



Financial Statements

for the year ending 31 July 2016

VISION

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

MISSION

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



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Operating and Financial Review

Scope of the Financial Statements

These are the consolidated statutory accounts of Liverpool John Moores University and its subsidiaries for the year ended 31 July 2016.

Vision and Mission

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

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

Strategic Objectives

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

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

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

The university has commenced the review of the Strategic Plan for the next five year period; 2017-2022. It is expected that there will be no significant changes to the current strategy. The new Strategic Plan 2017-2022 will be approved through the Board of Governors.

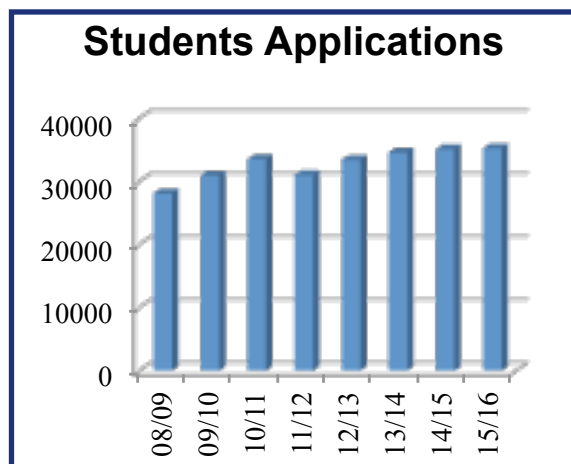
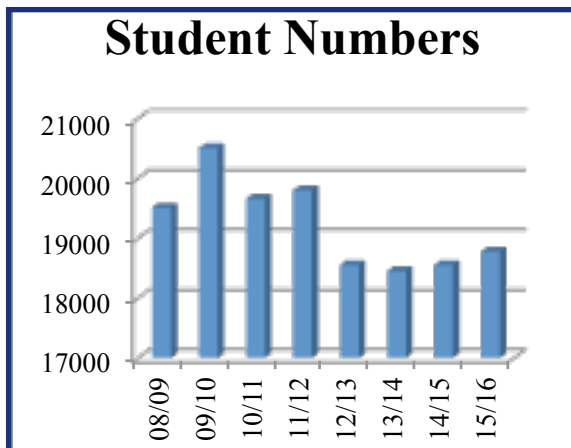
OPERATIONS

Students

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

The 2015/16 recruitment was in line with planned control numbers for 2015/16. This was achieved whilst maintaining intake quality.

As shown above, undergraduate student applications and recruitment remains buoyant despite the very challenging environment that universities are facing. LJMU continues to operate very effective widening participation and outreach activities which are identified in the Access Agreement



recently approved by OFFA. The University is a partner in the Merseyside Collaborative Outreach Programme.

In total, 56 new programmes were approved for development in 2015/16 of which 18 were Postgraduate taught and 38 undergraduate. Following extensive consultation and the approval of the Academic Board the University has implemented a new academic framework which required the re-validation of all existing programmes.

The university continued to ensure that, wherever possible, programmes have Professional Statutory Regulatory Body accreditation. Of the 210 Key Information Set (KIS) course records 151 accreditations are recorded, including multiple accreditations on some programmes. There are 108 distinct KIS programmes with one or more accreditations representing 35% of KIS records.

The Academic Registry continues to ensure a coherent and consistent approach to quality assurance and enhancement across the University. The University has secured an exceptional outcome in its recent Higher Education Review by the Quality Assurance Agency (QAA), becoming the first university to receive two commended judgements.

A review has been undertaken of the University's VLE (Blackboard). The University is seeking to enhance the digital offering to students through its VLE.

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

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

New agreements on student articulation were concluded with institutions in China and the University continues to be a strong partner of the Sino-British College in Shanghai, delivering BEng degrees in Industrial Electronics & Control and Manufacturing Systems. We have also continued a very promising dialogue with a set of state universities in the USA state of Connecticut.

The LJMU/SG International Study Centre (ISC) as an embedded college within the University was reviewed by QAA (as part of an assessment of 13 colleges offering provision in the name of Study Group Bellerbys). The key findings for the LJMU ISC were that there was confidence in the academic standards at the ISC, confidence in the quality of the learning opportunities at the ISC and reliance on the accuracy of information published about the ISC and its programmes.

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

In 2014 LJMU recorded the 8th successive increase in graduate prospects (75% of all graduates), the fifth successive annual decrease in unemployment (6.4% for UK, full time, first degree students) and increase in further study and training (13.7% for UK, full-time, first degree graduates).

The World of Work Programme continued to be recognised as a best practice case study in nationally important publications and conferences in 2015/16 including from the HEFCE (QAA Review) and British Council.

During the year over 8,555 students completed the Bronze, Silver or Gold stages of the World of Work Skills Certificate. The certificate continues to be designed, developed and delivered collaboratively with many employer partners and a Student Advisory Group and is being continuously modified and improved following feedback.

The university organised another year of the LJMU funded internships for unemployed graduates and Level 5 students which was successful. The student internships were focussed on supporting the Liverpool City Region economic priority sectors.

The University continued to transfer knowledge and share its employability expertise by accepting invitations to conferences and to work with universities and Governments in the Serbia and Algeria. The Director of Graduate Advancement and Employer Engagement continues to act as an Adviser to the Liverpool City Council Select Committee on Employment, Skills and Enterprise, is a member of the IoD NW Skills Group and a member of the Liverpool Military Engagement Committee.

Research & Scholarship

Academic year 2015-16 saw a new model for quality-related (QR) funding distribution by HEFCE based on the outcomes of the Research Excellence Framework (REF2014); the University's QR allocation increased by 52% to £5,262,310. In a changing research and innovation policy landscape, the University has continued to contribute to sector-wide consultations including the Higher Education Green Paper, the Nurse and Stern reviews. The University is steadfast in its endorsement of the dual-support funding model for UK HEI's as driven (in part) by a peer-review REF.

As in previous years, core QR research funds have primarily been used to support academic staff costs in research-active areas, but faculties have further dispersed funding to support research facilities, researcher development initiatives and in funding postgraduate researcher (PGR) studentships. Likewise, centrally-held resources in Research & Innovation Services and the Graduate School, have been competitively awarded to reward researchers delivering impact beyond academia (the LJMU Impact Awards), to support research collaborations with academics at esteemed universities worldwide (LJMU Collaborative Research Fellowships) and to enhance the PGR experience (PGR conference travel fund). These initiatives, and evidence of positive outcomes from prior years' activity, were very evident within LJMU's submission for the HR Excellence in Research Award four-year institutional review (decision pending in December 2016).

In recognising the importance and significance of researcher development to achieving the University's research ambitions, Research & Innovation Services launched a new programme of workshops in 2015: the ACTivator programme (11 half-day workshops that focus on key features of the researcher journey). The return on this investment, and complementary skills and personal development provision by the Graduate School, will be established through formal evaluation.



As the lifespan of the current strategic framework for the institution comes to a close (2012-17), this year the University has re-visited its research and scholarship framework to ensure that it remains a clear roadmap for delivering excellence and research that positively impacts on society, and serves as an inspiration to students, fellow staff and the public.

Highlights

- Research Institutes and Centres remain central to the research environment of the University and three new research centres were conferred by LJMU during the academic year, to lead activity in the fields of policing, the arts and in data science.
- The University continues to keep abreast of funder requirements around the open access agenda. Alongside our institutional repository for the deposit of electronic versions of research publications, 2015/16 marked the start of a University-wide initiative to activate and embed appropriate support structures, technology and services necessary to facilitate open research data management within LJMU.
- Academic staff continue to submit substantive research grants bids to external organisations rising in 2015-16 to an excess of 280 grants bids per annum. There has been a continued improvement in the guidance and support available to academic staff in preparing high quality bids and on the importance of peer review within the grants submission process.
- The number of research degrees awarded by the University in 2014-2015 was 85 including 78 PhDs.
- Research Grant Income rose by 14% in 2015-2016 to £9.9m from £8.7m in 2014-2015.
- At the end of July 2016 LJMU was managing a research grants portfolio of £57m
- £10m in new research grant funding was awarded to LJMU in 2015-2016; an increase of over 10% on the previous year.
- Grants are awarded from a very wide range of sponsors. UK Research Council income (the most competitive source of research funding) accounts for approximately 23% of our total research income. RCUK awards received in year include a prestigious £329k grant from EPSRC Fellowship to research into 'Process Design for Next-Generations Mass Finishing Technologies' strongly linked to industry need.
- Income from UK Government funds totalled over £3.2m, accounting for a third of all research funding. Awards this year included over £550k from HEFCE and the College of Policing to embed evidence based practice in a multi-disciplinary partnership with Merseyside Police and the Office of the Police and Crime Commissioner.

- Funding from European Union awards, including Horizon 2020, the EU Research and Innovation funding programme, has become a significant component of the funding portfolio in recent years and this year accounts for 17% of the Institution's research income, an increase of 4% on 2015-16.
- The Astrophysics Research Institute won Research Project of the Year at the Educate North awards 2016 for their work with The Virgo Consortium EAGLE project.

Commercial Enterprise, Knowledge Exchange and Student Entrepreneurship

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

Student Entrepreneurship is also supported by utilising income from the Higher Education Innovation Fund (HEIF), delivered through the Centre for Entrepreneurship, a business start service for students and recent graduates which also runs alongside considerable delivery within the curriculum.

Highlights

- LJMU is ranked 9th in the UK for the number of active Graduate Start Ups
- Over 10,000 attendees to free public lectures sees LJMU ranked 36th in the UK in this category.
- LJMU is ranked within the top 50 Universities in the UK for income from Contract Research.
- Analysis of the Higher Education Business and Community Interaction survey (HE-BCIS) for 2014-15 showed the total annual value of LJMU's interaction with business and the community was £11.6m.
- LJMU is ranked 42nd in the UK for income from Regeneration and Development programmes
- During 2015/16 the university reviewed and revised both its patent portfolio and live commercialisation development projects to 12 live projects and a patent portfolio of 8, and further 5 patents under consideration.
- 4 new proof of concept projects were awarded funding from the Commercialisation budget, with a further 4 projects under appraisal.
- The academic community continues to deliver Commercial enterprise and commercialisation practices, with all four faculties delivering to these agendas. Engagement and collaboration with external partners covering all sectors and multiple industries.
- Key highlights include follow on awards from SBRI to support contract research with SMEs around key technologies. Delivery of a high profile coaching programme with the Yunnan Education Centre for International Exchange. The programme saw 16 football coaches from China undertake a 12-week study programme to further develop their knowledge and understanding of football coaching. Continued contracts with Premier League Clubs, National Governing bodies and key public sector agencies. Bespoke training programmes were delivered to meet industry need across many sectors including Healthcare, Education, Construction, Pharmacy and Maritime.
- During 2015/16 LJMU launched their Centre for Advanced Policing Studies which will deliver a portfolio of CPD and bespoke sector training programmes which will contribute to the diverse income

streams of the Centre. This income will be reinvested into the teaching, research and development of the Centre primary objectives.

- LJMU Face lab which launched in 2014 delivered multiple contract research, consultancy and training projects to worldwide partners and was a regularly featured within the media.
- LJMU had 6 live KTP projects running during 2015/16.
- A KTP project within the School of the Built Environment with Beverly Clifton Morris that explored the life cycle costs of buildings has secured the Innovation Award at The North West Regional Construction Awards.
- The Centre for Entrepreneurship received the largest ever philanthropic donation to LJMU in the form of the Bathgate Start-up Fund - £500k over 5 years specifically for student business start-ups.
- New developments in year for the Centre include a community of practice to support enterprise education, which has recruited over 100 core members so far, and a new student accelerator programme called Idea Lab, which took teams of students from idea to pitch in ten weeks.
- The Centre for Entrepreneurship won the bid to host the International Enterprise Educators Conference and were shortlisted for the Duke of York Entrepreneurial University of the Year in the Lloyds Bank National Business Awards

Resources

Property & Capital Development

The primary link between the overall Property & Capital Development Strategy and the University's overarching Strategic Plan, is in the creation of a University whose estate and infrastructure are exemplars of a modern city-based campus. In creating this, the University will enhance the student, staff and research experience, further support social and economic engagement and relentlessly pursue excellence. In addition, the University's Property & Capital Development Strategy will assist in delivering the University's long term strategic objectives, as interpreted in a number of important themes. The University's Property and Capital Development Strategy will address these themes specifically by identifying and responding to the following issues:

- The Student Experience: in both learning and social perspectives and consequently adequate space will be provided for each.
- Flexibility: There is a requirement for the University to respond flexibly and quickly to changes in the competitive environment, so that the right type of space is made available when required. To ensure that the University estate is sufficiently flexible to adjust to changing circumstances and can respond to external initiatives.
- ICT Infrastructure: Digital technology will continue to affect teaching, learning and research and the spaces in which these take place.
- Operational Delivery: There will be a need to implement effective and efficient business operations and where and how these should take place will influence the University's Property and Capital Development Strategy.
- Environmental Sustainability: To guarantee that the University's 2020 carbon reduction targets are achieved and in the interests of sustainability, all new buildings and business practices will meet rigorous criteria regarding energy usage, carbon emissions and reduction of car usage.
- Regional Growth: To develop facilities that will maximise the University's potential and will contribute to the regional economy of Liverpool.

- Physical Environment: To create a sense of place within the city and through the medium of architecture and urban design reflect the University's academic ethos.
- Health, Safety and Wellbeing: To ensure that the University estate meets all Health & Safety, statutory, regulatory and HEFCE requirements.
- Long Term Maintenance: To ensure that the University's property portfolio is correctly maintained to an appropriate and agreed standard.
- Fit for Purpose: To ensure that the University estate is appropriate to deliver first class research, teaching and learning, academic, service and social needs.
- Capital Development: To provide a basis for capital planning and to identify priorities for property investments.
- Delivery Programme: To develop robust programme management systems to ensure that all development programmes are delivered to agreed time, cost and quality targets.

The University's ambition over the next six years is to continue to invest £150 million in the creation of a Connected University Village that combines ongoing investment in bricks and mortar with the delivery of high quality, innovative, cutting edge buildings that offer transformational learning, teaching, research and civic opportunities for the entire University.

The key projects within the Capital Development Strategy include:

- The redevelopment of the Copperas Hill site as an environment that all students and staff will want to identify and connect to. With a location next to Liverpool Lime Street Station, this presents a unique opportunity for the University to make a bold statement to staff, students, stakeholders and the public that LJMU is a place to "dream, plan and achieve".
- A sustainable refurbishment programme that will ensure the entire University's entire property portfolio is fit for purpose, efficient and flexible.
- The disposal of the University's I M Marsh Campus following the relocation of all academic delivery within the Connected University Village.
- The development of a connected city centre university village that co-locates all University buildings into an integrated centre of knowledge and learning.
- In partnership with the University of Liverpool, the University has a vision to create a world leading University Enterprise Zone (UEZ) in Sensor Technology, at the gateway to Liverpool's Knowledge Quarter. The development will provide a 2,500m² state of the art research facility located adjacent to the Copperas Hill Building on Russell Street. The building will provide a focus for sensor technology and will facilitate the development and implementation of novel sensor systems that integrate sensors, firmware programming and advanced algorithms in a range of fields.

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

- To improve the student experience the University has continued to invest in the refurbishment of its campus, which is providing enhanced general teaching space, lecture theatres and specialist teaching and research facilities.
- The University has invested £12 million to refurbish STEM laboratory

space in Byrom Street. The project is part funded by the Higher Education Funding Council for England (HEFCE). The project has delivered 4,000m² of teaching and research accommodation incorporating state of the art Engineering laboratories, Maritime simulator suites, Adaptive Learning zone, microbiology teaching laboratory's and large chemistry teaching laboratories providing the ability to teach circa 180 students simultaneously.

