UNIVERSITY OF LIVERPOOL

REVIEW OF THE YEAR AND FINANCIAL STATEMENTS 2023/24

THE ORIGINAL REDBRICK

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The Council of the University

The key committees of the Council are:

1. **Audit Committee**
2. **Finance & Resources Committee**
3. **Nominations Committee**
4. **Remuneration Committee**

Names	**Membership of key committees**
Ex Officio Members	
Vice-Chancellor	
Professor Tim Jones, BSc, PhD	2, 3
Provost and Deputy Vice-Chancellor	
Professor Richard Black BA, PhD *(from 23 September 2023)*	2
Chief Operating Officer *(from 1 August 2024)†*	
Lucy Everest, BA *(from 7 October 2024)*	2
President of the Guild of Students	
Vasiliki Samuels, LLB *(until 31 July 2024)*	3
Rowan Bradbury, BA *(from 1 August 2024)*	3
Thirteen* Lay Members (including the President and Vice-President) appointed by the Council	
Cilla Ankrah-Lucas, CQSW	-
Carmel Booth, BA, FCA (President)	2, 3, 4
Dr Alison Campbell, OBE, BSc, PhD, RTTP, DipIOD	2
Dr Mark Carawan, BA, PhD, FCA, CFIIA, QIAL, CIA	1
Fiona Cullen, BA	2
Barry Flynn, BSc, MBA, ACA	2
Dr Kashmir Gill, PEng, PhD	-
Vanessa Griffiths, MA	1
Helen Miller, BA, CIPD *(until 31 July 2024)*	2, 3, 4
Mark Proctor, CBE, MEng, CEng, FIChemE, MBA	-
Matthew Reed, BEng, MA, MSc	3, 4 *(from 1 August 2024)*
Hans van Mourik Broekman, MA (Vice-President)	2, 3, 4
Dr Diana Walford, CBE, MA, MD, BSc, MSc, FRCP, FRCPath, FFPH	1
Three members of the Senate, two appointed by the Council on the recommendation of the Nominations Committee and one elected from and by Senate's elected membership	
Professor Julia Balogun, BSc, PhD, MBA	3
Professor Hazel Scott, MBChB, MD, FRCP, PFHEA	-
Professor Thomas Teubner, Dr. rer. nat.	-
One member of the Professional Services staff appointed by the Council on the recommendation of the Nominations Committee	
Kieran O'Sullivan, BA	-
One member of the student body	
Kathryn Manley, BA *(until 31 July 2024)*	-
Othman Ibrahim, BEng *(from 1 August 2024)*	
Clerk to Council	
Kevan Ryan, BA, CPE, LPC	-

* *Council approved the following changes to its constitution during 2022/23 which are subject to Privy Council approval:*
An increase in lay membership from 12 to 13 members
Replacement of the Senior Professional Services Representative with Responsibility for People and Infrastructure and two of the Pro-Vice-Chancellors with the Provost and Deputy Vice-Chancellor

† *Council approved the following change to its constitution during 2023/24 which is subject to Privy Council approval: The inclusion of the Chief Operating Officer as an ex officio member*

Council members are the University's Charitable Trustees.

Highlights of the year

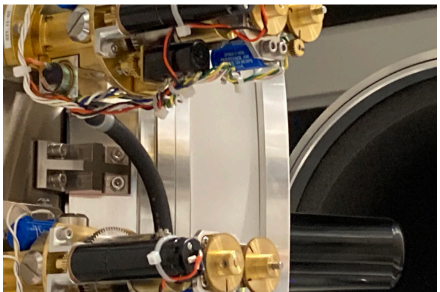
In December we launched our Civic Health Innovation Labs. Building on our existing research strengths in infection, medicines and public health, plus emerging research in mental health, our researchers will target global health problems that need data science and engineering to better understand, prevent and treat conditions for patients and populations.

Our archaeologists' discovery of the world's oldest wooden structure in Zambia has provided the first evidence that half a million years ago – earlier than previously thought possible – humans were building structures made of wood. This has revolutionised thinking about our early ancestors.

In October 2023 Sir Keir Starmer, and then Shadow Chancellor, Rachel Reeves, visited the Materials Innovation Factory (MIF). They were given a tour of the MIF's Robotics Lab and heard about the role of automation robotics in accelerating materials science discovery.

The University and Liverpool University Hospitals NHS Foundation Trust announced plans for an Academic Health Sciences Campus on the site of the former Royal Liverpool University Hospital. The new facility will provide a new interprofessional learning experience for the University's medical, dental, nursing and allied health professional students.

Our Department of Chemistry was awarded a Queen's Anniversary Prize, the highest national honour in Higher Education, in recognition of its pioneering research to address global challenges and benefit society.



The University will lead a new £125 million national research facility known as RUEDI (Relativistic Ultrafast Electron Diffraction and Imaging). This will be the world's most powerful microscope for imaging dynamics and will drive forward scientific discoveries and technological advances in a range of fields.

TEF 2023 Gold

The University was awarded the highest rating, Gold, in the Teaching Excellence Framework 2023 with 'Teaching on my course', 'Learning Resources' and 'Approaches to Supporting Student Success' and more rated as outstanding.

Work is well underway to deliver the ambitions of the global engagement and partnerships pillar of the new university strategic framework, Liverpool 2031. A number of new agreements and partnerships have been announced this year, including across North America, India and China.

This financial year has seen many rankings successes, including an 11-place rise in the QS World University Rankings 2025 to 165th and a five-place rise in the 2025 Complete University Guide, placing the University 19th - its highest ever position in the table.

Together with education charity IntoUniversity, the LFC Foundation, Everton in the Community and The Steve Morgan Foundation, we launched a new children's education centre in Kirkby. This will support children in one of the most deprived areas of the country to improve their attainment and progression into higher education.

The University has received a £1 million gift to establish The Sir Peter Rigby Centre for Enterprise, which will raise the level of entrepreneurial skills development across the University community and the City Region.

The University and Imperial College London will lead a £12 million research hub to develop state-of-the-art Artificial Intelligence for Chemistry and accelerate its adoption.

In response to Taylor Swift's record-breaking Eras tour and her three Liverpool concerts, our Institute of Popular Music hosted a conference bringing together academics, students and Swifties from across the world to discuss the musical, economic and social phenomenon.

This year the University saw significant improvements across all seven areas of the National Student Survey, placing it third overall in the Russell Group, based on performance across the whole survey.

President of Council Statement

The last financial year was a period of change for the University as we welcomed a new Chancellor and Vice-Chancellor into post and this renewal continued at pace in 2023/24.

As Vice-Chancellor, Professor Tim Jones' bold and energetic leadership of the University has been evident to all and is perhaps best demonstrated by our new University strategy, Liverpool 2031, which was launched in October. The strategy is an important statement not just about our ambitions for our students and academics – but also for the city. Liverpool 2031 charts how we will build upon our distinctive strengths and characteristics to develop the confidence and sustained excellence required to break into the top 100 ranked universities worldwide whilst contributing to the prosperity and wellbeing of the Liverpool City Region. It also sets out our ambition to build upon the University's global partnerships and reputation to strengthen our research, education and impact.

As President of Council my role is to lead the University's governing body to ensure the delivery of Liverpool 2031, the fulfilment of our mission and to guarantee the long-term sustainability and reputation of this institution. Throughout 2023/24, we have taken significant steps towards achieving these goals, through our improved rankings, world leading research, and our plan for financial and environmental sustainability, which is outlined further in this document.

It is a pleasure to reflect on the University's key achievements over the last year. The University rose significantly in a host of national and international league tables - most notably an 11-place improvement in the QS World University rankings to 165. We have also been recognised in the top 20% in the sector for research partnerships, working with businesses and working with the public and third sector by the Knowledge Exchange Framework.

And locally we continue to play a key role in the economic success of the City Region, supporting a growing portfolio of spinouts and acting as a key delivery partner in the Liverpool City Region Life Sciences Innovation Zone, which is paving the way for up to £800m of public and private investment and 8,000 new jobs.

The University has achieved an underlying surplus for the year during a challenging period for all universities. Whilst the University benefits from strong reserves and continues to be financially resilient, it is important that the University strengthens its underlying financial performance to enable it to respond to the challenges and opportunities ahead, including investing in its people, students, research and infrastructure.

I would like to express my gratitude to our students, staff, members of Council and wider stakeholders for their ongoing dedication and commitment to the success of the University. Driven by our values and our diverse community of colleagues, students and alumni, I am confident that we will continue to make groundbreaking discoveries that shape the future, empower individuals to become changemakers and inspire students to fulfil their academic and personal ambitions.

Carmel Booth
President of Council

Vice-Chancellor's Report

It is a pleasure to introduce the University of Liverpool's *Review of the Year* and our financial statements for 2023/24.

When I wrote last year, I was still relatively new in post, and we were only just beginning to lay the foundations for so much of what we've achieved over the past 12 months. A key force behind this progress was the October launch of our new University strategy – Liverpool 2031 – which covers the seven years to our 150th anniversary.

At its heart is an ambition to become a global top 100 university by 2031 and I am pleased to say that we are making big strides towards this aim. We bucked the trend of UK universities falling in the recent QS global rankings by rising 11 places this year to 165th. We also performed very well in several recent national rankings, including moving up to 19th in the Complete University Guide, the first time the University has been in the Top 20.

As you would expect, education and experience were at the very fore of our minds during the production of Liverpool 2031 and we remain absolutely committed to creating outstanding and transformative learning experiences for our students.

We were incredibly proud in September to be awarded a Gold rating in the Government's Teaching Excellence Framework (TEF), recognising our excellence in student experience and outcomes. Further good news followed in July when the University saw significant improvements across all seven areas of the 2024 National Student Survey, placing us third overall in the Russell Group, based on performance across the whole survey. These successes do not happen by accident – rather they are testament to the hard work and commitment of fantastic colleagues right across our institution.

It is in no small part due to our excellent reputation for teaching and learning that we remain a firm favourite with students when they are looking to apply to university. However, whilst our home student recruitment position remains strong, there is no doubt that the sector is facing a very challenging international student recruitment market. This is due to a range of factors, including policy changes in relation to student visas, geopolitical and economic challenges in key markets, and University international rankings.

This challenge, taken together with the value of the home undergraduate fee having declined in real terms by 40% over the last decade, has made for a difficult operating environment for the higher education sector.

Despite this, the University has retained a £0.6m underlying operating surplus this year. This is clearly smaller than we would like given the scale of our ambitions, but it gives us a solid base to work from in the coming year.

Furthermore, the Migration Advisory Committee's unequivocal endorsement of preserving the graduate visa route and the new government's recognition that the current education funding settlement does not work for the taxpayer, universities, staff or students, gives cause for cautious optimism.

Returning to delivery against our strategic framework, our commitment to supporting enterprise and innovation to help promote economic growth in the region is continuing at significant pace.

We are a key strategic partner of the Liverpool City Region in the Life Sciences Innovation Zone, with several areas of research and innovation strength being supported as a result of the £160m Government investment, including long-acting therapeutics, civic healthtech innovation, the microbiome innovation centre, and the national biofilms innovation centre.

Our success in creating new spin-out companies based on intellectual property generated by our research also continues, with seven new companies formed this past year. It was particularly pleasing to see in September 2023 that a report by Octopus Ventures highlighted us as the most successful University in the North West for commercialisation of its research.

And in July, we were delighted to announce the launch of the Sir Peter Rigby Centre for Enterprise, the result of a generous £1m gift from the Sir Peter Rigby Charitable Trust, which will help transform student employability, raising the level of enterprise education and entrepreneurial skills development across the University community and Liverpool City Region with the aim of reaching 50,000 people within its 3-year pilot.

As part of our broader commitment to the City Region, we remain as committed as ever to our sector-leading widening participation work. This includes raising awareness of - and supporting applications to - higher education, especially for young people who are from areas and backgrounds where people are traditionally less likely to go to university. It also means ensuring that once these students enrol, they have the support in place to ensure they are able to achieve their full potential.

A key development in this area this year was the opening of a new centre to help tackle educational inequalities in Kirkby, working in partnership with the educational charity, IntoUniversity, Liverpool Football Club Foundation, Everton in the Community and The Steve Morgan Foundation. This new centre builds on the success of a similar venture in Anfield, which launched in 2017.

I am also very pleased to say that our research continues to go from strength to strength, with each of our faculties achieving notable successes, including:

- Our materials scientists leading the development of a £125m national facility, that will be built at SciTech Daresbury, allowing the evolution of structural changes in materials to be observed through time resolved experiments
- Securing five Centres for Doctoral Training (CDT) from the Engineering and Physical Sciences Research Council, which in partnership with industry will provide over £30m of funding for new PhD students in key areas such as digital materials, net zero maritime and nuclear power
- Our Centre of Excellence for Long-Acting Therapeutics attracting a further £6m from UNITAID, a major international charity, to help transform drug delivery systems, especially in low-income countries
- Our researchers in Archaeology discovering the world's oldest wooden structure dating back at least 476,000 years and predating the evolution of our own species.

Furthermore, the impact of our research on wider society continues to grow - regionally, nationally and globally. Research carried out in our Department of Communications and Media helped lead to the launch of a National Minimum Digital Living Standard aimed at reducing child poverty earlier this year. Our Signal Processing Group on statistical modelling and Bayesian analysis resulted in the Malaysian Government reopening the search for the MH370 plane that disappeared in 2014. And our long-standing expertise in vaccine research resulted in the successful adoption of a single dose typhoid vaccine by the Malawian government, which has been over 78% effective in protecting children over the past four years.

It is always pleasing when our research receives external acclaim and a particular highlight of the last year was a visit to Buckingham Palace to receive the prestigious Queen's Anniversary Prize for Chemistry. This was awarded for our Department's pioneering research to address global challenges and benefit society and recognising the strengths of our partnerships with companies such as Unilever and NSG Pilkington.

This is just a mere snapshot of some of the great progress we have made this year. But what I hope is clear is that the quality, breadth, diversity and impact of the work colleagues undertake across the University is remarkable. I look forward to working with colleagues to achieve even more over the next 12 months.

Financial Highlights

Total income

£708.3m

Total income increased by £33.2m (4.9%) to £708.3m (2023 - £675.1m). This increase is mainly due to increased tuition fees and research income as we grow both our teaching and research portfolios.

Underlying operating surplus[1]

£0.6m

The underlying operating surplus has fallen by £10.2m to £0.6m (2023 - £10.8m). The reported operating surplus of £187.2m has been materially impacted by a decrease of £189.3m in the Universities Superannuation Scheme (USS) pension provision following implementation of the 2023 actuarial valuation.

Tuition fee income

£367.1m

Tuition fee income increased by £24.6m (7.2%) to £367.1m (2023 - £342.5m). Overall student numbers are up 2.7% compared with the prior year reflecting increased demand from both home and overseas students.

Research grants and contracts

£123.3m

Research grants and contracts income increased by £5.3m (4.5%) to £123.3m (2023 - £118.0m). This is a positive result and reflects increases in awards over recent years.

Staff investment

£200.1m

Staff costs (excluding pension movements) have increased by £37.0m (10.5%) year on year. This reflects investment in additional posts as well as cost of living increases. Once exceptional pension movements are included, staff costs of £200.1m appear to have fallen £147.3m (2023 - £347.4m) due to a large non-cash adjustment of £193.6m in relation to the USS pension provision.

Cash generation

£11.7m

Operating cash inflow of £11.7m is 1.7% of total income and down on prior year by £37.7m (2023 - £49.4m, 7.3%). This is due to movements in working capital, most notably a £32.8m year on year reduction in creditors.

1 Surplus is defined as the Surplus / (deficit) before other gains / (losses) and share of operating deficit of joint ventures and associates which is presented in the Consolidated Statement of Comprehensive Income. Underlying operating surplus refers to the operating surplus excluding pension adjustments.

The Chief Financial Officer's Report

Executive summary

Our operating surplus of £187.2m (2023 - £10.3m) is up £176.9m on prior year. This year's results have been materially impacted by non-cash pension adjustments following the Universities Superannuation Scheme (USS) 2023 actuarial valuation, therefore it is important to look at the year-on-year performance excluding pension adjustments.

We are reporting a small underlying operating surplus of £0.6m, 0.1% (2023 - £10.8m, 1.6%). We have seen growth in both income and expenditure during the year as we have increased student numbers and research activity whilst incurring higher costs due to inflationary pressures and additional investment in strategic areas.

Overall, income has increased by £33.2m with significant growth in international tuition fee income.

Pay costs (excluding non-cash pension adjustments) of £390.8m (2023 - £353.8m) are £37.0m higher than prior year reflecting a cost of living pay increase and investment in additional staff. Other operating expenses have decreased by £1.7m to £246.1m (2023 - £247.8m) reflecting a reduction in equipment and furniture costs.

Our longer-term strategy is to achieve a surplus of at least 5% in order to enable continued investment in strategic priorities. Our overseas student numbers remain below pre-pandemic levels which has put pressure on our ability to achieve our surplus target. We expect this to continue in the shorter term as the external environment remains volatile in terms of overseas student demand. Our plans demonstrate a return to target surplus over the next five years as we retain tight cost controls while diversifying and growing our income streams, focussed on research and home and overseas student recruitment.

Financial key performance indicators (KPIs)

Our financial KPIs that we report internally in order to assess longer term financial sustainability include an underlying operating surplus target of 5% alongside minimum cash holdings of £60m. Our underlying operating surplus is shown in the table below, adjusted for non-cash pension adjustments.

	2023/24	2022/23
	£m	£m
Surplus[1]	**187.2**	10.3
USS pension	**(189.3)**	(7.2)
ULPF pension	**2.7**	7.7
Underlying operating surplus	**0.6**	10.8
Underlying operating margin[2] %	**0.1%**	1.6%

The underlying operating margin of 0.1% (2023 – 1.6%) is down on prior year reflecting inflationary pressures and additional strategic investment in our staff, estate, and IT, while overseas student numbers, although up year on year, remain below pre-pandemic levels.

Closing cash and cash equivalents and current asset investments of £107.6m, while down from £114.1m in prior year as we have continued to invest in the estate, remain significantly above the minimum cash holdings target of £60m.

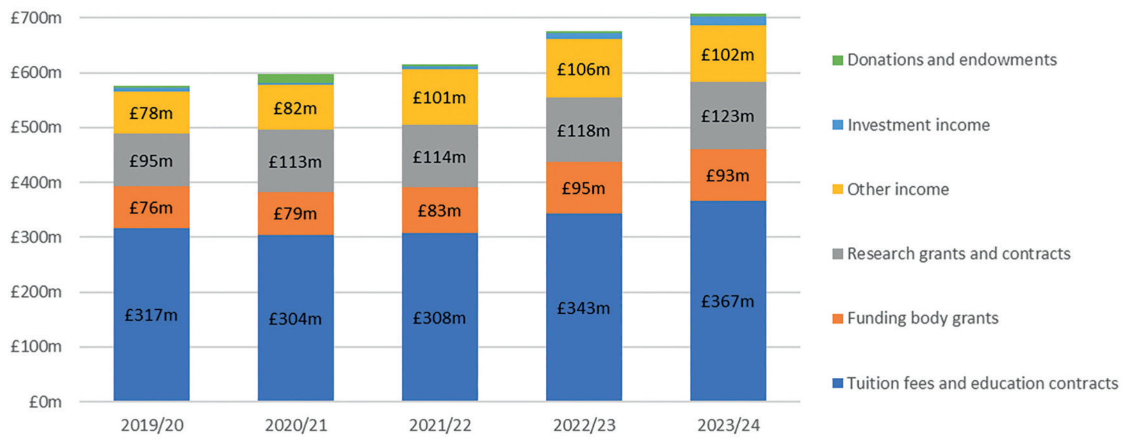
1 Surplus is defined as the Surplus / (deficit) before other gains / (losses) and share of operating deficit of joint ventures and associates which is presented in the Consolidated Statement of Comprehensive Income. Underlying operating surplus refers to the operating surplus excluding pension adjustments.

2 Underlying operating margin represents the underlying operating surplus as a proportion of income.

Income

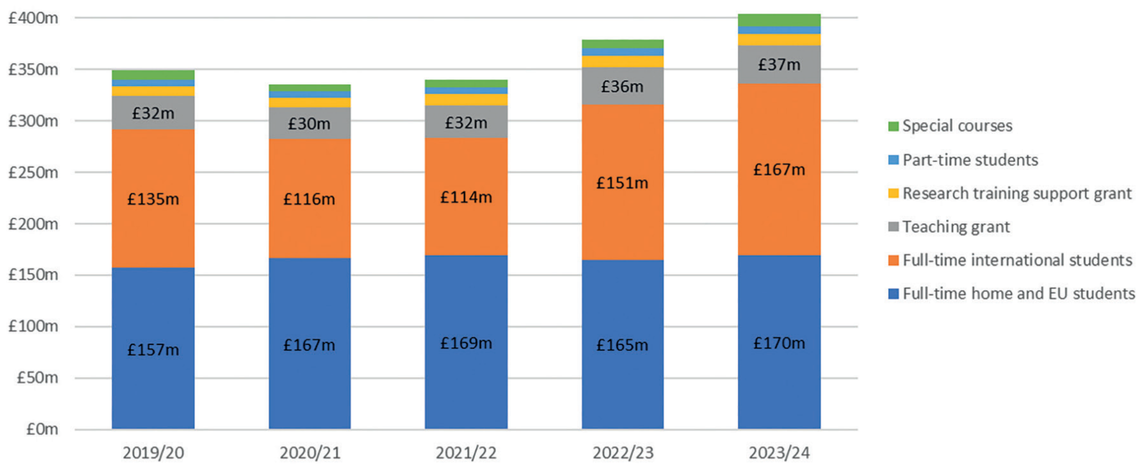
Total income at £708.3m is up £33.2m (4.9%) year on year, mainly due to £24.6m growth in tuition fees as overall student numbers return to pre-pandemic levels.

Income trends



Tuition fee income of £367.1m is £24.6m (7.2%) higher year on year (2023 - £342.5m).

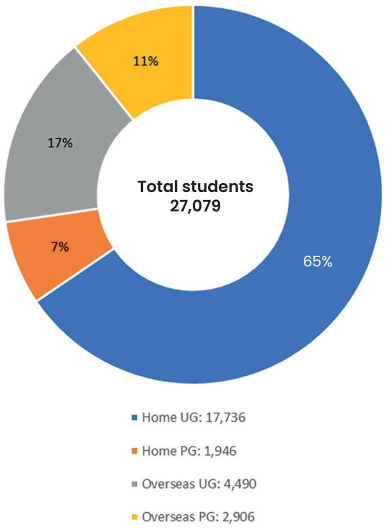
Teaching income trends



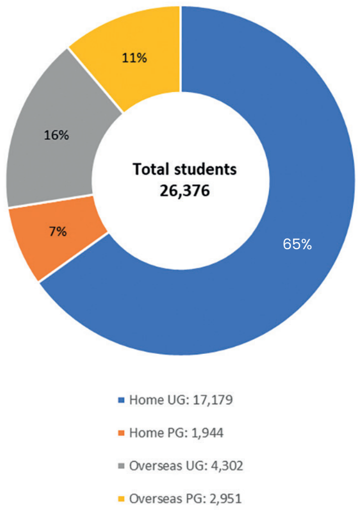
Overall, student numbers of 27,079 FTEs are 703 (2.7%) higher than prior year. This relates to an increase in both home and overseas student FTEs of 560 (2.9%) and 143 (2.0%) respectively. The overall proportion of overseas students has decreased slightly from 27.5% to 27.3%.

The increase in overseas students is mainly due to an increase in overseas students articulating from our Joint Venture in China, Xi'an Jiaotong – Liverpool University (XJTLU) as numbers continue to recover post pandemic whilst remaining below pre-pandemic levels.

