per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 36.79 days (2020 36.79 days). The fair value of these deposits was not materially different from the book value.



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 17. Creditors: amounts falling due within one year

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Secured loans	1,333	1,333	1,341	1,341
Trade payables	5,935	5,919	4,821	4,820
Social security and other taxation payable	5,617	5,589	5,270	5,258
Amounts due to subsidiary companies	-	9,142	-	8,792
Accruals and deferred income	42,418	41,236	36,319	35,543
Other Creditors	-	-	55	55
	<u>55,303</u>	<u>63,217</u>	<u>47,806</u>	<u>55,809</u>

The remaining intercompany loan is between the university and JMU Property Development Company Limited and is respect of a loan agreement dated 25th April 1996.

At 31 July 2020 the directors of JMU Property Development Company Limited gave notice of the intention to wind up the company in the next 12 month, therefore this loan has been moved to creditors due within one year

## Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Year ended 31 July 2021		Year ended 31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Research grants received on account	8,104	7,464	7,597	7,346
Grant income	2,748	2,748	1,441	1,441
Other income	2,377	1,946	1,285	803
	<u>13,229</u>	<u>12,158</u>	<u>10,323</u>	<u>9,590</u>

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 18. Creditors: amounts falling after more than one year

	Consolidated £000	University £000	Consolidated £000	University £000
	Secured loans	<u>36,122</u>	<u>36,122</u>	<u>37,454</u>
Analysis of secured loans:	<b>Consolidated £000</b>	<b>University £000</b>	<b>Consolidated £000</b>	<b>University £000</b>
<b>Due within one year or on demand (note 17)</b>	<u>1,333</u>	<u>1,333</u>	<u>1,341</u>	<u>1,341</u>
Due between one and two years	1,273	1,273	1,333	1,333
Due between two and five years	11,732	11,732	12,189	12,189
Due in five years or more	23,117	23,117	23,932	23,932
<b>Due after more than one year</b>	<u>36,122</u>	<u>36,122</u>	<u>37,454</u>	<u>37,454</u>
<b>Total secured and unsecured loans</b>	<u>37,455</u>	<u>37,455</u>	<u>38,795</u>	<u>38,795</u>

Included in the loans are the following:

Lender	Amount £000	Term years	Interest rate %	Borrower
Barclays Plc	7,450	25	7.99	University
Barclays Plc	3,000	25	0.83	University
Barclays Plc	3,000	25	0.83	University
Barclays Plc	20,000	25 from 2013	6.07	University
Barclays Plc	10,000	18 from 2015	6.36	University
Barclays Plc	10,000	12 from 2011	6.68	University
	<u>53,450</u>			

## 19. Provisions for liabilities

University and Consolidated	Obligation to fund deficit on USS Pension	Enhanced Pension Scheme	Defined Benefit Obligations (note 30)	Total Pension Provisions	Other Provisions
At 1 August 2020	1,227	10,557	205,215	216,999	5,412
Utilised in year	-	(843)	-	(843)	(408)
Transfer from I&E	98	1,878	(10,518)	(8,542)	3,495
At 31 July 2021	<u>1,325</u>	<u>11,591</u>	<u>194,697</u>	<u>207,614</u>	<u>8,499</u>



## Notes to the accounts (continued)

### 19. Provisions for liabilities (continued)

Included within other provisions are provisions for dilapidation costs of £4.592m (2020 £3.040m), provisions for bursaries and scholarships of £1.899m (2020 £1.401m), provision for contractual obligations in relation to student activity £0.188 (2020 £0.4m), a provision for a legal claim £0.085m (2020 £0.094m), provision for uninsured losses £0.091m (2020 £0.179m), provisions for clawback of grants £0.299m (2020 £0.299m) and provision for graduation costs of £0.230m (2020 £nil).

Also included is a provision for redundancy payments of £1.303m (2020 £nil). This is in respect of a voluntary redundancy scheme which was offered during 20/21.

Dilapidations charged to the Income and Expenditure account in the current year totalled £1.364m (2020 £0.188m).

### Pension enhancement

The enhanced 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 2021.