- The University has invested £0.8m in a new Geographical Information System computer suite for up to 50 students with appropriately sized furniture to accommodate larger screens for GIS.
- The University has enhanced its research capability by developing three exemplar homes on the Byrom Street Campus. The project has been designed to provide teaching and research space for the Faculties of Science and Engineering & Technology. The houses have been designed, uniquely, to provide a dynamic, site based learning and research facility for the construction and housing sectors. The dwellings provide realistic test facilities and R&D capabilities for the development and application of a range of carbon reducing, environmental monitoring and intervention technologies needed most by today's housing sector.
- The John Foster building continues to undergo a significant change with the University identifying a modest capital investment in the refurbishment of the site. The investment has provided enhanced teaching space, dance and drama facilities, and student support space.
- To develop the student experience the University continued to invest in the upgrading of its Audio Visual Information Technology (AVIT) systems across the campus.
- A key strategic principle of the University's Property and Capital Development Strategy is the consolidation of activities into key zones. Within the University's current Estate Development Strategy, it is proposed to relocate the Professional Service Teams currently located in Kingsway House and JMU Tower into the Exchange Station building. Situated in the heart of The City's Central Business District, Exchange Station will provide the University with an exciting 48,000 sq. ft. office space. The central core of the former Victorian railway station has been completely transformed to incorporate a stunning concourse and newly refurbished office suites with all of the technology, security, sustainability and design requirements for businesses. Following the remodelling of the space for the University, 440 staff will relocate into the Exchange Station building, allowing the University to terminate the leasehold interest on both Kingsway House and JMU Tower Building. The move to Exchange Station has substantial benefits for the University and will provide significant enhancements to working practices, image and branding and will also provide substantial financial benefits.

Environmental Sustainability 2015-2020

Managing carbon emissions is at the heart of the University's vision to be a modern civic university delivering solutions to the challenges of the 21st Century.

Environmental sustainability is much more than just meeting these drivers. The University will continue to play a positive leading role in environmental sustainability across the region and beyond. The Carbon Management Plan 2015 – 2020 demonstrates the University striving for environmental excellence in everything that we do.

The aims and objectives of the University's Environment and Sustainability strategy are to:

- Reduce the impact of the University's activities on its environment.
- Improve the quality of campus life and the wellbeing of the University's student body, staff and visitors.

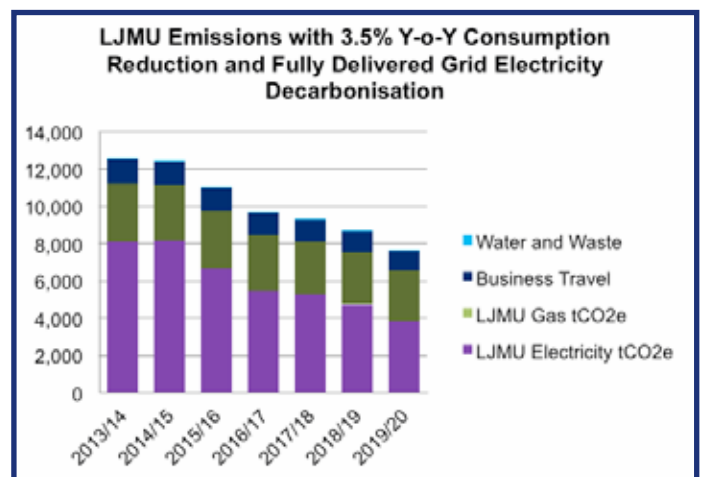
- Maintain, continually improve and promote standards of environmental management and sustainability at the University.
- Encourage collaboration and co-operation across the University, between its staff and students; and between Faculties, Schools, Divisions and Departments in order to preserve the environment.
- Ensure the University conducts its activities in accordance with statutory obligations and best practice in relation to environmental management and sustainability.
- Recommend, develop, implement, monitor and review Environment and Sustainability Policy, supporting Codes of Practice and actions to create a University which is proficient in its management of environmental issues and maximises its sustainability for the benefit of students, staff and the community.
- To reduce the University's operational costs.

2020 Carbon Vision and Target

LJMU's 2020 CO₂ emissions have been predicted using 2013/14 HESA returns and anticipated 2014/15 performance to form a baseline and assumes:-

- The 'Consequential Benefit' of future grid electricity emission factor metrics as published by DECC as defined below:-
 - Department of Energy and Climate Change grid electricity carbon emissions projections to 2020 suggest that the 2014 emission factor of 0.5331 will reduce to 0.4042kgsCO₂/kWh (-27%) by 2020. The projected reduction reflects current and scheduled increase in availability of zero/low carbon generation and the programmed closure of coal fired power stations.
 - Should LJMU consume the same amount of electricity in 2020 as it did in 2014 it would by extension be able to report a 27% reduction in emissions associated with consumption of electricity (circa 1,628tCO₂.)
 - Such a reduction would not be achieved through any direct carbon abatement action on the part of LJMU, it would arise as a 'Consequential Benefit' of the projected grid electricity emission reduction.
- All CO₂ emissions sources deliver a 3.5% year on year reduction from 2015 onwards. This will require the identification and deployment of circa 1,000tCO₂ of carbon abatement measures between 2015 and 2020.

If these aspirations are met, they will enable LJMU to emit no more than 7,576tCO₂ over the 2019/20 academic year thus delivering in full its carbon reduction contribution to the national target set out in the 2008 CCA.



Major carbon abatement measures delivered

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

IT Developments

Customer Support

- Upgraded over 2,500 PCs to run the latest Windows 10 Operating system and Microsoft Office 2016
- Provision of a Staff Laptop which provides the same experience as the standard University desktop PC anywhere in the world
- Upgraded 150 Student Loan Laptops to provide the same experience as the standard student desktop in a form which can be moved anywhere within the University
- Responded to over 14,400 support requests with an average customer satisfaction of 99.9%
- Installed or updated over 60 applications

Network & Infrastructure

- Deployment of the latest Backup technology to facilitate efficient Business Continuity and minimise any potential data loss in the event of critical IT system failure
- Upgraded SharePoint to the latest version and migrated all of the content from the old system
- Upgraded 100 wireless access points to support the latest wireless standards
- Upgraded 1,000 network points to support 1Gb/sec connectivity to the desktop
- Completed network installations for STEM, GIS Suite
- Networked St George's Hall to enable an online experience at Welcome Event

Business Support

- Rolled out Customer Relationship Management (CRM) functionality to the Faculty and International admission teams
- Supported the implementation of the academic framework
- Developed a new system for Occupational Health records management

- Developed an online system to support the submission and authorisation of Post Approval Forms
- Upgraded several systems including Virtual Purse, Clearing Script, and the Product Catalogue
- Supported the implementation and integration of new systems; Learner Engagement, AthensLA, Policy System

Sports Facilities

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

GOVERNANCE AND RISK

- The University's governance practices are consistent with the Higher Education Code of Governance by the Committee of University Chairs (CUC), published in December 2014.
- The University remains strongly committed to adopting best practice in terms of Governance and Management.
- Risk management is incorporated into the corporate planning and decision making process of the Institution. The Risk Management Policy contains a definition of the Institution's risk appetite, reflecting informal advice from the University's internal auditors and members of the Board with specific expertise in this area.

Modern Slavery

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

Liverpool John Moores University is committed to improving its practices to combat slavery and human trafficking. As part of this reporting exercise in this and the coming years, LJMU expresses its commitment to better understanding its supply chains and working towards greater transparency and responsibility towards people working on them. We will work with our suppliers in our product supply chains to encourage more of them to commit to the highest standards of business in dealing with Modern Slavery.

The University Statement will be produced before 31 January 2017. This statement will be made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Liverpool John Moores University and its group companies slavery and human trafficking statement for the financial year ending July 2016.

Results for the Year

FINANCIAL HEADLINES

- Group Surplus for the year £19.3m
- Income increase of 5.4% to £204.9m
- Capital expenditure £21.9m
- Expenditure increase of 6.0% to £185.3m

This year saw the introduction of significant changes to the reporting of Financial Statements across the sector. These come under the new Financial Reporting Standards 102 (FRS102) and have resulted in changes in the manner in which we must account for income and expenditure as well as the disclosure of our assets and liabilities including pension liabilities. The 2014/15 financial statements have been restated to incorporate the changes so that a better comparison can be seen.

Income and Expenditure Account

As a result of the continuing strategic approach to the finances of the university 2015/16 has given rise to a surplus of £19.3m for the year. No assets were sold during the year.

Total Income increased by 5.4% to £204.9m. The main changes were due to the new reporting requirements as well as a result of all students being under the new fees regime.

Expenditure increased by 6.0% with improvements in particular for improving the students experience and whilst incurring pay increases of 1%.

Balance Sheet

The Balance Sheet has maintained its strength after excluding the impact of the changes in the reporting requirements for Pensions.

Fixed Assets have increased by over £12.7m. The increase is as a result of the ongoing Estate development across the university including the part HEFCE funded STEM projects within the Faculties of Engineering & Technology and Science as well as the expansion of the student social zones.

Investments, Cash and Cash Equivalents have increased by over £12m during the year, as part of the preparations for the future University wide Estate Masterplan.

This will help the university deliver the improvement and developments across the whole university.

The University's consolidated Income, Expenditure and Results for the year to 31 July 2016 are summarised as follows:

	2015/16 £m	2014/15 £m
Income	204.9	194.4
Expenditure	185.3	175.1
Surplus after depreciation of assets at valuation and before tax	19.6	19.3
(Loss)/Gain on disposal of fixed assets	(0.2)	(0.1)
Share of operating (deficit)/gain in joint venture	(0.1)	(0)
Surplus/(Deficit) before tax	19.3	19.2
Taxation	(0.1)	-
Surplus/(deficit) for the year	19.2	19.2
Actuarial (loss)/gain in respect of pension schemes	(37.6)	(14.2)
Total comprehensive income for the year	(18.4)	5.0



Future

LJMU continues to work to rise to the challenges presented by the changing political and economic climate, and the ramifications of the new fee regime. As a consequence, LJMU fully achieved its targeted home student control numbers for 2014/15 and 2015/16 whilst enhancing retention rates represents a challenge moving forward.

The Institution will need to continue to work hard to ensure that this level of success is delivered in 2016/17 and onwards. This will be achieved by the continuation of the successful implementation of the 2012-17 and development of the 2017-22 Strategic Framework. This clearly sets out our ambitions for the coming years.

Conclusion

2015/16 has been a successful year for LJMU. Significant investment in the staffing establishment and infrastructure has continued to enable continued improvements in academic delivery. A surplus significantly in excess of budget has increased LJMU's net worth before pension liabilities.

This, coupled with the on-going delivery of the 2012-17 Strategic Framework and the development of the 2017-22 Strategic Framework places LJMU in a strong position to manage the challenges and difficulties currently facing Universities in the light of the changing financial climate ahead.

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



Public Benefit Statement 2015/16

1. Public Benefit

1.1 The University is an exempt charity and as such is required to undertake activities in accordance with the charitable purpose of the advancement of education for the public benefit. The Board of Governors, as the charity trustees of the University, confirm that they have complied with the duty in section 17 of the Charities Act 2011, to have due regard to the public benefit guidance published by the Charity Commission for England and Wales, and 'Annex E: Exempt Charities', within the updated version of the Memorandum of Assurance and Accountability between HEFCE and Institutions (2016/12). The Board of Governors has also received the new 'Essential Guide for Trustees' published by the Charity Commission in July 2015.

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

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

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

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

2.1 Student Access and Equal Opportunities

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

2.1.2 As identified above, LJMU has a high proportion of under-represented students as evidenced by a variety of measurements and indicators of access performance. The University is above all the HESA performance benchmarks for attracting students from widening participation backgrounds (including location adjusted benchmarks). Its success in this area is also reflected in the number of students from lower-socio economic backgrounds.

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

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

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

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

2.2 Employability

2.2.1 Students who attend the University benefit directly from the quality of the education they receive. The University's 'World of Work Programme' aims to ensure that every student is equipped with the skills they need to stand out from the crowd and to successfully engage in the world of work, either because they possess skills which are highly valued by employers or because they are well equipped to set themselves up in their own business. In 2015/16 Careers Zones in locations across the University enjoyed high student footfall providing career support services where and when students require it. The World of Work Careers Centre conducted 28,625 student interactions and the following number of students completed three statements that constitute the World of Work Skills Certificate – Self Awareness (5,677); Organisational Awareness (2,275); and Making Things Happen (535). By doing so each student reflected and provided evidence of these essential employability attributes.

2.2.2 The World of Work Careers Centre is accredited against the Department for Business, Innovation and Skills EMQC Matrix Quality Standards. It offers a range of services designed to support students and graduates in their job hunting and these services are available





to the University's alumni for life. We saw the leaving class of 2015 secure the highest percentage of graduates for six years securing managerial and professional employment, the highest percentage securing postgraduate study and seven successive years of decreasing unemployment. In 2015/16 new initiatives developed by the Centre included: (1) Customised academic School Career Plans agreed between the World of Work Careers Centre and Schools; (2) The establishment of academic Employability Champions for each academic programme; (3) School-focussed Career Planning Guides made available as hard and digital resources.

2.2.3 In addition to administering 90 LJMU funded internships for students and graduates, the Centre arranged for 623 employers to act as visiting speakers within the curriculum and at events. The Centre worked closely with the Director of the International Festival for Business in Liverpool to provide ten student interns working alongside the major sponsors. The Festival Director commented: "Liverpool John Moores University and your department made a huge contribution to the youth programme with your student ambassadors and this was positively embraced by the sponsor family, BT, HSBC, ARUP, DLA Piper, Dong Energy, Heathrow PwC and United Way. We were also pleased to include two media students in our marketing function. As you are very aware, events of this scale don't happen by accident and we need partners like you who not only get involved but engage at all levels. We are very pleased with the relationship with Liverpool John Moores University and hope that this continues in the future".

2.2.4 The Centre has also provided training and consultancy services for universities in Jordan, Egypt, Morocco, Tunisia and the USA. The Director of Graduate Advancement continues to provide public benefit as a member of the Liverpool Manufacturing Futures Group; the North West Business Leadership Team; as an Adviser to the Liverpool City Council Select Committee on Employment, Skills and Enterprise; as a member of the Board of Directors of the Association of Graduate Careers Advisory Services, and in actively facilitating active partnerships with the Chambers of Commerce; the Institute of Directors; the Federation of Small Businesses; the local Civil Service; and the CBI.

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

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

2.3 Research and Knowledge Transfer

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

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

2.3.2 LJMU's research is carried out in a wide variety of subject areas that span all areas of the University, including the arts and humanities, science, engineering and medicine. In each case, the research has the aim of increasing our knowledge of the subject under study and of enhancing society by means of influencing local or national government policies or by generating wealth and well-being via partnership with industry or healthcare services. The impact of our research is varied and includes the work of our Astrophysics Research Institute in supporting the National Schools' Observatory, which supports over 5,000 UK and Irish teachers and their classes by making our Liverpool Telescope available to stimulate the scientific aspirations of school children [see also 2.5.6-2.5.8 below]. Our Research Institute for Sport and Exercise Sciences (RISES) carried out wide-ranging activities that include promoting physical activity to improve the health of children and work with elite football clubs and national sport governing bodies and associations that lead the way in analysis of match performance and player preparation/recovery.[see also 2.3.5; 2.5.9-2.5.11 below]

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

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

2.3.5 LJMU's School of Sport and Exercise Sciences continues to be at the forefront of development and innovation in sport and exercise sciences and is recognised as a world-leading department. In 2015 the School celebrated 40 years of such innovation and development in teaching, learning, research and applied practice. In the recent Research Excellence Framework (REF) 2014, RISES was the top UK Institution for research in sport and exercise sciences having been ranked 1st for Research Quality in UoA26. Of the 1,911 departmental submissions in all subjects Sport and Exercise Sciences ranked equal 11th, the highest ranked submission outside of the Russell Group Universities. The Research Institute is a world-class environment at the cutting-edge of developments in this field through research in biomechanics, cardiovascular health, exercise metabolism, brain and behaviour, physical activity, and sport psychology. The Institute operates across a range of domains that include cellular, molecular and medical aspects, through to an understanding of more behavioural personal and humanistic existence; from early years through to later years and from health through to performance environments. In all these domains the School is committed to making a difference by enhancing the lives of others.