Student numbers 2023/24

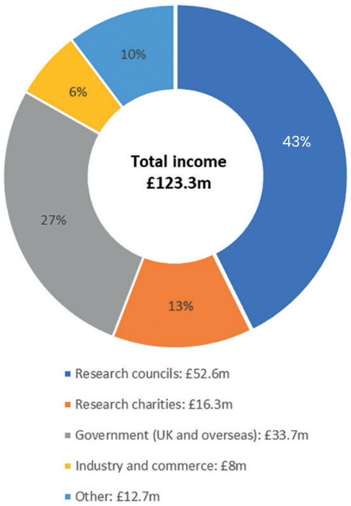


Student numbers 2022/23

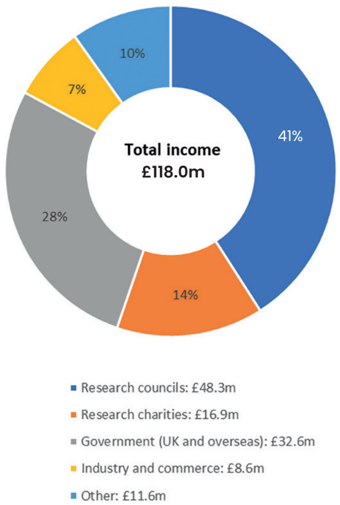


Funding body grants are down £1.2m to £93.4m (2023 - £94.6m), due to non-recurring grants received in the prior year.

Research income 2023/24



Research income 2022/23



Research income of £123.3m is up £5.3m (4.4%) year on year (2023 - £118.0m). Income largely relates to Research Councils and Government grants which account for 43% and 27% of income respectively (prior year: 41% and 28% respectively).

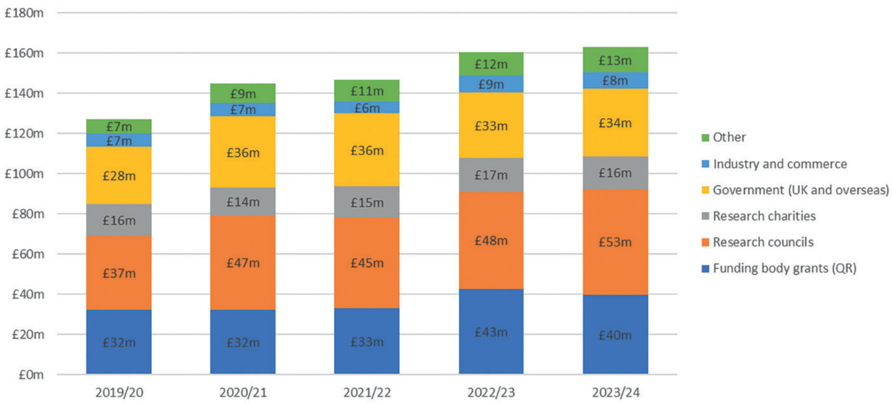
Research awards at £136.6m (2023 - £139.8m) are slightly down on prior year. Recent award successes include:

- A £5.9m extension to LONGEVITY, funded by global health agency Unitaid. LONGEVITY is a consortium of partner organisations who cover the entire journey of concept, development, testing, licensing and clinical trials for long-acting drugs to prevent or treat malaria, tuberculosis and hepatitis C virus. At the foundation of LONGEVITY is dissemination of information and new medicines to those in low- and middle- income countries (LMICs) who are most in need.
- £3m Medical Research Council funding to clinically test a novel immunotherapeutic strategy for non-small cell lung cancer – one of the deadliest cancers. University of Liverpool researchers are collaborating with industry partner Genomics England and working closely with Touchlight Genetics

Ltd to rapidly create personalised 'doggybone DNA' vaccines for patients, whose cancer is not benefiting sufficiently from standard immunotherapy. Doggybone DNA production – so called as the produced DNA is shaped like a dog's bone – involves replication of a DNA using enzymes in a test tube. Compared to standard DNA vaccine production the doggybone approach is more cost effective and, significantly, is quicker when creating personalised genetic medicine.

- The universities of Liverpool and Warwick have been awarded a grant of £7.5m from the Engineering and Physical Sciences Research Council (EPSRC) to operate the XMaS (X-ray Materials Science) beamline, which is a National Research Facility. The funding, £3.7m of which will come to Liverpool, will support further studies into the atomic structure, electronic structure and chemical properties of materials at varying length scales, utilising advanced sample environments to allow the materials to be studied under realistic operational conditions.

Research income trends*



Other income is down £3.3m (3.1%) to £102.4m (2023 - £105.7m) reflecting a reduction in royalty income and student residential fee income.

Investment income is up £4.1m year on year to £15.8m (2023 - £11.7m) reflecting the impact of interest rate rises on investment returns.

Donations and Endowments are up £3.7m to £6.3m (2023 - £2.6m) which is in line with expectations and reflects the timing of gift receipts. Gifts are recognised when the University is entitled to the funds, so some year-on-year volatility is expected.

Expenditure

Staff costs of £200.1m are down £147.3m (42.4%) year on year (2023 - £347.4m). Current year included a large non-cash adjustment of £193.6m in relation to the USS pension provision compared with £14.3m in prior year. ULPF non-cash adjustments of £2.9m are also lower than prior year (2023 - £8.0m). Excluding these amounts, the underlying increase in staff costs is £37.1m which is due to c£17m pay inflation and 6% growth in staff numbers. Staff costs (excluding pension adjustments and compensation payments) as a % of income are 55.2%, an increase of 2.8% compared with prior year (2023 – 52.4%).

Other operating expenses have decreased by £1.7m (0.7%) to £246.1m (2023 – £247.8m), linked to a reduction in equipment and furniture costs.

* Research Income shown above also includes funding body grants from Research England

Capital

Overall, the value of tangible fixed assets has increased by £9.2m, 1.1%, to £811.1m (2023 - £801.9m). Capital expenditure of £69.0m included £56.1m relating to improvements to the academic estate, and £12.9m in relation to equipment and IT investment.

This expenditure is offset by depreciation in the year of £59.2m (2023 - £50.7m) and disposals of £0.9m (2023 - £0.3m). There were no impairments during the year (2023 - £0.2m).

Treasury

Our **fixed asset investments** include a portfolio of £291.9m (2023 - £312.4m) which is managed by external fund managers. The value of investments decreased by 6.6% in the year, primarily due to a £40m transfer to cash to support investment and working capital needs.

The level of equities in the portfolio was 41.2% (2023 – 38.1%). This is in line with the University investment strategy, which includes equity holdings and a range of alternative diversifying assets.

Cash and cash equivalents were £106.5m (2023 - £93.3m) and **current asset investments** were £1.1m (2023 - £20.8m) at year end, giving a total of £107.6m (2023 - £114.1m) relatively liquid assets. The reduction in cash and cash equivalents was primarily driven by the increased level of investment activity in the University estate.

The University's strategy continues to be that of minimising risk in relation to these funds while generating returns greater than base rate through the use of money markets. The base rate remained at 5.25% throughout the year which has helped increase the returns on investments compared with previous years.

Pension asset and liability

The USS pension provision at £Nil (2023 - £194.7m) is included in the financial statements based on the 2023 USS actuarial valuation. This provision relates to the obligation to fund the University's share of the past deficit on USS. As expected, the 2023 valuation resulted in several positive changes, including a reduction in both employer and employee contribution rates, restoration of benefits and an end to deficit recovery contributions.

At the year end, no pension asset is recognised in the financial statements in respect of the University of Liverpool Pension Fund (2023 - £Nil). This is because the total cost of subsequent years' accrual is expected to be lower than the employer and employee contributions, in perpetuity.

Risk and financial sustainability

As expected, 2023/24 has continued to be challenging financially. Although we have seen significant year on year growth in income, this was less than expected in terms of overseas student growth, and has been more than offset by ongoing inflationary pressures impacting our cost base. This has contributed to the underlying operating surplus for the year of 0.1% being well below our long-term financial target of 5%. We are focused on improving surplus levels to support our financial sustainability, however we anticipate the near term to remain at lower surplus levels with a return to our 5% target in the medium term.

Home student recruitment remains strong for 2024/25, and research awards are expected to be in line with recent years which gives a strong basis for continued increases in research income.

We have a healthy cash position, and we plan to focus on cost efficiency initiatives to improve our financial resilience as we face continued uncertainty in relation to overseas student demand and other geopolitical risks.

Home student fees have only increased by £250 to £9,250 since 2012, and are fixed until at least 2025. This is a major risk to our financial sustainability given ongoing inflationary pressures. We have managed the risk over the last ten years during a period of relatively low inflation, however, this has been a greater challenge in a period of higher inflation. We are heavily reliant on our ability to grow overseas student numbers in order to mitigate this issue.

Other significant financial risks, many of which are outside of direct University control although can be mitigated to an extent, are as follows:

- The potential for geopolitical disruption is a risk to international student recruitment with international student numbers concentrated in a relatively small number of countries. We have diversified our international student mix to an extent, however the significant market demand remains with China and India.
- Overseas student recruitment is heavily dependent on UK immigration policy.
- Cost of maintaining and enhancing our estate has increased significantly in recent years and the cost of achieving net zero carbon is expected to be considerable. We focus on achieving value for money and clear prioritisation for investment, however there is a need for increased surpluses to fund these costs.
- Cyber security poses a financial risk due to ongoing costs of IT controls and the risk of a future incident which could have major financial implications.
- Although both USS and our own ULPF pension schemes are in surplus based on latest valuations, pension costs remain a risk and the volatile economic environment may result in continued large changes between valuations.

Given the increasing cost pressures, it is critical that we mitigate through our focus on strong cost controls and ongoing review of our activities including system and process, to ensure that we are delivering value for money. At the same time, we plan to grow our activities in areas of high demand, with a focus on income streams that will keep pace with inflation, to remain financially sustainable in the longer term.

Going concern

The University's Council has determined that the University and Group has adequate resources to continue in operational existence for the foreseeable future. In order to support the Council in making this assessment, a thorough review has been carried out including stress testing of assumptions and reverse stress testing in order to ensure appropriate headroom in the event of a plausible downside scenario. Based on this determination, these statements have been prepared on a 'going concern' basis. Further information is given in note 1 to the financial statements.

Strategy and Purpose

Embracing Liverpool's enterprising and creative spirit through research and education that transform students' lives and create a fairer, better world.

Our strategic framework, Liverpool 2031, was approved at the start of the year. Aiming to build on our founding mission, past successes and considerable existing strengths, it sets out how we will continue to push boundaries and provides a clear vision of what we aim to achieve by our 150th anniversary in 2031.

Our vision is to be recognised for globally leading research and education, the quality and scale of our partnerships, and our positive impact on people, our place and the planet.

Driven by our values and diverse community of colleagues, students and alumni, we will make ground-breaking discoveries that shape the future, empower individuals to become changemakers, and inspire students to fulfil their academic and personal ambitions.

Our values

Ambitious	Collaborative	Inclusive	Innovative	Responsible
We dream big and make things happen. We have the confidence to make bold decisions to achieve success.	**Together, we achieve more.** We make an impact through partnerships, releasing the power of collective expertise and shared endeavour.	**Shaped by diversity, powered by difference.** We champion a culture in which all are valued and supported to thrive.	**Original thinking with an independent spirit.** We create, reimagine and break new ground.	**A focus on doing the right thing.** We create positive change that improves lives.

These values will reflect the character of our Institution, will guide our way of working day-to-day and will be a reference point for our decision-making, future plans and development to be among the top 100 universities in the world.

Our focus

Our emphasis is on four pillars covering research and impact, education and experience, global engagement and place and innovation, all underpinned by two cross-cutting themes covering our people and culture and sustainability. Delivery will be assessed through a series of success measures, routinely monitored by our Senior Leadership Team and governance committees, and summarised as:

- Breaking into the **top-100 ranked universities** worldwide
- Increasing our **research funding**
- Achieving excellent levels of **student satisfaction**
- Achieving excellent **graduate outcomes**
- **Increasing co-authored publications** with international and industrial partners
- Achieving strong **knowledge exchange** performance
- Hitting **sustainability targets** laid out in our sustainability strategy
- Achieving excellent levels of **staff satisfaction**
- Creating a place where **equality, diversity and inclusion** are demonstrably valued
- **Re-investing** in our priority areas, enabled by an increasingly strong financial position.

At the end of our first year, our success measures have been defined and baselined for each of our pillars and themes and an implementation plan devised and initiated, progress against which will be reported on an annual basis.

Key Performance Indicators

We are monitoring our progress towards the ambitions set out in Liverpool 2031 through a suite of Key Performance Indicators that reflect our aims and ambitions. Staff across academic and professional services areas work collaboratively to deliver enhanced performance. Performance reports with metrics covering key priorities are considered on a bi-annual basis by senior leadership and the governance committees. An overview of current performance in key measures is provided below.

Strategic Aims

We will be recognised for globally leading research and education, the quality and scale of our partnerships, and our positive impact on people, our place and the planet. A key indicator in global recognition are the QS World University Rankings, with our 2031 target to be in the top 100. In the most recent results released in June 2024, we improved from 176th to 165th globally and improved our ranking within the Russell Group by three places. We also had the largest increase in Academic Reputation rank amongst Russell Group institutions compared with the previous year.

Research and Impact

Research income at 2023/24 year-end is £123.3m, which represents a 4.5% year on year increase and a 7.5% increase over the 3-year average.

We have been transitioning to our new strategic framework, Liverpool 2031, with some key awards in priority areas.

The School of Architecture has been awarded a £2.2m Leverhulme International Professorship grant to set up a centre which investigates the effects of climate change on coastal urban areas in West Africa, responding directly to several UN Sustainable Development Goals.

The Department of Chemistry has won, jointly with Imperial College London, an EPSRC-funded AI for Chemistry Hub, AIChemy, cementing our leadership in Digital Chemistry, and bringing £3.9m income to Liverpool.

In the race to develop new diagnostics and treatments, the Institute of Life Course and Medical Sciences has been awarded a LifeArc-Kidney Research UK Centre for rare kidney diseases, worth £4.4m to Liverpool, and strengthening collaboration with a key partner, Alder Hey Children's Hospital.

In addition, a cross-Faculty collaboration between the Faculty of Health and Life Sciences and the Faculty of Science and Engineering has resulted in a UKRI-funded national Hub for Advanced Long-Acting Therapeutics (HALo), bringing £6.7m to Liverpool. The hub will help create a national strategy for translational long-acting therapeutics, ensuring the UK becomes a world-leader in this emerging field.

Our strategic focus on Place and Innovation has been augmented by the new £5.1m Horizons programme, funded by the Liverpool City Region's UK Shared Prosperity Fund (UKSPF) allocation. This will support innovation in more than 100 local SMEs during its pilot phase.

We continue to perform well within metrics which gauge the citation impact of research publications – well above the sector average and Russell Group average. Postgraduate research completion provides an indication of the health of the research environment and the University has increased its completion rate for full-time postgraduate students to 93%.

Education and Experience

We have seen significant improvements across all seven areas of the 2024 National Student Survey (NSS), placing us third overall in the Russell Group. For the specific KPI related to satisfaction with teaching, the positivity score increased to 85.5%. The positive performance is evident across all three faculties with notable achievements in many key areas.

For our graduate employment KPI, which reflects those graduates in high skill work or further study, we saw a fall this year to 81.2% after a significant increase in performance last year. However, our result is in line with the sector, which saw a general fall in performance, and remains above the previous 3-year average.

We also have an ambition to attract a diverse student body, including a significant international student population. The proportion of international students continues to recover strongly after a decrease related to the COVID-19 pandemic and the University continues to benefit from its key strategic partnership with Xi'an Jiaotong-Liverpool University (XJTLU).

The proportion of students admitted from the most deprived areas (as measured by Index of Multiple Deprivation) has fallen slightly from the baseline data, back to the same proportion as the prior year. The proportion of entrants from the most deprived areas is an agreed institutional target within the Access and

Participation Plan covering the next four academic years. This plan was recently approved by the Office for Students and will continue to be an important area of focus for us.

Global Engagement

We have several key strategic partners who form part of our trusted network across the world. Work continues to develop and establish these and other key strategic teaching and research partnerships, with activity for this year including the signing of a Memorandum of Understanding (MoU) committing to the continued success of the partnership with Xi'an Jiaotong University (XJTU). We have also announced a strategic institutional partnership with McMaster University, including establishing a seed fund that will support the development of collaborations in areas of complementary research strength.

We signed a new MoU with the National Institute of Mental Health and Neurosciences (NIMHANS) in Bengaluru, India to reaffirm and expand our long-standing research partnership. To further bolster this initiative, the two institutions gratefully accepted a pledge of £1.5 million from the Pratiksha Trust on behalf of its founder, Mr Kris Gopalakrishnan.

This overall increase in activity around strategic partnerships will lead to increased mutual financial and reputational benefits.

In addition, our researchers continue to collaborate internationally, with around two thirds of our publications having an international collaboration, a much higher rate than both the UK sector and Russell Group averages.

Place and Innovation

In the fourth iteration of the Knowledge Exchange Framework (KEF), announced September 2024, we were placed in the top 20% in the sector for Research Partnerships, Working with Business, Working with the Public and Third Sector, and IP and Commercialisation. As well as being in the top 20%, the University's performance exceeds the average score for its cluster (group of peer institutions) for Research Partnerships, Working with Business, and Working with the Public and Third Sector. Our performance in IP and Commercialisation matches the cluster average. The results also recognised our high engagement in Public and Community Engagement and increasing engagement in CPD and graduate start-ups.

The Materials Innovation Factory, home to the new AI for Chemistry Hub

Strategy Aims and Linked Indicators

Pillar	Key Success Measure	2022/23 Baseline	2023/24 Progress
Overall	We will achieve a Top 100 University ranking	On track	On track
Pillar 1 Research & Impact	We will substantially increase our research income to above the median of the Russell Group	On track	Progress needed
Pillar 2 Education & Student Experience	Our students will report excellent levels of student satisfaction as measured by the annual National Student Survey	On track	On track
	Recent graduates will be in highly skilled employment at or above target levels as measured by the Graduate Outcomes Survey	On track	On track
	Attracting and retaining a diverse student body across all disciplines as measured by ethnicity, UK/non-UK and Low Participation Neighbourhoods	On track	Progress needed
Pillar 3 Place & Innovation	We will achieve strong economic and social impact as measured by KEF and other key indicators	On track	On track
Theme 1 People & Culture	Our staff will report excellent overall levels of staff satisfaction as measured by the Staff Survey	On track	On track
	Equality, diversity and inclusion will be demonstrably valued	On track	On track
Theme 2 Sustainability	We will achieve the targets set out in our sustainability strategy, including Net Zero by 2035	Progress needed	Progress needed
Resources	We will achieve our target for increasing the University's annual underlying surplus to enable re-investment in our priorities	Progress needed	Progress needed

We have also seen improvements in several of the underpinning metrics which inform the KEF results, due to investment and growth in areas of strategic focus. Income from IP, and the number and turnover of our spin-out companies, has increased over the KEF 4 period (2020/21 – 2022/23). Income from contract research with large businesses and the public and third sector, and the number of graduate start-ups has also increased.

Financial and Environmental Sustainability

Our underlying operating surplus (excluding pension adjustments) of £0.6m or 0.1% is below our target of 5%. This is largely due to overseas student demand remaining below pre-pandemic levels, and we have an ongoing focus on strong cost controls alongside increasing our overseas student fee income to ensure we improve our financial resilience. Our closing cash position of c£108m is in excess of our £60m minimum level. This gives us headroom for 2024/25, which will continue to be a challenging year financially.

Environmentally, we have made good progress on our sustainability targets and are pleased to have achieved top 50 in the QS Sustainability Rankings, a rise of 100 places. However, the cost of transition to net zero will be significant, and as such we have assessed this KPI as 'progress needed' while we develop our net zero road map.

Central Teaching Laboratories

Risk Management

Risk management ensures the University is able to deliver on its key strategic objectives by mitigating potential negative outcomes and increasing its ability to focus on success. The University's Risk Framework continues to mature with focus and analysis on the most critical risk areas. Following the approval of our new strategy, Liverpool 2031, a deeper review of our strategic risks took place with a number of new strategic risks identified, whilst others were amended and updated to reflect our new strategic ambition. This yielded an expanded set of 12 strategic risks, both internal and external, being listed on the Strategic Risk Register.

All strategic risks are reviewed regularly by nominated risk leads to monitor any changes to the nature of the risk and ascertain if any further mitigations or controls should be implemented to reduce the risk.

Strategic Risk Management

The external risks affecting the University include the risk to our global reputation, the risk of cyber-attack and risk to environmental sustainability. Whilst the institution cannot directly influence whether these risks will occur, it can be alert to the changing environment and prepare for the risk and any potential impact. To this end the institution undertakes regular environmental scans and keeps abreast of policy developments to ensure early notification of emergent changes to these risks.

In addition to these three external risks and opportunities, nine internal risks have been identified aligned to Liverpool 2031. All are described in more detail below.

Liverpool waterfront

STRATEGIC RISK	DESCRIPTION AND RESPONSE
Global reputation	This is the external risk to the University's ability to leverage our global reputation, key partnerships and league table position to protect the institution from the damaging impacts of geopolitical events. The institution has established a Global Engagement & Partnerships Steering Group to look at this risk from international perspective.
Cyber attack	This is the external risk to the University of a prolonged loss of business operations as a result of a cyber-attack targeting or taking advantage of technical vulnerabilities. The institution has strategies and investment in place to keep pace with the external threats and constantly reviews its technical solutions, processes and management of its IT infrastructure.
Environmental sustainability	This is the external risk to the University's ability to respond to the impact of climate and other external environmental factors on our activities. The institution's Climate Plan provides the framework upon which a detailed roadmap to decarbonisation will be built, aligned with the University's Estates Strategy.
Research and impact quantity and quality	This risk is the institution's ability to deliver ground-breaking research which achieves the maximum benefit for our stakeholders, staff and students, and enhances our global reputation. Regular scans of the research environment to identify new opportunities and action plans are aligned to the strategy to support developments to build diverse, inclusive and sustainable research at all points in a researcher's career.
Student recruitment	This risk is the institution's ability to recruit high quality students which enable the institution to meet its strategic objectives. Effective planning and governance processes are in place to enable subjects to align plans to overarching recruitment strategies. In an increasingly competitive marketplace, action plans with marketing and communication activity are in place to support the recruitment of specific cohorts.
Staff recruitment, retention and performance	This risk is the institution's ability to recruit and retain excellent staff as an enabler of our strategic ambitions as well as our ability to deliver an ambitious staff culture embodying an entrepreneurial and innovative mindset. Strategies are in place to retain and attract staff and to use surveys and focus groups to identify areas for development, introducing action plans where relevant. For example, a review of academic promotions is ongoing. Staff are kept informed through regular communications and opportunities for engagement.
Infrastructure – digital and estates	This risk is the institution's ability to deliver both physical and digital campuses which support our strategic ambitions. The institution's Estate Strategy and Capital Plan provide the framework for the planning and maintenance of the physical estate, whilst planning groups for both capital and digital provide oversight and strategic alignment.
Financial capacity and sustainability	This risk is the institution's ability to deliver the financial investment required to underpin the delivery of Liverpool 2031. The planning cycle sets out budgetary parameters and there is scenario-planning to understand the impact of changes in the environment. Opportunities for growth are identified in the planning cycle and aligned to strategy. Reviews identify areas where cost efficiency and value for money could be improved and targeted actions are undertaken where appropriate.
Capacity to deliver transformation	This risk is the institution's ability to realise our strategic ambitions measured against our key success measures.
Regional profile and engagement	This risk is the institution's ability to leverage progress made with key partners across the Liverpool City Region as an enabler of our strategic ambitions. The University is building a portfolio of fundable proposals to ensure we can respond in a timely manner, thereby building our opportunities and capacity to collaborate with key strategic partners.
Student satisfaction and wellbeing	This is the risk to the institution's ability to meet the needs of students and deliver a competitive student experience. The University has a planning process that ensures appropriate investment for the wellbeing and satisfaction of students in line with the education and experience pillar of Liverpool 2031. Close working with the Guild of Students identifies priorities and supports the development of action plans for implementation.
Compliance	This is the risk to the institution's ability to comply with statutory and/or legislative requirements. A significant number of controls manage this risk ensuring policies, procedures and committees provide the required oversight.

