

LIVERPOOL JOHN MOORES UNIVERSITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2000

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REPORT OF THE CHAIR

The last year has been one of enormous challenge for everyone at JMU, dominated as it was by the theme of change and the search for financial strength. During this time we took many difficult decisions about securing our future and we progressed a series of far-reaching reviews throughout the whole University. The difficulties are not over, and financial prudence dictates that next year will see no let-up in our endeavours to produce a balanced budget, whilst providing a top quality service to our students and staff.

A number of key events occurred during the year. Having recognised the need to adopt a more efficient system for dealing with our students from initial enquiry through to graduation, we began the process of introducing a new student administration system. We entered into a development partnership with the world's leading software company, Oracle, to generate a completely seamless system for dealing with all aspects of student life here at JMU. Our investment in this new student system is substantial, in terms of both time and capital, but it is one that will allow us to enhance the student experience by bringing together a number of different processes. When complete, it will make JMU one of the most efficient and effective universities in the UK.

The last year saw us reach the final phase of the Transformation Agenda, as we progressed a series of difficult thematic reviews centred on our organisational structure. This was a difficult and complex process for all concerned and I must pay tribute to the co-operation and support given to the University by so many staff during this period.

This year of change also saw us say farewell to the Chair of Governors, Sir Philip Carter, who retired in March 2000. Sir Philip Carter chaired his final Board of Governors in March, having served as Chair since April 1997. Sir Philip has been connected to the University since July 1993, when he was appointed Chair of the University Trust, a role we are delighted to say he continues to fulfil.

It was a significant moment for everyone at JMU when, in December 1999, our Vice Chancellor, Professor Peter Toyne, announced his retirement. Professor Peter Toyne, in his own inimitable manner, had steered the University through some of the most exciting and dynamic periods in its recent history, taking us from Polytechnic to University and overseeing a major capital development programme which, besides improving the quality of working environment for students and staff, also helped to kick-start the Liverpool Regeneration.

To Peter and to Philip we say thank you for everything you have done, and will continue to do, for JMU.

As we move into the next financial year, we can see that change must continue to be a feature of JMU's existence as a dynamic, thriving organisation constantly responding to the opportunities and challenges of providing higher education in Britain in the 21st century. But we trust the changes over the next few years will not be so traumatic or distressing as those of recent times. We look forward to a new era under Professor Michael Brown when together we can reap the benefits of recent difficult times.



Dr Maureen Williams
Chair
18 December 2000

BOARD OF GOVERNORS

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

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

The Instrument of Government states that the Board shall consist of not less than twelve and not more than twenty-four appointed members. The Board must decide what size it wishes to be. It was agreed that there should be up to twenty members, of whom thirteen would be independent members, one nominee each for the Academic Board and students, and four co-opted members. The membership of the Board is completed by the Vice Chancellor, who is the Chief Executive.

In the period from 1 August 1999 membership of the Board of Governors has been as follows: -

Ex-officio Members

Professor Peter Toyne Vice Chancellor & Chief Executive (Resigned 31 August 2000)

Professor Michael Brown Vice Chancellor & Chief Executive (Appointed 31 August 2000)

Independent Members

Sir Philip Carter CBE Chairman & Senior Pro Chancellor (resigned 31 March 2000)
Chair of Enterprise, Policy and Development and Employment Committees (resigned 31 March 2000)

Dr Maureen Williams Chair & Pro Chancellor (appointed 1 April 2000)
Chair of Policy and Development and Employment Committees (appointed 1 April 2000, resigned 1 October 2000) Policy and Development Committee was dissolved on 1 October 2000.

Mr W Addy Chair Enterprise Committee (appointed chair 1 October 2000)

Mc C Connell

Mrs M E Downs Chair of Audit Committee

Mrs R Hawley

Mr H Heaton (Appointed 1 October 1999)

Sir Antony Pilkington (Deceased 22 September 2000)

Mrs A J Redmond (Chair of Finance Committee)

Mr R Wade-Smith Chair of Enterprise Committee (appointed chair 1 April 2000, resigned chair 1 October 2000)

Commodore R H Walker Chair of Employment Committee (appointed chair 1 October 2000)

Co-opted Members

Chief B Agwuna

Mr M F Cogley (Resigned 1 September 1999)

Mr T Jones

Mr J Middleton

Nominee Members

Dr D Phipps (Appointed 1 September 1999)

Professor P Wheeler (Resigned 31 August 1999)

Ms J Eaton (Resigned 30 June 2000)

Ms S Shanab (Appointed 1 July 2000)

OFFICERS AND ADVISORS OF THE UNIVERSITY

Vice Chancellor and Chief Executive : Professor Peter Toyne (Resigned 31 August 2000)
Professor Michael Brown (Appointed 1 September 2000)

Provost : Professor Jennifer Latto

Bursar : Allan Bickerstaffe

Registrar : Alison Wild

* * * *

Bankers : Barclays Bank plc
Corporate Banking Centre
PO Box 230
15-33 Moorfields
Liverpool
L69 2RU

Auditors : PricewaterhouseCoopers
8 Princes Parade
St Nicholas Place
Liverpool
L3 1QJ

Solicitors : Davies Wallis Foyster
5 Castle Street
Liverpool
L2 4XE

RESPONSIBILITIES OF THE BOARD OF GOVERNORS OF LIVERPOOL JOHN MOORES UNIVERSITY

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

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

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

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

The Board has taken reasonable steps to:

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

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

- Clear definitions of the responsibilities of, and the authority delegated to, members of the Executive Management Team, Directors of Schools and Heads of Services.
- Regular reviews of academic performance and business risks and monthly reviews of financial performance.
- A comprehensive medium and short-term planning process, supplemented by detailed revenue, capital and cash flow budgets.
- Comprehensive Financial Regulations and Accounting Instructions detailing financial controls and procedures, approved by the Audit Committee and Board of Governors.
- A professional Internal Audit Team whose annual programme is approved by the Audit Committee.