2.3.6 Face Lab is a research group based in the School of Art and Design and is part of ART LABS, an LJMU research centre. Face Lab completes craniofacial identification and forensic art research as well as forensic and archaeological consultancy work for organisations such as the police, national and international museums and international forensic institutes. International Police Forces and forensic scientists use the facility to help identify dead bodies or living people based on witness accounts or facial images. Face Lab also analyses skeletal remains or preserved bodies alongside historical evidence for archaeological organisations to depict faces from the past. Face Lab has an active public engagement profile and contributes to international policy, cultural enrichment and heritage conservation.

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

2.3.8 The Liverpool Screen School have been successful in a bid to JISC and Globelynx to become a Broadcast Hub. JISC's aim is to strengthen relationships between research and education institutions, and broadcasting networks, by supporting the creation of three "broadcasting hubs" in the UK. Broadcast hubs are sites that host equipment that enables them to connect to network broadcasters. Hubs are then able to film and stream their half of an interview to the broadcasters, in real-time. As one of the successful bidders, Liverpool Screen School have been awarded funding to assist the procurement of equipment (camera, lighting, etc.) necessary for an HD broadcast and streaming. This equipment will enable the University to connect to all national and international broadcasters and news networks, including BBC, Sky, ITN, CNBC, Bloomberg and Al Jazeera.

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

2.3.10 The University's Public Health Institute's primary focus is to transform research data into meaningful intelligence. The Institute delivers intelligence and evidence to inform public health policy and practice in a wide variety of areas. Indeed, the problem of people living longer with chronic disease and the increase in health risk behaviours means that the need for public health strategies is greater than ever.

2.3.11 The Public Health Institute is also central to influencing health service design and delivery, as well as health-related policy nationally and internationally. The Institute offers expertise in a range of methodologies including health research, evaluation, systematic reviews, surveillance, audit, epidemiology and statistics. The Institute draws from a wide range of honorary lecturers and professors based in the health services and other public bodies, both in the UK and overseas in order to support multidisciplinary approaches to public health. Key areas of activity continue to be around the themes of: Alcohol, Environment and sustainability, Intelligence and surveillance, International public health, Tobacco, Violence and unintentional injury, Sexual and reproductive health, and Population health.

2.3.12 The Institute continues to contribute to the development of

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

2.4 Economic Engagement and Collaborative Partnerships

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

- **HELIUM:** This four and a half year €1.98m collaborative project began in spring 2016 and is funded by the European Commission's Interreg Europe programme. Interreg programmes are funded by the ERDF to support the gradual development of the European Union's territory at different levels. Interreg Europe's aim is to help regional and local governments across Europe to develop and deliver better policy, therefore improving strategies for their citizens and communities. This helps to ensure that government investment, innovation and implementation efforts all lead to integrated and sustainable impact for people and place.

The main beneficiaries of the programme include: public authorities, research institutes and non-profit organisations amongst others. Cooperation, collaboration and community engagement are at the heart of Interreg Europe

HELIUM's coordinating partner is Brainport Development N.V. based in Eindhoven, Netherlands and the project consortium contains eight other partners including LJMU. The overall objective of the project is to increase the efficiency of public funding dedicated to health innovation. For this, regions need to know where weaknesses lie within their innovation system and how to strengthen them to result in a large scale, accessible, attractive, connected and sustainable experimental landscape, which increase chances of health innovations to become commercially successful.

LJMU's Centre for Collaborative Innovation in Dementia at the School of Nursing & Allied Health is a key partner within the project. The department brings its practical experience in living lab approach and open innovation environment (which facilitates the development and testing of economically viable innovations for people living with dementia).

- **Low Carbon Eco-Innovatory (LCEI):** This 4 year ERDF project with a total project value of £5.4m (£2.6m ERDF) involves a joint partnership between LJMU, the University of Liverpool and Lancaster University.

The project aims to create a true innovation centre; linking the research expertise of the Universities with Liverpool City Region's most innovative Small and Medium Enterprises (SMEs). It directly supports the development of productive collaborative partnerships to create innovative low carbon goods, processes and services.

All activities involve a degree of knowledge transfer between the

collaborating business and the HEI, including inter-HEI collaboration. The level of knowledge transfer between businesses and HEIs is vastly increased through collaborative research projects, with all parties bringing new ideas and sharing information generating genuinely innovative, leading edge technological outcomes. In addition to providing a mechanism to communicate University Research & Development to a range of small businesses, LCEI also creates opportunities to enhance and add value to the student experience and curriculum through access to live “real-world” business challenges and opportunities. A cohort of 50 students for example will work in teams of ten to deliver an environmental assessment for ten SMEs.

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

2.4.3 The School of Sport, Leisure and Nutrition continues to deliver high quality research informed practice to a range of governing bodies of Sport. Key areas of activity over the last year have included work with Sports Coach UK, England Netball, Youth Sports Trust, and British Cycling. The School has also worked with the Leverhulme Trust on a research project exploring dietary activity.

2.4.4 The School of Education provides initial teacher education and continuing professional development programmes for qualified teachers and support staff. The School partners with around 250 schools and sixth form colleges across Merseyside and works with schools and other education setting to develop an evidence-based approach to support and enrich pupil learning. The School has developed innovative collaborative partnerships with School Improvement Liverpool and West Kirby Grammar School to provide practice based professional learning at postgraduate level.

2.4.5 The Merseyside Science Learning Partnership (SLP) led by the School of Teacher Education and Professional Learning, receives funding from the Department for Education to lead professional learning improving the currency of teachers in STEM subjects in schools across Merseyside. As part of a national network of SLPs the group is having a significant impact on improving teaching in science subjects in local schools.

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2.5 Outreach and Community Engagement

Some illustrations of the University’s contributions are:

2.5.1 LJMU has a long-established and successful history of outreach activity designed to raise aspirations and attainment and encourage students from under-represented groups to apply to higher education. In further developing its outreach strategy the University has taken into consideration its current student composition, its work on equality and diversity and the regional context in which it operates. 2.5.2 All outreach activity is carefully planned and targeted based on a range of internal and external information sources and analyses. This includes UCAS (Universities and Colleges Admissions Service) management statistics and research, HEFCE performance indicators, GCSE and A Level attainment data, higher education participation rates of schools and colleges and LJMU’s own institutional monitoring and research.

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

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

- Raise aspirations and attainment within local and regional communities and provide high quality information, advice and guidance through a programme of outreach activity targeted at schools, colleges and parents. This includes 600 plus outreach activities reaching over 60,000 prospective students and key stakeholders from over 200 schools/colleges. This activity is delivered both in schools and at the University.
- Encourage vocational routes into higher education, recognising that post GCSE two thirds of young people spend all or some of the years from 16-19 on courses which are partly or wholly vocational. This involves working closely with 25 Further Education colleges to deliver 60 outreach activities and progression events each year.
- Work in partnership with other bodies, such as Career Academies UK in terms of stimulating interest in STEM (Science, Technology, Engineering and Mathematics) subjects in schools and colleges. This includes hosting visits at LJMU where pupils have the opportunity to engage with employers from STEM related industries as well as trained student advocates delivering interactive sessions promoting STEM subjects in schools. In addition, LJMU successfully bid for funding to deliver the Royal Society of Chemistry’s Chemistry for All programme, which will run until July 2019 and involves six local secondary schools. The programme promotes chemistry to school children from widening participation backgrounds through engaging outreach interventions and will support STEM provision in the Merseyside region. The University is match funding this project.
- Foster relationships between LJMU and its community by delivering a programme of local community outreach. This includes initiatives such as staff and student volunteers supporting local schools and colleges through governorship, assisting with reading and numeracy and acting as mentors to improve attainment. The University currently supports 850 pupils through sustained volunteering work. In addition, LJMU hosts Higher Education information evenings in local community centres to raise awareness of Higher Education options to specifically targeted under-represented groups.

2.5.5 LJMU is a member of the recently formed Merseyside Network

for Collaborative Outreach, which is currently funded by HEFCE for two years. The University is working in partnership with five other local higher education providers and four local further education providers to develop new outreach initiatives to target under-represented groups.

2.5.6 LJMU's world-leading Astrophysics Institute (ARI) leads research collaborations with premier UK and international universities on projects from the formation of stars in the Milky Way to the evolution of galaxies since the Big Bang. The ARI owns and operates the World's largest and most sophisticated Robotic Telescope, based in the Canary Islands, and time on this telescope is made available to the National Schools' Observatory (NSO) alongside its function as a National Facility for research. The NSO is a major internet-based outreach project in schools and now has approximately 5,000 teachers including those in some 2,500 secondary schools as registered users of the telescope and approximately 17,000 individual students have user accounts. Since the NSO was launched, over 110,000 observations have been requested and delivered to schools across the UK. The NSO project is funded by LJMU and is offered free to registered school users. Expansion of the scope and reach of the NSO is being undertaken within the University's Widening Participation agenda.

2.5.7 Outside of the NSO, Astrophysics also deliver an extensive programme of public engagement: in the 2015/16 academic year, ARI researchers delivered about 100 talks, workshops and other school and public activities in a wide variety of venues around the country to a total audience of nearly 8,000 people. Many of these focused on audiences under-represented in science and technology careers, including partnerships with schools in lower socio-economic areas. Through funding from the Royal Astronomical Society, as part of their bicentennial celebrations, the University is engaged in outreach programmes with the Workers' Educational Association (WEA) centred on hard to reach minority groups in addition to collaborations with the Liverpool Museums, and local arts organisations such as the Tate, FACT and Everyman Theatre. The Astrophysics Institute also helped found, and continues to provide knowledge input to 'Spaceport', a locally based major tourist attraction owned by Mersey Travel and attracting around 60,000 customers per year.

2.5.8 A particular success in 2015 was an STFC-supported (Science and Technology Facilities Council) garden exhibited at the RHS Chelsea Flower Show by a team from the NSO. The "dark matter" themed garden won both a Gold Medal and the "Best Fresh Garden" award at the world's most prestigious horticultural show. Publicity for the garden reached an estimated aggregate global TV audience of well over 200 million. The garden is the latest example of the NSO's mission to use astronomy to enthuse young people about science and technology. It has now been moved to the STFC Daresbury Laboratories Visitor's Centre, where it gives LJMU a very visible, long-term presence. In 2015/16 the garden was seen by more than 10,000 visitors to Daresbury and was also featured as the front cover of STFC's Impact Report, influential within government.

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

2.5.10 The School's public engagement events enable the public to experience sport and exercise science and explore the research that underpins athletic performance and exercise/physical activity generally. It engages with populations from the elite athlete to the patient, from the youngest in society to its oldest adults, the able to those less able and hard-to-reach groups. The School of Sport and Exercise Sciences actively supports MerseySTEM and offers training and support opportunities for the University's staff and students to engage in STEM Ambassador activities. F2FSS promotes STEM subjects as applied in sport and exercise science research and promotes healthy lifestyles using sport performance, sport events and sport media as a vehicle by which to educate, inspire, provoke and discuss scientific issues.

2.5.11 In partnership with Liverpool World Museum, the University F2FSS was involved in the launch of the new Mission X programme designed to get young people excited about science through interactive activities and shows exploring life in space. The event was organised in association with TES Global, the UK Space Agency and the European Space Agency. Staff, postgraduate research and undergraduate students run events linked to Mission X on the launch date of 15th December 2015, and during the mission. World Museum Liverpool was selected as the only venue in the UK to host a live educational in-flight call with Tim Peake during his mission on board the International Space Station. LJMU's sports scientists were on hand to deliver expert scientific knowledge and interactive workshops based on 'Mission X' so that children could learn how to 'train like an astronaut'. This international learning challenge focused on fitness and nutrition in preparation for the demands of space travel. This included pre-flight medical checks such as heart rate monitoring and hydration, gravity, balance and resistance games. A group of researchers from RISES and the F2FSS programme also participated in the 'Return to Earth' event at the Liverpool World Museum on Saturday 18th June 2016. The day was dedicated to celebrating Tim Peake's return to Earth after his six-month mission on the International Space Station. The LJMU exhibition included posters about 'Humans in Space' and how living in space affects the human body. The focus of the exhibition was the effects on muscles, tendons and bones in particular and the exercise countermeasures that are necessary to reduce the negative effects of micro-gravity. The exhibition also included an ultrasound scanning system for imaging the muscle and tendons of visitors (similar to the systems used by the astronauts at the ISS for monitoring their muscle condition) and a vertical jump test system for assessing the strength and coordination of the muscles in the lower limbs. Families and visitors had the chance to see their muscles in 'action' and to test their vertical jump ability that correlates with general health and physical capabilities in order to appreciate the consequences of the loss of muscle strength and function when astronauts return to Earth but also the importance of physical activity for health and wellbeing in general.

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

2.5.13 The School of Law, within the Faculty of Arts, Professional and Social Studies offers a Legal Advice Centre, providing free legal



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

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

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

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

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

2.5.18 Postgraduate teacher training students have for several years worked with Liverpool ONE to develop a range of educational

resources that relate the physical environment and vocational opportunities to several subject areas of the school curriculum. The products of this project are used to support learning in school groups visiting the retail centre.

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

3. Sustainability

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

4. Summary

4.1 Having had regard to the public benefit guidance published by the Charity Commission for England and Wales, the Board of Governors is assured that the University has met its charitable purpose of the advancement of education for the public benefit for the year 2015/16.

BOARD OF GOVERNORS

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

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

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

In the period from 1 August 2015 membership of the Board of Governors has been as follows:

Ex-officio Members

Professor Nigel Weatherill Vice-Chancellor & Chief Executive

External Independent Members

Ms N. Benson	Deputy Chair of the Board (Appointed 1 October 2015) Chair of Remuneration Committee (Appointed 1 October 2015)
Ms K Byrne	Chair of Finance Committee (Appointed 2 July 2015)
Mr R Hill	Chair and Pro Chancellor, Board of Governors Chair of Nominations Committee
Mr A Holroyd	Deputy Chair of Employment Committee
Mr P Hyland	Retired on 11 April 2016
Sir B Massie	Chair of Audit Committee
Mr B McCann	Deputy Chair of Audit Committee
Ms K McCormick	
Mr J Rowan	
Ms D Shackleton	Deputy Chair of the Board of Governors (Retired 30 September 2015) Chair of Remuneration Committee (Retired on 30 September 2015)
Mr J Stopforth	Deputy Chair of Finance Committee (Transferred from Finance Committee to Audit Committee on 11th April 2016)
Mr E Ward	
Ms W Williams	

External Co-opted Members

Mr P Holme	Co-opted Governor from Education Sector Chair of Employment Committee
Mr C Williams	Appointed Co-opted member of Audit Committee (Became a full independent member of the Board on 11th April 2016 and transferred from the Audit Committee to the Finance Committee on 11th April 2016).

Nominee Members

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

Staff Members

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

The Board of Governors are the Trustees of the University.

OFFICERS AND ADVISORS OF THE UNIVERSITY

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

RESPONSIBILITIES OF THE BOARD OF GOVERNORS OF LIVERPOOL JOHN MOORES UNIVERSITY

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

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

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

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

The Board has taken reasonable steps to:

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



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

1. Corporate Governance Statement 2015/16

1.1 The University is committed to adopting good practice in all aspects of corporate governance. It aims to conduct its business in accordance with the principles identified in the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and the Committee of University Chairs' (CUC's) Higher Education Code of Governance. The Board of Governors have adopted the CUC's Higher Education Code of Governance and works to ensure that governance practice remains consistent with the principles of the Code. To this effect the Board carried out an extensive and robust review of its governance processes, policies and procedures throughout 2015/16 to align with the Code. The following processes for governance have been in place throughout the year ended 31st July 2016 and up to the date of approval of the financial statements.

1.2 It is the opinion of the Board of Governors that the governance practices of the University are consistent with the Higher Education Code of Governance, the Statutes of the University, and the 'Memorandum of Assurance and Accountability between HEFCE (Higher Education Funding Council for England) and Institutions' [Revised Addition 2016/12].

2. Status of the University

2.1 Liverpool John Moores University is a Higher Education Corporation as defined under the Education Reform Act 1988. The University has exempt charitable status as defined under the Charity Act 1993. As an exempt charity the University is regulated by HEFCE by virtue of the Charities Act 2006 (now consolidated into the Charities Act 2011). The members of the University's Board of Governors are the charity trustees and are responsible for ensuring compliance with charity law.