Sustainability

We are committed to driving forward environmental and social equity through our research, education, and operations, making a positive impact within the University and beyond.

Sustainability is a cross-cutting theme in the University's strategic framework Liverpool 2031, demonstrating our commitment to tackling climate change and the ecological crisis. Our new Sustainability Strategy will be published in early 2025 and builds on this commitment under three broad objectives:

1. Our research will create impact in addressing the greatest challenges facing today's society
2. Our students will be empowered as global citizens to make a difference in a changing world
3. Sustainability, including the achievement of net zero, will underpin how we operate within and beyond our organisational boundaries.

Chaired by the Chief Financial Officer, and accountable to the University's Senior Leadership Team, the Sustainability Committee has oversight of progress towards goals set out in the Sustainability Strategy and key enabling plans such as the Climate Plan (published in November 2022) and our new Biodiversity Plan (due to be published early next calendar year).

Risk Management

The University's ability to respond to the impact of climate and other external environmental factors on our activities was recorded in the strategic risk register for the first time in June 2024. Risks identified include:

- The financial costs of achieving Net Zero in line with the City Region, particularly due to our dependency on a gas-fuelled Combined Heat and Power district network which requires significant investment to decarbonise.
- In the longer term, the impacts of climate change are likely to affect global migration patterns which poses a risk for international recruitment.

These risks are mitigated through our Sustainability Strategy and underpinning action plans, and regular review of the risks and mitigations is carried out and monitored through the Sustainability Committee.

Benchmarking

In June 2024 we were delighted to rise 143 places under the sustainability indicator of the QS World University Rankings, placing us 50th out of over 1,000 institutions globally. We are also proud to have maintained our 2:1 class ranking in the People and Planet league. We see these rankings as a tool to continue building on positive results and focus on areas for improvement.

Sustainable Development Goals

In January 2020, the University formalised its commitment to the United Nations Sustainable Development Goals by signing the global higher education sector's SDG Accord in partnership with the Liverpool Guild of Students. Along with our annual case study submission to the SDG Accord, we publish progress against all the SDGs in our annual report.

Environmental Performance

We have an ISO 14001 accredited Environmental Management System (EMS) which supports the management of our environmental performance, including identification of risks and providing assurance of the University's compliance with its statutory duties. The EMS is subject to annual internal and external surveillance audits, as well as recertification audits every four years. The University was successfully recertified in September 2023. Additionally, the University's performance in energy efficiency and its District Network operations is assessed through regulatory audits, via the Energy Savings and Opportunities Scheme and the UK Emissions Trading Scheme.

Combined Heat and Power Plant

Table 1: University of Liverpool Emissions

Type of Emissions	Emission Sources	2020/21 tC02e	2021/22 tC02e	2022/23 tCO2e	2023/24 tCO2e
Scope 1	Gas and fuels (used to heat and operate our buildings)	35,994	34,666	26,526	27,991
Scope 1	Fuel used in vehicle fleet (petrol and diesel)	76	77	83	80
Scope 2	Electricity (used for lighting, IT equipment, ventilation, etc.)	3,078	3,614	8,383	6,905
	Total emissions	**39,148**	**38,357**	**34,992**	**34,976**

Scope 1 and 2 Carbon Emissions

Our onsite district network gas consumption accounts for approximately 80% of our carbon emissions, so decarbonising our energy supply and operations is a key priority to achieve our scope 1 and 2 target for Net Zero.

The table above includes a year-on-year breakdown of our scope 1 and 2 carbon emissions since 2020, as reported to the Higher Education Statistics Agency in the annual Estates Management Record statutory returns.

The split across the University's scope 1 and 2 emissions (attributable to its energy consumption) shifted in 2022/23, due to temporary operational changes in our District Network onsite generation, which resulted in a reduced demand for Natural Gas and therefore a reduction in associated scope 1 emissions. Conversely, the reduced onsite generation necessitated an increase in imported electricity, and therefore an increase in associated scope 2 emissions. 2023/24 figures indicate an early trajectory back to 2021/22 operations. The overall energy consumption of the University has remained steady over the past four years.

Scope 3 Carbon Emissions

In January 2024 the Environmental Association for Universities and Colleges launched a standard carbon emissions framework for the Higher Education sector, which we have adopted for baselining and reporting on scope 3 carbon emissions. The scope 3 categories of waste, business travel and commuter travel have been baselined using existing datasets, and downstream leased assets are also in the process of being baselined since the organisational boundaries have been defined in line with the Greenhouse Gas Protocol.

Sustainable Finance

We are committed to ensuring that our investment portfolio is aligned to our values and the commitments set out in our Sustainability Strategy. Our **Ethical Investment Policy** includes a commitment to invest in line with both the United Nations Principles for Responsible Investment and the United Nations Global Compact. We also set out a range of exclusions within the policy, which is reviewed on an annual basis through the Investments Sub-Committee.

Public Benefit

The University's Charter states: 'The objects of the University shall be to advance education, learning and research for the public benefit'.

The University is an exempt charity under the terms of the Charities Act 2011, regulated by the Office for Students. The members of Council are charitable trustees, subject to the obligations this imposes under charity law. In summary, trustees must:

- Ensure the charity is carrying out its purposes for the public benefit, and that its assets are applied solely for its charitable purposes
- Comply with the charity's governing document and the law
- Act in the charity's best interests, including by managing conflicts of interest
- Ensure the charity is accountable
- Manage the charity's resources responsibly, including by managing risks and protecting its assets and people
- Act with reasonable care and skill.

In exercising their powers and duties, members have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission. Working for public benefit is core to the University's Strategy and to its founding mission – for advancement of learning and ennoblement of life. The University's core teaching and research activities benefit regional, national and international communities. In addition to this, the University undertakes many other activities directly for public benefit.

These include:

- Increasing educational opportunities for those from backgrounds which are typically under-represented in higher education
- Advising civic partners on programmes related to economic growth and the development of regional research and development assets
- Providing volunteering and work placement opportunities for students
- Organising series of free events for members of the public to attend
- Providing direct employment opportunities for thousands of people across the Liverpool City Region and thousands more indirect opportunities through procurement, partnerships, and purchasing power
- Targeting business support services such as Knowledge Transfer Partnerships with Liverpool businesses
- Undertaking joint activities with key local partners such as Tate Liverpool and National Museums Liverpool.

Access and Participation Plan: Social Mobility and Student Support

Entry 2023

We are committed to improving the social mobility of our students and those across the Liverpool City Region, providing support for students at every stage of their learning journey - from primary school to mature learners.

Over the last year the Widening Participation and Outreach team has worked closely with partners across the University to develop a new Access and Participation Plan for 2025-2029. The Plan is ambitious and challenging, representing our dedication as an institution to ensure anyone with the potential to study at University can do so, and that those who choose to study with us are given the support they need to succeed.

In 2023/24, 7,000 students engaged in our programmes, representing 181 engagements with our partner schools. 1,650 of these students participated in long-term programmes, visiting the University multiple times and receiving intensive support.

We know that young people face many barriers in accessing higher education and so, ensuring we continue to deliver our successful outreach programmes to a high standard is at the heart of what we do. We also continue to innovate,

Opening the new IntoUniversity Kirkby Centre (credit: Gareth Jones)

improving each programme year on year with new or updated initiatives, including Easter study sessions for Year 13 students about to sit their A Levels and work experience sessions at the University's Central Teaching Laboratory for post-16 students with an interest in Science, Technology, Engineering and Mathematics (STEM) careers.

As a university we also continue to offer Contextual Admissions, providing alternative offers for students who have overcome difficult educational barriers.

In 2024, we are proud that over 680 students from neighbourhoods with historically low levels of participation in higher education joined the University. Of these, 210 students entered the University having previously been part of one, or more, of the Supported Access programmes offered through the Widening Participation Team. These students have been offered ongoing support through a range of initiatives, such as the Liverpool Advocate programme detailed below.

Scholarships and Outreach

2023 saw us launch four new scholarships to support students from widening participation backgrounds. The Bloomberg Scholarship, Genesys Life Sciences Scholarship, Nolan Scholarship and ROLABOTIC Scholarship represent over £30,000 of additional funding for students, easing the pressure of the cost-of-living crisis and enabling them to take up additional opportunities at university. The impact of donor scholarships goes beyond financial benefits, with Genesys Life Sciences Scholarship students also being offered work experience placements with the company, improving their employability early in their degree, while all applicants for the ROLABOTIC scholarship were offered a guaranteed interview for an internship with the company.

Our existing Divock Origi and Cowrie Scholarships continue to make a real difference, with seven students supported financially, including through fee waivers and maintenance stipends. Meanwhile, our Asylum Seeker Scholarship remains an important part of our offer, with tuition and maintenance support for exceptional students who have sought protection in the UK, so they may continue with their education and receive the support they need to succeed.

The University recognises the importance of early educational attainment for future success, and through our partnership with IntoUniversity, the LFC Foundation, Everton in the Community and The Steve Morgan Foundation, we have supported 2,290 students this academic year, across both the IntoUniversity North Liverpool Centre and newly opened IntoUniversity Kirkby Centre. Through programmes such as Academic Support, Mentoring and Primary FOCUS, we see a range of positive outcomes, including improved school attendance and performance, improved engagement with school and progression to higher education.

Relationships with key partners like IntoUniversity, the Brilliant Club and the Children's University have seen us host 19 graduation ceremonies this year, providing a positive experience of higher education for thousands of young people and their supporters.

Our support for educational attainment has also seen the University provide hundreds of hours of mentoring support. A Level students on our Liverpool Scholars, Realising Opportunities and Pathways to Banking and Finance, Law and Engineering programmes have all benefited, as have GCSE students on schemes like Fast Trackers, which has supported students from the local Somali, Yemeni and Black British heritage communities.

Fast Trackers is part of our commitment to support students from Black, Asian and Minority Ethnic backgrounds, an important and growing area of work. This year, the Widening Participation and Outreach team worked in collaboration with the Centre for the Study of International Slavery and the US Embassy to offer a programme of events to local schools exploring Liverpool's connections to the slave trade. The team also collaborated with colleagues in the Faculty of Health and Life Sciences to co-deliver the second annual 'Black Science Boot Camp', aiming to promote degree programmes and careers across the faculty to local Black British students, who are typically under-represented in these disciplines.

40 Year 10 students took part in two days of hands-on tasters, while Year 11 students who attended last year returned for a subject taster residential after finishing their GCSEs.

The Liverpool Advocate programme continues to improve and expand, providing an important opportunity for current University students to work flexibly alongside their studies, supporting the Widening Participation and Outreach, UK Recruitment and Shaping Futures teams. Many of our Liverpool Advocates have entered the University through our outreach programmes, or are from disadvantaged backgrounds themselves, and so provide fantastic role models for the young people we engage with.

Events and Cultural Activities

One of the highlights of the year was a visit by the Chief Medical Officer, Professor Chris Whitty, to the University. As part of the University's Science and Society Lecture Series, Professor Whitty spoke to an audience of over 400 people on the role of society and the nation state in preventing disease. His fascinating lecture considered the questions of when the State is responsible for acting to protect the health of its citizens and when the government should have no role.

Meanwhile, June 2024 saw the City of Liverpool play host to Taylor Swift's Eras tour, with thousands of fans from across the globe visiting the City to attend one of the three tour dates. To celebrate this, the University's Institute of Popular Music hosted a free, day-long event for lively discussion of all things related to Taylor Swift's Eras. Fans joined and thoroughly immersed themselves in discussions about Swift's musical, economic and social contributions to society. From feline fandom to namesake millipedes, musical borrowing to how to write a Taylor Swift jukebox musical, a huge range of Swift topics were discussed.

Staying on cultural events, the Liverpool Literary Festival returned for its eighth year with a varied line-up including BBC Radio 6 Music's Stuart Maconie, who discussed his latest *Sunday Times* best-selling book, *The Full English*. Former TV presenter, Melanie Sykes, was another draw with her memoir *Illuminated: Autism and all the Things I've Left Unsaid* resulting in a thought-provoking discussion with broadcaster and renowned book vlogger, Simon Savidge, about her autism diagnosis and society's understanding of neurodivergent minds. University of Liverpool alumna and the UK's first ever female Professor of Surgery, Professor Dame Averil Mansfield read from her autobiography *Life in Her Hands* and discussed her trailblazing career, in which she fulfilled a lifelong dream to become a surgeon at a time when just 2 per cent of her colleagues were female. Further alumni contributions included world-renowned ethical social engineer,

Professor Chris Whitty lecture.
Photo: Robin Clewley

Jenny Radcliffe, on her book, *People Hacker - Confessions of a Burglar for Hire*, which has been made into a major TV series, and full-time GP and TV personality Dr Amir Khan, who spoke on his first work of fiction, *How (Not) to Have an Arranged Marriage*.

The Tung Auditorium continues to play an important role in the City's music scene and hosted a full programme of interesting and engaging events over the last year. September saw the Tung partner for the first time with BlackFest, a multi-arts festival celebrating Black creatives, to present award-winning saxophonist, composer and broadcaster YolanDa Brown OBE. In the same month Bidston-born Adrian Chandler, a leading interpreter of Italian Baroque music, brought his UK Classical chart-topping ensemble La Serenissima to give a rare performance in the North West. They delivered their uplifting rendition of Vivaldi's *The Four Seasons*, which has previously been streamed more than 100 million times.

BBC Lifetime Achievement Award winners Fairport Convention, the band that launched British folk-rock half a century ago, were another programme highlight. As was critically-acclaimed vocalist Sarah Jane Morris, who marked International Women's Day with a performance of The Sisterhood Project, celebrating ten women that blazed their own musical trails. Also in March, the Merseyside actress and University of Liverpool alumna, Dame Patricia Routledge, was in conversation with journalist and presenter Edward Seckerson, reminiscing on her television and musical theatre career. June saw the Solem Quartet collaborate with Iranian kamancheh player, Faraz Eshghi, for the conclusion of their Beethoven Bartók Now series, bringing together the late quartets of Beethoven and the quartets of Bartók, uniquely reimagined for a modern-day audience.

The Tung also continues to host the popular free Lunchtime Concert Series with highlights from the last year including: an immersive electronic music and experimental audio-visual work from University of Liverpool staff and students; a performance of *A Winter Journey* by two University of Liverpool Medical students; and a further BlackFest collaboration, featuring Satin Beige, an R&B cellist who has previously opened the main stage at Africa Oyé.

Creatures of the Nile exhibition

The University's Victoria Gallery & Museum (VG&M) houses the University's fine art and museum collections. Free to the public, its special exhibitions programme, showcasing both local and international artists, is extremely popular and, in an average year, the VG&M welcomes more than 70,000 visitors. Highlights this year have included the photography exhibition, *LEE MILLER – Friends at Farleys,* which presented exclusive photographic prints taken in the 1950s, capturing Miller and her husband at their farmhouse in the East Sussex countryside. One of the most important and revered photographers of the 20th century, Miller was part of the Surrealist avant-garde in 1930s Paris, then an official correspondent for the U.S. Army during World War II. She was also a highly sought after fashion photographer whose work appeared in British and American Vogue. The works were loaned from the Lee Miller Archives based at Farleys House as part of their 75th anniversary celebrations.

Another popular special exhibition was Creatures of the Nile which explored the fascinating position animals held in ancient Egyptian and Sudanese society and culture. Featuring more than 250 objects, many of which had never been on public display, highlights included one of the earliest known depictions of a domesticated dog, a sheet from the 3,500-year-old Book of the Dead and a bronze statue which entombed a mummified cat. Exhibited objects came from the collections of the University of Liverpool's Garstang Museum, with additional artefacts on loan from National Museums Liverpool and Manchester Museum.

Corporate Governance

The following is provided to enable readers of the financial statements to understand key aspects of the governance of the University.

The University is committed to best practice in all aspects of corporate governance and conducts its business:

- In line with the relevant general ongoing conditions of registration that applied from the date the University was first registered with the Office for Students (OfS)
- In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership)
- In compliance with the guidance on corporate governance which has been provided for the sector by the Committee of University Chairs (CUC), including the Higher Education Code of Governance.

The University's statutory framework upholds the public interest governance principles outlined by the OfS.

Legal Status

The University is a corporate body established by Royal Charter dated 1903. Our objects, powers and framework of governance are set out in the Charter, Statutes and Ordinances.

The University is an exempt charity under the terms of the Charities Act 2011, and is regulated by the OfS. Members of the University Council are the charitable trustees and are responsible for ensuring compliance with charity law.

The University is registered with the OfS as a higher education provider with degree awarding powers. The address of the registered office is the Foundation Building, 765 Brownlow Hill, Liverpool, L69 7ZX.

The Responsibilities of Council

The Council is the governing body of the University. The Charter identifies the Council as being responsible for 'the management and administration of the whole revenue and property of the University and the conduct of all the affairs of the University'. The powers and duties of the Council are defined in Statute 9. The primary responsibilities of the Council may be defined as being to:

- Appoint a Chancellor, a President who shall act as Chair of the Council and a Vice-President of the Council
- Appoint a Vice-Chancellor as chief executive, and to put in place suitable arrangements for monitoring their performance
- Delegate authority to the Vice-Chancellor, as chief executive, for the academic, corporate, financial, estate and human resource management of the institution. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution
- Approve the mission and strategic vision of the institution, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders
- Ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions
- Ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest
- Be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy
- Oversee the academic endeavours of the University; to ensure that there is an effective framework in place to manage the quality of learning and teaching and to maintain academic

standards; and to ensure that the welfare of students, as far as is reasonably practicable, is secured

- Be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate
- Be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal and regulatory obligations, including those arising from contracts and other legal commitments made in the institution's name
- Conduct its business in accordance with the best interests of the University, and in as open and transparent fashion as appropriate, safeguarding the University's good name, values and sustainability
- Conduct its business in accordance with best practice in Higher Education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life, as well as to ensure the OfS public interest governance principles are upheld and delivered
- Appoint a Clerk to the Council. Irrespective of other duties an individual appointed as Clerk might have in the University, in their capacity as Clerk they shall act on the instructions of, and be responsible to, the Council alone
- Ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen
- Act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution
- Establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.

As of 1 August 2024, there are 22 members of the Council, the majority of whom are lay members (external to the University and outside the day-to-day executive management). Membership comprises: the President, the Vice-President, 11 other lay members, the Vice-Chancellor, the Provost and Deputy Vice-Chancellor, the Chief Operating Officer, the President of the Guild of Students, three members of the academic staff drawn from the Senate, one member of staff drawn from the Professional Services, and one member of the student body. Compliance with the CUC's Higher Education Code of Governance requires institutions to consider whether a Senior Independent Governor should be appointed – it is currently not considered that such a role would add value or fill any gap, but sector practice continues to be monitored and the position is reviewed.

The Council meets four times per year and unreserved minutes of its meetings are published on the University's website. The formal business meetings are supplemented by two away days. Emails sent by the Senior Leadership Team to all staff and a daily media digest including links to University and sector media coverage are also circulated to Council members to ensure they are kept abreast of ongoing developments. Lay members are involved in many aspects of University life which ensures that they are part of the wider community of the University and are appropriately briefed on activities and challenges, e.g. by attending key events such as degree ceremonies, by serving on several committees including the strategic committees (Education Committee and Research and Impact Committee), and by being involved in recruitment and disciplinary panels etc. All new members of the Council are provided with appropriate induction and attend relevant training sessions.

Following approval by the Charity Commission, the President of Council is remunerated. Other lay members do not receive payment for the work they do for the University, apart from the reimbursement of expenses which are disclosed in the financial statements. Ordinance 20 provides for lay members of the Council to be appointed for a term of office of three years and they may be re-appointed for up to two further three-year terms. If appointed as the President or the Vice-President of the Council, the maximum continuous period of service that a lay member may serve on the Council may be 12 years in exceptional circumstances.

Independent reviews of the Council's effectiveness are conducted and these are supplemented by periodic reviews undertaken by the Council itself. Action plans are developed in response to the recommendations arising from all governance effectiveness reviews and progress in implementing the actions is monitored. The most recent independent review of the Council was undertaken in late 2020/21 by Halpin Partnership Limited. Halpin concluded: 'Our assessment is that Liverpool has a good governance culture with a clear desire to be open and transparent and a willingness to challenge. The trajectory is also viewed positively with recent changes welcomed by both Council members and executives alike. This establishes an excellent foundation for the future. With many examples of good practice and by adopting the recommendations in this report, Council can be assured that it is meeting its governance obligations and is continuing on its journey to be at the leading edge of governance practice'. Good progress has been made in implementing the various recommendations made by Halpin. In addition, members' opinions on the effectiveness of the Council are sought regularly, including through annual meetings held between individual members and the Clerk to Council and President and post-meeting surveys.

Committees of the Council

The Council has several committees, the key ones being Audit Committee, Finance and Resources Committee, Nominations Committee and Remuneration Committee. These Committees are formally constituted with terms of reference and contain significant lay member representation – Council membership of these committees is shown on page 3.

The Council is also supported in the fulfilment of its statutory responsibilities by the Health and Safety Governance Committee and the Committee on Research Ethics. Regular reports are submitted to the Council by all of its committees.

The Council operates a Scheme of Delegation which delegates specific matters to its committees or senior members of staff. This is reviewed periodically. The matters reserved to the Council are set out in the Statutes.

Audit Committee

It is the role of the Audit Committee to advise and assist the Council in respect of the entire assurance and control environment of the institution.

The responsibilities of the Audit Committee are to:

- Advise the Council on the appointment of the external auditor, the audit fee, the provision of any non-audit services by the external auditor, and any questions of resignation or dismissal of the external auditor
- Discuss with the external auditor, before the audit begins, the nature and scope of the audit
- Discuss with the external auditor problems and reservations arising from the interim and final audits, including a review of the management letter, incorporating management responses, and any other matters the external auditor may wish to discuss (in the absence of management where necessary)
- Consider and advise the Council on the appointment and terms of engagement of the internal audit service (and the head of internal audit if applicable), the audit fee, the provision of any non-audit services by the internal auditor, and any questions of resignation or dismissal of the internal auditor
- Review the internal auditor's audit risk assessment, strategy and programme and annual report; consider major findings of internal audit investigations and management response; and promote coordination between the internal and external auditors. The Committee will ensure that the resources made available for internal audit are enough to meet the institution's needs (or make a recommendation to the Council as appropriate)
- Monitor annually the performance and effectiveness of the external and internal auditors, including any matters affecting their objectivity, and make recommendations to the Council concerning their reappointment, where appropriate
- Monitor the implementation of agreed audit-based recommendations from whatever source
- Keep under review the effectiveness of the arrangements for risk management, culture, control and governance arrangements
- Advise the Council on the arrangements in place for identifying, evaluating and controlling risks, and to monitor such arrangements
- Oversee the institution's policy on fraud and irregularity, including being notified of any action taken under that policy
- Ensure that all significant losses have been thoroughly investigated and that the internal and external auditor – and where appropriate the regulator – have been informed
- Satisfy itself that suitable arrangements are in place to ensure the sustainability of the institution and to promote economy, efficiency and effectiveness (Value for Money). This may include consideration of arrangements that:
  - support the culture and behaviour that is prevalent within the institution
  - ensure the effective management of conflicts of interest
  - enable the appointment of 'fit and proper persons' to the governing body and senior executive positions
- Satisfy itself that effective arrangements are in place to ensure appropriate and accurate data returns are made to external stakeholders and regulatory bodies
- Receive any relevant reports from the National Audit Office, the regulator and other organisations
- Monitor other relevant sources of assurance, for example other external reviews
- Consider elements of the annual financial statements in the presence of the external auditor, including:
  - the auditor's formal opinion
  - the statement of members' responsibilities
  - the statement of internal control, in accordance with the regulator's accounts directions
- In the event of the merger or dissolution of the institution, ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

The Audit Committee received the Audit Planning Report from the external auditor in April 2024 and has considered and discussed the risks identified within this document. The Independent Auditor's Report from Ernst & Young starting on page 37 of this document provides further information on their audit approach and findings for the period.