The Audit Committee, on behalf of the Board, has reviewed the effectiveness of the Group's system of internal financial control. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

Dr Maureen Williams
Chair
18 December 2000



CORPORATE GOVERNANCE

The following statement is given to assist understanding of the governance procedures applied by the University's Board of Governors.

The University is committed to exhibiting best practice in all aspects of corporate governance. Whilst the University, being a corporation formed under the terms of the Education Reform Act 1988 with charitable status, does not fall within the regulation of the London Stock Exchange, the Board of Governors is satisfied that the University has complied throughout the period with the provisions of the Code other than those relating to directors' service contracts and stock options which cannot be applied to Universities. The University also makes reference to the Committee of University Chairmen Guide for Members of Governing Bodies of Universities and Colleges in England and Wales and to the recommendations of the Committee of Inquiry into Standards in Public Life (The Nolan Committee). The University complies with the advice given in both these documents.

The University has not yet adopted the recently introduced Combined Code, but intends to follow best practice in Governance and will review its implementation in the near future.

Summary of the University's Structure of Corporate Governance

The University's Board of Governors comprises lay and academic persons appointed under the provisions of the Education Reform Act 1988, the majority of whom are non-executive. The roles of Chair and Deputy Chair of the Board of Governors are separate from the role of the University's Chief Executive, the Vice Chancellor. The matters specifically reserved to the Board of Governors for decision are set out in the Articles of Government of the University, the Scheme of Delegation and under the Financial Memorandum with the Higher Education Funding Council for England. The Board of Governors holds to itself the responsibilities for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from Executive Officers on the day to day operations of its business and its subsidiary companies. The Board of Governors meets a minimum of four times a year, and has several committees, a Finance Committee, an Employment Committee, a Remuneration Committee, a Nominations Committee, an Enterprise Committee, and an Audit Committee. All of these Committees are formally constituted with terms of reference and comprise mainly or entirely of lay members of the Board of Governors, one of whom is the Chair.

The Finance Committee meets three times a year and recommends to the Board of Governors the University's annual revenue and capital budgets after giving consideration to the financial health of the University. It also receives at each meeting reports on the performance in relation to approved budgets, treasury management within the University, and updates of the Medium Term Plan.

The Employment Committee considers issues related to staffing and employment in the University.

The Remuneration Committee determines the annual remuneration of the Vice Chancellor and Senior Officers of the University.

The Nominations Committee considers nominations for vacancies on the Board.

The Enterprise Committee considers all matters relating to enterprise/commercial activities.

The Audit Committee, which meets twice a year, is responsible for meeting the external auditors and internal auditors of the University and reviewing their work. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. The Committee also receives and considers reports from the Higher Education Funding Council for England as they affect the University's business, monitors adherence with the regulatory requirements and reviews the University's accounting policies. Whilst the Vice Chancellor and other managers attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee is empowered to meet any auditors on their own for independent discussions.

Going Concern

The Board has considered the guidance on going concern published in November 1994 and after making appropriate enquiries, is satisfied that the group has adequate resources to continue in operational existence for the foreseeable future.

Internal Financial Control

The Governors acknowledge their responsibility for the group's system of internal financial control. In fulfilling these responsibilities the Board has reviewed the operation and effectiveness of the group's internal financial control for the year ended 31 July 2000 on the basis of the criteria set out in the Guidance for Directors 'Internal Control and Financial Reporting'. It has considered the major business and financial risks. As might be expected in a group of this size, a key control procedure during the financial year is the day-to-day supervision of the business by the Governors, supported by the executive management team. Other control procedures include the comparison of monthly management accounts with budgets, authorisation limits, and segregation of duties.

REPORT OF THE AUDITORS TO THE BOARD OF GOVERNORS OF LIVERPOOL JOHN MOORES UNIVERSITY

We have audited the financial statements on pages 8 to 27, which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out on pages 8 to 9.

Respective Responsibilities of the Governing Body and Auditors

The Board of Governors is responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Higher Education Funding Council for England and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions. We also report to you whether, in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the institution, have been properly applied, for the purposes for which they were received, and whether income has been applied in accordance with the institution's statutes and where appropriate with the financial memorandum with the Higher Education Funding Council for England. We also report to you if, in our opinion, the institution has not kept proper accounting records, the accounting records do not agree with the financial statements, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Opinion


We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the institution's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- a. the group's financial statements give a true and fair view of the state of affairs of the University and the group at 31 July 2000, and of the group's deficit of income over expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions;
- b. in all material respects, income from the Higher Education Funding Council for England, the Further Education Funding Council for England and the Teaching Training Agency, grants and income for specific purposes and from other restricted funds administered by the institution have been applied for the purposes for which they were received;
- c. in all material respects, income has been applied in accordance with the institution's statutes and where appropriate with the financial memorandum dated July 1997 with the Higher Education Funding Council for England


PricewaterhouseCoopers
Chartered Accounts and Registered Auditors
Liverpool

18 December 2000

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with the statement of recommended practice (SORP): *Accounting in Further and Higher Education Institutions* and in accordance with applicable accounting standards. The SORP has been revised in 2000.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain land and buildings.

Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertakings for the financial year to 31 July 2000. Intra-group sales and purchases are eliminated fully on consolidation. In accordance with FRS2, the activities of the students union and the University's Development Trust have not been consolidated because the University does not control or have significant influence over their managerial and financial policy decisions.

Recognition of income

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

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

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

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

Maintenance of premises

The University has a rolling five year maintenance plan, which will form the basis of the ongoing maintenance of the estate. The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where they are related to forward foreign exchange contracts, at contract rates. The resulting surplus or deficit is transferred to the Income and Expenditure account.

Pension schemes

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

Tangible fixed assets

a. Land and buildings

Land and Buildings are stated at valuation. The basis of valuation is open market value for existing use (except where this is not appropriate and accordingly buildings were valued on a depreciated replacement cost basis). Richard Ellis, Chartered Surveyors, revalued freehold land and buildings at 30 June 2000. Valuations normally take place every 5 years. Freehold land is not depreciated. Buildings are depreciated over their expected useful lives of 40 years and leasehold buildings over the life of the lease. Assets in the course of construction are not depreciated.

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

b. Equipment

Equipment, including computers and software, costing less than £10,000 per individual item, is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost and depreciated over 4 years.

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

c. Leases

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

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

Investments

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

Investments that form part of Endowment Assets are included in the balance sheet at market value.

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

Stocks

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

Taxation status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The University receives no similar exemption in respect of Value Added Tax.

The University's subsidiary companies with the exception of JMU Building Services and Maintenance Ltd (which has the same taxation status as the University) are subject to corporation tax and VAT in the same way as any commercial organisation.

Cash flows and liquid resources

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

Provisions

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

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 July 2000

	Note	1999/00 £000	1998/99 £000
Income			
Funding council grants	1	51,897	52,129
Tuition fees and education contracts	2	24,706	23,763
Research grants and contracts	3	2,635	2,868
Other income	4	17,994	17,624
Endowment and investment income	5	336	495
Total income		<u>97,568</u>	<u>96,879</u>
Expenditure			
Staff costs – ongoing	6	56,506	54,612
Staff costs – severance	6	1,799	-
Depreciation	10	4,336	3,865
Exceptional item – reversal of revaluation losses previously recognised		(874)	-
Other operating expenses	7	37,311	36,907
Exceptional item: pension costs	7	2,474	517
Interest payable	8	2,099	2,339
Total expenditure	9	<u>103,651</u>	<u>98,240</u>
Deficit after depreciation of fixed assets at valuation and before tax		(6,083)	(1,361)
Profit on disposal of fixed assets		1,185	-
Deficit after depreciation of fixed assets at valuation and disposal of fixed assets but before tax		<u>(4,898)</u>	<u>(1,361)</u>
Taxation (see statement of principal accounting policies)		-	-
Deficit after depreciation of fixed assets at valuation and tax	21	<u>(4,898)</u>	<u>(1,361)</u>

All operations for the University and its subsidiaries are continuing.

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
For the year ended 31 July 2000

	1999/00 £000	1998/99 £000
Deficit after depreciation of fixed assets at valuation and before tax	(4,898)	(1,361)
Realisation of property revaluation gains of previous years	700	452
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	602	560
Historical cost deficit for the period before and after tax	<u>(3,596)</u>	<u>(349)</u>

BALANCE SHEETS

As at 31 July 2000

	Note	Group		University	
		2000 £000	1999 £000	2000 £000	1999 £000
Fixed assets					
Tangible assets	10	78,554	70,726	78,480	70,300
Investments	11	39	39	16,364	16,364
		<u>78,593</u>	<u>70,765</u>	<u>94,844</u>	<u>86,664</u>
Endowment asset investments	12	<u>163</u>	<u>156</u>	<u>163</u>	<u>156</u>
Current assets					
Stocks and work in progress		135	326	92	48
Debtors	13	12,145	10,090	17,889	24,867
Short-term deposits		7,887	4,344	7,887	4,344
Cash at bank and in hand		<u>720</u>	<u>790</u>	<u>370</u>	<u>-</u>
		<u>20,887</u>	<u>15,550</u>	<u>26,238</u>	<u>29,259</u>
Creditors: Amounts falling due within one year	14	<u>17,292</u>	<u>13,346</u>	<u>14,942</u>	<u>12,496</u>
Net current assets		<u>3,595</u>	<u>2,204</u>	<u>11,296</u>	<u>16,763</u>
Total assets less current liabilities		<u>82,351</u>	<u>73,125</u>	<u>106,303</u>	<u>103,583</u>
Creditors: Amounts falling due after more than one year	15	<u>30,147</u>	<u>28,796</u>	<u>52,852</u>	<u>58,532</u>
Provisions for liabilities and charges	17	<u>9,844</u>	<u>6,805</u>	<u>9,144</u>	<u>6,805</u>
Net assets		<u><u>42,360</u></u>	<u><u>37,524</u></u>	<u><u>44,307</u></u>	<u><u>38,246</u></u>
Represented by:					
Deferred capital grants	18	<u>15,037</u>	<u>13,955</u>	<u>15,037</u>	<u>13,955</u>
Endowments					
Specific	19	166	157	166	157
General	19	<u>(3)</u>	<u>(1)</u>	<u>(3)</u>	<u>(1)</u>
		<u>163</u>	<u>156</u>	<u>163</u>	<u>156</u>
Reserves					
Revaluation reserve	20	20,552	13,209	20,552	13,209
Income and expenditure account	21	<u>6,608</u>	<u>10,204</u>	<u>8,555</u>	<u>10,926</u>
Total reserves		<u>27,160</u>	<u>23,413</u>	<u>29,107</u>	<u>24,135</u>
Total		<u><u>42,360</u></u>	<u><u>37,524</u></u>	<u><u>44,307</u></u>	<u><u>38,246</u></u>

The financial statements on pages 8 to 27 were approved by the Board of Governors on 18 December 2000.