2.2 The University's objects, powers and framework of governance are set out in the Articles of Government approved by the Privy Council in 2002. The Articles and associated Instrument of Government set the governance framework for the University.

3. Summary of the University's Structure of Corporate Governance

3.1 The University's Board of Governors is comprised of lay, academic, students and staff appointed under the provisions of the Education Reform Act 1998, the majority of whom are independent and non-executive. The composition of the Board of Governors is set out on page 21. The role of Chair of the Board of Governors is separate from the role of the University's Vice-Chancellor & Chief Executive. The Chair is supported by the Deputy Chair of the Board. The matters reserved specifically to the Board of Governors for decision are set out in the Articles of Government of the University; the terms of reference of the Board and its committees; and under the Memorandum of Assurance and Accountability between HEFCE and Institutions [Revised Edition 2016/12].

3.2 The Board of Governors holds to itself the responsibilities for the educational character, the ongoing strategic direction and the financial solvency of the University. The Board approved the University's Strategic Plan 2012-2017 on 15th February 2012 which can be found at <https://www.ljmu.ac.uk/about-us/our-strategy>. The Board also held a workshop in September 2016 to discuss and contribute to the next Strategic Plan 2018-2022.

3.3 In addition to its formal Board and Committee meetings, the Board holds a strategic workshop and a residential strategic event each year, affording the opportunity to consider, contribute to and influence strategic issues at an early stage in their development. The Board is also responsible for approval of all major developments, including capital developments. In this regard the Board has set up a Governance Steering Group to oversee the major capital project of a



'connected university village', consisting of governors with particular expertise in this area and co-opting an independent member with particular expertise in overseeing major capital projects. Governors are also in receipt of regular reports from Executive Officers on the day to day operations of the University's business and its subsidiary operations.

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

3.5 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 sub-committees, including the Academic Board during 2016. The performance review of the Chair of the Board was also conducted in August 2016 and a favourable report was presented to the full Board at its September 2016 meeting.

3.6 New governors participate in an induction programme and 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 particular relevant topics. Also, in 2016 governors received the University's public events programme which included a wide range of lectures, events and exhibitions to which all governors were invited.

3.7 Members of the Board of Governors, the Trustees of the University, do not receive any remuneration for their service on the Board. Trustees are entitled to claim reasonable expenses incurred in undertaking their duties as Trustees in accordance with the University's financial regulations and charity law. In 2015/16 a total of £818.80 was paid to governors for expenses. This covered: travel expenses to formal and informal meetings and other University events; fees for training and developmental events; and travel, accommodation and other expenses incurred in representing the University at external events.

3.8 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 entry at any time as and when their circumstances change and the University also conducts an annual update in accordance with recommendations from the CUC.

3.9 In accordance with the introduction of the Bribery Act 2010, governors have taken responsibility for establishing an anti-corruption culture formulated around the six general principles of: Proportionate procedures; Top-level commitment; Risk Assessment; Due Diligence; Communication (including training); and Monitoring and Review. A statement of commitment from the Chair of the Board of Governors outlines that the Board of Governors expects all staff, associates and agents will conduct business in accordance with the highest standards of ethical behaviour and that any bribery, or any form of corruption, by a member of staff of the University will be considered gross misconduct and the member of staff may face dismissal. To ensure that all staff are aware of the Bribery Act a mandatory e-learning module has been developed which gives an overview of the legislation to help staff to understand their corporate and individual duties and responsibilities. The module response rate is monitored on an annual basis by the Audit Committee. Agents, consultants and business partners who work with, or on behalf of, the University must act with integrity and behave ethically. The University will terminate agreements with such agents, consultants and business partners in the event of any breach of anti-bribery law, corruption or unethical behaviour of which it becomes aware.

3.10 The Board of Governors meets a minimum of four times a year

and maintains a committee structure comprising:

- Audit Committee
- Employment Committee
- Finance Committee
- Nominations Committee
- Remuneration Committee

All of the above committees are formally constituted with terms of reference and comprise lay members of the Board of Governors. The Vice-Chancellor and Chief Executive is also a member of the Employment, Finance and Nomination Committees. The Chair and Deputy Chair of the Board are not members of the Audit Committee and there is no overlap in membership of the Audit and Finance Committees. During the Academic Year 2015/16 the Audit Committee also included an independent co-opted member until the 11th April 2016 when the co-opted member became a full independent member of the Board of Governors and transferred to the Finance Committee. There remains on the Audit Committee a member with the relevant financial qualifications and expertise required.

3.11 The Board of Governors and its committees review their terms of reference on a regular basis in the light of prevailing circumstances with a view, inter alia, to ensuring that they are embedding risk management effectively into their work and that the terms of reference align with the Higher Education Code of Governance and the 'Memorandum of Assurance and Accountability between HEFCE and Institutions' [Revised Edition 2016/12]. The Chair of the Board is Mr R Hill appointed from 1st April 2013. The Chair was due to retire on 31st March 2017, however on the 4th July 2016 the Chair's term of office was exceptionally extended until the completion of the Copperas Hill Project, scheduled for the beginning of the new Academic Year 2018/19 with some flexibility for any prevailing circumstances at that time, or earlier. It had been agreed by the full Board of Governors that some stability and consistency is required throughout the Copperas Hill Project and it is therefore essential to keep the in-depth knowledge held by the Chair during this time. The Deputy Chair of the Board was Ms D Shackleton, appointed from 1st October 2013 to 30th September 2015 and Ms N Benson appointed from 1st October 2015 to 30th September 2017. The full Board of Governors, in the last financial year, met on 29th September 2015; 16th November 2015; 7th December 2015 (Governors Workshop); 27th and 28th January 2016 (Residential Strategic Event); 11th April 2016; and 4th July 2016. Up to the present date in the new financial year, the Board has met on 29th September 2016 (Board Meeting and Governors' Workshop), and 21st November 2016.

3.12 In addition to the Board's committees the Board also works closely with the University's Academic Board. The Academic Board meets at least five times a year and has 30 members comprising the Vice-Chancellor and Chief Executive as Chair, the Pro-Vice-Chancellors, the Registrar & Deputy Chief Executive, academic and professional services staff and students. The Academic Board is established as the principal academic body of the University, overseeing the overall planning, co-ordination, development and supervision of the academic work of the University and providing assurance to the Vice-Chancellor and Chief Executive and the Board of Governors for the quality and standards of its awards. The Academic Board, in the last financial year, met on 30th September 2015; 28th October 2015; 2nd December 2015; 3rd February 2016; 20th April 2016; and 29th June 2016. Up to the present date in the new financial year, the Academic Board has met on 28th September 2016.

3.13 The Audit Committee, which meets at least four times a year, is responsible for overseeing the work of the external auditors (currently KPMG) and internal auditors, currently RSM. RSM had previously been known as Baker Tilly but rebranded on 26th October 2015. The Committee provides assurance on governance, accounting integrity, internal controls, data integrity, risk management, and the efficient

use of resources. In line with government regulations, the Audit Committee has a member with the appropriate financial expertise and qualifications. The Committee also receives and considers reports from HEFCE as they affect the University's business, and monitors adherence with regulatory requirements. Whilst the Vice-Chancellor and Chief Executive and other senior managers attend meetings of the Audit Committee as necessary, they are not members of the Committee. Both the external and independent internal auditors also attend the Committee. The Committee meets the external and internal auditors annually, without management, for independent discussions in line with best practice. The Committee's membership comprised three independent members and one co-opted member until 11th April 2016 and has since been reviewed and now currently stands at five independent members. The Audit Committee, in the last financial year, met on 12th October 2015; 5th November 2015; 14th March 2016; and 13th June 2016. Up to the present date in the new financial year, the Audit Committee has met on 12th October 2016 and 9th November 2016.

3.14 The Employment Committee meets at least three times a year and considers issues related to staffing and employment. Over the last year the Employment Committee has led on overseeing the implementation of a new People and Organisational Strategy. The responsibilities of the Committee also encompass equality and diversity monitoring and the oversight and review of HR policies. In the last financial year the Employment Committee met on 19th October 2015; 29th February 2016; and 6th June 2016. Up to the present date in the new financial year, the Employment Committee has met on 24th October 2016.

3.15 The Finance Committee meets at least three times a year and recommends to the Board of Governors the University's annual revenue and capital budgets after giving consideration to the financial health of the University. It also receives at each meeting reports on the University's performance in relation to approved budgets, estate related capital investment plans and treasury management, and financial reports from the Liverpool Students' Union (LiverpoolSU), which is a separate legal entity. The Finance Committee, in the last financial year, met on 26th October 2015; 21st March 2016; and 22nd June 2016. Up to the present date in the new financial year, the Finance Committee has met on 31st October 2016.

3.16 The Nominations Committee meets at least three times a year and considers membership issues and appointments to vacancies on the Board for non-executive members, based on a skills and diversity analysis. The Committee, over the last year have reviewed a number of governance policies in relation to induction, recruitment and membership as part of the four yearly governance effectiveness review. In the last financial year, the Nominations Committee met on 26th October 2015; 7th March 2016; and 20th June 2016. Up to the present date in the new financial year, the Nominations Committee has met on 24th October 2016.

3.17 The Remuneration Committee meets at least three times a year and considers the performance and annual remuneration of the Vice-Chancellor and Chief Executive and the Senior Executive. The Committee also has oversight of the University's policy framework on severance payments for senior staff. In line with best practice the Committee presents an annual report to the full Board setting out its work of the last academic year. The Committee's minutes are also presented to the full Board meetings. The Chair of the Remuneration Committee, in line with best practice, is the Deputy Chair of the Board. In the last financial year the Remuneration Committee has met on 26th October 2015; 7th March 2016; and 20th June 2016. Up to the present date in the new financial year, the Remuneration Committee has met on 24th October 2016.

4 Governance Monitoring and Review

4.1 In accordance with the Higher Education Code of Governance, the Board of Governors keeps its effectiveness under

regular review. A full and robust governance effectiveness review had been taken during 2014/15 culminating in a detailed action plan which has been closely monitored by the Audit Committee and the Board of Governors during 2015/2016. The review concluded that the University has a high level of satisfaction in the effectiveness of the Board and outlined a number of actions for reviewing the Board's policies and terms of reference, and building upon relationships with the Academic Board. Alongside the review of the Board's committees the Vice-Chancellor and Chief Executive also implemented a full and robust review of the University's internal committee structure and the effectiveness of the Academic Board.

5. Internal Control

5.1 The Board of Governors is responsible for reviewing the effectiveness of the University's system of internal control. The system is designed to support the achievement of operational activities and to manage and limit the risk of failure to achieve policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the University's Statutes, the 'Memorandum of Assurance and Accountability between HEFCE and Institutions' [Revised Edition 2016/12], the UK Corporate Governance Code, and best practice guidance from the British Universities Finance Directors Group.

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

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

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

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

5.5 The most recent overall assessment from the HEFCE Assessment of Institutional Risk, dated 4th March 2016, is that LJMU is 'not at higher risk' and is meeting the accountability obligations set out in the 'Financial Memorandum between HEFCE and Institutions'.

5.6 The final report from the HEFCE Assurance Review undertaken on 8th January 2015 was received on 15th July 2015 and concluded that HEFCE were able to place reliance on the University's accountability information. There was one recommendation to present forecast information from July 2015 in the form in which it is submitted to HEFCE which was duly actioned.

6. Processes and Control Arrangements

6.1 The following monitoring and review arrangements covering corporate governance, business, operational and compliance as well as financial risk have been in place throughout the year ended 31st July 2016 and up to the date of approval of the financial statements:

6.2 The Audit Committee, on behalf of the Board of Governors, receives a report annually from the Strategic Management Team regarding their review of the effectiveness of the system of internal control and which provides a statement of assurance to the Board of Governors signed by the Vice-Chancellor and Chief Executive. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors; by the executive managers within the University structure who have responsibility for the maintenance of the internal control framework; and by the opinions and recommendations of the external auditors in their management letter and other reports.

6.3 The University recognises that robust risk management is a key element of good governance, and its system of internal control incorporates a risk management framework encompassing strategic, operational, financial, and commercial risks; also matters of governance and compliance. The University has articulated a process for the identification, assessment, mitigation and review of corporate risks, and has operated this process throughout the year ended 31st July 2016. The documentation of controls and of assurance routes has been reviewed and enhanced during 2015/16.

6.4 The University has an agreed Risk Management Policy and a Risk Appetite Statement, and updated versions of both were approved by the Audit Committee on behalf of the Board of Governors during 2015/16. The University is committed to embedding risk management into the corporate planning and decision making processes of the Institution. 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 Strategic Management Team (SMT), which as considered the institutional register three times in the year ended 31st July 2016. The Risk Management Policy makes provision for the annual review of local risk registers by the SMT, and these were provided in May 2016. The institutional Risk Register is reviewed by the Audit Committee twice yearly, 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 SMT remain committed to the review and refinement of risk management procedures.

6.5 The Audit Committee receives regular reports from the independent internal auditors, RSM, on specific areas of internal control together with agreed management actions (formerly recommendations) for improvement. Audit planning arrangements and the methodology and approach of internal audit conforms to the latest professional standards reflecting the adoption of risk management techniques. The Director of Legal & Governance Services has introduced an annual tracking record of audit recommendations to the Audit Committee on an annual basis which was presented to the Audit Committee in November 2016.

6.6 The Audit Committee has adopted the Audit Code of Practice outlined in the 'Memorandum of Assurance and Accountability between HEFCE and Institutions' [Revised Addition 2016/12] which is closely aligned to the Audit Committee's Terms of Reference which are reviewed on an annual basis. A copy of the Audit Code of Practice is provided to Audit Committee members when reviewing its terms of reference.

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

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

6.8 The University underwent an HE Review by the Quality Assurance Agency during the 2015/16 academic session, which involved a full visit by a Review Panel in February 2016. The University received an outstanding outcome from the Review, which included two 'commended' judgements for the quality and enhancement of student learning opportunities.

6.9 The Strategic Management Team requires and ensures a regular review of the University's strategic direction and performance. Progress against the strategy is monitored by the Strategic Management Team and annually by the Board of Governors. The Director of Strategic Planning, a new post from August 2015, as a member of the Strategic Management Team, has specific responsibility for oversight of the performance and delivery of the University's strategy, as well as strategy-related risk management.

6.10 The Internal Audit Plan 2015/16 has continued to be derived from oversight of the University's control systems, having consideration of emerging sector issues and required assurances with clear linkages to the University's risk register. It is recognised that during 2015/16 the risk register process has been reviewed and updated as a process, with clear reporting on progress and proposed changes presented to the Audit Committee. Alongside audit planning meetings with the University management, consultation took place with the Audit Committee on a draft Internal Audit Plan prior to the start of the financial year to which the plan relates, and also an update to the three year audit strategy. The Internal Audit Plan progress and requirements were considered at each Audit Committee to ensure the plan remained appropriate and allowed for flexibility on assurances to meet governors' needs. In addition, during 2015/16, the Internal Auditors have discussed at the Summer Audit Committee potential auditable areas for coverage for 2016/17; which were a result of initial discussions with the Finance Director (University Secretary) & Deputy Chief Executive and the Director of Legal & Governance Services. It was agreed that a wider discussion would be held with the University's Senior Management Team over the Summer to ensure alignment to the final and approved risk register for 2016/17, with the internal audit plan and three year strategy presented to the next meeting of the Audit Committee

6.11 The Strategic Management Team and the Audit Committee, on behalf of the Board of Governors, receive internal audit reports from the independent internal auditors throughout the year. Assignment reports were presented to the Audit Committee for 2015/16, alongside a detailed progress paper which summarised the collective outcomes of recommendations, levels of assurance year to date, thereby signposting the year end annual opinion. The internal auditors' assignment reports have provided a clear opinion on the level of assurance provided on the specific review, with categorised and agreed recommendations for management action, which are subsequently followed up on a cycle of follow up audits. The internal auditors adhere to the standards and principles defined in the HEFCE Accountability and Audit Code of Practice, submit a progress report summarising their audit plan delivery to each Audit Committee, alongside the detailed assignment reports concluding on the design and application of the controls reviewed. In addition, the internal auditors have presented sectorial briefings to the Audit Committee throughout 2015/16, focussing on both control matters and sectorial matters.