During 2024, Ernst & Young's audit of the University's Consolidated Financial Statements for the financial year ended 31 July 2023 was selected for inspection by the Audit Quality Review (AQR) team of the Financial Reporting Council (FRC). Following the inspection, the FRC wrote to the Chair of the Audit Committee setting out the scope of its inspection, its audit quality assessment, good practice, and other findings. The inspection report was shared with all Audit Committee members and discussed at an Audit Committee meeting in October 2024. The Audit Committee noted the inspection did not raise any key findings and highlighted an audit area of good practice.

Finance and Resources Committee

On behalf of the Council, the Finance and Resources Committee provides strategic oversight of the University's planning, performance, finances and resources, staff, capital and investment strategy. The Committee's responsibilities and decision-making powers are as follows:

Financial Strategy

- To review institutional budgets, activity plans, and frameworks, and to recommend them for approval to the Council. To oversee longer-term financial plans for the University and to review and recommend the framework within which planning and resource allocation should take place
- On behalf of the Council, to oversee financial sustainability through monitoring high-level delivery of financial performance. To also consider regular financial performance reports in advance of submission to the Council
- To review the financial elements of the University's annual financial statements prior to their consideration by the Council
- To review and recommend to Council the University's Financial Regulations
- To receive and assess compliance with the University's annual Transparent Approach to Costing (TRAC) Statement of Requirements
- Under delegated authority, to approve policies and procedures relating to financial management, and oversee the effective implementation of such policies
- On behalf of the Council, to monitor compliance with regulatory requirements (e.g. relevant OfS conditions and funding requirements)
- On behalf of the Council, to receive reports on the financial performance and operations of the University's Subsidiary Companies

Planning and Performance

- To approve plans for the annual planning and performance cycle, including the proposed planning parameters
- To monitor the achievement of strategic plans through regular assessment of performance
- To oversee the strategic planning governance framework and recommend to Council new strategic frameworks (institutional strategy)

People

- To review and recommend to the Council People strategies and major new policy developments
- On behalf of the Council, to approve People related policies and procedures, and oversee the effective implementation of such policies; providing general oversight of the University's compliance with relevant regulations, standards and codes of practice
- To monitor and report to the Council on progress in achieving improvements to key Human Resource metrics
- To receive reports on decisions taken by the University's Pensions Sub-Group

Capital and Estates

- To monitor performance and delivery against the Estates Strategy
- To monitor performance of the Capital Plan, including financial and non-financial elements and post-project completion
- To approve, under delegated authority, capital schemes of a value between £5m–£15m
- To review and recommend to the Council approval of capital schemes in excess of £15m

Digital Technologies

- To monitor performance and delivery against the Digital Strategy
- To monitor performance of investment in Digital Technologies, including financial and non-financial elements and post-project benefits analysis
- To approve, under delegated authority, capital investment in technology infrastructure schemes of a value between £5m–15m
- To review and recommend to the Council approval of digital technology capital schemes in excess of £15m

Investments

- Through quarterly reporting from the Investments Sub-Committee, to oversee the implementation of the University's Investment Strategy, monitor the performance of investments and to advise the Council on any matters of concern
- On the advice of the Investments Sub-Committee, to consider and make recommendations to the Council on the University's overall Investment Strategy and objectives, including in relation to the University Ethical Investment Policy, and ESG considerations generally
- On the advice of the Investments Sub-Committee, to approve, under delegated authority, decisions related to the University's Investment Portfolio of a value up to £15m
- To review and recommend to Council approval of Investment Portfolio decisions in excess of £15m
- To monitor and keep under review the effectiveness and the activities of the Investments Sub-Committee.

Nominations Committee

The Nominations Committee makes recommendations regarding potential lay members of the Council, Council-appointed Senate and Professional Services representatives on the Council and Council-appointed members of University committees and bodies. In making its recommendations, the Committee seeks to ensure: that the Council is able to discharge its duties effectively through an engaged membership that has an appropriate mix of skills, knowledge, experience and diversity; that robust and appropriate procedures are in place around the Council's appointments to University committees and bodies; that there is an appropriate allocation of workload amongst members; and that due consideration is given to succession planning. The Committee also oversees the arrangements for the induction, development and annual appraisal of Council members.

Recruitment to the Council is either ex officio (for example in terms of senior managers such as the Vice-Chancellor), appointment or election (for other staff members), or by external advertisement (for lay members). Recruitment of lay members is undertaken in line with sector guidance with a view to attracting as wide a range of candidates as possible.

Remuneration Committee

The Remuneration Committee has the following remit:

- To approve and annually review the Senior Staff Remuneration Policy (SSRP) which is the policy framework for managing senior staff remuneration and conditions (including non-pay benefits) at the University
- To be responsible, on behalf of the Council, for setting the policy for and agreeing remuneration and reward for members of the Senior Leadership Team (SLT) in accordance with the SSRP
- To consider and determine the overall remuneration and objectives of the Vice-Chancellor. The Chair of Council will:
    - report on their assessment of the Vice-Chancellor's performance against the Professional Development Review (PDR) objectives that were agreed
    - propose to the Committee any increase in remuneration in accordance with the SSRP
    - propose to the Committee PDR objectives for the coming year

The Committee's recommendations are then presented to the Council for consideration

- To receive reports on the remuneration of staff above Grade 9 who are not members of SLT in accordance with the SSRP
- To consider and determine upon proposals for voluntary severance or the early retirement of members of the SLT (the determination of such matters with regard to the Vice-Chancellor shall be restricted to the lay members of the Committee)
- To approve policy on the outside earnings of members of the SLT
- To review and note remuneration trends across the University sector using benchmarking data
- To agree the policy for claims for expenses from the Vice-Chancellor and receive regular reports on expense payments made
- To provide an annual remuneration report to the Council on the business of the Committee that shall be produced in accordance with the CUC Higher Education Senior Staff Remuneration Code/OfS guidance
- To ensure compliance with the CUC Higher Education Senior Staff Remuneration Code/OfS guidance in all relevant matters before the Committee.

The annual report of the Remuneration Committee submitted to the Council in November 2024 is available at: www.liverpool.ac.uk/governance/universitycommittees/remuneration-committee/

Senate

Under its Charter, the University is required to have a Senate which, subject to the oversight of the Council, is responsible for promoting research, promoting and regulating learning and teaching and maintaining the quality and standards of the University's academic provision. Senate's primary role is to act as the key forum for debate, development and testing of institutional academic policy, but it also has the right to discuss and declare an opinion on any matter relating to the University.

Senate has 84 members, including the Provost and Deputy Vice-Chancellor, Chief Operating Officer, Policy and Executive Pro-Vice-Chancellors, Associate Pro-Vice-Chancellors, Deans, nominated Heads of Department, elected Faculty representatives and student representatives. Senate is chaired by the Vice-Chancellor and normally meets four times per year. Senate's powers and duties are detailed in Ordinance 19 of the University's Statutory Framework.

Leadership

The principal academic and administrative officer of the University is the Vice-Chancellor, who has overall responsibility for the executive management of the University and for its day-to-day direction, being accountable to the Council for the exercise of these responsibilities and, as the designated accountable officer, to OfS/Research England for the use of the public funds the University receives. The Vice-Chancellor exercises primary influence on the development of institutional policy and strategy, the identification and planning of new developments and in shaping the institutional ethos.

Senior Leadership Team

The Vice-Chancellor is supported in the role by the other members of the Senior Leadership Team (SLT), namely: the Provost and Deputy Vice-Chancellor, Pro-Vice-Chancellor for Global Engagement and Partnerships, Pro-Vice-Chancellor for Education, Pro-Vice-Chancellor for Research and Impact, Executive Pro-Vice-Chancellor for Health and Life Sciences, Executive Pro-Vice-Chancellor for Humanities and Social Sciences, Executive Pro-Vice-Chancellor for Science and Engineering, Chief Financial Officer, Chief Operating Officer, and University Secretary and General Counsel. They lead the management of the University which is organised into three academic Faculties and the Professional Services.

SLT meets regularly and provides strategic leadership and direction. Within the parameters set by the overarching strategy approved by the Council and the University's statutory framework, it takes decisions on major operational matters that have institutional reach, and strategic issues where doing so is time critical. It also reviews proposals relating to the development of, or major changes to, institutional strategies, major policies, frameworks, and other governance documentation to ensure a coordinated management response before these are submitted to the formal governance structure for scrutiny and approval. The terms of reference are available at: www.liverpool.ac.uk/governance/university-committees/seniorleadershipteam/

Internal Control

The Council is responsible for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives, while safeguarding public and other funds and assets for which it is responsible, in accordance with the University's statutory framework and the requirements of the OfS and Research England.

The system of internal control is designed to identify and manage, rather than eliminate, the risk of failure to achieve policies, aims and objectives; it can therefore provide only a reasonable and not an absolute assurance of effectiveness.

Detailed review and monitoring of the system of internal control is carried out on behalf of the Council by the Audit Committee, from which the Council receives periodic reports.

The Committee receives regular reports from the University's internal auditor, PwC, which provide an independent opinion on the adequacy and effectiveness of the University's arrangements for internal control, risk management, governance, and securing value for money, together with recommendations for improvement where appropriate and timescales for implementation. PwC's methodology is aligned to the requirements of the OfS's Terms and Conditions for Funding.

The internal auditor provides an annual report, which includes an opinion on the adequacy and effectiveness of governance, risk management and control, and economy, efficiency and effectiveness arrangements (value for money). The internal auditor's opinion for 2023/24 was generally satisfactory with some improvements required relating to a small number of weaknesses in control which are currently being addressed.

The Council's review of the effectiveness of the system of internal control for the year ended 31 July 2024 and up to the date of approval of the audited financial statements is informed by the Audit Committee, the work of the internal auditor, the work of the senior managers who have responsibility for the development, maintenance and continual review of the internal control framework, comments made by the external auditor in their management letter and other reports, and comments made by Halpin Partnership Limited during their 2020/21 Governance Review.

Risk Management

The system of internal control is based on an ongoing process designed to identify the principal business, operational, compliance and financial risks to the achievement of the University's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The University's approach to risk management aims to mitigate risks and to maximise opportunities to increase the probability of successful short, medium and long term outcomes, whilst protecting the reputation and sustainability of the University.

The University considers risk management a key part of decision making and strategic planning and that effective risk management is essential for effective governance and realisation of strategic ambitions.

Risk management processes are undertaken at all levels of the organisation, from project through to institutional level. A revised risk management framework, which integrates risk and mitigation activities as part of the University's Planning and Performance Cycle, was approved by the Council in Spring 2020. Additionally, processes have been put in place for colleagues to manage risks at both local and operational level across the institution including a risk escalation process to enable risk owners to effectively manage and further mitigate high scoring risks. Risks are assessed in terms of their likelihood and consequence, supported by tools that enable users to assess risk consistently across the institution. With regard to the institutional risk appetite, the framework has moved away from a risk appetite statement to include three categories of risk appetite: open, balanced and cautious. This is to allow greater agility in the tolerance of risk, provide a tool for the monitoring of risk status and allow the facilitation of more timely responses to opportunities.

The University's risk framework is based on the good practice set out in the Treasury Orange book complying with OfS requirements.

Council has overall responsibility for risk management within the University including routine review, conducting deep dives into priority risk areas, and setting risk appetite. The Audit Committee advises Council on the arrangements in place for identifying, controlling and evaluating risks and to monitor such arrangements. SLT is responsible for establishing, operating and monitoring the system of risk management and factoring it into resourcing decisions.

As part of the process, the Council regularly considers the strategic direction of the University and institutional plans, and receives regular reports on progress against key performance indicators, strategic initiatives and other significant projects and risk factors.

PwC construct their internal audit plan in consultation with management in order to ensure that it is based on the University's strategic risk register so that assurances can be gained that risks are properly managed, and to allow the auditor to fulfil their responsibility to give the Audit Committee an assurance on the system of internal control.

The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks and that this process has been in place for the year ended 31 July 2024 and up to the date of the approval of the audited financial statements.

Public Interest

The University is committed to conducting its affairs in accordance with the highest standards of integrity, and appropriate policies and procedures are in place to enable concerns to be raised regarding malpractice, corruption, wrongdoing and any form of impropriety. The Public Interest Disclosure Policy has been designed to enable individuals to raise concerns at an appropriate level and is in line with the legal requirements contained within the Public Interest Disclosure Act.

Register of Interests

A Register of Members' Interests is maintained in which the primary interests of all members of the

Council and the Senior Leadership Team are held. This information is publicly available online. Disclosure of interest is a standing item on agendas for formal governance committees and at the first meeting of each academic year members receive the Policy and Procedure on Disclosure of Interest.

Council Responsibilities for Financial Control and the Annual Report

The Council is responsible for preparing the *Review of the Year* and the financial statements and ensuring that: the University's group and parent financial statements give a true and fair view of the state of the group's and of the institution's state of affairs as at 31 July 2024, and of the group's and parent institution's income and expenditure, gains and losses and changes in reserves and of the group's cash flows for the year; the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, relevant legislation and Office for Students requirements.

In preparing each of the group and parent University financial statements, the Council is required to:

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

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

The Council is also responsible for ensuring that:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation
- funds provided by the OfS and Research England have been applied in accordance with the terms and conditions attached to them
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- securing the economical, efficient and effective management of the University's resources and expenditure.

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

The key elements of the University's system of internal financial control, which are designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, all heads of departments
- A comprehensive short and medium term planning and performance cycle process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- Updates detailing institutional performance against relevant KPIs and highlighting the key risks related to delivery of Liverpool 2031, alongside reviews of financial results involving variance reporting and updates of forecast outturns
- Clearly defined and formalised requirements for approval and control of expenditure
- A formalised treasury management policy
- Comprehensive Financial Regulations detailing financial controls and procedures, approved by the Audit Committee, Finance and Resources Committee and the Council
- A professional independent internal audit team whose programme of work is approved annually by the Audit Committee and endorsed by the Council.

It is critical that the University demonstrates value for money to its stakeholders. The University's reporting to the Audit Committee and the Council in this area focuses on the issues identified by the OfS but is supplemented by other areas in which the University adds significant impact both locally and globally.

The Council's review of the effectiveness of the system of internal financial control is informed by the work of the internal auditor, the Audit Committee, the individual members of staff with responsibility for the development and maintenance of the financial control framework and comments made by the external auditor in the management letter and in other reports.

The Council is satisfied that the system of internal financial control described above has been in place throughout the year ended 31 July 2024 and up to the date of the approval of the audited financial statements.

The Council is satisfied that the University is a going concern and the financial statements are prepared on that basis. Further detail is given on page 51.

Independent Auditor's Report to the Council of the University of Liverpool

Opinion

In our opinion, the University of Liverpool's Group financial statements and Parent Institution financial statements (the "financial statements"):

- Give a true and fair view of the state of the Group's and of the Parent Institution's affairs as at 31 July 2024 and of the Group's and of the Parent Institution's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction.

We have audited the financial statements of the University of Liverpool (the 'Parent Institution') and its subsidiaries (the 'Group') for the year ended 31 July 2024 which comprise:

Group	Parent Institution
Consolidated statement of financial position as at 31 July 2024	Institution statement of financial position as at 31 July 2024
Consolidated statement of comprehensive income for the year then ended	Institution statement of comprehensive income for the year then ended
Consolidated statement of changes in reserves for the year then ended	Institution statement of changes in reserves for the year then ended
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 37 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the Group and Parent Institution financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Council's assessment of the Group and Parent Institution's ability to continue to adopt the going concern basis of accounting included:

- Reading the Narrative Report and Financial Statement disclosures in relation to the financial statements being prepared on a going concern basis to ensure that they were consistent with our knowledge of the Group and Parent Institution's financial position.
- Assessing the information used in the Group and Parent Institution's going concern analysis for consistency with management reporting, and information obtained through auditing other areas of the Parent Institution. We also obtained an understanding of the business planning process and challenged the underlying assumptions, for the going concern period to 31 July 2026. This included reviewing for evidence of bias and for consistency with our knowledge of the Parent Institution.
- Comparing actual performance for the year to the budget for that period to assess the accuracy of historical data.
- Challenging management's assumptions against historic financial performance and assessed the level of available reserves against plans to apply those reserves to meet any future requirements.
- Assessing the levels of current borrowing and confirmed that the Group and Parent Institution is compliant with loan covenants and forecasts through the going concern period.
- Undertaking reverse stress testing on the possible downside scenario performed by management, to understand the potential circumstances required and likelihood of those circumstances that could result in liquidity and covenant compliance shortages within the going concern period.
- Challenging the financial forecast position of the Group and Parent Institution as set out in the central and downside scenarios prepared by management to ensure that it has sufficient liquidity to maintain its position through to 31 July 2026, as well as forecasting compliance with all loan covenants through to 31 July 2026.
- Assessing management's going concern disclosures in the Financial Statements to ensure they are appropriate based on our knowledge and in conformity with FRS 102 "The financial reporting standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Institution's ability to continue as a going concern for a period to 31 July 2026.

Our responsibilities and the responsibilities of the Council with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of 1 component and audit procedures on specific balances for a further 3 components. • The components where we performed full or specific audit procedures accounted for 100% of Surplus before tax, 99.5% of Revenue and 99.9% of Total assets.
Key audit matter	• Risk of fraud in revenue recognition
Materiality	• Overall Group materiality of £6.7 million which represents 1% of total Group income.

An overview of the scope of the Parent and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each entity.

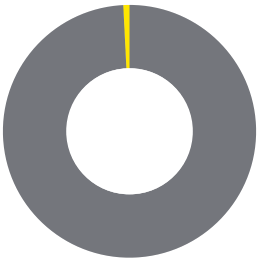
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 5 reporting components of the Group, we selected 3 components covering entities within the United Kingdom, which represent the principal business units within the Group.

Of the 3 components selected, we performed an audit of the complete financial information of 1 component ("full scope components") which were selected based on their size or risk characteristics. For the remaining 2 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 100% (2023: 100%) of the Group's Surplus before tax, 99.5% (2023: 100%) of the Group's Revenue and 99.9% (2023: 100%) of the Group's Total assets. For the current year, the full scope components contributed 101% (2023: 98%) of the Group's Surplus before tax, 99.5% (2023: 100%) of the Group's Revenue and 97.6% (2023: 98%) of the Group's Total assets. The specific scope component contributed -0.8% (2023: 2%) of the Group's Surplus before tax, 0.05% (2023: 0%) of the Group's Revenue and 2.2% (2023: 2%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. We also instructed 3 locations to perform specified procedures over certain aspects of cash and bank existence and valuation, and overall financial performance and position, as described in the Risk section above.

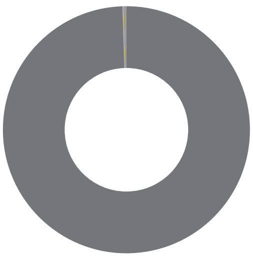
The remaining 2 component represent 0.5% of the Group's Revenue. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.



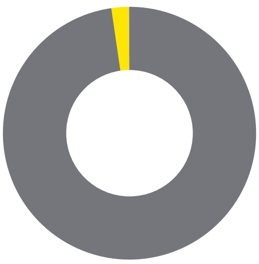
Surplus before tax

- 101% Full scope components
- (0.8)% Specific scope components
- 0% Other procedures



Revenue

- 99.5% Full scope components
- 0.05% Specific scope components
- 0.45% Other procedures



Total assets

- 97.7% Full scope components
- 2.2% Specific scope componentss
- 0.1% Other procedures

Changes from the prior year

There has been no changes from prior year in full scope components and specific scope components in scope for the purpose of our audit.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. For 1 full scope component, audit procedures were performed on this directly by the primary audit team. For the 2 specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on its operations will be relating to its Sustainability Strategy which aims to achieve key targets such as becoming Net Zero Carbon by 2035. These are explained on pages 24 and 25 in the Sustainability Report, which forms part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

There are no significant judgements or estimates relating to climate change in the notes to the financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on page 23 have been appropriately reflected in the carrying value of investments/assets with indefinite and long lives, and in the timing and nature of liabilities recognised. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Council's considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of fraud in revenue recognition (£708.3 million total income, PY comparative £675.1 million) *Refer to the Accounting policies (pages 51-58); and Notes 1-7 of the Consolidated Financial Statements (pages 59 and 60)* Revenue is recognised in accordance with FRS 102 and sections 16, 17 and 18 of the Statement of Recommended Practice: Accounting for Further and Higher Education. The number of revenue streams increases the risk of inappropriate revenue recognition. Under ISA (UK) 240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. We identified a specific risk of fraud and error in respect of inappropriate revenue recognition around the material revenue streams, particularly the amount and timing of income to be recognised in respect of tuition fees and other income around the financial yearend, and the recognition of research income, capital grant income and some "other" income streams in line with performance conditions. As there is no material judgement associated with the recognition of the University's core funding council grant income, we have determined that the risk of revenue recognition does not materialise within this area. We consider this risk to be relevant to the Group (and University as a single entity) and all of the subsidiary entities consolidated into the Group depending on their respective material revenue streams. **Research income (£123.3 million; PY £118.0 million).** - Recognition of research income may require judgement, in particular where there are unusual performance conditions attached to grants, at year end in recognising accrued and deferred income which could result in recognising income in the year incorrectly either by recognising the incorrect value or recognising income that should be deferred until any performance related conditions are met. **Tuition fees (£367.1 million; PY £342.5 million):** - Where there are courses spanning the financial year end the risk lies in recognising revenue in the correct financial year. **Other income (£102.4 million; PY £105.7 million);** - There is a risk that revenue is recorded incorrectly around the year end date. **Donations and endowments (£6.3 million; PY £2.6 million);** - There is a risk that revenue is recorded incorrectly around the year end date. **Funding body grants – Recurrent grants (£77.4 million; PY £78.9 million);** - Since there is no material judgement associated with the recognition of the University's funding council grant income, we have determined that the risk of revenue recognition does not materialise within this area. **Funding body grants – Specific grants (£16.0 million; PY £15.7 million);** - There is the potential for judgement to be required in the recognition of this income stream as grants often come with performance conditions which must be met in order to earn entitlement to the income. **Investment income (£15.8 million; PY £11.7 million)** - Revenue is not an individually material income stream in the context for the University income overall in the current year. We do not consider there to be a risk of material manipulation for the year. We consider this risk to be relevant to the Group (and the University as a single entity).	*Research income* - Tested a sample of research income, deferred income and accrued income, verifying that judgment applied in recognising income was in accordance with the performance related conditions. This included verification to source documents such as contracts, awards or agreement with funders, project budgets performance to date and verification that expenditure incurred on the projects was eligible. - For each research project tested, confirmed that where income recognition to date is in excess of budgeted that this is appropriate and supportable to contract variations with funders where applicable. - Independently inquired with the University's Research Office and Group Finance as applicable to understand the outcome of audits performed by grant funding bodies during the period, cross referring responses and the results of our substantive testing and challenging whether the University's assessment of clawback risk is correctly valued in the financial statements. *Tuition fees* - For full-time courses we performed substantive audit procedures, reperforming the recognition of fee income and investigating any unusual transactions, comparing this to the income recognised in the income statement. - Performed substantive testing over deferred income, confirming that income has been recognised in the correct financial year. - Substantively tested student fees and course fees, verifying the amounts back to evidence of student records and cash. *Other income* - Substantively tested a sample of other income back to source documents, such as invoice, contracts, grant agreements or receipt of cash as applicable. *Donations and endowments* - Substantively tested a sample of income back to source documents, such as donation agreements and cash. *Procedures across all revenue streams*: - Performed an overall analytical review on revenue compared to prior year on an individual sub-stream basis to identify, understand and corroborate any unusual fluctuations, considering any contradictory evidence. - Performed cut off testing for a sample of transactions around the year end to confirm that they have been recorded in the correct financial year. - Undertook risk-based procedures to identify journals specifically raised to increase income and corroborated their purpose back to underlying evidence. This included both system generated and manual journals. We performed full and specific scope audit procedures over this risk area which covered 99.5% of the risk amount. We also performed specified procedures over the existence and valuation of cash and overall financial performance in four locations, which covered 99.6% of the risk amount.	Based upon the audit procedures performed, we conclude that revenue has been appropriately recorded in the period in accordance with the requirements of FRS 102 and sections 16, 17 and 18 of the Statement of Recommended Practice: Accounting for Further and Higher Education.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £6.7 million (2023: £6 million), which is 1% (2023: 1%) of total income for the Group. We believe that income provides us with most appropriate basis for understanding the Group's activity.