Dr Maureen Williams

Dr Maureen Williams
Chair

Michael Brown

Michael Brown
Vice Chancellor

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 July 2000

	Note	1999/00 £000	1998/99 £000
Net cash inflow/(outflow) from operating activities	22	4,933	(2,225)
Returns on investments and servicing of finance	23	(1,242)	(1,253)
Capital expenditure and financial investment	23	(829)	(2,075)
Cash inflow/(outflow) before use of liquid resources and financing		<u>2,862</u>	<u>(5,553)</u>
Management of liquid resources	23	(3,543)	4,506
Financing	23	2,161	698
Increase/(decrease) in cash in the year		<u>1,480</u>	<u>(349)</u>

Reconciliation of net cash flow to movement in net debt

	1999/00 £000	1998/99 £000
Increase/(decrease) in cash in the year	1,480	(349)
Cash (inflow)/outflow from increase in debt and lease financing	(1,407)	6
Cash outflow/(inflow) from decrease in liquid resources	<u>3,543</u>	<u>(4,506)</u>
Change in net debt resulting from cashflows	3,616	(4,849)
New finance leases	<u>(54)</u>	<u>(251)</u>
Movement in net debt for year	3,562	(5,100)
Net debt at 1 August 1999	<u>(27,275)</u>	<u>(22,175)</u>
Net debt at 31 July 2000	<u>24</u> <u>(23,713)</u>	<u>(27,275)</u>

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 July 2000

	Note	1999/00 £000	1998/99 £000
Deficit after depreciation of fixed assets at valuation and tax		(4,898)	(1,361)
Net Increase/(decrease) in endowments	19	7	(4)
Unrealised surplus on revaluation of freehold buildings	20	7,890	-
HEFCE grant received re inherited debt payment	20	755	669
		<hr/>	<hr/>
Total recognised gains / (losses) relating to the year		3,754	(696)
Prior year adjustment			<hr/> 216
Total gains and losses recognised since last annual report			<hr/> (480)
Reconciliation			
Opening reserves and endowments		23,569	
Total recognised gains in year		3,754	
Closing reserves and endowments		<hr/> 27,323	

NOTES TO THE FINANCIAL STATEMENTS
31 July 2000

1 Funding Council grants	HEFCE £000	TTA £000	FEFC £000	1999/00 £000	1998/99 £000
Recurrent grant	45,333	3,512	208	49,053	47,396
Specific grants					
Inherited liabilities	1,378	-	-	1,378	1,456
Hunters	-	-	-	-	139
Other	652	468	-	1,120	2,282
Deferred capital grants released in year					
Buildings (note 18)	269	-	-	269	301
Equipment (note 18)	77	-	-	77	555
	<u>47,709</u>	<u>3,980</u>	<u>208</u>	<u>51,897</u>	<u>52,129</u>
2 Tuition fees and education contracts				1999/00 £000	1998/99 £000
Full-time students (UK and European Union)				12,491	11,822
Full-time students charged overseas fees and other fees				3,901	3,943
Part-time fees (UK and European Union)				2,802	2,888
Education contracts				<u>5,512</u>	<u>5,110</u>
				<u>24,706</u>	<u>23,763</u>
3 Research grants and contracts				1999/00 £000	1998/99 £000
Research councils				880	956
UK based charities				220	222
Other research grants and contracts				<u>1,535</u>	<u>1,690</u>
				<u>2,635</u>	<u>2,868</u>
4 Other income				1999/00 £000	1998/99 £000
Residences and catering				3,086	3,191
Other services rendered				8,865	7,948
Release from deferred capital grant (note 18)				152	152
Other income				<u>5,891</u>	<u>6,333</u>
				<u>17,994</u>	<u>17,624</u>
5 Endowment and investment income				1999/00 £000	1998/99 £000
Income from endowment asset investments				8	-
Income from short-term deposits				<u>328</u>	<u>495</u>
				<u>336</u>	<u>495</u>

NOTES TO THE FINANCIAL STATEMENTS

31 July 2000

6 Staff costs	1999/00 £000	1998/99 £000
Salaries and wages	49,202	47,790
Social security costs	3,827	3,661
Pension costs (note 25)	3,477	3,161
	<u>56,506</u>	<u>54,612</u>
Severance	1,799	-
The restructuring costs were approved by the University's employment committee		
	<u>58,305</u>	<u>54,612</u>
Emoluments of the Vice Chancellor excluding employer's pension contributions which amounted to £9,375 (£8,900 in 1998/99)	<u>129</u>	<u>114</u>
The average number of persons employed by the University during the year as expressed in full time equivalents was:	Number	Number
Academic	890	887
Support	1,014	960
Other	260	251
	<u>2,164</u>	<u>2,098</u>
Remuneration of higher paid staff (excluding the Vice Chancellor):		
£50,000 - £59,999	23	9
£60,000 - £69,999	1	2
£70,000 - £79,999	2	1
£80,000 - £89,999	1	-
7 Other operating expenses	1999/00 £000	1998/99 £000
Residences and catering	1,546	1,348
Consumables & laboratory equipment	9,207	7,287
Library books and periodicals	1,088	1,047
Fuel, light, water and power	1,159	1,106
Repairs and maintenance	2,529	3,113
Student Union grant	864	812
Auditors' remuneration (University 1999/2000 £ 25,750, 1998/99 £25,000)	38	31
Auditors' provision of non-audit services	108	41
Rents and business rates	708	649
Rent (HEFCE funded)	1,038	961
Operating leases	34	79
Advertising	651	580
Agency staff	455	828
Consultancy	1,375	1,688
Fee remissions	31	93
Franchise payments	2,821	2,979
General education	5,727	6,691
Insurance	263	233
Conferences, courses and post entry training	1,681	1,275
Transport, travel & subsistence	1,545	1,487
Visiting lecturers & guest speakers	1,224	1,054
Other expenses	<u>3,219</u>	<u>3,525</u>
	<u>37,311</u>	<u>36,907</u>
Exceptional item: other operating expenses pension cost (note 17)	<u>2,474</u>	<u>517</u>
	<u>39,785</u>	<u>37,424</u>