6.12 The 2015/16 annual assessment statement by the Internal Auditors of the University's system of internal control, including their opinion on the adequacy and effectiveness of the University's governance, risk management and control arrangements, as well as the processes for ensuring economy, efficiency and effectiveness is

achieved, is that adequate and effective governance arrangements are in place. However, the work of the Internal Auditors has identified further enhancements to the framework of risk management, governance, internal control and economy, efficiency and effectiveness to ensure that it remains adequate and effective.

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

6.14 Assessment grading for audits in 2015/16 were in the main either full or substantial, 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.

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

6.16 The University's 'Policy for the Provision of Non-Audit Work by the External Auditors' sets out the requirements introduced through European regulations with regard to the provision of non-audit work and fees by external auditors. The external auditors include within their annual management audit letter an appendix summarising any additional work they have performed for the University and its subsidiaries and a review of the effectiveness of this Policy. As part of the reporting process the external auditors asks the Audit Committee to formally agree on an annual basis that it is content with the structure, content and operation of the Policy. In addition to the audit of the financial statements, during 2015/16 the External Auditors have also undertaken other work which was approved by the Audit Committee as per the 'Policy for the Provision of Non-audit work by the External Auditors', where appropriate, as follows:

- Debt advisory: Report to the Board setting out an independent evaluation of the University's financing options.
- Astrus Report: This involved performing due diligence background checks using public records sources only. The target of the search was a construction company with whom the University had contracted.
- Accounting and tax advice: Technical accounting and tax advice on the potential sale and leaseback of a property.
- Other audit related services: Provision of the Starbucks audit certificate.
- Tax compliance and advice services: Provided under a separate contract tendered by the University in 2013/14.
- KPMG also provided the external audit service for Sensor City Liverpool Limited for 2015/16. This is a joint venture between the LJMU and the University of Liverpool.

6.17 The University has established a mechanism to ensure better utilisation of staff resource through the Staff Resource Management Group (SRMG). The Group is composed of the three Pro-Vice-Chancellors, the Director of People and Organisational Development

and the Finance Director (University Secretary) & Deputy Chief Executive. The SRMG takes a holistic view across the Institution when vacancies arise and new posts are funded. This approach provides the opportunity to redirect resources to ensure alignment with the Institution's strategy and to support particular projects and initiatives whilst also taking into account matters such as staff-student ratios and recruitment trends. In addition, the Group considers other aspects relevant to the Institution's staff establishment, e.g. requests for flexible working, end of probation reports, requests for sessional staff, job regrading's, and redundancy payments. The SRMG provides oversight to the staff establishment, and ensures a robust, rigorous and auditable process is observed in terms of changes to the establishment. Moreover, the work of the Group ensures a consistent and evidence based approach is employed for changes to the staff establishment. More recently activity has involved the development of a work-flowed e-PAF (Post Approval Form) that will provide greater levels of efficiency and effectiveness in terms of processing, as well as enhanced levels of service for staff across the Institution.

6.18 The University has also established a People and Organisational Development Steering Group to manage and oversee the strategic delivery of the People and Organisational Development Strategy which includes scrutinising all proposed policies and practices in order to ensure they meet the University's vision of being "a University that through an open, inclusive and fulfilling employment environment attracts and retains the very best talent from across the world".

6.19 The University's Recruitment Policy is designed to facilitate effective staff recruitment and selection in order to achieve its strategic aims, namely that staff are of the requisite standard to meet the needs of work and its control, as defined by the University's objectives and plans. Recruitment is a critical activity, crucial to organisational performance and every staff vacancy is considered an opportunity to raise the bar of performance. All those involved in recruitment activity undertake mandatory training prior to involvement in the process. It is the responsibility of the Chair of recruitment panels to ensure that all panel members have completed the training and that there are no conflicts of interest between a Panel member and candidates.

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

6.21 Appropriate training is provided to maintain the competence of staff through a set of training guidelines for managers and staff, formally through the personal development and performance review appraisal process. The University has now developed the Leadership and Development Foundation delivering personal development and training, leadership and organisational development to complement the work of the Learning and Teaching Academy.

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

6.23 The transition of the reporting of annual leave from a paper based system to online has allowed staff to access the booking



of leave through the University's Staff Infobase system which is approved online by their manager. This has resulted in a smoother booking process, with the risk of documents being lost in transit reduced. This has also had the benefit of allowing the University to report on annual leave taken at any point in the year and to communicate to managers at key points to remind them that their direct reports have outstanding leave balances.

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

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

6.26 The development of a new University website has helped to control authorship of content that is available publicly. The University has reduced the number of authors from 300+ to less than 15, ensuring that all content available to the public is compliant with the University's digital brand guidelines, is aligned to the content strategy, and has a similar style and approach. This has also resulted in easier accessibility to the most recent and accurate information by all users of the website in compliance with information management legislation. The second phase of the development of the website had introduced a single publication route for academic staff profiles, drawing on data already present in other internal systems. This has reduced inconsistencies, reduced effort and improved the experience for the users of the website.

6.27 The transition of the expense claim system from paper based to online has allowed those staff who claim expenses (approximately 900 staff) to access the claiming of expenses, and the reconciliation of credit card transactions fully online. Those claims then go through the standard approval route. This has resulted in more efficient payments to staff and the ability to access receipts quickly. All expense claims continue to be audited by the Finance Department with a plan to reduce this to spot audits in the future. Also, the University Expense Policy has led the design of the online forms which readily make staff aware when they have breached existing guidelines leading to enhanced exception reporting.

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

- The further development of cross validation rules to reduce the number of manual errors in the system;
- Invoice scanning to reduce manual input of invoice data, saving time and reducing errors;
- Compliance with regulatory changes such as enhancements to the Local Government Pension Scheme; Teachers' Pension; introduction of shared parental leave; and changes to Higher Education Statistical Agency (HESA) reporting requirements;
- The introduction of improved processes for managing grants and funded projects enabling greater control over budgeting, forecasting and report production for individual projects.
- Better processes for managing non-University employees, and how they are represented on the University's internal systems; and
- The evaluation of data sets in the Finance and People and Organisational Development Departments.

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

6.30 A new Policy Management Framework was approved by the Strategic Management Team in July 2015 which led to the implementation of a new Policy Centre for all staff implemented on 4th May 2016. The Policy Centre is designed to make it easier for staff to access and keep up-to-date with all University policies, procedures and guidelines. The Policy Centre is centrally managed, approved, monitored, reviewed and archived appropriately and any new policies or changes to existing policies are communicated to all staff in a timely manner. Access to relevant policies is also provided to students and collaborative partners as part of the Policy Management Framework.

7 Particular Indicators of the Effectiveness of the Internal Control Systems during 2015/16.

These include:

7.1 HEFCE recommends that regular market testing of internal audit services should take place to maintain quality and cost effectiveness. Consequently in March 2014, the University re-tendered its internal audit service provision resulting in the appointment of new Internal Auditors from 1st August 2014 until 31st July 2017, with the option for the University of extending for a further three years. Up until 26th October 2015 RSM were previously known as Baker Tilly but then rebranded as RSM. The work of the Internal Auditors and their reports are an important tool in facilitating the Audit Committee in fulfilling its mandatory requirements as set out in the Memorandum of Assurance and Accountability between HEFCE and Institutions (Annex A: Audit Code of Practice).

7.2 The Audit Committee receives the University's central monitoring log of statutory returns at each of its committee meetings. The log provides assurance on the management and quality of data and that returns are submitted in a timely and effective manner. The Strategic Management Team also have oversight of the log on a monthly basis. In 2014/15 the Internal Auditors performed a 'Data Quality – Framework Review' audit which provided a reasonable assurance opinion, and a Data Quality – Destination of Leavers from Higher Education (DLHE) audit that resulted in a substantial assurance opinion. As such, the Internal Auditors were able to confirm that the University's data controls relating to this area were appropriately designed and were being correctly and consistently applied by management. However, some areas for improvement regarding the formation of some policies and procedures were noted and have now been implemented. [See 6.28 above].

7.3 As part of the internal audit periodic plan for 2015/16 the Internal Auditors performed a data quality audit of the information recorded on the Student Loans Company (SLC) system. The audit was designed to consider the key controls in place regarding the accuracy of information provided to and received from the SLC for tuition fees and SLC administered bursaries and scholarships. The audit concluded that the University's procedures for the accurate and timely recording and processing of student information with the SLC are appropriately designed. In addition, through the sample testing performed the Internal Auditors were able to confirm that the controls were being consistently and correctly applied in the areas tested.

7.4 The Office of Fair Access (OFFA) approved the University's Access Agreement 2017-2018 in July 2016, which had been recommended by the SMT and endorsed by the Board of Governors.

The approval is pending publication of the final list of higher education providers participating in Year One of the Teaching Excellence Framework (TEF) and the revised fee caps. LJMU's Access Agreement has been produced in accordance with the guidance issues by OFFA. Led by the Director of Student Recruitment & Admissions, the University has established an OFFA Working Group comprising staff from the Finance Department, Academic Registry, Teaching and Learning Academy, Student Advice and Wellbeing and Student Recruitment & Admissions. The Students' Union are also consulted as part of the process.

7.5 In January 2016, the Internal Auditors undertook a review of LJMU's Access Agreement preparation and monitoring procedures as part of the approved Internal Audit Plan 2015/16. Through the work performed the review confirmed that the University has clearly defined processes in place for the preparation and monitoring of its Access Agreement and that there is appropriate input by all relevant parties during the completion of the monitoring return.

7.6 At its meeting held on 13th June 2016 the Audit Committee received confirmation from the Office for Fair Access and HEFCE that they had completed checks of the data components of the University's Access agreements and Student Opportunity allocation monitoring return for 2014-15. They confirmed that they were happy with the quality of information provided.

7.7 The Strategic Management Team, the Board's Finance Committee and its Audit 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. In causing the financial statements to be prepared, and in compliance with the Memorandum of Assurance and Accountability between HEFCE and Institutions [Revised Addition 2016/12], the Board of Governors has ensured that:

- The financial statements give a true and fair view of the state of the affairs of the Group and University as at 31st July 2016 and of the Group's income and expenditure, recognised gains and losses, changes in reserves and cash flows for the year then ended, and up to the date of reporting to the Audit Committee.
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education.
- The financial statements meet the requirements of HEFCE's Accounts direction to higher education institutions for 2015-16 financial statements and have been prepared in accordance with the requirements of the Companies Act 2006.
- The External Auditors have provided an opinion on certain other matters prescribed in the HEFCE Audit Code of Practice and are able to report that, in all material respects:
 - o Funds from whatever source administered by the Group or the University for specific purposes have been applied to those purposes and managed in accordance with relevant legislation;
 - o Income has been applied in accordance with the Articles of Government.
 - o Funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.
 - o The corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2015-16 financial statements have been met;

7.8 The Strategic Management Team and the Finance Committee have approved the 2020 HEFCE sector target for carbon reduction. This will require a reduction of 3,130 CO₂ which is a 26.71% reduction from the 2014/15 baseline emissions. The target was informed by the University's advisors INENCO taking due consideration of performance by the University and across the sector. The target was validated by a Sub-Group of the Strategic Management Team that was established to provide assurance that the target was both realistic and affordable. The delivery of the plan will be overseen by a Delivery Group including Strategic Management Team representation and will be governed by the University's Environment and Sustainability Panel. There will be quarterly reports on progress to the Strategic Management Team in addition to annual reports to the Board of Governors' Finance Committee.

7.9 Following the implementation of an Anti-Bribery Policy in 2011 a number of activities have been undertaken to raise awareness in connection with the topics of Fraud, Anti-Money Laundering, Anti-Bribery and Due Diligence. Staff are required to complete the online Bribery Act E-Learning Module on induction and thereafter on an annual basis and prior to their Personal Development and Performance Review (PDPR) appraisal with their respective managers. Included in the PDPR document is a declaration asking the member of staff to confirm that they have completed the training. When conducting PDPR development sessions, line managers are reminded that they have a responsibility to ensure staff complete the module and to follow up with the relevant member of staff if the module has not been undertaken. Reports of staff completion rates can be produced upon request by the Staff Development Team and those completion rates are reported to the Strategic Management Team on a regular basis and annually to the Audit Committee. At the time of completing this report 82 % staff had completed the online Bribery Act E-Learning Module and there have been no reported incidents of bribery in 2015/16.

7.10 The University has a two stage process for the approval of an academic collaborative partnership. Stage one is the approval of an organisation as a new partner of the University. Stage two is the



approval of a programme(s) to be delivered by/or in association with the partner, as below:

- Stage One: The Academic board approved a Risk Based approach to Due Diligence at its meeting held on 29th June 2016. The process is co-ordinated by the University's Academic Registry. An Assessment of Financial Due Diligence (FDD) is undertaken by the Academic Partnerships Team and the Finance Department. Following sign off of the required Due Diligence information by the relevant Executive Dean and, sign off of the FDD by the Deputy Finance Director, the documentation is submitted to the Collaborative Provision Panel for their consideration and approval. The agreed procedures are fully detailed within the Academic Collaborative Partnerships Operational Manual.
- Stage Two: a Programme Proposal Form is completed, signed off by the Executive Dean of Faculty and then submitted to the Academic Planning Panel (APP) for its consideration and approval. Outcomes are reported up to the Education Committee and the Academic Board. Programmes approved for development by APP follow the University agreed procedures as fully detailed in the Validation of New Collaborative Programmes Procedures Manual. Both of the above Manuals are updated and approved on an annual basis.

7.11 To support the management of the UKVI (UK Visas and Immigration) Highly Trusted Status Licence the University UKVI Compliance Officer has continued to undertake internal audits to ensure Tier 4 activity complies with current sponsor guidance. LJMU has continued to subscribe to the UKVI premium service, which provides information to the University in relation to the core measurable rates. An internal audit carried out during 2015/16 found the University's control framework in respect of UKVI Compliance was robust and the Board can take substantial assurance that the controls upon which the University relies are suitably designed, consistently applied and operating effectively.

7.12 The University has met the reporting requirements of both the Freedom of Information Act and the Data Protection Act for requests received, including handling the requests effectively and within the legal timeframe. Staff are required to complete a mandatory online Data Protection and Records Management E-Learning Module on an annual basis which is monitored by managers via the Personal Development and Performance Review appraisal process. At the date of this report 89% of staff have completed the module.

7.13 The University managed its occupational safety and health risks effectively. Accidents reported to the Health & Safety Executive reduced from three to one (this was relating to a member of staff). The corresponding incidence rate for reportable accidents per 1,000 staff reduced for the third successive year (from 0.43 in 2014/15 to 0.42). Total workplace accidents for staff, students and others reduced from 90 to 77. Accidents statistics submitted to HESA were within sector norms.

7.14 The University's arrangements for Incident Management are detailed in its Code of Practice MCP5 Incident Management. The Incident Management Team (IMT) was chaired by the Director of Estate Management for the year ended 31st July 2015; this responsibility will pass for 2016/17 to the Registrar and Deputy Chief Executive, to create a stronger formal link with the SMT. A review of broader business continuity processes has also been undertaken in the last 12 months, and a new policy and framework was presented to the Audit Committee in autumn 2016.

7.15 Physician/Practitioners and Safe Effective Quality Occupational Health Service (SEQHS) standards, along with professional bodies' standards for students in vocational programmes and all health screening targets were duly met. An internal audit of SEQHS is planned for 2017 with mandatory accreditation becoming an

expectation within five years. This provides the clinical governance underpinning the Occupational Health Unit alongside guidance from the regulatory bodies and Department of Health guidance.

7.16 As a consequence of a technical malfunction of the medical database held by the Occupational Health Unit, which rendered the data inaccessible, a new bespoke system maintained by the University has been developed. A bespoke, intuitive and fit for purpose system is now in place with further improvements to the system planned over the next year.