We determined materiality for the Parent Institution to be £6.7 million (2023: £6 million), which is 1% (2023: 1%) of Parent Institution's income.

During the course of our audit, we reassessed initial materiality and we determined that this remained appropriate.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £5 million (2023: £4.5 million). We have set performance materiality at this percentage due to lack of issues identified through our audit planning procedures, including our walkthrough of key controls.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £1 million to £5 million (2023: £0.27 million to £4.5 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.3 million (2023: £0.3 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Council is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Office for Students

In our opinion, based on the work undertaken in the course of the audit, in all material respects:

- the requirements of the Office for Students accounts direction for the relevant year's financial statements have been met;
- funds from whatever source administered by the University of Liverpool have been properly applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the applicable Terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Office for Students require us to report to you where:

- the University's grant and fee income, as disclosed in notes 2 to 4 to the financial statements, has been materially misstated
- the University's expenditure on access and participation activities for the financial year, as disclosed in note 10b has been materially misstated.

Responsibilities of Council

As explained more fully in the Council's responsibilities statement set out on pages 30 and 31, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the Group and Parent Institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Group or the Parent Institution or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the University and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are FRS 102 and the Statement of Recommended Practice for Further and Higher Education, the Office for Students Terms and conditions of funding for higher education Institutions and the Higher Education and Research Act 2017.
- We understood how the Group and Parent Institution is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquires through our review of the Council minutes and papers provided to the Audit Committee at a Group level, as well as consideration of the results of our audit procedures to either corroborate or provide contrary evidence.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage financial performance. Where this risk was considered higher, we performed audit procedures to address the risk of fraud and management override. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management, those charged with governance and those responsible for legal and compliance procedures; journal entry testing with a focus on journals indicating large or unusual transactions based on our understanding of the business; review of Council minutes to identify any non-compliance with laws and regulations, and inspection of any correspondence between the Group and Parent Institution and its regulators.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at **https://www.frc.org.uk/auditorsresponsibilities.** This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee we were appointed by the University on 28 June 2021 to audit the financial statements for the year ending 31 July 2021 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 4 years, covering the years ended 31 July 2021 to 31 July 2024.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Institution and we remain independent of the Group and the Parent Institution in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Council, as a body, in accordance with Office for Students accounts direction. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University of Liverpool and the Council as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Stephen Reid (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 12 December 2024

Annual Financial Statements

for the year ended 31 July 2024

Consolidated and Institution Statement of Comprehensive Income - Year Ended 31 July 2024

		Year ended 31 July 2024		Year ended 31 July 2023	
	Notes	Consolidated	Institution	Consolidated	Institution
		£m	£m	£m	£m
Income					
Tuition fees and education contracts	2	**367.1**	**367.1**	342.5	342.5
Funding body grants	3	**93.4**	**93.4**	94.6	94.6
Research grants and contracts	4	**123.3**	**123.3**	118.0	118.0
Other income	5	**102.4**	**98.8**	105.7	102.5
Investment income	6	**15.8**	**16.4**	11.7	13.0
Donations and endowments	7	**6.3**	**6.3**	2.6	2.6
Total income		**708.3**	**705.3**	675.1	673.2
Expenditure					
Staff costs	8	**399.3**	**397.5**	373.9	372.4
Changes in USS deficit recovery plan	8	**(199.2)**	**(199.2)**	(26.5)	(26.5)
Total staff costs	8	**200.1**	**198.3**	347.4	345.9
Other operating expenses		**246.1**	**245.5**	247.8	249.8
Depreciation, impairment and amortisation	12,13	**59.4**	**57.2**	51.1	49.0
Interest and other finance costs	9	**15.5**	**14.8**	18.5	17.8
Total expenditure	10a	**521.1**	**515.8**	664.8	662.5
Surplus before other gains and share of operating deficit of joint ventures and associates		**187.2**	**189.5**	10.3	10.7
Gain on disposal of fixed assets		**-**	**-**	2.0	2.0
Gain on investments	15	**13.6**	**13.6**	0.9	0.9
Share of operating deficit in joint ventures and associates	16	**(0.1)**	**-**	(0.7)	-
Surplus before tax		**200.7**	**203.1**	12.5	13.6
Taxation	11	**0.4**	**-**	(0.2)	-
Surplus after tax		**201.1**	**203.1**	12.3	13.6
Other comprehensive income					
Actuarial gain in respect of University of Liverpool Pension Fund	32	**2.7**	**2.7**	4.0	4.0
Total comprehensive income for the year		**203.8**	**205.8**	16.3	17.6
Represented by:					
Endowment comprehensive income / (expenditure) for the year		**11.2**	**11.2**	(1.5)	(1.5)
Unrestricted comprehensive income for the year		**192.6**	**194.6**	17.8	19.1
		203.8	**205.8**	16.3	17.6

All items of income and expenditure relate to continuing activities.
The accompanying notes and policies on pages 50 to 87 form part of these financial statements.

Consolidated and Institution Statement of Financial Position – Year Ended 31 July 2024

	Notes	As at 31 July 2024 Consolidated £m	As at 31 July 2024 Institution £m	As at 31 July 2023 Consolidated £m	As at 31 July 2023 Institution £m
Non-current assets					
Intangible assets	12	**1.2**	**1.1**	0.8	0.7
Fixed assets	13	**811.1**	**799.7**	801.9	788.9
Heritage assets	13/14	**17.0**	**17.0**	17.0	17.0
Investments	15	**294.0**	**294.0**	314.4	314.4
Investment in subsidiaries	15	**-**	**3.8**	-	3.8
Investment in joint ventures and associates	16	**3.6**	**-**	3.7	-
Retirement benefit asset in University of Liverpool Pension Fund	32	**-**	**-**	-	-
		1,126.9	**1,115.6**	1,137.8	1,124.8
Current assets					
Stock	17	**1.9**	**1.5**	1.7	1.4
Trade and other receivables	18	**88.4**	**93.9**	96.3	101.4
Investments	19	**1.1**	**1.1**	20.8	20.8
Cash and cash equivalents	24	**106.5**	**105.1**	93.3	91.9
		197.9	**201.6**	212.1	215.5
Less: Creditors - amounts falling due within one year	20	**(146.5)**	**(146.2)**	(180.3)	(180.4)
Net current assets		**51.4**	**55.4**	31.8	35.1
Total assets less current liabilities		**1,178.3**	**1,171.0**	1,169.6	1,159.9
Creditors - amounts falling due after more than one year	21	**(300.4)**	**(285.4)**	(300.4)	(285.4)
Provisions					
Pension provisions	22	**-**	**-**	(194.7)	(194.7)
Other provisions	22	**(0.9)**	**-**	(1.3)	-
Total net assets		**877.0**	**885.6**	673.2	679.8
Restricted reserves					
Income and expenditure reserve - endowment reserve	23	**193.8**	**193.8**	182.7	182.7
Unrestricted reserves					
Income and expenditure reserve - unrestricted		**683.2**	**691.8**	490.5	497.1
Total reserves		**877.0**	**885.6**	673.2	679.8

The financial statements were approved by the Council on 28 November 2024 and were subsequently signed on its behalf on 12 December 2024 by:

Professor Tim Jones	**Carmel Booth**	**Nicola Davies**
Vice-Chancellor	President of Council	Chief Financial Officer

Consolidated and Institution Statement of Changes in Reserves - Year Ended 31 July 2024

Consolidated	Notes	Income and expenditure reserve Endowment £m	Income and expenditure reserve Unrestricted £m	Total £m
At 1 August 2022		**184.4**	**472.5**	**656.9**
(Deficit) / surplus from the income and expenditure statement		(1.5)	13.8	12.3
Other comprehensive income	32	-	4.0	4.0
Release of restricted funds in the year		(0.2)	0.2	-
Total comprehensive (expenditure) / income for the year		**(1.7)**	**18.0**	**16.3**
At 1 August 2023		**182.7**	**490.5**	**673.2**
Surplus from the income and expenditure statement		11.2	189.9	201.1
Other comprehensive income	32	-	2.7	2.7
Release of restricted funds in the year		(0.1)	0.1	-
Total comprehensive income for the year		**11.1**	**192.7**	**203.8**
Balance at 31 July 2024		**193.8**	**683.2**	**877.0**

Institution	Notes	Income and expenditure reserve Endowment £m	Income and expenditure reserve Unrestricted £m	Total £m
At 1 August 2022		**184.4**	**477.8**	**662.2**
(Deficit) / surplus from the income and expenditure statement		(1.5)	15.1	13.6
Other comprehensive income	32	-	4.0	4.0
Release of restricted funds in the year		(0.2)	0.2	-
Total comprehensive (expenditure) / income for the year		**(1.7)**	**19.3**	**17.6**
Balance at 1 August 2023		**182.7**	**497.1**	**679.8**
Surplus from the income and expenditure statement		11.2	191.9	203.1
Other comprehensive income	32	-	2.7	2.7
Release of restricted funds in the year		(0.1)	0.1	-
Total comprehensive income for the year		**11.1**	**194.7**	**205.8**
Balance at 31 July 2024		**193.8**	**691.8**	**885.6**

Consolidated Statement of Cash Flows - Year Ended 31 July 2024

	Notes	**Year ended 31 July 2024 £m**	Year ended 31 July 2023 £m
Cash flow from operating activities			
Surplus for the year before tax		**200.7**	12.5
Adjustment for non-cash items			
Depreciation and impairment	13	**59.2**	50.9
Amortisation of intangibles	12	**0.2**	0.2
Gain on investments	15	**(13.6)**	(0.9)
Increase in stock	17	**(0.2)**	(0.1)
Decrease / (increase) in trade and other receivables	18	**8.0**	(10.0)
(Decrease) / increase in creditors falling due within one year	20	**(32.8)**	17.4
Increase in creditors falling due after one year	21	**-**	0.1
Decrease in pension provision	22	**(192.0)**	(11.6)
(Decrease) / increase in other provisions	22	**(0.4)**	0.2
Share of operating deficit in joint ventures and associates	16	**0.1**	0.6
Adjustment for investing or financing activities			
Investment income	6	**(9.1)**	(6.7)
Interest payable	9	**11.0**	11.4
Endowment investment income	6	**(6.5)**	(4.7)
Gain on the sale of tangible assets		**-**	(2.0)
Capital grant income	3	**(13.3)**	(7.7)
Cash flows from operating activities		**11.3**	49.6
Taxation		**0.4**	(0.2)
Net cash inflow from operating activities		**11.7**	49.4
Cash flows from investing activities			
Proceeds from sales of tangible assets		**0.6**	2.3
Capital grants receipts	20	**13.6**	9.9
Non-current asset investment disposal	15	**113.5**	102.2
Disposal of current asset investments	19	**45.1**	50.0
Investment income	6	**9.1**	6.7
Endowment investment income	6	**6.5**	4.7
Payments made to acquire tangible assets	13	**(70.4)**	(70.2)
Payments made to acquire intangible assets	12	**(0.6)**	(0.6)
New non-current asset investments	15	**(80.0)**	(117.0)
New current investments	19	**(25.4)**	(50.3)
Non-current investment cash movements	15	**0.5**	3.7
		12.5	(58.6)
Cash flows from financing activities			
Interest paid	9	**(11.0)**	(11.4)
		(11.0)	(11.4)
Increase / (decrease) in cash and cash equivalents in the year		**13.2**	(20.6)
Cash and cash equivalents at beginning of the year	24	**93.3**	113.9
Cash and cash equivalents at end of the year	24	**106.5**	93.3

Notes to the Financial Statements

for the year ended 31 July 2024

Notes to the Financial Statements for the year ended 31 July 2024

1 Statement of Principal Accounting Policies

a Accounting convention

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

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

b Basis of preparation

The Consolidated and Institution financial statements have been prepared under the historical cost convention (modified by the revaluation of certain financial assets and liabilities at fair value).

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

The Institution and group financial statements have been prepared on a going concern basis for the period to 31 July 2024. The Council consider this to be appropriate for the reasons set out below.

At 31 July 2024 the Institution had net current assets of £51.4m, including cash of £106.5m, and further liquid investments of £1.1m. The Institution also had long term loans of £300.2m for which all covenants had been complied with at the reporting date.

Cash flow forecasts were prepared for the period up to 31 July 2026 to support management's assessment of going concern. The Institution's base case scenario for the period forecast compliance with all loan covenants to 31 July 2026 and liquidity headroom no lower than £73.1m through the going concern period.

The going concern assessment covered associated risks under the following headings:

- Customer perspective - risks to student fee income
- Supply chain perspective - risks to research funding, risks to partnerships and risks to infrastructure and maintenance services suppliers.

The Institution has forecast a plausible downside scenario based on these risks, in which it retains liquidity headroom through the going concern period. Tuition fee and research income were all subject to stress testing, as well as the impact of inflationary pressures on both pay and non-pay expenditure. The University's Treasury Management Policy is to maintain a cash balance of at least £60m. Under the plausible downside scenario, cash remains above the treasury minimum of £60m at all points in the going concern assessment period.

In the event of further downside risks materialising there are additional mitigations within its control that the Institution can implement, such as reducing uncommitted future spend on capital and IT programmes and managing staff vacancies more strictly. Should it be needed this could provide additional liquidity up to £65m through the going concern period.

The Institution has considered a scenario to reverse stress test the model under which it either utilises all cash and liquid investments or breaches loan covenants. This scenario would require a further significant reduction in both forecast overseas student recruitment, and an immediate, sustained and significant inflationary uplift in both pay and non-pay for the going concern period. Management is satisfied that it is sufficiently remote that such a scenario would occur.

After reviewing these forecasts, the Council is of the opinion that, taking account of severe but plausible downsides, the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period to 31 July 2026.

The financial statements are prepared in sterling which is the functional currency of the Group and rounded to the nearest £m.

c Exemptions under FRS102

The Institution has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the Institution in its separate financial statements.

d Basis of consolidation

The consolidated financial statements include the financial statements of the Institution and all its subsidiaries together with the share of results of joint ventures and associates for the financial year to 31 July 2024. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated. Balances between the Institution and its associates and joint ventures are not eliminated. Normal trading transactions that are not settled by the balance sheet date are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity, the part relating to the Institution's share is eliminated.

The consolidated financial statements do not include the income and expenditure of the Liverpool Guild of Students as the Institution does not exert control or dominant influence over policy decisions.

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

Where necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures to bring their accounting policies into line with those used by the Institution.

e Income recognition

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

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

Education contracts are recognised when the Institution is entitled to the income, which is the period in which students are studying, or where relevant, when performance conditions have been met.

Investment income is credited to the Consolidated Statement of Comprehensive Income on a receivable basis.

Funds the Institution receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the Institution where the Institution is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

The Institution had no significant income or operating surplus from activities other than its principal activity or from activities outside the United Kingdom and, as a result, no segmental reporting is required.

Grant funding

Grant funding including Office for Students and Research England recurrent grants, research grants from government sources and grants (including research grants) from non government sources are recognised as income when the Institution is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Statement of Financial Position and released to income as the conditions are met.

Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the Institution 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 Institution is entitled to the funds.

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

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

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 Institution.
3. Restricted expendable endowments - the donor has specified a particular objective in respect of the endowment and the endowment may be spent in full.
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.

Total Return Accounting

The Institution introduced total return accounting for its endowments from 1 August 2022. Total return accounting allows the spending of permanent endowment investment gains regardless of whether they are realised/unrealised capital gains or dividend/interest income.

As required by UK Charity Law, the Institution will maintain the charitable benefit of all permanent endowments in perpetuity, this will be achieved by annually adjusting the value of the donation by the Consumer Price Index (CPI) to maintain the value in real terms. The donation and inflationary increases form the Investment Fund.

All investment gains are recorded in the Unapplied Total Return account. This account is used to fund the CPI increases to the donation and the in year return given to individual endowment income accounts to fund expenditure in line with the terms of the endowments.

The income return given to

endowments is 4% of the projected capital balance (Investment Fund and Unapplied Total Return).

The same accounting treatment has been introduced for expendable endowments, however there are no restrictions on using capital balances for expendables.

Capital grants

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

f Accounting for retirement benefits

The two principal pension schemes for the Institution's staff are the Universities Superannuation Scheme (USS) and the University of Liverpool Pension Fund (ULPF). These schemes are defined benefit schemes, which are externally funded, with the assets of the schemes held separately from those of the group, in separate trustee administered funds. Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer defined benefit scheme for which it is not possible to identify the assets and liabilities attributed to the Institution 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 Institution pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Multi-employer schemes

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

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under defined benefit plans, the Institution'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 Institution.

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gains and losses.

The cost of the defined benefit plan, recognised in expenditure as staff costs, except where included in the cost of an asset, comprises the increase in pension benefit liability arising from employee service during the period and the cost of plan introductions, benefit changes, curtailments, and settlements. The net interest cost is calculated by applying the discount rate to the net liability. This cost is recognised in expenditure as a finance cost.

Universities Superannuation Scheme

The Institution participates in the Universities Superannuation Scheme, which is a multi-employer pension scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The Institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a reasonable and consistent basis. Therefore, as required by section 28 of FRS 102 "Employee benefits", the Institution therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme and the deficit recovery contributions payable under the scheme's Recovery Plan.

Where a scheme valuation determines that the scheme is in deficit on a technical provisions basis (as was the case following the 2020 valuation), the trustee of the scheme must agree a Recovery Plan that determines how each employer within the scheme will fund an overall deficit. The Institution recognises a liability for the contributions payable that arise from such an agreement (to the extent that they relate to a deficit) with related expenses being recognised through the income statement. Further disclosures relating to the deficit recovery liability can be found in note 22.

University of Liverpool Pension Fund

The University of Liverpool Pension Fund is accounted for as a defined benefit plan under FRS 102.

The Trust Deed provides for the Institution to unilaterally wind up the University of Liverpool Pension Fund, in which event any residual amounts after settling all scheme obligations are repayable to the Institution. The Trust Deed also provides for the Fund Trustees to transfer annuity policies into individual members' names without requiring the Institution's consent which means that the Institution does not have a right to a refund from the Scheme, as set out by the accounting standard.

Accounting standards require a proportion of the surplus be recognised in respect of any economic value the Institution is able to derive from the surplus in the form of potential future reduced contributions. The economic value the Institution can derive from the surplus is calculated as the difference between the present value of the future contributions the Institution is committed to paying under the documentation in force at the reporting date and the present value of the future benefits expected to accrue in the future (over the working lifetime of active members) as measured on the accounting basis at the reporting date.

If the current service cost is greater than the employer contributions, a proportion of the surplus is required to be recognised. This equates to the shortfall from the contributions to the service cost, for an agreed period.

If the current service cost is lower than the employer contributions payable, no surplus is recognised as the cost of accrual is lower than the total contributions due under the schedule of contributions.

Further detail is provided on the specific pension schemes in note 32 to the financial statements.

g 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 Institution. Any unused benefits are accrued and measured as the additional amount the Institution expects to pay as a result of the unused entitlement.

All staff employed for at least two years are entitled to statutory redundancy pay. The amount of benefit is calculated based on length of service, age and salary. Payment in lieu of notice will also be paid where agreed.

All such payments are recognised as an expense in the year in which the payment is made.

Termination benefits are recognised only when the Institution is demonstrably committed to either terminate the employment of an employee before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, termination benefits are measured at the best estimate of the expenditure required to settle the obligation at the year end, based on the number of employees expected to accept the offer.

h Finance leases

Leases in which the Institution 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. Assets acquired on a finance lease are depreciated over the life 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.

i 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.

j Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Institution entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting 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.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Institution's presentational currency, Sterling, at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

When the Institution disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is re-attributed to non-controlling interests. When the Institution disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the exchange differences shall be recognised in other comprehensive income and accumulated in reserves.

k Property, plant and equipment

Property, plant and equipment are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land is stated at deemed cost as at 1 August 2014. Buildings are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and costs attributable to bringing the asset to its working condition for its intended use. Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the Institution.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of between 30 and 50 years.

Infrastructure assets are depreciated over 15 years.

Leasehold buildings are 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.

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

Equipment

Equipment, including computers, costing less than £25,000 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. Equipment funded by research grants is depreciated over the remaining life of the grant, which on average is between 1 and 5 years. Non-research grant funded equipment is depreciated over 4 years.

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

All assets are depreciated from the month they are brought into use.

Impairment

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

Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the Consolidated Statement of Comprehensive Income in the period in which it is incurred.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

l Heritage assets

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

The Institution owns a considerable collection of works of art and museum objects, which were donated or bequeathed to the Institution during the last 120 years, and nearly all prior to 1970. The vast majority of these items are not included in the financial statements. The Institution considers that in many cases it would not be practical to obtain a meaningful valuation. Very few heritage assets could be sold by the Institution due to the restrictive nature of their acquisition. Further information is provided in note 14. The cost of conservation and restoration of the heritage collection is reported in the Consolidated Statement of Comprehensive Income in the year it is incurred.

Heritage assets are stated at deemed cost and are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

The assets are subject to an annual impairment review in accordance with applicable accounting standards.

m Intangible assets

Intangible assets are amortised over 5 years representing the remaining estimated economic life of the assets.

Intangible assets are subject to an assessment whether there are any indicators of impairment at each reporting date in respect of intangible assets. If such indicators exist, the Institution will perform an impairment review.

n Investments

Investments in jointly controlled

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

Listed non current asset investments are held on the Statement of Financial Position at fair value with movements recognised in arriving at the surplus before tax.

Listed current asset investments are held at fair value with movements recognised in the surplus before tax.

o Stock

Stock is valued at the lower of cost and net realisable value, and is measured using an average cost formula, with the exception of stock at Wood Park Farm which has been valued at market value.

p 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 (less than 3 months from the placement date), highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

q Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when: the Institution has a present legal or constructive obligation as a result of a past event; it is probable that a transfer of economic benefits will be required to settle the obligation; and 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 Institution a probable obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Institution. 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 Institution 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 Institution.

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

r Accounting for joint ventures and associates

The Institution accounts for its share of joint ventures and associates using the equity method in the Consolidated Statement of Income.

The Institution accounts for its share of transactions from joint ventures and associates in the Consolidated Statement of Income.

To the extent that the Institution's share of losses of a joint venture or associate equals or exceeds the carrying amount of its investment in the joint venture or associate, the Institution discontinues recognising its share of further losses. After the Institution's interest is reduced to zero, the Institution shall recognise additional losses by a provision but only to the extent that the Institution has incurred legal or constructive obligations or has made payments on behalf of the joint venture or associate.

s Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full on timing differences that exist at the reporting date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the reporting date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

The Institution 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 Institution is potentially exempt from UK Corporation Tax 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 Institution receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on expenditure (revenue and capital) is included in the costs of such expenditure. Any irrecoverable VAT allocated to fixed assets is included in their cost.

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

t Reserves

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

Other restricted reserves include

balances where the donor has designated a specific purpose and therefore the Institution is restricted in the use of these funds.

u Financial instruments

The Institution has elected to adopt sections 11 and 12 of FRS 102 in respect of the recognition and measurement of financial instruments. Financial assets and liabilities are recognised when the Institution becomes party to the contractual provision of the instrument and they are classified according to the substance of the contractual arrangements entered into. A financial asset and a financial liability are offset only when there is a legally enforceable right to offset the recognised amounts and an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Institution's financial assets and liabilities all meet the criteria for basic financial instruments prescribed within FRS 102 section 11.8. All financial assets and liabilities are initially recognised at the transaction price plus any additional attributable transaction costs. They are subsequently measured as follows:

Investments

Investments within the scope of section 11 of FRS 102 (therefore excluding investments in subsidiaries, associates and joint ventures) are recognised initially at fair value which is normally the transaction price.