NOTES TO THE FINANCIAL STATEMENTS

31 July 2000 (Continued)

8 Interest payable

	1999/00 £000	1998/99 £000
On bank loans, overdraft and other loans	5	7
Loans not wholly repayable within five years	785	937
Finance leases	795	800
Interest on Liverpool City Council inherited debt (reimbursed by HEFCE)	514	595
	<u>2,099</u>	<u>2,339</u>

9 Analysis of 1999/00 expenditure by activity	Staff Costs £000	Depreciation £000	Other Operating Expenses £000	Interest Payable £000	Total £000
Academic	35,966	460	9,151		45,577
Academic services	3,940	843	2,750		7,533
Research grants & contracts	1,481	9	1,134		2,624
Residences & catering	1,213	284	1,546	517	3,560
Premises	3,459	1,758	8,298	1,507	15,022
Administration & central services	4,968	499	5,447		10,914
General education	1,132	3	5,727		6,862
Staff student facilities	743	-	981		1,724
Other expenses	5,403	480	4,751	75	10,709
Total per income and expenditure account	<u>58,305</u>	<u>4,336</u>	<u>39,785</u>	<u>2,099</u>	104,525
Less: Exceptional item – reversal of revaluation losses previously recognised					(874)
					<u>103,651</u>

NOTES TO THE FINANCIAL STATEMENTS

31 July 2000 (Continued)

10 Tangible fixed assets

Group	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Assets in the course of Construction £000	Equipment £000	Total £000
Cost or valuation					
At 1 August 1999	59,804	11,169	784	27,227	98,984
Additions	997	18	1,307	2,127	4,449
Reclassification	(2,682)	2,682	(468)	468	-
Disposals	(1,093)	-	-	-	(1,093)
Revaluation	3,902	-	-	-	3,902
At 31 July 2000	60,928	13,869	1,623	29,822	106,242
Depreciation					
At 1 August 1999	4,097	656	-	23,505	28,258
Charge for the year	1,489	531	-	2,316	4,336
Reclassification	(534)	534	-	-	-
Disposals	(42)	-	-	-	(42)
Revaluation	(4,864)	-	-	-	(4,864)
At 31 July 2000	146	1,721	-	25,821	27,688
Net book value					
At 31 July 2000	60,782	12,148	1,623	4,001	78,554
At 1 August 1999	55,707	10,513	784	3,722	70,726
University					
	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Assets in the Course of Construction £000	Equipment £000	Total £000
Cost or valuation					
At 1 August 1999	57,120	13,898	316	27,153	98,487
Additions	997	18	1,709	1,920	4,644
Disposals	(1,093)	-	-	-	(1,093)
Revaluation	3,902	-	-	-	3,902
Reclassification	2	(2)	-	-	-
At 31 July 2000	60,928	13,914	2,025	29,073	105,940
Depreciation					
At 1 August 1999	3,563	1,188	-	23,436	28,187
Charge for the year	1,489	531	-	2,159	4,179
Disposals	(42)	-	-	-	(42)
Revaluation	(4,864)	-	-	-	(4,864)
At 31 July 2000	146	1,719	-	25,595	27,460
Net book value					
At 31 July 2000	60,782	12,195	2,025	3,478	78,480
At 1 August 1999	53,557	12,710	316	3,717	70,300

The net book value of assets held under finance leases is £10,583,114 in respect of land and buildings and £889,331 in respect of equipment. Depreciation in respect of leased land and buildings is £1,096,733 and in respect of leased equipment is £791,297.

The University's freehold land and buildings were valued at 30 June 2000 at open market value for existing use or depreciated replacement cost at £61m. However, following recommended accounting practice a number of leased assets are shown at the value of the lease and under this method the land and buildings were valued at £75m.

NOTES TO THE FINANCIAL STATEMENTS

31 July 2000 (continued)

11 Investments

Group	Other Investments £000
Cost or valuation	
At 1 August 1999	39
Amounts written off	-
Net book value at 31 July 2000	39

Other investments are in respect of shares in CVCP Properties PLC (1.0%) and Amaze Ltd (6%)

University	Interests in Group Undertakings £000	Other Investments £000	Total £000
Cost or valuation			
At 1 August 1999	16,325	39	16,364
Net book value at 31 July 2000	16,325	39	16,364

The board considers that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information relates to those subsidiary undertakings whose results or financial position, in the opinion of the board, principally affect the figures of the group.