7.17 The number of student complaints referred to the Office of the Independent Adjudicator (OIA) must be considered in the context of changes to the OIA's rules which took effect in July 2015. Specifically, students now have 12 months within which to refer their complaint to the OIA having exhausted the University's internal procedures. Prior to this change, students had three months to refer the complaint to the OIA. This 12 month period has not yet expired for student issued with Completion of Procedures (COP) letters in the latter part of 2015. The OIA closed 19 LJMU complaints in 2015; two complaints were 'Settled' (prior to a decision by the OIA), five were deemed 'Not Eligible', and 12 deemed 'Not Justified'. Slightly higher than the sector average of 64%, the majority of complaints (74%) related to academic status, with service issues at 16% also slightly higher than the sector average of 15%. However, the actual figures are very small as a proportion of the total student body (25,000).

7.18 As part of the IT Strategy, major system development projects that require capital investment, are subject to a detailed business case and presented to the Planning and Resources Committee for approval. A group, chaired by the Pro-Vice-Chancellor (Education), has responsibility for the prioritisation and monitoring of small scale I.T. development requests deemed to be of a sufficient scale to warrant formal project management.

7.19 The Academic Board receives an update on all medium and large scale Digital/IT development projects and Digital/IT related initiatives designed to enhance the student experience at each meeting.

7.20 At its 14th March 2016 meeting the Audit Committee received an annual report highlighting the major initiatives undertaken by the staff of the Procurement Services Team and provides information about the University's significant purchasing activity. The report identified a variety of value for money, contractual and operational activities undertaken by the team.

7.21 The University complies with the legal requirement to advertise contract opportunities for any sub-OJEU threshold contracts by advertising in "Contracts Finder" for all contracts over £25,000 and under OJEU threshold.

7.22 The P2P (Procure to Pay) e-market system has been implemented across the whole University. I-Buy requisitions (and the resultant order production) have continued to rise during the 2015/16 financial year. P2P has a major benefit in strengthening the control of budgets and authorisation of purchase orders and improves the efficiency of purchasing, receipting and invoice matching.

7.23 The Audit Committee received (in 2014/15) the outcome on the Procurement Maturity Assessment (PMA), undertaken by Southern Universities Purchasing Consortium (SUPC) Procurement Shared Service of LJMU and approved the outcomes and recommended actions outlined within the report. The assessment is an independent detailed assessment of the University's procurement function which provides the University with a bespoke action plan for improvement, a baseline to measure improvements, as well as benchmark scores against similar institutions. The purpose of this is to help institutions to understand and improve the efficiency and effectiveness of their procurement functions which can, in turn, lead to significant efficiency

savings. A further assessment to review actions following the recommendations is currently being undertaken.

7.24 The Diamond Report on Collaborative procurement has recommended a savings target of 30% for individual HEI spend via existing national or regional agreements. LJMU's collaborative spend for 2014/15 was £13.650 million (31.6%) compared to £12,537 million (28.1%) in 2013/14. The University reported that the use of collaborative agreements contributed to £1.489 million towards the cashable savings reported in the Efficiency Measurement Model return.

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

7.26 The Board of Governors receives the Annual Assurance Return for approval before submission to HEFCE. The Annual Assurance Return confirms that the University's accountable officer, the Vice-Chancellor & Chief Executive, has met the obligations to HEFCE under the Memorandum of Assurance and Accountability (HEFCE 2016/12). The return covers the period to the financial year-end (31st July 2016) and up to the date of making the return (1st December 2016).

7.27 The Board has also been made aware of HEFCE's 'Revised operating model for quality assessment' and the governing body's responsibility for providing assurances to HEFCE about the quality of the University's higher education provision, specifically with regard to: the continuous improvement of the student academic experience and of student outcomes; and the reliability of degree standards. A report to this effect was presented to the Board of Governors at its meeting held on 21st November 2016.

7.28 Following the implementation of the Counter-Terrorism and Security Act 2015, the University is now required to comply with the Prevent Duty; a key component of the Government's anti-terrorism strategy CONTEST. This duty places responsibility onto the University to 'have due regard to the need to prevent people from being drawn into terrorism'. Responsibilities fall into six broad categories around Leadership, Partnership, Staff Training, Welfare/Pastoral Care and Support, I.T. Policies and Student Unions. A Risk Log and associated Action Plan have been developed identifying all relevant areas of risk, methods of mitigation and areas of responsibility. This document is reviewed by the Strategic Management Team on a monthly basis. In addition to internal monitoring, HEFCE have delegated authority from the Home Office for compliance. An annual monitoring process is in place with reporting scheduled for December each year. An initial reporting mechanism, submitted to HEFCE in April 2016, indicated the University's satisfactory compliance with the Duty

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

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

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

7.30 The University's Transparent Approach to Costing Return (TRAC) allows the University to fully cost its external research and other activities. The return is submitted to HEFCE by the end of January each year, and is signed by the Vice-Chancellor & Chief Executive, after having been reviewed by the University's Costing and Pricing Steering Group. As the financial accounts are not finalised until the preceding November, HEFCE acknowledge that approval of the TRAC return is unlikely to fit with universities' normal cycle of Board meetings, and therefore the TRAC is presented to the Board's Finance Committee at its March meeting. The TRAC return process has been audited by the University's independent internal auditors as part of the 2015/16 Internal Audit Plan and will be audited again within the next three years in line with external guidance. In addition, in March 2016 as part of the academic workload planning audit the Internal Auditors undertook an audit of the academic time recording process which is used to inform the calculations within the TRAC return and made a number of recommendations to improve TRAC processes which the University is now working towards implementing.

Opinion

8.1 The Board of Governors is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks: that internal control systems have been in place for the year ended 31st July 2016 and up to the date of approval of the financial statements; that it is regularly reviewed by the Board of Governors; and that it accords with internal control guidance for directors on the UK Corporate Governance Code as deemed appropriate for HE. The Risk Management Policy and Framework has been reviewed and updated to reflect and align closely with the University's strategic plan 2012-2017.

9 Going Concern

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



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

We have audited the financial statements of Liverpool John Moore's University for the year ended 31 July 2016 set out on pages 37 to 68. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of the Board of Governors and auditor

As explained more fully in the Statement of Responsibilities of the Board of Governors Statement set out on page 22 the Board of Governors (who are the Directors of the company for the purposes of company law) is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2016 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's Accounts direction to higher education institutions for 2015-16 financial statements; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the articles of government;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2015-16 financial statements have been met.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Operating and Financial Review and the Report of the Governors and Corporate Governance Statement (which together constitute the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Timothy Cutler (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Peters Square, Manchester M2 3AE
Date: 24 November 2016

STATEMENT OF ACCOUNTING POLICIES for the year ended 31 July 2016

1. 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.

2. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2016. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

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

3. 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.

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 balance sheet 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 other restriction applied to the individual endowment fund.

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

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

Capital grants

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

4. 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 to University at 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.

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 Group should recognise 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.

5. 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 for the year ended 31 July 2016 the University expects to pay as a result of the unused entitlement.

6. 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.

7. Service Concession Arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet 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.

8. 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.

9. 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 balance sheet 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.

10. 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 balance sheet 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.

The institution's share of assets and liabilities in associate entities and joint ventures is recognised in the institution's balance sheet 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.

11. Fixed assets

Fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets 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.

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

Land and buildings

Land and Buildings are measured using a previous UK GAAP valuation taken on 31 May 2013 as deemed cost.

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

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

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

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

Equipment

Equipment, including computers and software, costing less than £5,000 per individual item is recognised as expenditure. All other equipment is capitalised.

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

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

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

Borrowing costs

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

12. Heritage assets

The University owns a number of works of art which have been donated or loaned during the last 10 years. These items are not included in the University's balance sheet as they are not material in value. More information can be found in note 11.

13. Basic Financial Instruments

Financial assets and financial liabilities are recognised in the University's balance sheet when the University becomes a party to the contractual provisions of the instrument. 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.

14. Investments

Noncurrent asset investments are held on the Balance Sheet at amortised cost less impairment.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts. Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

15. Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

16. 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 90 days left to maturity as being cash equivalent.

17. 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.

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

within the control of the University. Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

18. 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.

19. Taxation

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. 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 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 balance sheet 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.

20. 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.

21. Transition to 2015 SORP

The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to the SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 32.

Application of first time adoption grants certain exemption from the full requirements of the SORP in the transition period. The following exemptions have been taken into these financial statements:

Fair value or revaluation as deemed cost at 31st July 2014. A valuation taken on 31st May 2013 has been used as deemed cost for properties measured at fair value.

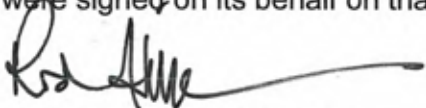
Liverpool John Moores University
Consolidated Statement of Comprehensive Income and Expenditure
Year Ended 31 July 2016

	Note	Consolidated 2016 £000	University 2016 £000	Consolidated 2015 £000	University 2015 £000
Income					
Tuition Fees and Education Contracts	1	163,515	163,243	154,456	154,094
Funding Body Grants	2	26,458	26,458	25,172	25,172
Research Grants and Contracts	3	9,895	9,406	8,651	8,139
Other Income	4	4,119	4,232	5,091	5,646
Investment Income	5	674	685	537	523
Donations and Endowments	6	207	207	472	472
Total Income		<u>204,868</u>	<u>204,231</u>	<u>194,379</u>	<u>194,046</u>
Expenditure					
Staff Costs	7	109,572	109,182	103,349	102,866
Other operating expenses	9	55,574	55,130	56,288	56,240
Depreciation	11	8,552	8,552	7,970	7,970
Impairment	11	5,048	-	1,072	1,072
Interest and other finance costs	8	6,574	6,746	6,376	6,548
Total Expenditure	9	<u>185,320</u>	<u>179,610</u>	<u>175,055</u>	<u>174,696</u>
Surplus/(deficit) before other gains losses and share of operating surplus/deficit of joint ventures and associates		19,548	24,621	19,324	19,350
(Loss)/gain on disposal of fixed assets		(163)	(163)	(89)	(89)
Share of operating (deficit)/surplus in joint venture	15	(72)	-	(22)	-
Surplus/(deficit) before tax		<u>19,313</u>	<u>24,458</u>	<u>19,213</u>	<u>19,261</u>
Taxation	10	(61)	(61)	-	-
Surplus/(Deficit) for the year		<u>19,252</u>	<u>24,397</u>	<u>19,213</u>	<u>19,261</u>
Actuarial (loss)/gain in respect of pension schemes	31	(37,606)	(37,606)	(14,235)	(14,235)
Total comprehensive income for the year		<u>(18,354)</u>	<u>(13,209)</u>	<u>4,978</u>	<u>5,026</u>
Represented by:					
Restricted comprehensive income for the year		235	235	(935)	(935)
Unrestricted comprehensive income for the year		(18,589)	(13,444)	5,913	5,961
		<u>(18,354)</u>	<u>(13,209)</u>	<u>4,978</u>	<u>5,026</u>
Surplus for the year attributable to:					
University		<u>19,252</u>	<u>24,397</u>	<u>19,213</u>	<u>19,261</u>
Total Comprehensive income for the year attributable to:					
University		<u>(18,354)</u>	<u>(13,209)</u>	<u>4,978</u>	<u>5,026</u>

All items of income and expenditure relate to continuing activities

	Note	Year ended 31 st July 2016		Year ended 31 st July 2015	
		Consolidated £000	University £000	Consolidated £000	University £000
Non-Current Assets					
Fixed Assets	11	199,949	199,949	187,220	187,220
Investments	14	39	16,029	39	16,029
Investment in Joint Venture	15	(94)	-	(22)	-
		<u>199,894</u>	<u>215,978</u>	<u>187,237</u>	<u>203,249</u>
Current Assets					
Stock	17	70	70	77	77
Trade and other receivables	18	7,730	8,082	6,012	6,369
Investments	19	47,000	47,000	55,000	55,000
Cash and cash equivalents	24	44,691	44,589	24,376	24,253
		<u>99,491</u>	<u>99,741</u>	<u>85,465</u>	<u>85,699</u>
Less: Creditors amounts falling due within one year	20	(36,909)	(36,797)	(37,804)	(37,701)
Net current assets/(liabilities)		<u>62,582</u>	<u>62,944</u>	<u>47,660</u>	<u>47,998</u>
Total assets less current liabilities		<u>262,476</u>	<u>278,922</u>	<u>234,898</u>	<u>251,247</u>
Creditors: amounts falling due after more than one year	21	(42,550)	(58,708)	(43,693)	(59,851)
Provisions					
Pension provisions	22	(155,007)	(155,007)	(113,668)	(113,668)
Other provisions	22	(3,901)	(3,901)	(3,213)	(3,213)
		<u>61,018</u>	<u>61,306</u>	<u>74,324</u>	<u>74,515</u>
Net Assets					
Restricted Reserves					
Income and expenditure reserve	23	1,994	1,994	1,759	1,759
Unrestricted Reserves					
Income and expenditure reserve		28,612	28,900	41,760	41,951
Revaluation reserve		30,412	30,412	30,805	30,805
		<u>61,018</u>	<u>61,306</u>	<u>74,324</u>	<u>74,515</u>
Total Reserves					

The financial statements were approved by the Board of Governors on 21st November 2016 and were signed on its behalf on that date by:



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



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

Liverpool John Moores University
Consolidated and University Statement of Changes in Reserves
Year Ended 31 July 2016

Consolidated	Income and expenditure account		Revaluation reserve £000	Total £000
	Restricted £000	Unrestricted £000		
Balance at 1 August 2014	2,694	35,454	31,198	69,346
Surplus/(deficit) from the income and expenditure statement	2,230	16,983	-	19,213
Other comprehensive income	-	(14,235)	-	(14,235)
Transfers between revaluation and income and expenditure reserves	-	393	(393)	-
Release of restricted funds	(3,165)	3,165	-	-
	<u>(935)</u>	<u>6,306</u>	<u>(393)</u>	<u>4,978</u>
Balance at 1 August 2015	1,759	41,760	30,805	74,324
Surplus/(deficit) from the income and expenditure statement	1,874	17,378	-	19,252
Other comprehensive income	-	(37,606)	-	(37,606)
Transfers between revaluation and income and expenditure reserve	-	393	(393)	-
Impairment of option in LRC	-	5,048	-	5,048
Release of restricted funds	(1,639)	1,639	-	-
Total comprehensive income for the year	<u>235</u>	<u>(13,148)</u>	<u>(393)</u>	<u>(13,306)</u>
Balance at 31 July 2016	<u>1,994</u>	<u>28,612</u>	<u>30,412</u>	<u>61,018</u>
University	Income and expenditure account		Revaluation reserve	Total
	Restricted £000	Unrestricted £000	£000	£000
Balance at 1 August 2014	2,694	35,597	31,198	69,489
Surplus/(deficit) from the income and expenditure statement	2,230	17,031	-	19,261
Other comprehensive income	-	(14,235)	-	(14,235)
Transfers between revaluation and income and expenditure reserves	-	393	(393)	-
Release of restricted funds	(3,165)	3,165	-	-
	<u>(935)</u>	<u>6,354</u>	<u>(393)</u>	<u>5,026</u>
Balance at 1 August 2015	1,759	41,951	30,805	74,515
Surplus/(deficit) from the income and expenditure statement	1,874	22,523	-	24,397
Other comprehensive income	-	(37,606)	-	(37,606)
Transfers between revaluation and income and expenditure reserve	-	393	(393)	-
Release of restricted funds	(1,639)	1,639	-	-
Total comprehensive income for the year	<u>235</u>	<u>(13,051)</u>	<u>(393)</u>	<u>(13,209)</u>
Balance at 31 July 2016	<u>1,994</u>	<u>28,900</u>	<u>30,412</u>	<u>61,306</u>



Liverpool John Moores University
Consolidated and University Cash Flow
Year ended 31 July 2016