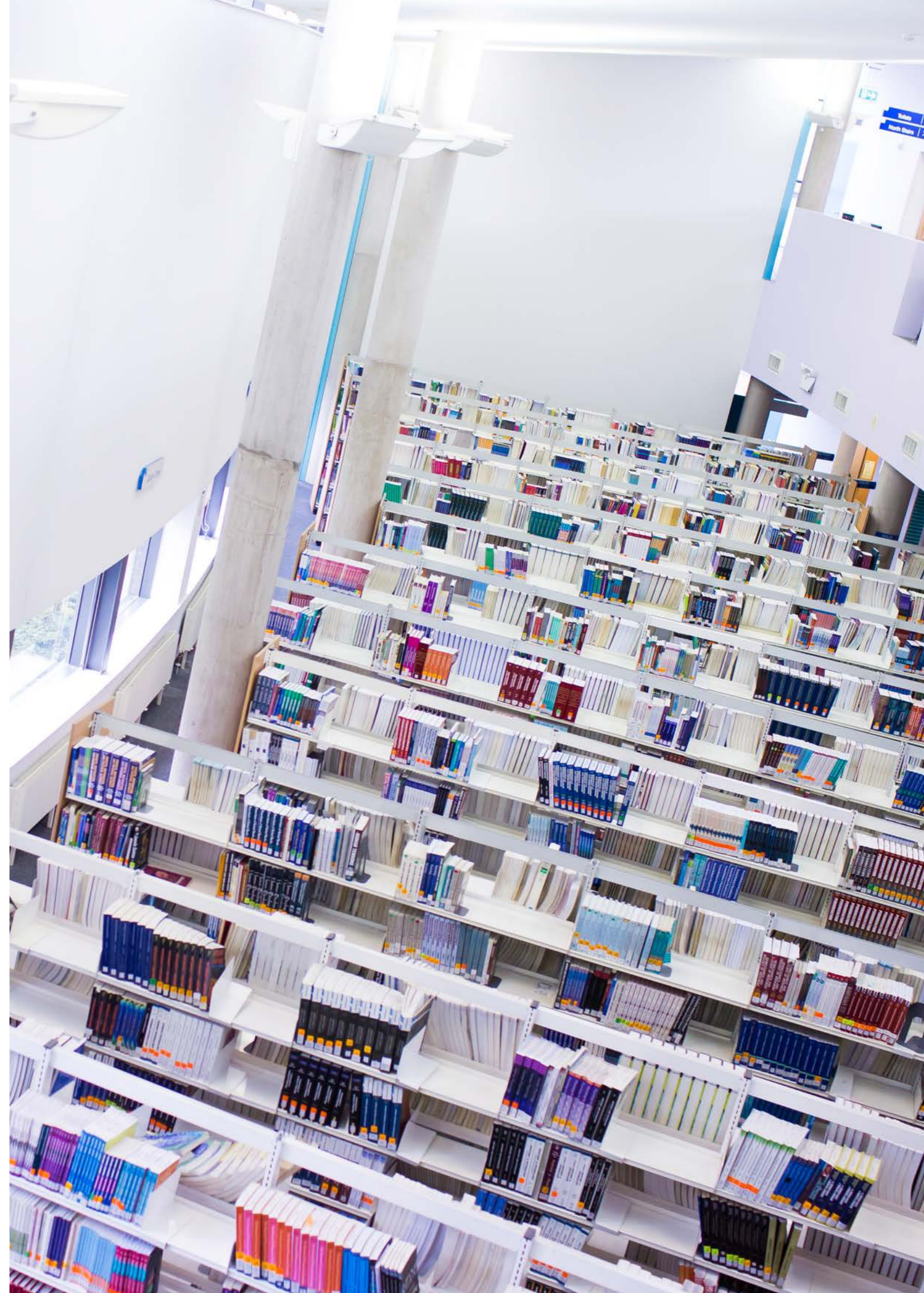
### USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to fund deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 30.

Following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed of which more detail is given in note 30. This new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028.

### 20. Restricted Reserves

	Unspent capital grants £000	Donations £000	Total £000
<b>At 1 August 2020</b>	1,706	1,035	2,741
New capital grants	2,158	-	2,158
New donations	-	18	18
Investment income	-	5	5
Capital grants utilised	(2,697)	-	(2,697)
Expenditure	-	(48)	(48)
<b>At 31 July 2021</b>	<b>1,167</b>	<b>1,010</b>	<b>2,177</b>





## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 20. Restricted Reserves (continued)

Analysis of other restricted funds/donations by type of purpose:	2021 Total £000	2020 Total £000
Scholarships and bursaries	200	206
Student support	515	531
Research support	18	18
Prize funds	189	192
General	88	88
	<u>1,010</u>	<u>1,035</u>

## 21. Cash and Cash equivalents

	At 1 August 2020 £000	Cash Flows £000	At 31 July 2021 £000
<b>Consolidated</b>			
Cash and cash equivalents	<u>82,718</u>	<u>7,835</u>	<u>90,553</u>
<b>University</b>			
Cash and cash equivalents	<u>82,639</u>	<u>7,755</u>	<u>90,394</u>