Name of Undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held %
JMU Property Development Company Ltd	England & Wales	Ordinary £1 shares	100
JMU Services Ltd	England & Wales	Ordinary £1 shares	100
JMU Learning Resource Centre Ltd	England & Wales	Ordinary £1 shares	100
Telescope Technologies Ltd	England & Wales	Ordinary £1 shares	100

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

12 Endowment asset investments

	Group and University £000
1 August 1999	156
Additions	4
Disposals	(5)
Appreciation during year	8
31 July 2000	163
Represented by short term deposits	163

NOTES TO THE FINANCIAL STATEMENTS

31 July 2000 (continued)

13 Debtors	Group		University	
	2000	1999	2000	1999
	£000	£000	£000	£000
Amounts falling due within one year				
Student debtors	2,772	1,586	2,772	1,586
Trade debtors	4,926	3,752	3,752	2,991
Prepayments	932	1,246	932	1,246
Other debtors	4,427	4,161	4,224	4,354
Amounts due from subsidiary companies	-	-	7,055	15,345
	13,057	10,745	18,735	25,522
Provision for bad and doubtful debts	(912)	(655)	(846)	(655)
	<u>12,145</u>	<u>10,090</u>	<u>17,889</u>	<u>24,867</u>

An amount of £5,967,095 included in the 1999 figure of Amounts due from subsidiary companies has been reclassified as a reduction to a loan outstanding from the same subsidiary company (see note 15)

14 Creditors: Amounts falling due within one year	Group		University	
	2000	1999	2000	1999
	£000	£000	£000	£000
Bank overdraft	582	2,125	-	2,125
HEFCE grants not applied	239	80	239	80
Accruals - research grants	2,194	1,808	2,194	1,808
Payroll deductions	1,753	-	1,753	-
LCC loan debt principal 2000/01 (Note 15)	768	755	769	755
Bank loans principal 2000/01	538	411	538	411
Finance leases 2000/01 (Note 16)	448	475	448	475
Amounts due to subsidiary companies	-	-	851	1,474
Trade creditors	4,433	3,303	2,474	2,797
Other creditors	6,337	4,389	5,676	2,571
	<u>17,292</u>	<u>13,346</u>	<u>14,942</u>	<u>12,496</u>

15 Creditors: Amounts falling due after one year	Group		University	
	2000	1999	2000	1999
	£000	£000	£000	£000
Liverpool City Council loan debt at 1 August 1999	6,618	7,322	6,618	7,322
Reclassification of 1999 lease finance debt	-	(35)	-	(35)
Repayment of loan debt principal during year	(755)	(669)	(755)	(669)
Liverpool City Council loan debt at 31 July 2000	5,863	6,618	5,863	6,618
Loan debt principal due in 1999/00 (note 14)	(768)	(755)	(768)	(755)
Bank loan	12,343	9,789	12,343	9,789
Reclassification of 1999 lease finance debt	-	35	-	35
Finance leases	12,709	13,109	12,709	13,109
Inter company leases	-	-	22,705	29,736
	<u>30,147</u>	<u>28,796</u>	<u>52,852</u>	<u>58,532</u>

The City Council debt incorporates several individual borrowings which are being repaid over a variety of periods. There is insufficient information with regard to the individual asset details in order to identify the specific assets incorporated into the schedule. Interest charges made in relation to the principal outstanding are calculated in accordance with the City Council policies for the management of the Consolidated Loans Fund. Repayment of principal sums is in accordance with a 10% accumulating Sinking Fund. At present, it is HEFCE policy to fund this liability.

An amount of £5,967,095 included in the 1999 figure of amounts due from subsidiary companies (see note 13) has been reclassified as a reduction to an outstanding inter company lease from the same company.

NOTES TO THE FINANCIAL STATEMENTS
31 July 2000 (continued)

16 Interest rate risk profile of financial liabilities	Total 1999/00	Floating Rate Financial Liabilities	Fixed Rate Financial Liabilities
	£000	£000	£000
As at 31 July 2000	<u>32,483</u>	<u>6,162</u>	<u>26,321</u>
As at 31 July 1999	<u>32,562</u>	<u>4,825</u>	<u>27,737</u>

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

	Weighted Average Interest Rate	Weighted Average Period for which rate is fixed Years	Weighted Average Period until Maturity
	%	Years	Years
As at 31 July 2000	<u>8.4</u>	<u>23.6</u>	<u>26.5</u>
As at 31 July 1999	<u>8.3</u>	<u>25.6</u>	<u>25.8</u>

Floating rate financial liabilities bear interest at rates based on LIBOR.

	Cash at Bank and in hand £000	2000 Short Term Deposits £000	Total £000	Cash at Bank and in hand £000	1999 Short Term Deposits £000	Total £000
Sterling	717	7,887	8,604	790	4,344	5,134
ECUs	-	-	-	-	-	-
As at 31 July	<u>717</u>	<u>7,887</u>	<u>8,604</u>	<u>790</u>	<u>4,344</u>	<u>5,134</u>
Floating Rate	717	-	717	790	-	790
Fixed Rate	-	7,887	7,887	-	4,344	4,344
As at 31 July	<u>717</u>	<u>7,887</u>	<u>8,604</u>	<u>790</u>	<u>4,344</u>	<u>5,134</u>

The short term deposits are placed with banks at rates based on prevailing market rates at the time of the deposit.