	Note	Year ended 31 July 2016	Year ended 31 July 2015
		£000	£000
Cash flow from operating activities			
Surplus for the year		19,252	19,213
Adjustment for non-cash items			
Depreciation	11	8,552	7,970
Impairment	11	5,048	1,072
Reclassification of Equipment	11	441	222
Decrease/(increase) in stock	17	7	(15)
(Increase)/decrease in debtors	18	(1,718)	(1,380)
(Decrease)/increase in creditors	20	(920)	2,666
Increase/(decrease) in pension provision	22	65	(186)
Increase/(decrease) in other provisions	22	688	667
Share of operating deficit/(surplus) in joint venture	15	72	22
Adjustment for investing or financing activities			
Investment income	5	(670)	(537)
Interest payable	8	6,558	6,363
Loss on the sale of fixed assets		163	89
Net cash inflow from operating activities		<u>37,538</u>	<u>36,165</u>
Cash flows from investing activities			
New deposits	19	8,000	(20,000)
Investment income	5	670	537
Payments made to acquire fixed assets	11	(21,885)	(13,566)
		<u>(13,215)</u>	<u>(33,029)</u>
Cash flows from financing activities			
Interest paid	8	(2,890)	(2,935)
Repayments of amounts borrowed	20	(1,118)	(587)
		<u>(4,008)</u>	<u>(3,522)</u>
Increase/(decrease) in cash and cash equivalents in the year		<u>20,315</u>	<u>(386)</u>
Cash and cash equivalents at beginning of the year	24	24,376	24,762
Cash and cash equivalents at end of the year	24	44,691	24,376

**Liverpool John Moores University
Notes to the accounts**

	Year ended 31 st July 2016		Year ended 31 st July 2015	
	Consolidated £000	University £000	Consolidated £000	University £000
1. Tuition Fees and Education Contracts				
Note				
Full-time home and EU students	134,587	134,587	125,079	125,079
Full-time international students	9,866	9,866	8,305	8,305
Part-time students	3,591	3,591	3,369	3,369
Other fees and NHS contracts	15,471	15,199	17,703	17,341
	<u>163,515</u>	<u>163,243</u>	<u>154,456</u>	<u>154,094</u>
2. Funding Body Grants				
	Consolidated £000	University £000	Consolidated £000	University £000
Recurrent grant				
Higher Education Funding Council	19,073	19,073	20,785	20,785
National College for Teaching and Leadership	-	-	197	197
Specific grants				
Higher Education Funding Council	300	300	408	408
National College for Teaching and Leadership	1,109	1,109	1,024	1,024
Capital Grants	5,976	5,976	2,758	2,758
	<u>26,458</u>	<u>26,458</u>	<u>25,172</u>	<u>25,172</u>
3. Research grants and Contracts				
	Consolidated £000	University £000	Consolidated £000	University £000
Research Councils	2,384	2,384	2,167	2,167
UK based Charities	708	708	741	737
Health and Hospitals	2,550	2,550	1,639	1,639
Central and Local Government	836	823	1,067	1,042
Other grants and contracts	3,417	2,941	3,037	2,554
	<u>9,895</u>	<u>9,406</u>	<u>8,651</u>	<u>8,139</u>

**Liverpool John Moores University
Notes to the accounts**

	Note	Year ended 31 st July 2016		Year ended 31 st July 2015	
		Consolidated £000	University £000	Consolidated £000	University £000
4. Other income					
Residences, catering and conferences		1,242	1,174	1,274	1,201
Other services rendered		2,413	2,594	2,951	3,589
Other income		464	464	866	856
		<u>4,119</u>	<u>4,232</u>	<u>5,091</u>	<u>5,646</u>
5. Investment income					
		Consolidated £000	University £000	Consolidated £000	University £000
Investment income on restricted reserves	23	7	7	6	6
Other investment income		667	678	531	517
		<u>674</u>	<u>685</u>	<u>537</u>	<u>523</u>
6. Donations and Endowments					
		Consolidated £000	University £000	Consolidated £000	University £000
Donations with restrictions		192	192	472	472
Unrestricted donations	23	15	15	-	-
		<u>207</u>	<u>207</u>	<u>472</u>	<u>472</u>
7. Staff costs					
		Consolidated £000	University £000	Consolidated £000	University £000
Salaries		86,381	85,991	82,987	82,504
Social security costs		7,733	7,733	6,500	6,500
Movement on USS provision		14	14	466	466
Other pension costs		15,444	15,444	13,396	13,396
Total		<u>109,572</u>	<u>109,182</u>	<u>103,349</u>	<u>102,866</u>
Emoluments of the Vice Chancellor:				£	£
Salary				282,696	248,178
Benefits				836	1,383
Pension contributions to USS				1,979	28,800
				<u>285,511</u>	<u>278,361</u>

Liverpool John Moores University Notes to the accounts

7. Staff costs (continued)

Remuneration of other higher paid staff, excluding employer's pension contributions all shown before any salary sacrifice:

	No.	No.
£100,000 to £109,999	2	1
£110,000 to £119,999	1	1
£120,000 to £129,999	3	2
£130,000 to £139,999	1	2
£140,000 to £149,999	5	6
	<u>12</u>	<u>12</u>

Average staff number by major category:

	No.	No.
Academic	1,087	1,084
Non Academic	1,127	1,066
	<u>2,214</u>	<u>2,150</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel. The University has identified these people as the Vice Chancellor, Pro Vice Chancellors, Deans of Faculties and Heads of Divisions.

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

	Year ended 31st July 2016 £	Year ended 31st July 2015 £
Key management personnel compensation	<u>2,288,130</u>	<u>2,068,148</u>

Governors (Also known as trustees)

The University governors are the trustees for charitable law purposes.

No Governor has received any remuneration/waived payments from the group during the year (2015 £nil).

The total expenses paid to or on behalf of 25 governors, also known as Trustees was £0.8k (2015 £2k to 22 Governors). This represents travel and subsistence expenses incurred in attending Council and Committee meetings and Charity events in their official capacity.

**Liverpool John Moores University
Notes to the accounts**

	Note	Year ended 31 st July 2016		Year ended 31 st July 2015	
		Consolidated	University	Consolidated	University
		£000	£000	£000	£000
8. Interest and other finance costs					
Loan interest		2,890	2,890	2,935	2,935
Other interest		-	172	-	172
Net charge on pension scheme	31	3,684	3,684	3,441	3,441
		<u>6,574</u>	<u>6,746</u>	<u>6,376</u>	<u>6,548</u>

	Year ended 31 st July 2016		Year ended 31 st July 2015	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
9. Analysis of total expenditure by activity				
Academic and related expenditure	87,395	86,875	80,526	80,029
Academic services	23,762	23,760	20,214	20,174
Administration and central services	9,472	9,434	9,704	10,245
Premises	26,361	26,361	32,211	32,211
Residences, catering and conferences	1,853	1,853	1,712	1,684
Research grants and contracts	6,865	6,763	6,379	6,200
General Education	10,076	10,076	13,113	13,113
Staff and student facilities	7,284	7,284	6,322	6,322
Other expenses	12,252	7,204	4,874	4,718
	<u>185,320</u>	<u>179,610</u>	<u>175,055</u>	<u>174,696</u>

Other operating expenses include:

Fees payable to the company's auditor for the audit of the company's annual accounts	47	47	45	45
Audit of the accounts of subsidiaries	6	-	5	-
Taxation compliance services	18	10	29	22
Taxation advisory services	102	102	59	59
Audit-related assurance services	20	20	14	14
Internal audit services	84	84	65	65
Corporate finance services	94	94	-	-
Operating lease rentals	1	12	381	381
Land and buildings	930	900	1,184	1,154

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**Liverpool John Moores University
Notes to the accounts**

10. Taxation

	Year ended 31 st July 2016		Year ended 31 st July 2015	
	Consolidated £000	University £000	Consolidated £000	University £000

**Recognised in the statement of
comprehensive income:**

Current Tax

Current tax expense	-	-	-	-
Adjustment in respect of previous years	61	61	-	-
	<u>61</u>	<u>61</u>	<u>-</u>	<u>-</u>

11. Fixed Assets

Group and University	Freehold land and Buildings	Leasehold land and Buildings	Telescope	Equipment	WIP	Total
Cost or valuation						
At 1 August 2015	172,904	1,178	5,113	19,428	8,197	206,820
Additions	-	-	-	3,267	18,618	21,885
Transfers	9,411	-	-	1,902	(11,313)	-
Re-classified	(550)	-	27	(27)	-	(550)
Disposals	-	(474)	-	(369)	-	(843)
	<u>181,765</u>	<u>704</u>	<u>5,140</u>	<u>24,201</u>	<u>15,502</u>	<u>227,312</u>
Consisting of valuation as at :						
31 May 2013	172,221	665	-	-	-	172,886
Cost	9,544	39	-	-	-	9,583
	<u>181,765</u>	<u>704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,469</u>
Depreciation						
At 1 August 2015	7,451	338	2,928	8,883	-	19,600
Additions	4,023	-	276	4,253	-	8,552
Transfers	(109)	-	7	(7)	-	(109)
Disposals	-	(338)	-	(342)	-	(680)
	<u>11,365</u>	<u>-</u>	<u>3,211</u>	<u>12,787</u>	<u>-</u>	<u>27,363</u>
Net book value						
At 31 July 2016	<u>170,400</u>	<u>704</u>	<u>1,929</u>	<u>11,414</u>	<u>15,502</u>	<u>199,949</u>
At 31 July 2015	<u>165,453</u>	<u>840</u>	<u>2,185</u>	<u>10,545</u>	<u>8,197</u>	<u>187,220</u>

Liverpool John Moores University Notes to the accounts

11. Fixed Assets (continued)

	Freehold land and Buildings	Leasehold land and Buildings	WIP	Telescope	Equipment	Total
Leased assets included in above:						
At 31 July 2016	1,724	-	-	-	-	1,724
At 31 July 2015	2,122	136	-	-	-	2,258

At 31 July 2016, land and buildings included £16.050m (2015 - £16.050m) in respect of land that is not depreciated.

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

The leased asset relates to a long lease hold agreement which the University has with a subsidiary company, JMU Learning Resource Centre Development Limited, to lease the building Avril Roberts Learning Resource Centre.

Under an option Agreement dated 24 November 1995, JMU Learning Resource Centre Development Limited has the right, inter alia, to require the University, at any time during the 21 year option period, at one month's notice, to purchase the long leasehold interest for cash at a price equal to the company's costs of development. At the date of signing these accounts the Directors of JMU Learning Resource Centre Development Limited have indicated that there is no intension to exercise the option. In the opinion of its directors it is therefore no longer appropriate to recognise the substance of the arrangement and as a result the value of the debtor has been impaired in line with the current valuation of Avril Roberts Learning Resource Centre. This has resulted in a charge to the consolidated Statement of Changes in Reserves of £5.048million.

12. 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 balance sheet as they are not material in value.

Liverpool John Moores University Notes to the accounts

13. Service Concession Arrangements

The University has no minimum guaranteed payment and therefore no asset and liability to recognise on the Balance Sheet.

14. Non-Current Investments

	Subsidiary Companies £000	Other fixed asset investments £000	Total £000
Consolidated			
At 31 st August 2015 and 31 July 2016	<u>-</u>	<u>39</u>	<u>39</u>
University			
At 31 st August 2015 and 31 July 2016	<u>15,990</u>	<u>39</u>	<u>16,029</u>

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

15. Investment in joint venture

Sensor City Liverpool Limited is a company limited by guarantee. The company was incorporated on 23 October 2014. Liverpool John Moore University and University of Liverpool each have a 50% interest in the company. The arrangement is treated as a joint venture and is accounted for using the gross equity method. The net liabilities of the company for the year ended 31 July 2016 £0.188m (31 July 2015 £0.046m), the group share of these being £0.094m (2015 £0.022m). The company's financial year end is 31 July 2016.

	Year ended 31 st July 2016		Year ended 31 st July 2015	
	£000	£000	£000	£000
Income and expenditure account				
Income		-		-
Deficit before tax		<u>(72)</u>		<u>(22)</u>
Balance Sheet				
Fixed Assets	1,461		105	
Current Assets	<u>1,219</u>		<u>30</u>	
		2,680		135
Creditors: amounts due within 1 year	(1,230)		(52)	
Creditors: amounts due after more than 1 year	<u>(1,544)</u>		<u>(105)</u>	
		<u>(2,774)</u>		<u>(157)</u>
Share of net liabilities		<u>(94)</u>		<u>(22)</u>

Liverpool John Moores University Notes to the accounts

15. Investment in joint venture (continued)

The university participates in a number of joint research contracts with other universities. Income from significant arrangements during 2016 amounted to £0.148m. Within this are the following projects of note:

ERDF Low Carbon Eco-Innovatory - a project focused on developing innovative low carbon goods, processes and services through collaborative partnerships.

16. Investment in associates

The University has a 24.5% holding in 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 and, where appropriate, fund the establishment and continued operation, development and management of Liverpool Science Park incorporating, without limit, knowledge based SMEs developed from, or in connection with, local higher education institutions or from elsewhere in the Knowledge Economy and to encourage and support the development of new and growing businesses in the fields of science and knowledge based technologies.

During the year to 31st March 2016 the company made a profit of £213,962 (2015 loss £212,683). The University share of this is £52,421 (2015 loss £52,107). This has not been included in the consolidated figures as the University does not consider this to be material.

17. Stock

	Year ended 31 st July 2016		Year ended 31 st July 2015	
	Consolidated £000	University £000	Consolidated £000	University £000
General consumables	70	70	77	77

18. Trade and other receivables

	Consolidated £000	University £000	Consolidated £000	University £000
Amounts falling due within one year:				
Research grants receivables	722	722	921	921
Other trade receivables	1,364	1,155	1,291	1,133
Other receivables	311	311	317	317
Prepayments and accrued income	3,361	3,358	3,279	3,258
Amounts due from subsidiary companies	-	564	-	536
Amounts due from associate companies	165	165	163	163
Amounts due from joint venture	1,807	1,807	41	41
	<u>7,730</u>	<u>8,082</u>	<u>6,012</u>	<u>6,369</u>

Liverpool John Moores University
Notes to the accounts

19. Current Investments

	Consolidated £000	University £000	Consolidated £000	University £000
Short term deposits	<u>47,000</u>	<u>47,000</u>	<u>55,000</u>	<u>55,000</u>

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 balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2016 the weighted average interest rate of these fixed rate deposits was 1.02% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 175 days. The fair value of these deposits was not materially different from the book value.

	Year ended 31st July 2016		Year ended 31st July 2015	
	Consolidated £000	University £000	Consolidated £000	University £000
Secured loans	1,142	1,142	1,118	1,118
Trade payables	4,975	4,970	3,073	3,062
Social security and other taxation payable	4,182	4,182	3,626	3,626
Amounts due to subsidiary companies	-	754	-	697
Accruals and deferred income	25,309	25,299	29,458	29,081
Other Creditors	<u>1,301</u>	<u>450</u>	<u>529</u>	<u>117</u>
	<u>36,909</u>	<u>36,797</u>	<u>37,804</u>	<u>37,701</u>

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.

	Consolidated £000	University £000	Consolidated £000	University £000
Research grants received on account	6,066	6,066	6,515	6,515
Grant income	473	473	3,453	3,453
Other income	<u>1,783</u>	<u>1,783</u>	<u>2,177</u>	<u>2,161</u>
	<u>8,322</u>	<u>8,322</u>	<u>12,145</u>	<u>12,129</u>

Liverpool John Moores University
Notes to the accounts

**21. Creditors: amounts falling
after more than one year**

	Consolidated £000	University £000	Consolidated £000	University £000
Secured loans	42,550	42,550	43,693	43,693
Intercompany lease	-	16,158	-	16,158
	<u>42,550</u>	<u>58,708</u>	<u>43,693</u>	<u>59,851</u>

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

Analysis of secured loans:	Consolidated £000	University £000	Consolidated £000	University £000
Due within one year or on demand (note 20)	1,142	1,142	1,118	1,118
Due between one and two years	1,210	1,210	1,142	1,142
Due between two and five years	3,886	3,886	3,886	3,886
Due in five years or more	37,454	53,612	38,665	54,823
Due after more than one year	<u>42,550</u>	<u>58,708</u>	<u>43,693</u>	<u>59,851</u>
Total secured and unsecured loans	<u>43,692</u>	<u>59,850</u>	<u>44,811</u>	<u>60,969</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	1.30	University
Barclays Plc	3,000	25	1.33	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>			

The group has £20m undrawn borrowing facility available at 31st July 2016.