## 22. Consolidated reconciliation of net debt

	Year ended 31 July 2021	Year ended 31 July 2020
<b>Net debt 31 July 2020</b>	(43,923)	(20,731)
Movement in cash and cash equivalents	7,835	21,899
<b>Net debt 31 July 2021</b>	<u>(36,088)</u>	<u>1,168</u>
<b>Change in net debt</b>	<u>(9,175)</u>	<u>(23,192)</u>
<b>Analysis of Net debt</b>		
<b>Cash and cash equivalents</b>	90,553	82,718
<b>Borrowings: amounts falling due within one year</b>		
Secured loans	<u>1,333</u>	<u>1,341</u>
<b>Borrowings: amounts falling due after one year</b>		
Secured loans	<u>36,122</u>	<u>37,454</u>
<b>Net Debt</b>	<u>(53,098)</u>	<u>(43,923)</u>

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 23. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2021:

	31 July 2021		31 July 2020	
	Consolidated £000	University £000	Consolidated £000	University £000
Commitments contracted for	<u>3,231</u>	<u>3,231</u>	<u>30,986</u>	<u>30,986</u>

## 24. Contingent liabilities

The University has considered the existence of any Contingent Liabilities for the group as at 31 July 2021 and concludes that there are none.

## 25. Lease obligations

	31 July 2021			31 July 2020
	Land and Buildings £000	Plant and Machinery £000	Total £000	£000
<b>Payable during the year</b>	<u>1,626</u>	<u>112</u>	<u>1,738</u>	<u>1,130</u>
<b>Future minimum lease payments due:</b>				
Not later than 1 year	1,745	26	1,771	1,828
Later than 1 year and not later than 5 years	6,239	-	6,239	6,871
Later than 5 years	<u>21,394</u>	<u>-</u>	<u>21,394</u>	<u>22,893</u>
<b>Total lease payments due</b>	<u>29,468</u>	<u>164</u>	<u>29,404</u>	<u>31,592</u>

## 26. Events after the reporting period

## Non-adjusting

Since the year end, following the completion of the 2020 actuarial valuation, a new dual rate schedule of contributions has been agreed with an effective date of 1 October 2021. Recalculating the USS provision on the basis of these contributions would result in an increased obligation to fund the deficit of £4.08m, an increase of £2.76m.

A further change to deficit recovery contributions will become applicable under the 2020 valuation if the Joint Negotiating Committee recommended deed on benefit changes has not

**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2020****Notes to the accounts (continued)****26. Events after the reporting period (continued)**

been executed by 28 February 2022. In this scenario, higher deficit recovery contributions will commence from 1 October 2022 at 3% and then increase every 6 months until they reach 20% at 1 October 2025. They remain at this level until 31 July 2032. At the date of signing these financial statements negotiations continue and an increase to this level is considered remote.

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

**27. Subsidiary Undertakings**

All subsidiary companies, are registered in England and Wales and are wholly owned or effectively controlled by the University, as follows:

Company	Status	Principal Activity
JMU Property Development Company Ltd	100% owned	Property Development Company
JMU Services Ltd	100% owned	Academic enterprise
JMU Learning Resource Centre Development Ltd	100% owned	Leasing of the Avril Robarts Learning Resource Centre
JMU Building Services & Maintenance Limited	100% owned	Promotion of the advancement of education by provision of funds to the University
Liverpool Business School Ltd	100% owned	Dormant
LJMU Recruitment Agency Limited	100% owned	Recruitment agency

On 3rd August 2021 JMU Building Services & Maintenance Limited was dissolved in line with previously disclosed plans to wind up the 3 small subsidiary companies.

**28. Related party transactions**

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors

**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021****Notes to the accounts (continued)****28. Related party transactions (continued)**

may have an interest. In accordance with FRS102 these are disclosed where members of the University's board of Governors disclose an interest in a body with whom the University undertakes transactions which are considered material to the University's financial statements and/or to the other party. All such transactions involving organisations in which members of the Board of Governors may have an interest are declared and undertaken at 'arms' length in accordance with the University's normal procurement procedures.

An updated register of interests of the Board of Governors and members of the Executive Leadership Team (ELT) and Strategic Delivery Forum (SDF) is maintained.

The University has taken advantage of the exemption allowed under FRS102 not to disclose transactions between wholly owned group companies.