NOTES TO THE FINANCIAL STATEMENTS
31 July 2000 (Continued)

Maturity of financial liabilities	Debt	2000 Finance Leases	Other Financial Liabilities	Debt	1999 Finance Leases	Other Financial Liabilities
	£000	£000	£000	£000	£000	£000
Within 1 year or on demand	1,888	448	-	3,291	475	-
Between 1 & 2 years	2,613	895	-	1,969	1,105	-
Between 2 & 5 years	2,474	1,598	-	2,596	1,909	-
Over 5 years	12,351	10,216	-	11,122	10,095	-
Finance charges allocated to future periods	19,326	13,157	-	18,978	13,584	-

The Bank loans are as follows:

Original Value £m	Term Years	Fixed/Variable	Security
10.4	25	Fixed to 2009	Aldham Roberts LRC Josephine Butler House North Western Hall
3.0	25	Variable	Assorted Properties
3.0	25	Variable	Avril Roberts LRC

The Finance Leases relate to fixed rate finance lease obligations of £5.5m payable over 30 years, secured on Dean Walters and Barkhill Court, one of £6.5m payable over 25 years, secured on Dillistone and Patey residences and various vehicle lease agreements.

There is also a 21 year lease in respect of the Avril Roberts Learning Resource Centre.

Borrowing facilities

The group has no undrawn borrowing facility available as at 31 July 2000.

	2000 Total £000	1999 Total £000
As at 31 July 2000	-	3,000
As at 31 July 1999	3,000	3,000

NOTES TO THE FINANCIAL STATEMENTS
31 July 2000 (Continued)

17 Provisions for liabilities and charges

Group	Pension Enhancements £000	Other £000	Total £000
At 1 August 1999	6,805	-	6,805
Utilised in the year	(510)	-	(510)
Transfer from income and expenditure account	2,474	1,075	3,549
At 31 July 2000	8,769	1,075	9,844

University	Pension Enhancements £000	Other £000	Total £000
At 1 August 1999	6,805	-	6,805
Utilised in the year	(510)	-	(510)
Transfer from income and expenditure account	2,474	375	2,849
At 31 July 2000	8,769	375	9,144

18 Deferred capital grants

	HEFCE £000	Group Other £000	Total £000	HEFCE £000	University Other £000	Total £000
At 1 August 1999						
Buildings	8,160	4,893	13,053	8,221	4,832	13,053
Equipment	159	743	902	159	743	902
Reclassification	44	(44)	-	(17)	17	-
	8,363	5,592	13,955	8,363	5,592	13,955
Income						
Buildings	-	4	4	-	4	4
Equipment	35	1,541	1,576	35	1,541	1,576
	35	1,545	1,580	35	1,545	1,580
Released to income and expenditure						
Buildings (notes 1 and 4)	(269)	(152)	(421)	(269)	(152)	(421)
Equipment (note 1)	(77)	-	(77)	(77)	-	(77)
Total	(346)	(152)	(498)	(346)	(152)	(498)
At 31 July 2000						
Buildings	7,930	4,710	12,640	7,930	4,710	12,640
Equipment	122	2,275	2,397	122	2,275	2,397
Total	8,052	6,985	15,037	8,052	6,985	15,037

NOTES TO THE FINANCIAL STATEMENTS
31 July 2000 (Continued)

19 Endowments

	Specific £000	Group and University General £000	Total £000
At 1 August 1999	157	(1)	156
Income for year	12	-	12
Transferred to income & expenditure account	(3)	(2)	(5)
At 31 July 2000	166	(3)	163
Representing: Trust & prize funds	166	(3)	163

20 Revaluation reserve

	Group and University	
	2000 £000	1999 £000
Revaluations		
At 1 August	13,209	13,552
Loan principal repaid, funded by HEFCE	755	669
Disposals (note 21)	(700)	(452)
Revaluation during year	7,890	-
Contributions to depreciation		
Released in year (note 21)	(602)	(560)
At 31 July 2000	20,552	13,209

21 Income and expenditure account

	Group 2000 £000	University 2000 £000	Group 1999 £000	University 1999 £000
At 1 August 1999	10,204	10,926	10,553	10,091
Deficit after depreciation of assets at valuation and tax	(4,898)	(3,673)	(1,361)	(177)
Transfer from revaluation reserve (note 20)				
Disposals in year	700	700	452	452
Contribution to depreciation	602	602	560	560
At 31 July 2000	6,608	8,555	10,204	10,926

NOTES TO THE FINANCIAL STATEMENTS

31 July 2000 (Continued)

22 Reconciliation of consolidated operating deficit to net cashflow from operating activities

	1999/00 £000	1998/99 £000
Deficit before taxation	(4,898)	(1,361)
Profit on disposal of fixed assets	(1,185)	-
Depreciation (note 10)	4,336	3,865
Exceptional item—reversal of revaluation losses previously recognised	(874)	-
Deferred capital grants released to income (note 18)	(498)	(1,008)
Interest receivable (note 5)	(336)	(495)
Interest payable (note 8)	2,099	2,339
Interest reimbursement by HEFCE	(514)	(595)
Increase in debtors	(1,853)	(2,063)
(Increase)/decrease in stock	191	(209)
Increase/(decrease) in creditors	5,411	(1,928)
Increase/(decrease) in provisions (note 17)	3,054	(770)
Net cash inflow/(outflow) from operating activities	4,933	(2,225)