Liverpool John Moores University Notes to the accounts

22. Provisions for liabilities

Group and University	Obligation to fund deficit on USS Pension	Enhanced Pension Scheme	Defined Benefit Obligations (note 31)	Total Pension Provisions	Other	Total Other
1 August 2015	961	12,397	100,310	113,668	3,213	3,213
Utilised in year	(14)	(847)	-	(861)	(798)	(798)
Transfer from EE	-	878	41,322	42,200	1,486	1,486
31 July 2016	947	12,428	141,632	155,007	3,901	3,901

Included within other provisions are provisions for restructuring costs of £0.0002m (2015 £0.0032m), dilapidation costs of £0.656m (2015 £0.558m) and provisions for bursaries and scholarship of £3.588m (2015 £1.253m). Restructuring costs charged to the Income and Expenditure account in the current year totalled £0.026m (2015 £0.385m). Dilapidations charged to the Income and Expenditure account in the current year totalled £0.098m (2015 £0.098m). Other provisions include contractual obligations in relation to student activity.

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 2016.

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

	Consolidated
Discount rate	2.3%
Inflation	1.3%

USS deficit

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for payments relating to total benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

Liverpool John Moores University
Notes to the accounts

23. Restricted Reserves

Lender	Unspent capital grants £000	Donations £000	2016 Total £000	2015 Total £000
At 1 August 2015	910	849	1,759	2,694
New capital grants	1,675	-	1,675	1,752
New donations	-	192	192	472
Investment income	-	7	7	6
Capital grants utilised	(1,327)	-	(1,327)	(2,463)
Expenditure	-	(312)	(312)	(702)
At 31 July 2016	<u>1,258</u>	<u>736</u>	<u>1,994</u>	<u>1,759</u>

Analysis of other restricted funds/donations by type of purpose:

	2016 Total £000	2015 Total £000
Scholarships and bursaries	251	235
Student support	109	106
Research support	17	91
Prize funds	187	188
General	172	229
	<u>736</u>	<u>849</u>

24. Cash and Cash equivalents

	At 1 st August 2015 £000	Cash Flows £000	At 31 st July 2016 £000
Consolidated			
Cash and cash equivalents	<u>24,376</u>	<u>20,315</u>	<u>44,691</u>
University			
Cash and cash equivalents	<u>24,253</u>	<u>20,336</u>	<u>44,589</u>

25. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2016:

	31 July 2016		31 July 2015	
	Consolidated £000	University £000	Consolidated £000	University £000
Commitments contracted for	<u>5,188</u>	<u>5,188</u>	<u>-</u>	<u>-</u>

Liverpool John Moores University
Notes to the accounts

26. Contingent liabilities

The University has considered the existence of any Contingent Liabilities for the group as at 31st July 2016 and concludes that there are none.

27. Lease obligations

	31 July 2016		Total £000	31 July 2015 £000
	Land and Buildings £000	Plant and Machinery £000		
Payable during the year	929,942	11,584	941,526	1,564,793
Future minimum lease payments due:				
Not later than 1 year	921,542	16,734	938,276	907,930
Later than 1 year and not later than 5 years	2,277,767	21,884	2,299,651	2,968,798
Later than 5 years	162,826	-	162,826	277,762
Total lease payments due	<u>3,362,135</u>	<u>38,618</u>	<u>3,400,753</u>	<u>4,154,490</u>

Finance Leases:

The University has an intercompany finance lease with JMU Learning Resource Centre Development Limited. The lease runs for 25 years from 24 November 1995 and is in respect of the Avril Roberts Learning Resource Centre which is held as an asset on the Universities balance sheet. No payments have been made in respect of the lease since 1 April 2005.

Liverpool John Moores University Notes to the accounts

28. Subsidiary Undertakings

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

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 Roberts Learning Resource Centre
JMU Building Services and Maintenance Ltd	100% owned	Promotion of the advancement of education by provision of funds to the University
Liverpool Business School Ltd	100% owned	Dormant
Liverpool John Moores (Malaysia) SDN.BHD	100% owned	Promote and support collaborations within Malaysia
Microwaste Two Limited	100% owned	Proof in concept of novel energy waste management system
Standard Trace Metal Quantification Ltd	100% owned	Producing a standard referencing material for provision to the pharmaceutical industry

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

29. Events after the reporting period

There were no significant events which occurred after the 31st July 2016 but before the date these accounts were signed which require disclosure.

30. 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 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.

Liverpool John Moores University Notes to the accounts

30. Related party transactions (continued)

An updated register of interests of the Board of Governors 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 2016 due (from)/to the University £000
	£000	£000	
Sensor City Liverpool Limited	624,690	2,390,523	(1,806,628)
Liverpool Student Union	9,269	1,172,118	-
Liverpool Science Park Limited	5,156	63,576	(1,496)
Mersey Maritime Limited	-	80,332	-
Liverpool Cathedral Enterprises Limited	-	71,009	-

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.

Liverpool Student Union is an independent organisation largely funded by the University.

Liverpool Science Park Limited is an associate company of the University who promote, deliver, sponsor, co-ordinate and fund the establishment and continued operation, development and management of Liverpool Science Park.

Mersey Maritime Ltd is the representative body for the Maritime Sector in the Liverpool City Region.

Liverpool Cathedral Enterprises Ltd is responsible for the advancement and promotion of the mission, ministry and worship of the Anglican Cathedral.

31. Financial Instruments

Risk Management

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.

Liverpool John Moores University Notes to the accounts

31. Financial Instruments (continued)

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 2016, the maximum exposure is represented by the carrying value of each financial asset in the balance sheet.

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 2 re-forecasts are made. The University policy is to maintain a minimum of £10m in on-call cash balances. Excess funds are invested to maximise the return whilst observing the Treasury Management Policy limits.

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 euros.

Liverpool John Moores University Notes to the accounts

31. Financial Instruments (continued)

Interest rate risk

Interest rate risk refers to the likelihood that changes in interest rates will result in fluctuations of the value of balance sheet 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 21). The interest rates attached to these range from 1.35 to 7.99%, with two being floating and the remaining being fixed over the term of the loans.

Due to the low interest rate environment most of the University cash deposits at the 31st July 2016 are on-call as these offer a competitive rates of return whilst offering liquidity. Such deposits have limited re-investment risk.

32. 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	Year ended
	31 July 2016	31 July 2015
	£000	£000
USS (contributions paid)	462	462
USS (FRS 102 adjustments)	(30)	465
LGPS (contributions paid)	4,573	4,560
LGPS (FRS 102 adjustments)	(127)	(935)
TPS (contributions paid)	6,832	4,640
	<u>11,710</u>	<u>9,192</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 2012 and of the LGPS 31 March 2013.

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

Liverpool John Moores University Notes to the accounts

31. Pension Schemes (continued)

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 £0.462m (2015 £0.462m). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions.

The latest available actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

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

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	31 July 2016	31 July 2015
Discount Rate	3.60%	3.30%
Pensionable salary growth	n/a	3.5% in the first year and 4% thereafter
Pension increases (CPI)	2.20%	2.20%

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

Male members' mortality	S1NA ("light") YoB tables - no age rating
Female members' mortality	S1NA ("light") YoB tables - rates down one year

Liverpool John Moores University Notes to the accounts

31. Pension Schemes (continued)

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	At 31 July 2016	At 31 July 2015
Male (females) currently aged 65	24.3 (26.5) years	24.2 (26.4) years
Males (females) currently aged 45	26.4 (28.8) years	26.3 (28.7) years

Existing Benefits	At 31 July 2016	At 31 July 2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS102 total scheme deficit	£8.5bn	£11.1bn
FRS102 total funding level	85%	82%

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, increased the University contribution rate to 18% from 1 April 2016.

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.

At 31 March 2015, USS had over 162,000 active members and the University had 47 active members participating in the scheme.

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 2016 was £4,573,396 (2015 £4,410,801). The agreed contribution rates for future years are 12.4 % for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

Liverpool John Moores University Notes to the accounts

31. Pension Schemes (continued)

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary.

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

	At 31 July 2016 %pa	At 31 July 2015 %pa
Price Inflation (CPI)	1.7	2.2
Rate of increase in salaries	3.2	3.7
Rate of increase of pensions	1.8	2.2
Discount rate	2.6	3.8

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.

	At 31 July 2016	At 31 July 2015
<i>Retiring today</i>		
Males	22.5	22.4
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	24.9	24.8
Females	28.2	28.1

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
Notes to the accounts

31. 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 2016	Value at 31 July 2016	Long term rate of return expected at 31 July 2015	Value at 31 July 2015
Equities	52.5%	113,749	60.1%	113,851
Government bonds	4.6%	9,967	13.8%	26,142
Corporate bonds	11.8%	25,567	5.2%	9,851
Property	8.2%	17,767	8.6%	16,292
Cash	3.7%	8,017	2.9%	5,494
Other	19.2%	41,600	9.4%	17,807
Total		<u>216,667</u>		<u>189,437</u>

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	Year ended 31 st July 2016 £000	Year ended 31 st July 2015 £000
Fair value of plan assets	216,667	289,747
Present value of plan liabilities	(358,299)	(189,437)
Net pensions (liability)/asset (Note 19)	<u>(141,632)</u>	<u>100,310</u>

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

	Year ended 31 st July 2016 £000	Year ended 31 st July 2015 £000
Amounts included in staff costs		
Current service cost	(7,463)	(6,448)
Effects of curtailments	-	(26)
Total operating charge	<u>(7,463)</u>	<u>(6,474)</u>
Amounts included in investment income		
Interest cost	(10,938)	(10,764)
Expected return on assets	7,270	7,336
Net charge to other finance income	<u>(3,668)</u>	<u>(3,428)</u>
Amounts recognised in Other Comprehensive Income		
Gain on assets	16,366	9,422
Assumption in 2015-16 financial year	(53,972)	(23,657)
Amount recognised in Other Comprehensive Income	<u>(37,606)</u>	<u>(14,235)</u>

Liverpool John Moores University
Notes to the accounts

31. Pension Schemes (continued)

History of experience gains and losses

	Year ended 31st July 2016 £000	Year ended 31st July 2015 £000
Difference between actual and expected return on scheme assets:		
Amount	16,366	9,422
% of liabilities at end of year	7.6%	3.6%
Experience (gains)/losses on scheme liabilities:		
Amount	(53,972)	(23,657)
% of liabilities at end of year	15.1%	8.2%
Total amount recognised as Comprehensive Income		
Amount	37,606	14,235
% of liabilities at end of year	10.5%	5.0%
	Year ended 31st July 2016 £000	Year ended 31st July 2015 £000
Cumulative actuarial loss recognised as other comprehensive income for LGPS pensions		
Cumulative actuarial losses recognised at the start of the year	(14,235)	12,139
Cumulative actuarial losses recognised at the end of the year	(37,606)	(14,235)
Analysis of movement in surplus/(deficit) for LGPS pensions		
Deficit at beginning of year	(100,310)	(83,413)
Contributions or benefits paid by the University	7,590	7,409
Current service cost	(7,463)	(6,448)
Other finance charge	(175)	(195)
Gain recognised in other comprehensive income	(3,668)	(3,428)
Deficit at end of year	<u>(37,606)</u>	<u>(14,235)</u>
	<u>(141,632)</u>	<u>(100,310)</u>

Liverpool John Moores University
Notes to the accounts

31. Pension Schemes (continued)

Asset and Liability Reconciliation

	Year ended 31st July 2016 £000	Year ended 31st July 2015 £000
Analysis of movement in the present value of LGPS liabilities		
Present value of LGPS liabilities at the start of the year	289,747	251,792
Current service cost (net of member contributions)	7,463	6,448
Curtailments	-	26
Interest Cost	10,938	10,764
Actual member contributions (including notional contributions)	2,478	2,398
Actuarial loss/(gain)	53,972	23,657
Actual benefit payments	(6,299)	(5,338)
Present value of LGPS liabilities at the end of the year	<u>358,299</u>	<u>289,747</u>
	Year ended 31st July 2016 £000	Year ended 31st July 2015 £000
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	189,437	168,379
Expected return on assets	7,270	7,336
Actuarial gain on assets	16,366	9,422
Actual contributions paid by University	7,590	7,409
Administrative expenses	(175)	(169)
Actual member contributions (including notional contributions)	2,478	2,398
Actual benefit payments	(6,299)	(5,338)
Fair value of scheme assets at the end of the year	<u>216,667</u>	<u>189,437</u>
	Year ended 31st July 2016 £000	Year ended 31st July 2015 £000
Actual return on Scheme assets		
Expected return on Scheme assets	16,366	9,422
Asset gain/(loss)	(53,972)	(23,657)
	<u>(37,606)</u>	<u>(14,235)</u>

Liverpool John Moores University Notes to the accounts

31. Pension Schemes (continued)

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 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.48% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

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

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

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

Liverpool John Moores University Notes to the accounts

31. Pension Schemes (continued)

Scheme Changes

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

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

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

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

From 1 September 2015, the employer contribution rate was increased to 16.4%.

The pension costs paid to TPS in the year amounted to £6,832,429 (2015 – £4,639,702).

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.

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set below.

Liverpool John Moores University Notes to the accounts

32. Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set below.

Financial position	31 July 2014		31 July 2015	
	Consolidated £000	University £000	Consolidated £000	University £000
Total reserves under 2007 SORP	34,783	35,069	38,406	38,765
USS pension provision	(482)	(482)	(961)	(961)
Employee leave accrual	(3,083)	(3,083)	(3,171)	(3,171)
Asset valuation	1,880	1,880	3,311	3,311
Capital Grants	34,941	34,941	35,623	35,623
Share of liabilities in associate	137	-	168	-
Endowments	1,170	1,170	947	947
Total effect of transition to FRS 102	<u>34,563</u>	<u>34,426</u>	<u>35,917</u>	<u>35,749</u>
Total reserves under 2015 SORP	<u>69,346</u>	<u>69,495</u>	<u>74,323</u>	<u>74,514</u>

Financial position	31 July 2015	
	Consolidated £000	University £000
Surplus for the year under 2007 SORP	20,370	20,450
USS pension provision	(i) (479)	(479)
Employee leave accrual	(ii) (88)	(88)
Asset valuation	(iii) 1,431	1,431
Capital Grants	(iv) 682	682
Endowments	(v) (223)	(223)
Share of liabilities in associate	(vi) 31	-
Actuarial (loss)/gain in respect of pension schemes	(vii) (16,747)	(16,747)
Total effect of transition to FRS 102	<u>(15,393)</u>	<u>(15,424)</u>
Total comprehensive income for the year under 2015 SORP	<u>4,978</u>	<u>5,026</u>

Notes to the reconciliation of reserves

- (i) Under FRS102 there is a requirement to provide for contracted benefits arising on funded multi-employer pension schemes. The University is now required to provide for obligations to fund past deficits for the Universities Superannuation Pension Scheme.

Liverpool John Moores University Notes to the accounts

33. Transition to FRS102 and the 2015 SORP (continued)

- (ii) FRS102 requires the University to provide for short-term employee benefits. These are benefits which are expected to be settled wholly before 12 months after the end of the financial year. The University has recognised a provision for untaken annual leave.
- (iii) On first time adoption of FRS102 there was an option to change the accounting basis under which fixed assets are valued. Previously the University had used the revaluation model, but has opted to use a previous UK GAAP valuation as deemed cost going forward.
- (iv) FRS 102 allows government grants to be accounted for either based on the performance model or the accruals model and the choice of policy may be made on a class by class basis. The University chose to account for government grants using the performance model for capital grants and the accruals method for revenue grants.
- (v) Under FRS102 donations and endowments with restrictions are recorded within restricted reserves until the restrictions are met. The University identified donations with restrictions and has accounted for these as restricted reserves.
- (vi) Under FRS102 there is no recognition of share of losses in associates in excess of initial investment. The University had previously recognised its share of losses in Liverpool Science Park Limited, in excess of the initial investment.
- (vii) The actuarial gain/loss on pension schemes was previously taken to the Statement of Recognised Gains and Losses. Under FRS102 this is now recognised within the Statement of Consolidated Income and Expenditure.

Cash Flows

The only impact of the transition to FRS 102 on the cash flows of the University or the Group is the reclassification of some short term investments to cash and cash equivalents as shown above.