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

	Income	Expenditure	Balances at 31 July 2021 due (from)/to the University
	£	£	£
Sensor City Liverpool Limited	62,000	75,000	-
Liverpool Science Park Limited	-	485,970	(570)
Liverpool John Moores Exhibition Trust	-	20,000	-
Sciortec Developments Limited	70,000	56,000	-
Gilmour Junior School	5,000	3,500	-
Crosby High School	-	700	(700)
Northern Consortium UK	-	26,649	-
Society of College, National and University Libraries (SCONUL)	-	5,283	-
Liverpool and Sefton Chamber of Commerce	-	3,000	-
UK Council for Graduate Education	-	1,695	-
Open Eye Gallery	-	600	-
National Council for Graduate Entrepreneurship	-	40,000	-
Liverpool Heart and Chest Hospital	134,080	43,350	-

**Sensor City Liverpool Limited** is a company that is jointly owned by the University whose objective is to manage and operate a sensor technology innovation centre to be based at the gateway of Liverpool's Knowledge Quarter. The income relates to a charge for the provision of financial services. The expenditure relates to revenue funding in accordance with the joint venture agreement. 3 members of ELT are directors of this company.

**Liverpool Science Park Limited** provides Grade A commercial office and laboratory space in the centre of Liverpool's Knowledge Quarter. Expenditure relates to the rental of space within Liverpool Science Park. 2 members of ELT are directors of this company.

**Liverpool John Moores Exhibition Trust** this organisation works in partnership with National Museums Liverpool to organise and present the John Moores Painting Prize.



**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021****Notes to the accounts (continued)****28. Related party transactions (continued)**

Expenditure relates to corporate sponsorship. A member of ELT is a trustee of this organisation.

**Sciontec Developments Limited** is the commercial spin out of KQ Liverpool. The expenditure and income relate to the annual partnership fee and the return of the partnership fee. 2 members of ELT are directors of this company.

**Gilmour Junior School** is a junior school located in Garston, Liverpool. Expenditure relates to costs incurred in the normal course the provision of education. A member of SDF is a Governor of the school.

**Crosby High School** is a secondary school located in Crosby, Liverpool. Expenditure relates to costs incurred in the normal provision of education. A member of ELT is a trustee of this school.

**Northern Consortium UK** provides university preparation and pathway qualifications for international students as preparation for study outside of their home country. The expenditure relates to commission for student recruitment. A member of ELT is a director of the company. **SCONUL** represents all university libraries in the UK and Ireland. Expenditure relates to University membership. A member of SDF is a trustee of this organisation.

**Liverpool & Sefton Chamber of Commerce** promotes and enables the region to be the best place to start or locate a business in the UK. Expenditure relates to annual membership. A member of the Board of Governors is a Non-Executive director and Chair of this organisation.

**UK Council for Graduate Education** is a not for profit organisation that promotes postgraduate education. Expenditure relates to University membership. A member of SDF is a trustee of the organisation.

**Open Eye Gallery** is a photography gallery and archive in Liverpool. Expenditure relates to costs incurred in the normal provision of education. A member of SDF is a director of this organisation.

**National Council for Graduate Entrepreneurship** supports higher education to build its entrepreneurial future. Expenditure relates to corporate membership fees. A member of SDF is a director of this organisation.

**Liverpool Heart and Chest Hospital** is a specialist NHS hospital located in Liverpool. Income relates to tuition fees and research projects. Expenditure relates to university membership. A member of the Board of Governors is CEO of this organisation.

**LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021****Notes to the accounts (continued)****29. Financial Instruments**

The University's treasury management function monitors and manages the financial risks faced by the University. These risks are managed within the parameters of the University's Treasury Management Policy as approved by the Board of Governors. Compliance with policies and exposure limits is reviewed by the Finance Committee on a continuous basis. The University does not enter into or trade financial instruments, including derivative financial instruments.

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

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the University.

The university's credit risk arises from bank balances, investments, student debtors and commercial organisations as customers. Management of credit risk is a prime objective of the Treasury Management Policy. At 31 July 2021, the maximum exposure is represented by the carrying value of each financial asset in the statement of financial position.

The credit risk of liquid funds and financial instruments is limited because the counterparties are banks with investment grade credit ratings assigned by international credit-rating agencies. The University's exposure and the credit ratings of its counterparties are monitored regularly. The credit exposure is limited by counterparty limits and minimum counter party credit ratings set within the treasury management policy.

Student and commercial debtors are reviewed on an ongoing basis and a bad debt provision is made if recovery becomes uncertain. If a debtor is deemed irrecoverable it is written off. The concentration of risk is limited due to a large number of diverse customers across both students and commercial customer populations.