Subsequently, they are measured at fair value if the investment is publicly traded or their fair value can otherwise be measured reliably with the changes in fair value recognised in the Consolidated Statement of Comprehensive Income.

All other investments are measured at cost less impairment.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Consolidated Statement of Comprehensive Income in other operating expenses.

Loans

Loans which are basic financial instruments are initially recorded at the transaction price, net of transaction costs. Subsequently they are measured at amortised cost using the effective interest method. Loan notes that are receivable within one year are not discounted.

Derivatives

Derivatives are held on the Statement of Financial Position at fair value with movements in fair value recognised in arriving at the surplus.

v Critical accounting estimates and judgements

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

The critical accounting estimates and judgements used in the preparation of the financial statements are as follows:

Critical accounting estimates

Recoverability of debtors

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

The Institution provides for all debt greater than 365 days old at the year end date. The provision is adjusted for any post year end receipts and is extended to any items less than 365 days old where recovery is deemed to be a potential issue.

Provisions

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

Retirement benefit obligations

The Institution operates it own defined benefit scheme, the University of Liverpool Pension Fund and participates in the Universities Superannuation Scheme (USS). Actuarial valuations are carried out as determined by the trustees at intervals of not more than three years.

The cost of defined benefit pension plans (and other post-employment benefits) are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

The University of Liverpool Pension Fund costs under FRS 102 are calculated by the University actuary based upon the latest actuarial valuation and assumptions agreed by management following actuarial advice. The assumptions are documented in note 32.

The USS scheme is accounted for as a defined contribution scheme as insufficient information is available to use defined benefit accounting.

FRS 102 makes a distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme (USS). The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in the Consolidated Statement of Income in accordance with section 28 of FRS 102. The Council is satisfied that the Universities Superannuation Scheme meets the definition of a multi-employer scheme.

Significant judgements

Impairments

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

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss as a result of any indications. If there is an indication of impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit in the period it arises.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit in the period it arises.

		Notes	Year Ended 31 July 2024		Year Ended 31 July 2023	
			Consolidated	**Institution**	Consolidated	Institution
			£m	**£m**	£m	£m
2	**Tuition fees and education contracts**					
	Full-time home and EU students		**169.6**	**169.6**	165.0	165.0
	Full-time international students		**166.8**	**166.8**	150.9	150.9
	Part-time students		**7.5**	**7.5**	7.0	7.0
	Special courses		**12.2**	**12.2**	8.7	8.7
	Research Training Support Grant		**11.0**	**11.0**	10.9	10.9
			367.1	**367.1**	342.5	342.5
3	**Funding body grants**					
	Recurrent grant					
	Office for Students		**37.6**	**37.6**	36.3	36.3
	Research England		**39.8**	**39.8**	42.6	42.6
	Specific grants					
	Capital Investment Funds		**4.7**	**4.7**	5.4	5.4
	Higher Education Innovation Fund		**5.7**	**5.7**	5.9	5.9
	Other specific grants		**5.6**	**5.6**	4.4	4.4
			93.4	**93.4**	94.6	94.6
4	**Research grants and contracts**					
	Research councils		**52.6**	**52.6**	48.3	48.3
	Research charities		**16.3**	**16.3**	16.9	16.9
	Government (UK and overseas)		**33.7**	**33.7**	32.6	32.6
	Industry and commerce		**8.0**	**8.0**	8.6	8.6
	Other		**12.7**	**12.7**	11.6	11.6
			123.3	**123.3**	118.0	118.0

The source of grant and fee income, included in notes 2 to 4 is as follows:

Grant and fee income					
Grant income from the OfS		**38.2**	**38.2**	37.3	37.3
Grant income from other bodies		**178.4**	**178.4**	175.3	175.3
Fee income for research awards		**14.3**	**14.3**	14.4	14.4
Fee income from non-qualifying courses		**26.2**	**26.2**	22.8	22.8
Fee income for taught awards		**326.7**	**326.7**	305.3	305.3
		583.8	**583.8**	555.1	555.1

5	**Other income**					
	Residences, catering and conferences		**29.8**	**29.8**	30.7	30.7
	Health authorities		**21.4**	**21.4**	20.3	20.3
	Other services		**31.9**	**28.4**	31.9	28.8
	Other income		**19.2**	**19.1**	21.5	21.4
	Specific capital grant		**0.1**	**0.1**	1.3	1.3
			102.4	**98.8**	105.7	102.5
6	**Investment income**					
	Investment income on endowments		**6.5**	**6.5**	4.7	4.7
	Other investment income		**9.1**	**9.7**	6.7	8.0
	Net return on ULPF pension scheme	32	**0.2**	**0.2**	0.3	0.3
			15.8	**16.4**	11.7	13.0

		Year Ended 31 July 2024		Year Ended 31 July 2023	
		Consolidated	**Institution**	Consolidated	Institution
		£m	**£m**	£m	£m
7	**Donations and endowments**				
	New endowments	**2.4**	**2.4**	0.3	0.3
	Unrestricted donations	**3.9**	**3.9**	2.3	2.3
		6.3	**6.3**	2.6	2.6
8	**Staff costs**				
	Staff costs:				
	Salaries	**315.3**	**313.8**	284.9	283.7
	Social security costs	**31.6**	**31.5**	28.3	28.2
	Changes in USS deficit recovery plan	**(199.2)**	**(199.2)**	(26.5)	(26.5)
	Other pension costs	**52.4**	**52.2**	60.3	60.1
	Movement on annual leave provision	**-**	**-**	0.4	0.4
	Total	**200.1**	**198.3**	347.4	345.9

A further breakdown of pension costs has been included in note 32.

	Year Ended 31 July 2024	Year Ended 31 July 2023		
	Professor Tim Jones	Professor Tim Jones	Professor Dame Janet Beer	Total
	£'000	£'000	£'000	£'000
Total remuneration of the Vice-Chancellor				
Basic salary	**294.0**	166.1	134.8	300.9
Allowance in lieu of pension contribution	**42.1**	29.4	24.4	53.8
Total remuneration for the Vice-Chancellor	**336.1**	195.5	159.2	354.7
Taxable benefits:				
Medical insurance	**4.1**	2.3	1.0	3.3
Total remuneration including benefits	**340.2**	197.8	160.2	358.0

The Vice-Chancellor is the Executive Head of the Institution, reporting to the President of the University Council. The Vice-Chancellor is responsible for the leadership and management of the University and its community, and ultimately accountable to the University Council for delivering excellent student experience; academic research of global importance; a financially sustainable, efficient and effective organisation; and an inspiring and inclusive University culture.

Professor Tim Jones is the University's current Vice-Chancellor and he commenced in post on 1 January 2023.

The Vice-Chancellor's base salary is increased in line with national pay award for Universities' staff negotiated through the New JNCHES process. Additionally, annually, the Remuneration Committee review the Vice-Chancellor's remuneration package and they have the scope to apply an increase to his basic salary of between 0% - 3% in accordance with the Non-Clinical Professorial/Senior Management Staff Salary Review.

Each year, the Institution participates in the UCEA, Russell Group, Korn Ferry Hay Industry & Services and CUC salary surveys. The Institution's Remuneration Committee receives an analysis of this data to show how the Vice-Chancellor's remuneration package compares with that of a comparator group of organisations (those with over £400m turnover and the Russell Group) and the remuneration packages of jobs rated an equivalent size under the Hay job evaluation methodology (Korn Ferry Hay public, private and UK University clients).

Remuneration Committee also receives information on the potential impact of a range of percentage increases in accordance with the Senior Staff Remuneration Policy (formerly the Strategic Reward for Senior Staff Policy) and also considers internal benchmark data including the pay multiple of the Vice-Chancellor's salary to the median earnings of all staff.

The Remuneration Committee reviews the benchmark information from the surveys described above and considers whether the current level of remuneration for the Vice-Chancellor continues to be fair, appropriate and justifiable.

The President of Council reports the outcomes of the Vice-Chancellor's Performance and Development Review to the Remuneration Committee, and specifically performance against personal objectives and individual contribution to the Institution's success. Data such as league tables, awards and student survey results are used to assist the President of Council's deliberations. In addition, in Spring 2024, reflecting the importance of the first full year for any new leader, an external independent 360 review process was undertaken to obtain feedback on the Vice-Chancellor's performance.

The President of Council makes recommendations to the Remuneration Committee on any performance award that would be appropriate in this context. The Committee will then agree upon the level of any award, and make a recommendation to University Council. University Council considers the recommendations from the Remuneration Committee in relation to the Vice-Chancellor's performance award, based on their assessment of the Vice-Chancellor's achievements and that of the Institution. Any performance award is effective from 1 October.

The Vice-Chancellor's base salary and allowance in lieu of employer's pension contributions were increased by 3% on 1 August 2023 in line with the national pay award for universities' staff.

The Vice-Chancellor was not eligible to be considered for a performance award within the reference period because he was new in post on 1 January 2023.

The Vice-Chancellor holds other roles as shown below, all of which are unpaid.

Director, The Russell Group of Universities

Director, N8 Ltd

Director, Liverpool Science Park Ltd

Director, Sciontec Developments Limited

Member, Knowledge Quarter Liverpool Board

Member, Liverpool City Region Local Enterprise Board

Chair, Liverpool Health Partners Board

Fellow, Royal Society of Chemistry

Member of the Board, Xi'an Jiaotong-Liverpool University

Head of Provider Pay Multiple

During the year ended 31 July 2023 there was a change in personnel in the role of Vice-Chancellor. Professor Dame Janet Beer was in position from 1 August 2022 to 31 December 2022, and from 1 January 2023 the post was occupied by Professor Tim Jones.

The pay multiple ratios for 2022/23 are based on the full time equivalent salary for the present Vice-Chancellor assuming they had been in the post for the whole financial year.

Basic Pay relates to contractual annual salary. Total Pay includes any benefits due.

	Year ended 31 July 2024		**Year ended 31 July 2023**	
	Basic Pay	**Total Pay**	**Basic Pay**	**Total Pay**
	£'000	**£'000**	**£'000**	**£'000**
Staff pay median	**40.5**	**45.6**	39.7	43.4
Vice-Chancellor pay	**294.0**	**340.2**	285.6	339.9
Pay multiple	**7.3**	**7.5**	7.2	7.8

Payment to the President of Council

From 1 August 2020, the President of Council receives payment for their services to the Institution. The level of payment was set at £25,000 per annum. The decision to remunerate the role of President of Council reflects the growing demands and time commitments necessary and was approved by the Charity Commission and Council in line with charity requirements, and will continue to be reviewed.

Charity Commission approval was given to 31 July 2023. An administrative oversight resulted in the University not requesting an extension to its previously approved Order permitting the University to pay remuneration to the President of Council. The University requested an extension of this Order from the Charity Commission in November 2024 and although not considered to be material and therefore not a reportable event, in line with regulatory guidance, the Office for Students has also been notified. At the date of signing of these financial statements approval from the Charity Commission has not yet been received.

The payment for 2023/24 has been made with approval from Council. In 2023/24, payment for the President of the Council's services was made to a Consulting company of which the President of Council is a director. The invoice was approved in accordance with the Institution's financial regulations and normal procurement procedures.

The number of staff with a basic salary of over £100,000, excluding employer's pension contributions (subject to relevant accounts direction and shown before any salary sacrifice):

	Year ended 31 July 2024 No.	Year ended 31 July 2023 No.
£100,000-£104,999	**23**	21
£105,000-£109,999	**27**	24
£110,000-£114,999	**39**	64
£115,000-£119,999	**37**	47
£120,000-£124,999	**13**	9
£125,000-£129,999	**5**	27
£130,000-£134,999	**63**	11
£135,000-£139,999	**23**	8
£140,000-£144,999	**3**	2
£145,000-£149,999	**1**	1
£150,000-£154,999	**1**	1
£155,000-£159,999	**1**	1
£160,000-£164,999	**2**	1
£165,000-£169,999	**1**	3
£170,000-£174,999	**1**	2
£175,000-£179,999	**2**	3
£180,000-£184,999	**4**	-
£185,000-£189,999	**-**	2
£190,000-£194,999	**-**	1
£195,000-£199,999	**2**	-
£215,000-£219,999	**-**	1
£220,000-£224,999	**1**	-
£230,000-£234,999	**-**	2
£235,000-£239,999	**2**	-
£250,000-£254,999	**-**	2
£255,000-£259,999	**1**	-
£265,000-£269,999	**1**	-
£275,000-£279,999	**-**	1
£285,000-£289,999	**1**	-
£290,000-£294,999	**1**	-
£365,000-£369,999	**-**	1
£375,000-£379,999	**1**	-
	256	235

The table above excludes the two Vice-Chancellors in 2023 in line with the OfS Accounts Direction which states staff who joined or left part-way through a year should not be included.

The Vice-Chancellor is included in the 2024 figures.

Average staff numbers by major category	**Year ended 31 July 2024 Full time equivalent**	Year ended 31 July 2023 Full time equivalent
Academic	**2,069**	1,944
Research	**820**	800
Technical	**613**	614
Professional Services	**2,937**	2,643
	6,439	6,001

Severance payments

During the year there were no restructuring costs (2023 - none). The Institution incurred costs of £1.0m (2023 - £0.8m) in locally agreed compensation for loss of office being paid to 111 (2023 - 121) employees.

All severance payments including compensation for loss of office in respect of higher paid staff are approved by the Institution's Remuneration Committee. Amounts for compensation for loss of office and redundancy for all other staff are approved by Institution management in accordance with delegated authority.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Institution. Staff costs includes all forms of consideration paid to key management personnel in exchange for services to the Institution. Key management personnel are defined as those being a member of the Senior Leadership Team which is comprised of the Vice-Chancellor, the Provost & Deputy Vice-Chancellor, the Pro-Vice-Chancellors for Global Engagement & Partnerships, Education and Research & Impact, Executive Pro-Vice-Chancellors for each of the Academic Faculties, the University Secretary and General Counsel and the Chief Financial Officer. The Director of People & Services left during the year and a Chief Operating Officer was appointed on 7 October 2024. The Provost & Deputy Vice-Chancellor and the Pro Vice- Chancellor for Global Engagement & Partnerships were appointed in the year.

	Year ended 31 July 2024	Year ended 31 July 2023
Number of key management personnel	**11**	10
Key management personnel compensation in £'000	**2,749**	2,444

The year on year increase of 12.5% reflects the increase in membership from 10 to 11. The year-on-year increase per FTE is 2.3%.

			Year Ended 31 July 2024		Year Ended 31 July 2023	
			Consolidated	**Institution**	Consolidated	Institution
			£m	**£m**	£m	£m
9	**Interest and other finance costs**	Note				
	Loan interest		**11.0**	**10.3**	11.4	10.7
	Net charge on USS pension scheme	22	**4.5**	**4.5**	7.1	7.1
			15.5	**14.8**	18.5	17.8

			Year Ended 31 July 2024		Year Ended 31 July 2023	
			Consolidated	**Institution**	Consolidated	Institution
			£m	**£m**	£m	£m
10a	**Analysis of total expenditure by activity**	Notes				
	Academic and related expenditure		**324.2**	**324.2**	312.8	312.8
	Administration and central services		**17.3**	**17.3**	16.3	16.3
	Premises		**92.5**	**91.0**	83.3	84.6
	Residences, catering and conferences		**24.9**	**24.5**	25.5	25.2
	Directly incurred on research grants and contracts		**97.0**	**97.0**	94.9	94.9
	Net credit on USS pension scheme provision	8, 9	**(194.7)**	**(194.7)**	(19.4)	(19.4)
	Other expenses		**159.9**	**156.5**	151.4	148.1
			521.1	**515.8**	664.8	662.5

	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated	**Institution**	Consolidated	Institution
	£m	**£m**	£m	£m
Operating expenses include:				
Operating lease rentals				
Land and buildings	**3.4**	**3.4**	2.7	2.7
Other	**3.2**	**3.2**	3.2	3.2

	Year Ended 31 July 2024 £'000	Year Ended 31 July 2023 £'000
External auditor's remuneration in respect of audit services		
Fees payable to the auditor for the audit of the University's financial statements	**330.6**	267.9
Audit of the financial statements of subisidiaries	**51.3**	48.4
Non-audit services: assurance related	**10.7**	10.1
	392.6	326.4

10b Access and Participation

	Year Ended 31 July 2024 £'000	Year Ended 31 July 2023 £'000
Access investment	**1,590**	1,543
Financial support	**10,827**	11,364
Disability support	**942**	883
Research and evaluation	**268**	241
	13,627	14,031

Staff costs intrinsic to the delivery of the access and participation activities totalled £2.6m (2023 - £2.4m) and are already included in the overall staff costs figures included in note 8 to the financial statements.

Cost apportionment methodologies have been used when preparing the note in relation to the allocation of £2.6m staff costs (2023 - £2.4m) and recruitment costs of £0.1m (2023 - £0.1m).

The published Access and Participation Plan can be found at: www.liverpool.ac.uk/media/livacuk/about/APP2020-25.pdf

11 Taxation

	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
Recognised in the Statement of Comprehensive Income				
Deferred tax				
Origination and reversal of timing differences credit / (charge)	**0.4**	**-**	(0.2)	-
Deferred tax credit / (expense)	**0.4**	**-**	(0.2)	-

12 Intangible assets

Software

	Year Ended 31 July 2024		Year Ended 31 July 2023	
	Consolidated £m	Institution £m	Consolidated £m	Institution £m
At 1 August 2023	**0.8**	**0.7**	0.4	0.3
Additions in the year	**0.6**	**0.6**	0.6	0.6
Amortisation charge for the year	**(0.2)**	**(0.2)**	(0.2)	(0.2)
At 31 July 2024	**1.2**	**1.1**	0.8	0.7

13 Fixed assets

Consolidated

	Freehold land and buildings £m	Leasehold land and buildings £m	Finance lease £m	Infrastructure £m	Equipment £m	Assets in the course of construction £m	Heritage assets £m	Total £m
Cost								
At 1 August 2023	796.8	51.0	0.2	179.0	261.0	67.5	17.0	1,372.5
Additions	0.5	(0.1)	-	6.2	12.9	49.5	-	69.0
Transfers	19.1	(19.1)	-	54.6	10.3	(64.9)	-	-
Disposals	(0.9)	-	-	-	(174.5)	(0.2)	-	(175.6)
At 31 July 2024	**815.5**	**31.8**	**0.2**	**239.8**	**109.7**	**51.9**	**17.0**	**1,265.9**
Depreciation								
At 1 August 2023	264.0	18.1	0.1	54.0	217.4	-	-	553.6
Charge for the year	21.0	0.8	-	16.0	21.4	-	-	59.2
Transfers	5.6	(6.1)	-	0.5	-	-	-	-
Disposals	(0.3)	-	-	-	(174.7)	-	-	(175.0)
At 31 July 2024	**290.3**	**12.8**	**0.1**	**70.5**	**64.1**	**-**	**-**	**437.8**
Net book value								
At 31 July 2024	**525.2**	**19.0**	**0.1**	**169.3**	**45.6**	**51.9**	**17.0**	**828.1**
At 31 July 2023	532.8	32.9	0.1	125.0	43.6	67.5	17.0	818.9

Institution

	Freehold land and buildings £m	Leasehold land and buildings £m	Finance lease £m	Infrastructure £m	Equipment £m	Assets in the course of construction £m	Heritage assets £m	Total £m
Cost								
At 1 August 2023	809.9	51.0	0.2	179.0	216.0	66.1	17.0	1,339.2
Additions	0.5	(0.1)	-	6.2	12.9	48.9	-	68.4
Transfers	19.1	(19.1)	-	54.6	9.4	(64.0)	-	-
Disposals	(0.9)	-	-	-	(174.5)	-	-	(175.4)
At 31 July 2024	**828.6**	**31.8**	**0.2**	**239.8**	**63.8**	**51.0**	**17.0**	**1,232.2**
Depreciation								
At 1 August 2023	264.0	18.1	0.1	54.0	197.1	-	-	533.3
Charge for the year	21.0	0.8	-	16.0	19.2	-	-	57.0
Impairment	5.6	(6.1)	-	0.5	-	-	-	-
Disposals	(0.3)	-	-	-	(174.5)	-	-	(174.8)
At 31 July 2024	**290.3**	**12.8**	**0.1**	**70.5**	**41.8**	**-**	**-**	**415.5**
Net book value								
At 31 July 2024	**538.3**	**19.0**	**0.1**	**169.3**	**22.0**	**51.0**	**17.0**	**816.7**
At 31 July 2023	545.9	32.9	0.1	125.0	18.9	66.1	17.0	805.9

At 31 July 2024, freehold land and buildings included £44.2m (2023 - £44.5m) in respect of freehold land that is not depreciated.

At 31 July 2024, leasehold land and buildings included £1.5m (2023 - £1.5m) in respect of leasehold land that is not depreciated.

During 2023/24, the Institution undertook an exercise to validate historic fully depreciated assets going back to assets purchased in 2008. As a result of this exercise £174.1m of historic equipment has been disposed of from the Institution's fixed asset register. The net impact on the Institution's prior year and current year net book value is £nil.

14 Heritage assets

The Institution holds its heritage assets in three collections; the Heritage collection, the Fine and Decorative Art collection and the Garstang Museum of Archaeology collection.

A record of these collections and Collections Development Policy which applies is maintained by the Libraries, Museums and Galleries department of the Institution.

The Heritage collection consists of 25,000 museum objects which have been collected over many years by academic departments of the Institution, and has been brought together into the Victoria Gallery & Museum. Many of the objects may originally have had value for teaching purposes, but this is no longer the case. 10,000 items are geological specimens, while the dental collection also contains around 10,000 and the remainder come from a wide range of departments of the Institution. The majority of the collection has never been valued, and, given the wide range of objects, such a valuation is not considered to be practical and as a result has not been recognised in the Statement of Financial Position. Notable items from the dental collection were valued in 2022.

The Fine and Decorative Art collection consists of 7,000 items of metalware, fine furniture, ceramics, paintings, drawings, prints and sculptures. It is held in the Victoria Gallery & Museum in the Institution's iconic redbrick Victoria Building, which is open to the public.

The Garstang Museum of Archaeology collection consists of two overlapping collections: its various collections of objects derived from archaeology fieldwork and the paper and photographic archive which in the main relates to much of that fieldwork. The greater part of the collection consists of Egyptian and Nubian material (around 6,000 objects) with the remainder of the collection consisting of material from the Near East, the Mediterranean and Britain.

The Institution revalued some of its heritage assets on a fair value basis as at 31 July 2014, taking advantage of the transitional provisions of FRS 102 section 35.10. The Institution appointed Christies, an independent external valuer.

An appropriately qualified assessor at Christies confirmed in 2013 that the insurance valuation for this collection was £115.6m. Of the £115.6m, £34m related to two items, pictures by Freud and Turner at £14m and £20m respectively. Both of these paintings were brought onto the Statement of Financial Position at 31 July 2014 at half of their insurance value at £7m and £10m respectively, totalling £17m. In accordance with the FRS 102 transitional provisions these values are used as the deemed cost of these heritage assets.

In July 2021, an appropriately qualified assessor at Christies confirmed that the insurance valuation for the pictures by Freud and Turner were £16m and £24m respectively.

The insurance valuation for the collection at 31 July 2024 is £114.9m.

Heritage assets held at cost or valuation are not depreciated due to their indefinite life and high residual value.

During the reporting period 1 August 2023 to 31 July 2024 there has been no impairment of these assets. More specifically there has been no physical deterioration, breakage or doubts as to their authenticity.