23 Analysis of cashflows for headings netted in the cashflow statement

	1999/00 £000	1998/99 £000
Returns on investments and servicing of finance		
Endowment income received	12	6
Endowment expenditure	(5)	(10)
Interest received	336	495
Interest paid	(1,304)	(1,539)
Reimbursement of interest on inherited debt	514	595
Interest element of finance lease rental payment	(795)	(800)
	<u>(1,242)</u>	<u>(1,253)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(4,449)	(3,273)
Disposal of tangible fixed assets	2,034	635
Receipt of deferred capital grants	1,586	563
	<u>(829)</u>	<u>(2,075)</u>
Management of liquid resources		
Cash withdrawn from short term deposit	-	4,506
Cash placed on short term deposit	(3,543)	-
	<u>(3,543)</u>	<u>4,506</u>
Financing		
Debt due within one year:		
Repayment of secured loan	(594)	(441)
Repayment of inherited debt	(755)	(669)
Recovery of HEFCE inherited debt	755	669
Debt due beyond one year:		
New secured loan – repayable	10,450	-
Repayment of secured loan	(7,209)	-
New finance lease	108	1,655
Capital element of finance lease rental payments	(594)	(516)
	<u>2,161</u>	<u>698</u>

NOTES TO THE FINANCIAL STATEMENTS

31 July 2000 (Continued)

24 Analysis of net debt

	At 1 August 1999 £000	Cash Flow £000	Non cash Change £000	At 31 July 2000 £000
Cash in hand and at bank				
Endowments	156	7	-	163
General	790	(70)	-	720
Overdrafts	(2,125)	1,543	-	(582)
	<u>(1,179)</u>	<u>1,480</u>	<u>-</u>	<u>301</u>
Debt due after one year	(15,687)	(3,242)	1,491	(17,438)
Debt due within one year	(1,164)	1,349	(1,491)	(1,306)
Finance leases	(13,589)	486	(54)	(13,157)
	<u>(30,440)</u>	<u>(1,407)</u>	<u>(54)</u>	<u>(31,901)</u>
Current asset investments	<u>4,344</u>	<u>3,543</u>	<u>-</u>	<u>7,887</u>
	<u>(27,275)</u>	<u>3,616</u>	<u>(54)</u>	<u>(23,713)</u>

25 Pension schemes

The principal pension schemes for the University's staff are the Teachers' Superannuation Scheme(TSS) which is administered by the Teachers' Pension Agency, and the Merseyside Pension Fund(MPF) which is administered by Wirral Metropolitan Borough Council

The contribution of the Institution was 7.2% of pensionable salaries for the TSS until 1st April, when it increases to 7.4%. Rates will increase to 8.35% in April 2002.

The contribution to the MPF was at a rate of 8.7% until 31 March 2000, increased to 9.5% from April 1st, 2000, and will increase again by 0.7% on 1st April 2001.

	MPF 31 March 1998	TPS 31 March 1996
Last actuarial valuations	31 March 1998	31 March 1996
Actuarial method	projected unit	prospective benefits
Investment returns per annum	7%	8.5%
Salary scale increases per annum	4%	6.5%
Value of notional assets at date of last valuation	£2,570m	£61,710m
Proportion of members benefits covered by the actuarial value of the assets	94%	94%

Telescope Technologies Ltd operates a defined contribution pension scheme. Contributions are charged to the Income and Expenditure account as they become payable in accordance with the rules of the scheme. The scheme is operated by Group Personal Pension and is for the employees and directors of the company. The assets of the scheme are held separately from the company in an independently administered fund.

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

	Year Ended 31 July 2000 £000	Year Ended 31 July 1999 £000
Contributions to TPS	1,818	1,707
Contributions to MPF	1,613	1,444
Contributions to Group Personal Pension	46	10
	<u>3,477</u>	<u>3,161</u>

NOTES TO THE FINANCIAL STATEMENTS

31 July 2000 (Continued)

26 Access funds

	1999/00 £000	1998/99 £000
Funding council grants	852	610
Interest earned	13	8
	<u>865</u>	<u>618</u>
Disbursed to students	(867)	(612)
	<u>4</u>	<u>6</u>
Balance unspent at 31 July		

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

27 Capital commitments

	Group		University	
	2000 £000	1999 £000	2000 £000	1999 £000
Commitments contracted at 31 July but not provided for in these financial statements	-	-	-	-

28 Contingent liabilities

The University is a guarantor for three companies limited by guarantee. The University is a guarantor for £1 for the Merseyside Innovation Centre Limited and U M Association Limited and £100 for U M Association (Terrorism) Limited.

29 Related party transactions

Due to the nature of the University's operations and the composition of the Board which, being drawn from local organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of the Board may have an interest are declared and conducted at arm's length, in accordance with the University's financial regulations and normal procurement procedures.

Dr Maureen Williams, Chair of the Board of Governors and Telescope Technologies Ltd, is Chief Executive of Merseyside Development Foundation. Telescope Technologies Ltd pays Merseyside Development Foundation £18,200 per annum in recognition of, and compensation for, the time investment at the company by Dr Williams. This charge is made at the standard charitable MDF charge out rate and Dr Williams receives no personal benefit from this arrangement.

Mrs Alexis Redmond, an independent member of the Board of Governors, is a board member of Riverside Housing Association to whom the University paid £385,000 in lease payments during the year. The University received £145,000 from the Riverside Housing Association for the management of residence premises owned by that organisation.

Rosemary Hawley, an independent member of the Board of Governors, is Chair of the North Mersey Community Trust. The University has a contract with the Merseyside Education and Training Consortium for the training of student and other nurses. The amount credited to the Income and Expenditure account in the year was £5.131m. The Merseyside Education and Training Consortium is based at North Mersey Community Trust.

These facts were recorded in the University's Register of Interests and if a potential conflict of interest arises, the member of the Board would withdraw from a meeting of the Board of Governors.

The University has taken advantage of the exemption available under FRS 8 "Related Party Transactions" not to disclose transactions with group companies which are eliminated on consolidation.