**Liquidity Risk**

Liquidity risk refers to the risk that the University will not be able to meet its financial obligations as they fall due. Regular monitoring of liquidity risk is an essential feature of treasury management activities.

Cash flow forecasts form part of the University 5 year planning process and are revised during the financial year when two re-forecasts are made. The University policy is to maintain a minimum of £15m in on-call cash balances. Excess funds are invested to maximise the return whilst observing the Treasury Management Policy limits.

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 29. Financial Instruments (continued)

## Foreign currency risk

Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the University. The University's principal foreign currency exposure is to the Euro. On an annual basis after satisfying euro denominated liabilities the University is left with a nil balance of Euro's.

## Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of statement of financial position items (i.e. price risk) or changes in interest income or expenses (i.e. re-investments risk).

The University's main financing relates to its 6 secured loans (see note 18). The interest rates attached to these range from 0.83 to 7.99%, with two being floating and the remaining being fixed over the term of the loans.

## 29. Pension Schemes

The University's staff belong to three post-employment benefit plans:

- Universities' Superannuation Scheme (USS)
- Local Government Pension Scheme (LGPS)
- Teachers Pension Scheme (TPS)

The three schemes, being USS, LGPS and TPS, are all defined-benefit schemes contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee administered funds.

## Total pension cost for the year

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
USS	654	637
LGPS	6,665	6,165
TPS	12,741	12,088
	<u>20,060</u>	<u>18,890</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2016.

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 30. Pension Schemes (continued)

## The Universities' Superannuation Scheme

The Universities' Superannuation Scheme (USS) provides benefits based on final pensionable salary. The University 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 Limited.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual Universities and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other University's employees and 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 102(28), accounts for the scheme as if it were a defined contribution scheme.

As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. The total cost charged to the profit and loss account is £0.654m (2020 £0.637m). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions.

The latest available complete actuarial valuation of the Retirement Income Builder Section of the scheme is at 31 March 2018 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2021 is underway but not yet complete.

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

The 2018 valuation was the fifth valuation for the scheme 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 £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

The key financial assumptions used in the 2018 valuation are described below.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.14% reducing linearly to CPI – 7.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21 +: CPI + 1.55%



**Notes to the accounts (continued)**

**30. Pension Schemes (continued)**

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation.

The mortality assumptions used in these figures are as follows:

<b>Mortality base table</b>	<b>At 31 July 2021</b>	<b>At 31 July 2020</b>
Pre-retirement	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females	71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females
Post retirement	97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females	97.6% of SAPS S1NMA "light" for males and 102.7% of RFV00 for females
Future Improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females	CMI_2017 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	<b>At 31 July 2021</b>	<b>At 31 July 2020</b>
Male (females) currently aged 65	24.6 (26.6) years	24.4 (25.9) years
Males (females) currently aged 45	26.6 (27.9) years	26.3 (27.7) years

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. The 2021 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	<b>At 31 July 2021</b>	<b>At 31 July 2020</b>
Discount Rate	0.30%	2.29%
Pensionable salary growth	1%	1%

The scheme-wide contribution rate increased on 1 October 2019 to 22.5% from 19.5% and to 24.2% on 1st April 2020.

With effect from 1 October 2015, new joiners to the scheme join the new revalued benefits section rather than the existing final salary section.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

**Notes to the accounts (continued)**

**30. Pension Schemes (continued)**

**Local Government Pension Scheme (LGPS) - Merseyside Pension Fund**

The LGPS is funded defined benefit scheme, with the assets held in separate trustee administered funds.

The total contributions made by the University for the year ended 31 July 2021 was £6.665m (2020 £6.165m). The agreed contribution rates for future years are 16.3% for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

**Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2017 updated to 31 July 2021 by a qualified independent actuary.

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	<b>At 31 July 2021</b>	<b>At 31 July 2020</b>
	<b>%pa</b>	<b>%pa</b>
Price Inflation (CPI)	2.6	2.3
Rate of increase in salaries	4.1	3.8
Rate of increase of pensions	2.7	2.4
Discount rate	1.6	1.6

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	<b>At 31 July 2021</b>	<b>At 31 July 2020</b>
<i>Retiring today</i>		
Males	21.0	20.9
Females	24.1	24.0
<i>Retiring in 20 years</i>		
Males	22.6	22.5
Females	26.0	25.9

**Scheme assets and expected rate of return for LGPS**

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 30. Pension Schemes (continued)