15 Non-current investments

Consolidated	Subsidiary companies	Other fixed assets investments	Endowment investments	Total
	£m	£m	£m	£m
At 1 August 2023	-	131.7	182.7	314.4
Additions	-	47.5	32.5	80.0
Disposals	-	(86.0)	(27.5)	(113.5)
Cash movement	-	2.1	(2.6)	(0.5)
Change in market value	-	4.8	8.8	13.6
At 31 July 2024	**-**	**100.1**	**193.9**	**294.0**
Institution				
At 1 August 2023	3.8	131.7	182.7	318.2
Additions	-	47.5	32.5	80.0
Disposals	-	(86.0)	(27.5)	(113.5)
Cash movement	-	2.1	(2.6)	(0.5)
Change in market value	-	4.8	8.8	13.6
At 31 July 2024	**3.8**	**100.1**	**193.9**	**297.8**

Change in market value is net of fees.

Other fixed asset investments and endowments investment are held at market value with the exception of the corporate bonds which are held at amortised cost. The investments in the subsidiary companies are held at cost.

Details of shares in subsidiary companies are disclosed in note 30.
The fair value of investments has been determined using the following hierarchy:
Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities which the Institution can access at the year end.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.
Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.
All assets held in pooled investment vehicles are disclosed as Level 2 assets, however the majority of these assets held in each fund relate to listed equities and bonds which individually would be considered Level 1 assets.

	Consolidated				Institution			
	2024	**2024**	**2024**	**2024**	2024	2024	2024	2024
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Quoted Equities	22.8	-	-	**22.8**	22.8	-	-	22.8
Cash	3.0	-	-	**3.0**	3.0	-	-	3.0
Other	0.1	-	-	**0.1**	0.1	-	-	0.1
Bonds	-	129.3	-	**129.3**	-	129.3	-	129.3
Pooled Funds	-	98.4	-	**98.4**	-	98.4	-	98.4
Property Fund	-	-	14.2	**14.2**	-	-	14.2	14.2
Hedge Funds	-	-	8.7	**8.7**	-	-	8.7	8.7
Private Equity	-	-	15.4	**15.4**	-	-	15.4	15.4
Private Placements	-	-	2.1	**2.1**	-	-	5.9	5.9
	25.9	**227.7**	**40.4**	**294.0**	25.9	227.7	44.2	297.8

The Institution holds shares in the following companies, none of which are considered to be material, and are therefore not consolidated in these financial statements:

	% Holding		**% Holding**
Provexis IBD Limited	25.0	AI Sight Limited	20.0
Q Technologies Limited	24.9	Sulantrix Limited	15.0
Polymer Mimetics Ltd	20.0	Ocuwell Limited	30.0
Intellihep Limited	18.0	Atomik AM Limited	20.0
Nidor Diagnostics Ltd	22.6	TrophiCell Limited	30.1
Porous Liquid Technologies	14.0	SenseAI Innovations Limited	20.0
Robotiz3D Limited	10.0	Plasma Fresh Limited	24.9
Innotive Diagnostics Ltd	22.5	Plasma2X Limited	25.0
CVCP Properties Plc	1.3	GaLyTx Limited	25.0
Renewvax Limited	29.6	Intellegri Limited	10.8
Gearu Limited	10.0	Liverse Technologies Limited	10.0

16 Investment in joint ventures and associates

The Institution holds a 50% share of the issued ordinary capital of Xi'an Jiaotong-Liverpool University (XJTLU) which is registered in the People's Republic of China. This is a joint venture company owned equally by the University of Liverpool and Xi'an Jiaotong University. The Institution holds a 50% interest in Sensor City Liverpool Ltd. This is a joint venture company owned equally by University of Liverpool and Liverpool John Moores University. Both investments are treated as joint ventures and are accounted for using the equity method.

The Institution holds a 25% interest in Liverpool Science Park Ltd and Sciontec Developments Ltd. The entities are treated as associates and accounted for using the equity method.

	Year ended 31 July 2024					Year ended 31 July 2023				
	XJTLU	**Sciontec Developments Ltd**	**Liverpool Science Park Ltd**	**Sensor City**	**Total**	XJTLU	Sciontec Developments Ltd	Liverpool Science Park Ltd	Sensor City	Total
	£m	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m
Income and expenditure account										
Income	**111.2**	**0.2**	**0.6**	**-**	**0.8**	112.9	0.1	0.4	-	0.5
Surplus/(deficit) before tax	**(2.8)**	**-**	**(0.1)**	**-**	**(0.1)**	(1.3)	-	(0.1)	(0.6)	(0.7)
Balance sheet										
Non-current assets	**244.7**	**-**	**4.1**	**-**	**4.1**	234.8	-	4.2	-	4.2
Current assets	**82.8**	**1.2**	**0.4**	**-**	**1.6**	82.2	0.7	0.7	-	1.4
	327.5	**1.2**	**4.5**	**-**	**5.7**	317.0	0.7	4.9	-	5.6
Creditors: amounts due within one year	**(30.0)**	**(0.5)**	**(0.7)**	**-**	**(1.2)**	(18.0)	-	(1.0)	-	(1.0)
Creditors: amounts due after more than one year	**(262.6)**	**-**	**(0.9)**	**-**	**(0.9)**	(261.0)	-	(0.9)	-	(0.9)
	(292.6)	**(0.5)**	**(1.6)**	**-**	**(2.1)**	(279.0)	-	(1.9)	-	(1.9)
Share of net assets	**34.9**	**0.7**	**2.9**	**-**	**3.6**	38.0	0.7	3.0	-	3.7

The Liverpool Science Park Ltd figures have been adjusted to reflect the Institution group accounting policy with respect to capital grants.

The Institution's share of XJTLU's net assets as at 31 July 2024 was £34.9m (2023 - £38.0m). Following an impairment review during the year which considered the commercial uncertainties in relation to the receipt of future cash flows by the Institution which could support this valuation, the investment continues to be impaired with a carrying value of £nil.

17 Stock

	As at 31 July 2024		As at 31 July 2023	
	Consolidated	**Institution**	Consolidated	Institution
	£m	**£m**	£m	£m
General consumables	**1.9**	**1.5**	1.7	1.4

18 Trade and other receivables

	As at 31 July 2024		As at 31 July 2023	
	Consolidated	**Institution**	Consolidated	Institution
	£m	**£m**	£m	£m
Amounts falling due within one year:				
Research grants receivables	**38.5**	**38.5**	43.5	43.5
Other trade receivables	**8.0**	**7.4**	8.0	7.9
Other receivables	**12.2**	**11.7**	15.1	14.4
Prepayments and accrued income	**29.7**	**26.7**	29.7	25.0
Amounts due from subsidiary companies	**-**	**9.6**	-	10.6
	88.4	**93.9**	96.3	101.4

19 Current investments

	As at 31 July 2024		As at 31 July 2023	
	Consolidated	**Institution**	Consolidated	Institution
	£m	**£m**	£m	£m
Short term deposits	**1.1**	**1.1**	20.8	20.8

Deposits are held with banks and building societies operating in the London market and authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and have more than three months maturity from the initial deposit date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2024 the weighted average interest rate of these fixed rate deposits was 5.2% per annum. The fair value of these deposits was not materially different from the book value.

20 Creditors: amounts falling due within one year

	As at 31 July 2024		As at 31 July 2023	
	Consolidated	**Institution**	Consolidated	Institution
	£m	**£m**	£m	£m
Trade payables	**23.0**	**22.1**	28.1	27.9
Amounts due to subsidiary companies	**-**	**6.0**	-	7.8
Social security and other taxation payable	**9.8**	**9.4**	10.6	10.0
Accruals and deferred income	**63.7**	**58.7**	78.8	71.9
Research grants received on account	**50.0**	**50.0**	62.8	62.8
	146.5	**146.2**	180.3	180.4

Deferred income

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

	As at 31 July 2024		As at 31 July 2023	
	Consolidated	**Institution**	Consolidated	Institution
	£m	**£m**	£m	£m
Grant income	**11.1**	**11.1**	11.7	11.7
Other income	**30.2**	**30.2**	35.1	35.1
	41.3	**41.3**	46.8	46.8

21 Creditors: amounts falling due after more than one year

	As at 31 July 2024		As at 31 July 2023	
	Consolidated	**Institution**	Consolidated	Institution
	£m	**£m**	£m	£m
Obligations under finance leases	**0.1**	**0.1**	0.1	0.1
Unsecured loans	**300.2**	**285.2**	300.2	285.2
Other creditors	**0.1**	**0.1**	0.1	0.1
	300.4	**285.4**	300.4	285.4
Analysis of unsecured loans:				
Due within one year or on demand (note 20)	**-**	**-**	-	-
Due between two and five years	**15.0**	**-**	15.0	-
Due in five years or more	**285.2**	**285.2**	285.2	285.2
Due after more than one year	**300.2**	**285.2**	300.2	285.2
Total unsecured loans	**300.2**	**285.2**	300.2	285.2
Bond repayable by 2055	**245.2**	**245.2**	245.2	245.2
Unsecured loans repayable by 2036	**40.0**	**40.0**	40.0	40.0
Unsecured loans repayable by 2028	**15.0**	**-**	15.0	-
	300.2	**285.2**	300.2	285.2

Included in loans are the following:

Lender	**Amount**	**Term**	**Interest rate**	**Borrower**
	£m		**%**	
Public bond	245.2	2055	3.375	Institution
Private placement	40.0	2036	4.99	Institution
	285.2			
Lloyds Bank	15.0	2028	4.975	Subsidiary
Total	**300.2**			

In June 2015 an unsecured fixed rate public bond was issued for the sum of £250 million over a 40 year term with a coupon rate of 3.375%. It is listed on the London Stock Exchange. There are no capital payments to be made over the term, with the bond maturing in 2055. There are no plans for early repayment.

The bond transaction costs of £5.3m are being amortised over the life of the bond and charged to interest costs.

The Institution may, at its option, redeem some or all of the bond at the Redemption Price with interest accrued to the date of redemption. The 'Redemption Price' shall be the higher of:

(a) the principal amount of the bond to be redeemed and

(b) the product of the principal amount of the bond to be redeemed and the price, expressed as a percentage, at which the Gross Redemption Yield on the bond is equal to the sum of the Gross Redemption of the benchmark gilt (currently the 4.25% UK Treasury Gilt December 2055) plus 0.15%.

The £40m private placement loan carries financial covenants, all of which have been complied with at the Statement of Financial Position date and are assessed at each re-forecast. The Institution has reviewed all of its covenants as part of its going concern review as detailed in part b of the Statement of Principal Accounting Policies.

Obligations under finance leases are due between two and five years.

22 Provisions for liabilities

Consolidated	Obligation to fund deficit on USS Pension	Other provisions	Total
	£m	£m	£m
At 1 August 2023	194.7	1.3	196.0
Utilised during the year	(5.4)	-	(5.4)
Credited to the Statement of Comprehensive Income	(189.3)	(0.4)	(189.7)
At 31 July 2024	**-**	**0.9**	**0.9**

Institution	Obligation to fund deficit on USS Pension	Other provisions	Total
	£m	£m	£m
At 1 August 2023	194.7	-	194.7
Utilised during the year	(5.4)	-	(5.4)
Credited to the Statement of Comprehensive Income	(189.3)	-	(189.3)
At 31 July 2024	**-**	**-**	**-**

Obligation to fund deficit on USS pension

At 31 July 2023, the Institution's Statement of Financial Position included a liability of £194.7m for future contributions payable under the deficit recovery agreement which was concluded on 30 September 2021, following the 2020 valuation when the scheme was in deficit. No deficit recovery plan was required from the 2023 valuation, because the scheme was in surplus. Changes to contribution rates were implemented from 1 January 2024 and from that date the Institution was no longer required to make deficit recovery contributions. The remaining liability of £189.3m was released to the Statement of Comprehensive Income. Further disclosures relating to the deficit recovery liability can be found in note 32.

The movement in the pension provision consists of a past service credit of £199.2m (2023 - £26.5m) (note 8) and the net finance charge of £4.5m (2023 - £7.1m) (note 9).

Other provisions

Other provisions comprise an obligation of £0.9m (2023 - £1.3m) for deferred tax payable on timing differences between accumulated depreciation and capital allowances.

23 Endowment reserves Institution and Consolidated

Restricted net assets relating to endowments are as follows:

		Restricted permanent endowments	Restricted expendable endowments	2024	2023
				Total	Total
		£m	£m	£m	£m
Balances at 1 August 2023					
Investment Fund		95.8	18.1	**113.9**	105.2
Unapplied Total Return		37.7	12.0	**49.7**	61.8
Total capital		133.5	30.1	**163.6**	167.0
Accumulated income		15.5	3.6	**19.1**	17.4
		149.0	33.7	**182.7**	184.4
New endowments		0.3	2.1	**2.4**	0.3
Investment income		5.3	1.2	**6.5**	4.7
Expenditure		(4.6)	(1.9)	**(6.5)**	(6.4)
Increase / (decrease) in market value of investments		7.2	1.6	**8.8**	(0.1)
Total endowment comprehensive income / (expenditure) for the year		8.2	3.0	**11.2**	(1.5)
Release to general reserves		(0.1)	-	**(0.1)**	(0.2)
Balances at 31 July 2024		157.1	36.7	**193.8**	182.7
Represented by:					
	Investment Fund	99.7	20.9	**120.6**	113.9
	Unapplied Total Return	40.8	11.9	**52.7**	49.7
	Total Capital	140.5	32.8	**173.3**	163.6
	Accumulated income	16.6	3.9	**20.5**	19.1
		157.1	36.7	**193.8**	182.7
Analysis by type:					
	Chairs	75.6	-	**75.6**	71.4
	Scholarships and Fellowships	49.1	16.7	**65.8**	62.1
	Prizes	5.5	1.8	**7.3**	6.2
	Lectureships	9.2	6.9	**16.1**	15.4
	Other	17.7	11.3	**29.0**	27.6
		157.1	36.7	**193.8**	182.7

		2024	2023
		Total	Total
Analysis by asset:		**£m**	£m
	Current and non-current asset investments	**193.7**	180.0
	Cash and cash equivalents	**0.1**	2.7
		193.8	182.7

There were no accumulated income balances in deficit at 31 July 2024 (2023 - none).

The opening capital balance has been analysed between the investment fund (the original donation revalued for inflation) and the unapplied total return (investment returns above the rate of inflation) to facilitate the introduction of total return accounting.

24 **Cash and cash equivalents**	**At 1 August 2023 £m**	**Cash flows £m**	**At 31 July 2024 £m**
Consolidated	**93.3**	**13.2**	**106.5**

25 **Consolidated reconciliation of net debt**	**At 31 July 2024 £m**
Net debt 1 August 2023	(207.1)
Movement in cash and cash equivalents	13.2
Other non-cash changes	-
Net debt 31 July 2024	**(193.9)**
Change in net debt	**(13.2)**

Analysis of net debt:	**At 31 July 2024 £m**	**At 31 July 2023 £m**
Cash and cash equivalents	**106.5**	**93.3**
Borrowings: amounts falling due after more than one year		
Obligations under finance lease	(0.1)	(0.1)
Unsecured loans	(300.3)	(300.3)
	(300.4)	**(300.4)**
Net debt	**(193.9)**	**(207.1)**

26 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2024:

	As at 31 July 2024		As at 31 July 2023	
	Consolidated £m	**Institution £m**	Consolidated £m	Institution £m
Commitments contracted for	**48.0**	**47.3**	105.9	104.8

27 Contingent liabilities

The Institution has given written undertakings to support Sensor City Liverpool Ltd, University of Liverpool Energy Company Ltd, University of Liverpool Construction Company Ltd and ULCCO (Special Projects) Ltd for the period from the date of approval of these financial statements up to 31 July 2026.

28 Lease obligations Consolidated and Institution

Total rentals payable under operating leases:

	Land and buildings £m	Plant and machinery £m	Other Leases £m	31 July 2024 Total £m	31 July 2023 £m
Payable during the year	**3.3**	**0.4**	**2.8**	**6.5**	5.9
Future minimum lease payments due:					
Not later than 1 year	**3.0**	**0.1**	**2.8**	**5.9**	6.0
Later than 1 year and not later than 5 years	**10.2**	**0.1**	**2.1**	**12.4**	15.2
Later than 5 years	**15.1**	**-**	**-**	**15.1**	16.9
Total lease payments due	**28.3**	**0.2**	**4.9**	**33.4**	38.1

29 Events after the reporting period Consolidated and Institution

No events after the reporting period have had a material effect on the financial statements.

30 Subsidiary undertakings

The subsidiary companies, wholly-owned or effectively controlled by the Institution are as follows:

Company	Principal Activity	Ownership	Status
University of Liverpool Energy Company Ltd	Provision of energy supplies to the Institution	100% owned	Active
University of Liverpool Construction Company Ltd	Provision of construction service to the Institution	100% owned	Active
ULCCO (Special Projects) Ltd	Provision of construction service to the Institution	100% owned	Active
Liverpool University Press (2004) Ltd	Publication of books and periodicals	100% owned	Active
Tandem Nano Ltd	Biotechnology spin out	55% owned	Active
Thiotech Limited	Technology spin out	50% owned	Active
Liverpool International College	Provision of education	100% owned	Dormant
University of Liverpool Mathematics School	Provision of education	Member	Active

The Institution's subsidiary companies are all registered in England and Wales. The active companies have been consolidated if material into the group financial statements . The principal purpose of these companies is to support the activities of the Institution.

University of Liverpool Mathematics School is a state funded sixth form college. The School commenced its teaching activities in September 2020. The Institution is a founding sponsor and member of the School which has been formed as a company limited by guarantee. The Institution does not control the activities of the School and has no long term interest in the assets of the School. The School has therefore not been consolidated into the Institution group financial statements.

31 Linked charity

The Institution administers the Agnes Lois Bulley Trust which was established through a Declaration of Trust in 1948. The University of Liverpool is the appointed Trustee. The duties of the Trustee are delegated to the Officers of the Institution and members of the Senior Leadership Team.

The Trust endowed land to the Institution at Ness Botanic Gardens together with a fund to provide financial support for the maintenance and operation of the Gardens.

The Agnes Lois Bulley Trust is separately registered with the Charities Commission (Registration No 505721). Its funds are managed on its behalf by the Institution as part of the Institution's endowments portfolio.

The Trust is consolidated based on the Institution's effective control as appointed Trustee.

The movement in the year on the funds of the Agnes Lois Bulley Trust included within the Consolidated and Institution financial statements was as follows:

	As at 31 July 2023 £m	Investment income and gain £m	Expenditure £m	As at 31 July 2024 £m
Agnes Lois Bulley Trust				
Investments	8.1	0.7	(0.3)	**8.5**

32 Pension schemes

Different categories of staff were eligible to join one of three different schemes:

- Universities Superannuation Scheme (USS)
- University of Liverpool Pension Fund (ULPF)
- National Health Service Pension Scheme (NHSPS)

The two main schemes, being USS and ULPF, are both defined-benefit schemes, with the assets of the schemes held separately from the group, in separate trustee administered funds.

The National Health Service Pension Scheme (NHSPS), is a multi-employer defined benefit scheme where the contributions are not put aside into a separate fund, and nor are additional contributions thereafter required by central government in relation to those benefits.

According to the requirements of FRS102 (28), the net pension costs within the year, and movement within the pension schemes in the year are as follows:

		Year Ended 31 July 2024		Year Ended 31 July 2023
	Consolidated	**Institution**	Consolidated	Institution
	£m	**£m**	£m	£m
Statement of Comprehensive Income - net pension cost in year				
USS	**38.5**	**38.3**	42.0	41.8
ULPF including FRS 102 adjustments	**11.1**	**11.1**	15.8	15.8
NHSPS	**2.8**	**2.8**	2.5	2.5
Pension costs within ongoing staff costs (note 8)	**52.4**	**52.2**	60.3	60.1
Change in USS deficit recovery plan	(199.2)	(199.2)	(26.5)	(26.5)
Net pension costs shown separately on the face of the Statement of Comprehensive Income	**(199.2)**	**(199.2)**	(26.5)	(26.5)
Interest income on ULPF defined pension asset (note 6)	**(0.2)**	**(0.2)**	(0.3)	(0.3)
Unwinding of USS deficit pension deficit funding (note 9)	**4.5**	**4.5**	7.1	7.1
Total pension costs	**(142.5)**	**(142.7)**	40.6	40.4
Other comprehensive income - actuarial gain in respect of pension scheme				
University of Liverpool Pension Fund	**2.7**	**2.7**	4.0	4.0
Statement of Financial Position - Pension scheme asset / (liability)				
University of Liverpool Pension Fund	**-**	**-**	-	-
Universities Superannuation Scheme	**-**	**-**	(194.7)	(194.7)
	-	**-**	(194.7)	(194.7)

(i) The Universities Superannuation Scheme

The Institution participates in the Universities Superannuation Scheme (USS) which is the main scheme covering most academic and academic-related staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. USS is a multi-employer scheme and is accounted for as set out in the accounting policies.

The total cost charged to the Consolidated Statement of Comprehensive Income is £38.5m (2023 - £42.1m) excluding the impact of the change in the deficit recovery plan, as shown in note 8.

Deficit recovery contributions due within one year for the Institution are £Nil (2023 - £13.9m).

A deficit recovery plan was put in place as part of the 2020 valuation, which required payment of 6.2% of salaries over the period 1 April 2022 to 31 March 2024, at which point the rate would increase to 6.3%. As set out in note 22, no deficit recovery plan was required under the 2023 valuation because the scheme was in surplus on a technical provisions basis. The Institution was no longer required to make deficit recovery contributions from 1 January 2024 and accordingly released the outstanding provision to the Statement of Comprehensive Income.

The latest available complete actuarial valuation of the Retirement Income Builder is as at 31 March 2023 (the valuation date), which was carried out using the projected unit method.

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

The 2023 valuation was the seventh valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions (the statutory funding objective). At the valuation date, the value of the assets of the scheme was £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%.

The key financial assumptions used in the 2023 valuation are described below. More detail is set out in the Statement of Funding Principles (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles).

Price inflation - Consumer Prices Index (CPI)	3.0% p.a. (based on a long-term average expected level of CPI, broadly consistent with long-term market expectations)
RPI/CPI gap	1.0% p.a. to 2030, reducing to 0.1% p.a. from 2030
Pension increases (subject to a floor of 0%)	Benefits with no cap: CPI assumption plus 3bps Benefits subject to a "soft cap" of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum of 10%): CPI assumption minus 3bps
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement 2.5% p.a. Post retirement 0.9% p.a.

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2023 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2023 valuation
Mortality base table	101% of S2PMA "light" for males and 95% of S3PFA for females
Future improvements to mortality	CMI 2021 with a smoothing parameter of 7.5, an initial addition of 0.4% p.a., 10% w2020 and w2021 parameters, and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2024	2023
Males currently aged 65 (years)	23.7	24.0
Females currently aged 65 (years)	25.6	25.6
Males currently aged 45 (years)	25.4	26.0
Females currently aged 45 (years)	27.2	27.4

The English High Court ruling in Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank plc and others was published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. The case also gave some guidance on related matters, including the methods of equalisation.

For the Universities Superannuation Scheme, the provision included within the financial statements disclosed in note 22 will only be impacted to the extent the change in benefits increases cash financing.

(ii) NHS Pension Scheme (NHSPS)

The Institution also participates in the NHSPS. The notional assets of NHSPS are assessed by the Government Actuary and the benefits are underwritten by the Government.

The NHS Pension Scheme is a defined benefit public service pension scheme, which operates on a pay-as-you-go basis. A new reformed scheme was introduced on 1 April 2015 that calculates pension benefits based on career average earnings. Transitional arrangements permitted individuals who on 1 April 2012 were within ten years of normal pension age to continue participating in the old 'final salary' NHS Pension Scheme arrangements (the 1995 and 2008 sections). From 1 April 2022, all members accrue benefits in only the new section of the scheme.