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 2021	Value at 31 July 2021	Long term rate of return expected at 31 July 2020	Value at 31 July 2020
Equities	51.4%	177,863	52%	153,127
Government bonds	1.4%	4,845	1.6%	4,712
Corporate bonds	11.8%	40,833	9.7%	28,564
Property	9.5%	32,874	9.6%	28,270
Cash	1.8%	6,229	3.8%	11,190
Other	24.1%	83,396	23.3%	68,613
Total		346,040		294,476

The amount included in the statement of financial position in respect of the defined benefit pension plan is as follows:

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Fair value of plan assets	540,737	499,691
Present value of plan liabilities	(346,040)	(294,476)
<b>Net pensions (liability)/asset (Note 19)</b>	<b>194,697</b>	<b>(205,215)</b>

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
<b>Amounts included in staff costs</b>		
Current service cost	(15,861)	(14,754)
Effects of curtailments	(1,692)	(77)
Total operating charge	<u>(17,553)</u>	<u>(14,831)</u>
<b>Amounts included in investment income</b>		
Interest cost	(7,953)	(10,236)
Expected return on assets	4,730	6,459
<b>Net charge to other finance income</b>	<u>(3,223)</u>	<u>(3,777)</u>
<b>Amounts recognised in Other Comprehensive Income</b>		
Gain on assets	44,765	(6,440)
Experience (gain)/loss	7,770	6,936
(Loss)/gain on assumptions	(28,459)	(17,312)
<b>Amount recognised in Other Comprehensive Income</b>	<u>24,076</u>	<u>(16,816)</u>

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 30. Pension Schemes (continued)

## History of experience gains and losses

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
<b>Difference between actual and expected return on scheme assets:</b>		
Amount	44,765	(6,440)
% of assets at end of year	12.9%	2.2%
<b>Assumptions (gains)/losses on scheme liabilities:</b>		
Amount	(28,459)	(17,312)
% of liabilities at end of year	5.3%	3.5%
<b>Experience (gains)/losses on scheme liabilities:</b>		
Amount	7,770	6,936
% of liabilities at end of year	1.4%	1.4%
<b>Total amount recognised as Comprehensive Income</b>		
Amount	(24,076)	16,816
% of liabilities at end of year	4.5%	3.4%
	<b>Year ended 31 July 2021 £000</b>	<b>Year ended 31 July 2020 £000</b>
<b>Cumulative actuarial loss recognised as other comprehensive income for LGPS pensions</b>		
Cumulative actuarial gains recognised at the start of the year	(16,816)	(60,531)
Cumulative actuarial losses recognised at the end of the year	24,076	(16,816)
<b>Analysis of movement in surplus/(deficit) for LGPS pensions</b>		
Deficit at beginning of year	(205,215)	(176,900)
Contributions or benefits paid by the University	7,423	8,930
Current service cost	(15,861)	(14,754)
Other finance charge	(205)	(209)
Past service cost	-	(1,612)
Effect of curtailments	(1,692)	(77)
Gain recognised in other comprehensive income	(3,223)	(3,777)
Deficit at end of year	<u>24,076</u>	<u>(16,816)</u>
	<u>(194,697)</u>	<u>(205,215)</u>



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 30. Pension Schemes (continued)

## Asset and Liability Reconciliation

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
<b>Analysis of movement in the present value of LGPS liabilities</b>		
<b>Present value of LGPS liabilities at the start of the year</b>	499,691	467,884
Current service cost (net of member contributions)	15,861	14,754
Curtailments	1,692	77
Interest Cost	7,953	10,236
Actual member contributions (including notional contributions)	2,888	2,949
Experience (gain)/loss	(7,770)	(6,936)
Actuarial loss/(gain)	28,459	17,312
Past service cost	-	1,612
Actual benefit payments	(8,037)	(8,197)
<b>Present value of LGPS liabilities at the end of the year</b>	<u>540,737</u>	<u>499,691</u>
<b>Analysis of movement in the fair value of scheme assets</b>		
Fair value of assets at the start of the year	294,476	290,984
Expected return on assets	4,730	6,459
Actuarial gain on assets	44,765	(6,440)
Actual contributions paid by University	7,423	8,930
Administrative expenses	(205)	(209)
Actual member contributions (including notional contributions)	2,888	2,949
Actual benefit payments	(8,037)	(8,197)
<b>Fair value of scheme assets at the end of the year</b>	<u>346,040</u>	<u>294,476</u>
	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
<b>Actual return on Scheme assets</b>		
Expected return on Scheme assets	44,765	(6,440)
Experience (gain)/loss	7,770	6,936
Asset gain/(loss)	(28,459)	(17,312)
	<u>24,076</u>	<u>(16,816)</u>

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 30. Pension Schemes (continued)

## Additional information - LGPS

## Guaranteed minimum pension benefits (GMP)

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits (GMP). In response to this ruling HM Treasury stated that "public sector schemes already have a method to equalise GMP benefits, which is why we will not have to change our method as a result of this judgement". This implies that the Government (who have the overall power to determine benefits provision) believe the judgement itself will not affect the benefits. Therefore the natural conclusion for the main public service pension schemes including the Local Government Pension Scheme is that it is not appropriate for any provision to be included for the effect of the Lloyds Bank judgment, at least at the present time. Therefore no allowance has been made for GMP equalisation within the updated valuation to 31 July 2019.

## Post retirement increases on GMP

At present public service pension schemes are required to provide full CPI pension increases on GMP benefits for members who reached State Pension Age between 6 April 2016 and 5 April 2021. The UK Government may well extend this at some point in the future to include members reaching State Pension Age from 6 April 2021 onwards. In due course there may be a further cost to LGPS and its employers when the Government confirms its overall approach to equalisation and indexation. In particular, there is a possibility that all public sector schemes will be required to index-link GMP benefits in respect of those members who reach their State Pension Age after April 2021.

Liverpool John Moores University directed Mercers to increase in past service liabilities as a 'past service' cost within the valuation for the year ended 31 July 2021. The impact of this is a past service cost of £nil (2020 £1.612m) which has been charged to the I&E in the year. As the trigger date has elapsed, no further charge to the I&E will be made, but future government policy may result in additional charges in respect of this ruling.

## McCloud ruling

In December 2018 the decisions in the Court of Appeal cases Sargeant and McCloud (generally referred to as McCloud) ruled that the transitional protections, which were afforded to older members when the reformed Public Service Pension Schemes were introduced in 2015 constituted unlawful age discrimination.

The Government has accepted that remedies relating to this judgement are needed in relation to the Local Government Pension Scheme and a consultation was published in July 2020 which included a proposed remedy for the Scheme. The scheme actuaries have included an allowance for McCloud in the figures provided which they consider to be in line with this remedy. Differences between actual pay growth relative to CPI inflation and this estimate would result in differences in the actual additional liabilities incurred, but the additional

**Notes to the accounts (continued)****30. Pension Schemes (continued)**

liabilities included in the defined benefit obligation at the balance sheet date represents a best estimate on the part of the scheme actuary.

The impact of this is a past service cost of £nil (2020 £ nil) which has been charged to the I&E in the year.

**Teachers' Pension scheme**

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

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

Although 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 which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (as amended). The valuation report was published by the Department for Education (the Department) on 5 March 2019. The key results of the valuation are:

- Employer contribution rates were set at 23.68% of pensionable pay effective from 1 September 2019
- Total scheme liabilities for service to the effective date of £218.1 billion, and notional assets of £196.1 billion, giving a notional past service deficit of £22 billion;
- An employer cost cap of 7.3% of pensionable pay.

**Notes to the accounts (continued)****30. Pension Schemes (continued)**

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

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

The pension costs paid to TPS in the year amounted to £12.741m (2020 – £12.089).

The employer contribution rate is 23.68%.

Under the definitions set out in FRS 102 (28.11), 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 FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The University has set out above the information available on the plan and the implications for the University in terms of the anticipated contribution rates.

**31. Prior year adjustments****a. Recognition of impairment in investment in subsidiary**

Historically the University has not recognised the impairment of its investment in JMU Learning Resource Centre Development Limited, a wholly owned subsidiary company, which has carried significant negative reserves for a number of years. During the year ended 31 July 2021 the process of winding up that company was begun, and it was recognised that the investment of £7.4m held on Liverpool John Moores University's statement of financial position was overstated. It was identified that the investment should have been impaired each year, starting 31 Jul 2016, with an impairment of £786k being required in the year ended 31 July 2020.

During the year ended 31 July 2020 JMU Learning Resource Centre Development Limited, a wholly owned subsidiary company of Liverpool John Moores University, commissioned a valuation of the Avril Robarts building by RICS qualified valuer's CBRE. This valuation was significantly less than the asset's carrying value of £1.668m included in the consolidated accounts, due to restrictive covenants which preclude the use of the building to Liverpool John Moores University only. The asset was not impaired during that financial year, but the directors now believe that an impairment of £1.667m should have been recognised.

As a result the prior year comparatives as at 31<sup>st</sup> July 2020 have been restated to recognise the impairment of both the investment in JMU Learning Resource Centre Development Limited and the Avril Robarts building.