The scheme is not designed to be run in a way that would enable members to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The Government Actuary's Department carried out a scheme valuation for funding purposes as at March 2020. The Scheme Regulations allow contribution rates to be set by the Secretary of State for Health and Social Care, with the consent of HM Treasury, and consideration of the advice of the scheme Actuary and appropriate employee and employer representatives as deemed appropriate. The contribution rate payable by the Institution until 31 March 2024 was equal to 20.68% of the total pensionable salaries, 4.5% of which was settled centrally by NHS England. From 1 April 2024, the contribution rate payable by the Institution increased to 23.78% of the total pensionable salaries, 7.14% of which is settled centrally by NHS England. This is in accordance with the conclusion of the Government Actuary's report on the scheme.

The total pension cost for the Institution was £2.8m (2023 - £2.5m).

(iii) University of Liverpool Pension Fund (ULPF)

The University operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. The final salary section of the fund closed to new entrants with effect from 31 July 2011 and, from 1 August 2011, new members joined the CARE section of the fund. A full actuarial valuation was carried out at 31 July 2021 and updated to 31 July 2023 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The 2021 actuarial valuation showed a surplus of £159m. The University has agreed with the Trustee that in accordance with the actuarial valuation, it will continue to pay 23.5% of earnings for Final Salary members and 22.5% of earnings for CARE members less contributions payable by contributing members. The contributions include an allowance of 2.2% for the management and administration expenses of running the scheme, including Pension Protection Fund levies and insurance premiums. Member contributions are 7.5% of earnings for Final Salary members and 6.5% earnings for CARE members. A full actuarial valuation as at 31 July 2024 is in progress.

Assumptions

The financial assumptions used by the actuary to calculate scheme liabilities under FRS 102 are detailed below.

	At 31 July 2024	At 31 July 2023
	%pa	%pa
Discount rate	**4.90**	5.15
Price inflation (RPI)	**3.35**	3.40
Price inflation (CPI)	**3.05**	3.05
Salary growth	**3.05% (plus promotional salary scale)**	3.05 (plus promotional salary scale)
Allowance for revaluation of CARE benefit (for service for new joiners after 1 August 2011)	**3.05**	3.05
Deferred pension revaluation - pre April 2009 (CPI max 5%)	**3.05**	3.05
Deferred pension revaluation - post April 2009 (CPI max 2.5%)	**2.50**	2.50
Allowance for pension in payment increases of CPI max 5%	**2.90**	2.85
Allowance for pension in payment increases of RPI max 2.5%	**2.05**	2.00
Allowance for pension in payment increases of CPI max 2.5%	**1.95**	1.85
Allowance for commutation of pension cash at retirement	**80% of Post A Day**	80% of Post A Day

The mortality assumptions adopted imply the following life expectancies:

Implied life expectancy at age 65 years	**At 31 July 2024**	At 31 July 2023
Male currently aged 65	**24.8**	24.8
Male currently aged 45	**26.4**	26.4
Female currently aged 65	**27.0**	27.0
Female currently aged 45	**28.6**	28.5

The best estimate of contributions to be paid by the University of Liverpool to the scheme for the year commencing 1 August 2024 is £8.4m.

The assets and liabilities within the scheme at 31 July were as follows:

	Fair value hierarchy	**31 July 2024**	31 July 2023
		£m	£m
Equity instruments	Level 2	**243.5**	239.6
Debt instruments	Level 2	**111.5**	78.4
Real estate and infrastructure	Level 3	**88.1**	120.8
Multi asset fund	Level 2	**59.2**	58.5
Diversified Growth Fund	Level 3	**39.5**	36.9
Senior Private Debt	Level 3	**33.4**	-
Net current assets		**6.4**	5.5
Fair value of scheme assets		**581.6**	539.7
Present value of defined benefit obligation		**(334.2)**	(306.3)
Surplus in scheme		**247.4**	233.4
Effect of asset ceiling		**(247.4)**	(233.4)
Defined benefit asset recognised		**-**	-

The fair value of investments has been determined using the hierarchy as set out in note 15.

All assets held in pooled investment vehicles are disclosed as Level 2 assets, however the majority of these assets held in each fund relate to listed equities and bonds which individually would be considered Level 1 assets.

The scheme has not invested in any of the Institution's own financial instruments or in properties or other assets used by the University of Liverpool.

In accordance with paragraph 28.22 of FRS 102 if the present value of the defined benefit obligation at the reporting date is less than the fair value of scheme assets at that date, the scheme has a surplus. An entity shall recognise a scheme surplus as a defined benefit scheme asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

The Institution is of the view that it is unable to recognise the majority of the scheme surplus as a defined benefit scheme asset as it does not believe it will be able to recover the surplus on the death of the last member. The Trust Deed provides for the Institution to unilaterally wind up the University of Liverpool Pension Fund, in which event any residual amounts after settling all scheme obligations are repayable to the Institution. As a result the Institution has determined that it has an unconditional right to a refund on wind-up. However, the Trust Deed also provides for the Fund Trustees to transfer annuity policies into individual members' names without requiring the Institution's consent which means that the Institution does not have a right to a refund from the scheme, as set out by the accounting standard.

The recognisable surplus at the year end is therefore taken to be the estimated difference between the total cost of subsequent years' accrual and total expected employer and employee contributions, in perpetuity. The total cost of subsequent years' accrual assumes a stable membership profile as at the latest census date, and the total contribution costs assume the certified rates remain unchanged. Both figures are calculated based on the assumptions and implied pensionable salary as at the year end.

As the total cost of subsequent years' accrual is expected to be lower than the employer and employee contributions in perpetuity, no surplus is recognised at the year end.

The amounts recognised in the Consolidated Statement of Comprehensive Income are analysed as follows:

	Year Ended 31 July 2024 £m	Year Ended 31 July 2023 £m
Recognised in the Statement of Comprehensive Income		
Current service cost	**8.1**	12.6
Past service cost	**1.7**	2.1
Administration expenses paid from scheme assets	**1.3**	1.2
Total operating charge	**11.1**	15.9
Net interest cost	**(0.2)**	(0.3)
Total cost recognised in deficit for the year	**10.9**	15.6

Taken to Other Comprehensive Income	**Year Ended 31 July 2024 £m**	Year Ended 31 July 2023 £m
Return on scheme assets (excluding amounts included in net interest cost)	**17.7**	(20.7)
Experience gains and losses arising on the scheme liabilities	**0.1**	(11.6)
Effects of changes in the demographic and financial assumptions underling the present value of the scheme liabilities	**(13.1)**	103.5
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	**(2.0)**	(67.2)
Total amount recognised in Other Comprehensive Income	**2.7**	4.0

Reconciliation of opening and closing balances of the defined benefit obligation	**Year Ended 31 July 2024 £m**	Year Ended 31 July 2023 £m
At start of year	**306.3**	380.5
Current service cost	**8.1**	12.6
Past service cost	**1.7**	2.1
Administration expenses paid from scheme assets	**-**	-
Interest expense	**15.6**	13.1
Contributions by scheme participants	**3.5**	3.3
Actuarial gains	**13.0**	(91.9)
Benefits paid and expenses	**(14.0)**	(13.4)
At end of year	**334.2**	306.3

Reconciliation of opening and closing balances of the fair value of scheme assets	**Year Ended 31 July 2024 £m**	Year Ended 31 July 2023 £m
At start of year	**539.7**	544.8
Administration expenses paid from scheme assets	**(1.3)**	(1.2)
Interest income	**27.7**	19.0
Actuarial gains	**17.7**	(20.7)
Contributions by the Institution and Participating Employer	**8.3**	7.9
Contributions by scheme participants	**3.5**	3.3
Benefits paid and expenses	**(14.0)**	(13.4)
At end of year	**581.6**	539.7

The actual return on the scheme assets over the period ended 31 July 2024 was £45.4m (2023 - loss £1.7m).

The English High Court ruling in Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank plc and others was published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. The case also gave some guidance on related matters, including the methods of equalisation. In line with last year's disclosure the previous GMP equalisation allowance for the additional liabilities as a result of this ruling has been retained but adjusted for the passage of time and to reflect the estimated impact of changes in market conditions. 0.3% (£1.0m) is included within the defined benefit obligation.

Following the outcome of a High Court case on 20 November 2020, transfers out of the scheme between May 1990 and October 2018 need to be revisited and equalised for GMP (if applicable). No allowance has been made in the defined benefit cost for GMP equalisation in historic transfers out because it is assumed not to be material.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical rule amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal. The University of Liverpool Pension Fund was a contracted out defined benefit scheme and rule amendments were made during the period April 1997 to April 2016 which could come under the scope of this judgement and impact member benefits. Work is being performed to assess whether Section 37 confirmations are in place for all amendments. However, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete and subsequent legal advice sought, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, the University does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

33 Accounting estimates and judgements

Bad debt provision

The recoverability of debtor balances is an area of uncertainty. The Institution provides for all debt greater than 365 days old at the year end date. The provision is adjusted for any post year end receipts and is extended to any items less than 365 days old where recovery is deemed to be a potential issue. The bad debt provision at 31 July 2024 is £6.0m (2023 - £4.8m). The Institution deems the provision to be adequate based on the aged profile of debt and the nature of the underlying discussions around recovery.

34 Related parties

Due to the nature of the Institution's operations and the composition of its Council (being drawn from local public and private sector organisations) and Senior Leadership Team, it is inevitable that the Institution will enter into transactions in the normal course of business with Colleges, NHS Trusts, Research Councils, other grant-awarding bodies, and other private and public sector organisations in which members of the Council and Senior Leadership Team may have an interest. All transactions involving organisations in which members of the Council and Senior Leadership Team may have such an interest, including those summarised below, are conducted at arm's length and in accordance with the Institution's financial regulations and normal procurement procedures. A register of interests of the members of the Council and Senior Leadership Team is maintained.

The financial statements of the Institution include transactions with:

- entities over which a member of Council or of the Senior Leadership Team has control or joint control
- entities over which a member of Council or of the Senior Leadership Team has significant influence
- entities of which a member of Council or Senior Leadership Team is a member of the key management personnel

Such transactions over £0.1m are summarised below. The Institution has taken advantage of the exemption within FRS 102 Section 33 'Related Party Disclosures' and has not disclosed transactions with other group entities where it holds 100% of the voting rights.

	Individual Trustee or Key Management	Income	Expenditure	Balances at 31 July 2024 due to/(from) the Institution
		£m	£m	£m
Alder Hey Children's Hospital	Professor Fiona Beveridge	2.1	0.7	0.2
King's College London	Matthew Reed	0.4	0.2	0.1
Liverpool Guild of Students	Ms Kathryn Manley Ms Vasiliki Samuels	2.9	5.5	-
Liverpool International College	Ms Nicola Davies	-	1.2	(0.1)
Liverpool Science Park	Professor Tim Jones	-	0.3	-
Liverpool Women's Hospital	Professor Louise Kenny	1.1	0.5	0.1
North West Universities Purchasing Consortium	Ms Nicola Davies	0.2	-	-
Northern Health Science Alliance	Professor Louise Kenny	-	0.1	-
N8 Research Partnership	Professor Tim Jones	-	0.1	-
Royal College of Physicians	Professor Hazel Scott Dr Diana Walford	-	0.3	-
Sensor City Liverpool Ltd	Ms Nicola Davies Professor Anthony Hollander Professor Wiebe van der Hoek	-	0.1	-
Sciontec	Professor Tim Jones	-	0.1	-
The Russell Group of Universities	Professor Tim Jones	-	0.1	-
University of Liverpool Pension Fund	Ms Nicola Davies	0.4	8.3	0.6
University of Liverpool Mathematics School	Professor Gavin Brown	0.1	-	-
Xi'an Jiaotong-Liverpool University	Professor Gavin Brown Ms Nicola Davies Professor Tim Jones	5.3	-	0.1

Related party transactions with the President of Council are disclosed in note 8 and 35.

Nature of transactions

Alder Hey Children's Hospital
The majority of income from Alder Hey Children's Hospital relates to salary and research grant recharges. Expenditure relates to supplier invoices processed through the accounts payable system and payable in the normal course of business.

Liverpool Guild of Students
The University of Liverpool Guild of Students represents and supports students, and runs a wide range of services and entertainments. A charity and a company limited by guarantee, it has close links to the Institution, who contribute to the Guild's running costs. The President of the Guild of Students is an ex-officio member of the Council. Income relates to rent and service charge receivable from the Guild. Expenditure relates to the support grant made by the Institution to the Guild.

Liverpool International College
Progression payment made to Liverpool International College relating to students transferring to the Institution.

Liverpool Science Park
Expenditure paid to Liverpool Science Park relates to rent payable for tenanted office space.

Liverpool Women's Hospital
The majority of income from Liverpool Women's Hospital relates to salary and research grant recharges.

North West Universities Purchasing Consortium
The income from the North West Universities Purchasing Consortium relates to salary recharges.

N8 Research Partnership
The N8 Research Partnership is a collaboration of the eight most research intensive Universities in the North of England. Expenditure paid to the N8 Research Partnership was the Institution's agreed contribution to N8 activities for the period 1 August 2023 to 31 July 2024.

Sensor City Liverpool Ltd
Expenditure paid to Sensor City Liverpool Ltd was in accordance with the Joint Venture Agreement funding of Sensor City Liverpool Limited.

Sciontec
Expenditure payable to Sciontec includes the Institution's subscription to the Knowledge Quarter.

University of Liverpool Pension Fund
The income from the University of Liverpool Pension Fund relates to the annual service charge for administration services provided by the Institution to the Fund. The expenditure relates to employer contributions payable during the year in respect of Fund members.

University of Liverpool Mathematics School
The income from the University of Liverpool Mathematics School represents rent and service charges payable by the University of Liverpool Mathematics School to the Institution.

Xi'an Jiaotong-Liverpool University
The majority of income from Xi'an Jiaotong-Liverpool University is for accreditation fees.

Other related parties
The expenditure to Kings College London, the Northern Health Science Alliance and the Russell Group of Universities relates to supplier invoices processed through the accounts payable system and payable in the normal course of business.

35 Trustees expenses

Expenses amounting to £4,660 (2023- £5,495) were paid to Trustees during the year.

From 1 August 2020, the President of Council received payment for their services to the Institution as disclosed in note 8.

No other Council members received payments for services provided by the Trustee.

36 Financial instruments

Risk management

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

The Institution's principal financial instruments are the bond, cash, investments and loans. The core objective of these financial instruments is to meet the financing needs of the Institution's operations. Additionally, the Institution 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 Institution.

The Institution'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 2024, the maximum exposure is represented by the carrying value of each financial asset in the Statement of Financial Position.

The credit risk of liquid funds and financial instruments is limited because the counterparties are banks with investment grade credit ratings assigned by international credit-rating agencies. The Institution'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 Institution 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 Institution Treasury Management policy is to maintain an average annual on-call cash balance of £60m. Excess funds are invested to maximise the return whilst observing the Treasury Management Policy limits.

The long-term financing of the Institution has been secured by the issue of a £250m public bond in June 2015. The capital amount will be paid at maturity in 2055 with the annual coupon of 3.375% paid bi-annually. The Institution may, at its option, redeem some or all of the bond at the Redemption Price with interest accrued to the date of redemption. The 'Redemption Price' shall be the higher of:

(a) the principal amount of the bonds to be redeemed and

(b) the product of the principal amount of the bonds to be redeemed and the price, expressed as a percentage, at which the Gross Redemption Yield on the bond is equal to the sum of the Gross Redemption of the benchmark gilt (currently the 4.25% UK Treasury Gilt December 2055) plus 0.15%.

Unless previously redeemed or purchased, the bonds will be redeemed at their principal amount on 25 June 2055.

Moody's downgraded the University in October 2020 from Aa3 to A1, this rating action follows the downgrade of the Government of the United Kingdom's rating and was applied across seven Institutions within the sector. Moody's carried out its annual credit opinion for the Institution in October 2023, whereby the rating remained unchanged as A1 stable.

Foreign currency risk

Foreign currency risk refers to the risk that unfavourable movement in exchange rates may cause financial loss to the Institution. The Institution's principal foreign currency exposure is to the euro. On an annual basis after satisfying euro denominated liabilities the Institution is left with a surplus of euros. The operating level of euros holding is set at €750,000 and after accounting for any forecast liabilities any surplus euros above this level are converted into sterling. Surplus euros are converted at spot rates or via forward contracts that are used to mitigate the risk of adverse exchange rate movements.

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 Institution's main financing relates to 40 year £250m bonds. The interest rate attached to the bond is fixed over the term. The Institution cash deposits are held in a mix of instant access and on call or notice accounts as this allows for competitive returns whilst maintaining liquidity. Such deposits have limited re-investment risk.

Financial instruments

		Year ended 31 July 2024		Year ended 31 July 2023	
	Note	**Consolidated**	**Institution**	Consolidated	Institution
		£m	**£m**	£m	£m
Financial assets					
Measured at fair value through income and expenditure					
Non-current investments	15	**294.0**	**297.8**	314.4	318.2
Measured at undiscounted amount receivable					
Trade and other receivables	18	**20.2**	**19.1**	23.1	22.3
Amounts due from subsidiary undertakings	18	**-**	**9.6**	-	10.6
Measured at amortised cost					
Short term deposits	19	**1.1**	**1.1**	20.8	20.8
Cash and cash equivalents	24	**106.5**	**105.1**	93.3	91.9
		421.8	**432.7**	451.6	463.8

		Year ended 31 July 2024		Year ended 31 July 2023	
	Note	**Consolidated**	**Institution**	Consolidated	Institution
		£m	**£m**	£m	£m
Financial liabilities					
Measured at undiscounted amount payable					
Trade and other payables	20 & 21	**32.8**	**31.5**	38.8	38.0
Amounts due from subsidiary undertakings	20	**-**	**6.0**	-	7.8
Measured at amortised cost					
Unsecured loans	20 & 21	**300.2**	**285.2**	300.2	285.2
Obligations under finance leases	21	**0.1**	**0.1**	0.1	0.1
		333.1	**322.8**	339.1	331.1

37 US Department of Education Financial Responsibility Supplemental Schedule

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the Institution is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Primary Reserve Ratio

			Year ended 31 July 2024		Year ended 31 July 2023	
Reference	**Line item/related disclosures**		**£m**	**£m**	£m	£m
		Expendable Net Assets				
SOFP Line 22	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions	**-**	**683.2**	-	490.5
SOFP Line 21	Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions	**-**	**193.8**	-	182.7
	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	**-**	**-**	-	-
	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable	**-**	**-**	-	-
SOFP Lines 2 & 3	Statement of Financial Position - Property, plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	**828.1**	**-**	818.9	-
Note 13 (sub total per US guidance)	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - pre-implementation	Property, plant and equipment - pre-implementation	**-**	**541.4**	-	601.3
Note 13 (sub total per US guidance)	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation with outstanding debt for original purchase	Property, plant and equipment - post-implementation with outstanding debt for original purchase	**-**	**-**	-	-
Note 13 (sub total per US guidance)	Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post-implementation without outstanding debt for original purchase	Property, plant and equipment - post-implementation without outstanding debt for original purchase	**-**	**340.5**	-	256.0
Note 13 (sub total per US guidance)	Note of the Financial Statements - Statement of Financial Position - Construction in progress	Construction in progress	**-**	**(53.8)**	-	(38.4)
	Statement of Financial Position - Lease right-of-use assets, net	Lease right-of-use asset, net	**-**	**-**	-	-
	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation	**-**	**-**	-	-

	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset post-implementation	Lease right-of-use asset post-implementation	**-**	**-**	-	-
	Statement of Financial Position - Goodwill	Intangible assets	**-**	**-**	-	-
SOFP Line 1	Statement of Financial Position -Other intangible assets	Intangible assets	**-**	**1.2**	-	0.8
SOFP Lines 7	Statement of Financial Position - Post-employment and pension liabilities	Post-employment and pension liabilities	**-**	**(5.2)**	-	194.7
SOFP Line 17 less Note 21 Lines 1 & 3	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes	**300.2**	**-**	300.2	-
Note 21 2020 Line 2	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes pre-implementation	**-**	**299.9**	-	299.9
	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt - for long term purposes post-implementation	**-**	**0.3**	-	0.3
	Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process	Line of Credit for Construction in process	**-**	**-**	-	-
	Statement of Financial Position - Lease right-of-use asset liability	Lease right-of-use asset liability	**-**	**-**	-	-
	Statement of Financial Position - Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases	**-**	**-**	-	-
	Statement of Financial Position - Lease right-of-use asset liability post-implementation	Post-implementation right-of-use leases	**-**	**-**	-	-
	Statement of Financial Position - Annuities	Annuities with donor restrictions	**-**	**-**	-	-
	Statement of Financial Position - Term endowments	Term endowments with donor restrictions	**-**	**-**	-	-
	Statement of Financial Position - Life Income Funds	Life income funds with donor restrictions	**-**	**-**	-	-
Note 23 Line 15	Statement of Financial Position - Perpetual Funds	Net assets with donor restrictions: restricted in perpetuity	**-**	**140.5**	-	133.5
		Total Expenses and Losses				
SOCI Line 15 plus CSCR Line 8 plus Note 23 Line 9	Statement of Activities - Total Operating Expenses (Total from Statement of Activities prior to adjustments)	Total expenses without donor restrictions - taken directly from Statement of Activities	**-**	**514.6**	-	658.4

Note 6 Lines 2 & 3 plus SOCI Lines 17,18 & 22 less Note 23 Line 9	Statement of Activities - Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) - (Total from Statement of Activities prior to adjustments)	Non-Operating and Net Investment (gain) loss	**-**	**16.7**	-	11.3
Note 6 Lines 2 & 3 plus SOCI Line 18 plus endowment investment losses Note 23 Line 9	Statement of Activities - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Net investment gains	**-**	**14.1**	-	8.0
	Statement of Activities - Pension related changes other than periodic pension	Pension-related changes other than net periodic costs	**-**	**-**	-	-

Equity Ratio

				Year ended 31 July 2024		Year ended 31 July 2023
Reference	**Line item/related disclosures**		**£m**	**£m**	£m	£m
		Modified Net Assets				
SOFP Line 22	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions	**-**	**683.2**	-	490.5
SOFP Line 21	Statement of Financial Position - total Net assets with donor restrictions	Net assets with donor restrictions	**-**	**193.8**	-	182.7
SOFP Line 1	Statement of Financial Position -Other intangible assets	Intangible assets	**-**	**1.2**	-	0.8
	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	**-**	**-**	-	-
	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable	**-**	**-**	-	-
		Modified Assets				
SOFP Lines 8 & 13	Statement of Financial Position - Total Assets	Total Assets	**-**	**1,324.8**	-	1,349.9
	Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-implementation	Lease right-of-use asset pre-implementation	**-**	**-**	-	-
	Statement of Financial Position - Lease right-of-use asset liability pre-implementation	Pre-implementation right-of-use leases	**-**	**-**	-	-
	Statement of Financial Position - Goodwill	Intangible assets	**-**	**-**	-	-
	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	**-**	**-**	-	-

	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable	**-**	**-**	-	-

Net Income Ratio

			Year ended 31 July 2024		Year ended 31 July 2023	
Reference	**Line item/related disclosures**		**£m**	**£m**	£m	£m
SOCI Line 25	Statement of Activities - Change in Net Assets Without Donor Restrictions	**Change in Net Assets Without Donor Restrictions**	**-**	**192.6**	-	17.8
SOCI Line 7 less SOCI Line 5 less Note 7 Line 1 plus SOCI Line 16	Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	**Total Revenue and Gains**	**-**	**690.1**	-	665.1

References refer to the SOCI (Statement of Comprehensive Income) and the SOFP (Statement of Financial Position) which are on pages 46 and 47 respectively. Line number references count down from the SOCI, SOFP or the note, including subtotals.

All figures relate to the Institution's consolidated performance and position.

US Guidance refers to the 'Federal Regulations' and relates to Federal Register/Vol. 84, No. 184 / Monday, September 23, 2019 / Rules and Regulations.

Copies of the report can be accessed at:
www.liverpool.ac.uk

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