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 31. Prior year adjustments (continued)

## b. Reclassification of investment in subsidiary

As at 31 July 2020 LJMU's investment in JMU Learning Resource Centre Development Limited and JMU Property Development Company Limited were reclassified as current assets, on the basis that the directors of those companies had advised of the intention to wind those companies up within the next 12 months. It has since been identified that the investments should have continued to be classified as non-current assets and therefore the prior year comparatives have been restated accordingly.

The following tables summarise the impact on the Consolidated and Institutional financial statements:

University	As previously reported	Adjustment (a)	Adjustment (b)	As restated
	£000	£000	£000	£000
Statement of Financial Position at 31 <sup>st</sup> July 2020				
<b>Non-current assets</b>	246,069	-	8,590	254,659
<b>Current assets</b>				
Stock	31	-	-	31
Debtors due within one year	25,232	-	-	25,232
Investments	21,990	(7,400)	(8,590)	6,000
Cash at bank and in hand	82,639	-	-	82,639
	129,892	(7,400)	(8,590)	113,902
Less: Creditors: amounts falling due within one year	(55,809)	-	-	(55,809)
<b>Net current assets</b>	74,083	(7,400)	-	58,093
<b>Total assets less current liabilities</b>	320,152	(7,400)	-	312,752
Less: Creditors: amounts falling due after one year	(37,454)	-	-	(37,454)
Provisions	(222,411)	-	-	(222,411)
<b>Total net assets</b>	60,287	(7,400)	-	51,887
<b>Unrestricted Reserves</b>				
Revaluation reserve	27,760	-	-	27,760
I&E reserve – unrestricted	29,786	(7,400)	-	22,386
<b>Restricted Reserves</b>	2,741	-	-	2,741
	60,287	(7,400)	-	51,887

## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 30. Prior year adjustments (continued)

University	As previously reported	Adjustments	As restated
	£000	£000	£000
<b>Statement of Comprehensive Income and Expenditure at 31<sup>st</sup> July 2020</b>			
Impairment of investment	-	(786)	(786)
<b>Surplus</b>	20,009	(786)	19,223
<b>Other comprehensive income</b>			
Actuarial loss on respect of pension schemes	(16,816)	-	(16,816)
<b>Total comprehensive income for the year</b>	3,193	(786)	2,407
<b>Consolidated</b>			
Statement of Financial Position at 31 <sup>st</sup> July 2020			
	£000	£000	£000
<b>Noncurrent assets</b>			
Fixed Assets	247,697	(1,667)	246,030
Investments	39	-	39
Investments in Associate	652	-	652
Investment in Joint Venture	457	-	457
	248,845	(1,667)	241,178
<b>Current assets</b>	113,372	-	113,372
Less: Creditors: amounts falling due within one year	(47,806)	-	(47,806)
<b>Net current assets</b>	65,566	-	65,566
<b>Total assets less current liabilities</b>	314,411	(1,667)	312,744
Less: Creditors: amounts falling due after one year	(37,454)	-	(37,454)
Provisions	(222,411)	-	(222,411)
<b>Total net assets</b>	54,546	(1,667)	52,879
<b>Unrestricted Reserves</b>			
Revaluation reserve	27,760	-	27,760
I&E reserve - unrestricted	24,045	(1,667)	22,386
<b>Restricted Reserves</b>	2,741	-	2,741
	54,546	(1,667)	52,879



## LIVERPOOL JOHN MOORES UNIVERSITY For the Year ended 31st July 2021

## Notes to the accounts (continued)

## 31. Prior year adjustments (continued)

Consolidated	As previously reported	Adjustments	As restated
Statement of Comprehensive Income and Expenditure at 31 <sup>st</sup> July 2020			
	£000	£000	£000
Impairment	-	(1,667)	(1,667)
<b>Surplus</b>	20,182	(1,667)	18,515
<b>Other comprehensive income</b>			
Actuarial loss on respect of pension schemes	(16,816)	-	(16,816)
Loss on impairment of investment in joint venture	(4,317)	-	(4,317)
<b>Total comprehensive income for the year</b>	951	(1,667)	(2,618)

## c. Restatement in Consolidated Statement of Cash Flows

In addition to the restatement above, it has been identified that the prior period cash flow statement stated a surplus for the year of £15,865k and a share of operating deficit in joint venture of £4,562k. The balances presented should have instead reflected those reported in the consolidated statement of comprehensive income, being a surplus for the year of £20,182 (before the effect of the restatements in (a) above) and share of operating deficit in joint venture of £245k. Therefore Consolidated Statement of Cash Flows for the year ended 31 July 2020 has been restated accordingly.







LIVERPOOL  
JOHN MOORES  
UNIVERSITY