



Financial Statements

2014/15

Liverpool School of Tropical Medicine

Financial Statements for the year ended 31 July 2015

Report of the Members of the Board of Trustees

1 Constitution and Organisation

The Liverpool School of Tropical Medicine (LSTM) was formally inaugurated on 22 April 1898 and incorporated on the 30 January 1905 as the Incorporated Liverpool School of Tropical Medicine. LSTM was registered as a charity on 11 October 1963. LSTM is a company limited by guarantee and holds no share capital and is governed by a Board of Trustees.

The Incorporated Liverpool School of Tropical Medicine changed its name on 30 November 1992 to The Liverpool School of Tropical Medicine.

The Secretary of State for Business, Innovation and Skills by an Order of Parliament, under section 129 of the Education Reform Act 1988, designated LSTM as a Higher Education Institute (HEI) eligible to receive Higher Education Funding Council for England (HEFCE) funding directly on the 19th of July 2013.

2 Memorandum of Association

LSTM's Memorandum and Articles of Association was amended by special resolution and adopted at an EGM on 10 January 2007. It lists the main objects as:-

- To engage in, promote and encourage research, study and instruction in connection with the origin, character, alleviation, prevention and cure of every or any type of tropical disease which now is or may hereafter become known in any part of the world where such disease either manifests itself or has effects; and to advance and encourage learning and the practice of all sciences and arts allied with or which may be usefully studied in connection with the matters aforesaid, and to collect and circulate information with regard to such diseases, sciences and arts.

3 Statement of Public Benefit

LSTM is a registered charity subject to regulation by HEFCE under the Charities Act 2006. LSTM reports annually on the ways in which it has delivered charitable purposes for the public benefit.

The Board of Trustees, in reviewing LSTM's activities in this regard, has taken into account the Charity Commission's guidance on public benefit. The Board is satisfied that the activities of LSTM as described in these Reports and Financial Statements, and in the Annual Report, fully meet the public benefit requirements.

4 Vision and Mission

VISION: To save lives in resource poor countries through research, education and capacity strengthening.

MISSION: To reduce the burden of sickness and mortality in disease endemic countries through the delivery of effective interventions which improve human health and are relevant to the poorest communities.

5 Objectives

The year ending 31 July 2015 represents the third year in our current 5 year strategic plan, which was presented and adopted by the Board on the 22 June 2012. These strategic objectives set out how LSTM would facilitate the continuous development of the organisation in support of its evolving needs. The objectives are listed below.

- promote the discovery and development of new diagnostics, drugs, vaccines, public health pesticides and other tools for use against a broad range of infectious diseases
- translate knowledge and research into policy and practice
- strengthen the capacity of the health sector in developing countries
- build the marketing and advocacy capability of LSTM and develop a structure and plan
- ensure that LSTM is seen as a global leader and the "partner to turn to" in its core areas
- identify and enter into strategic partnerships that are consistent with LSTM's reputation and prestige
- obtain degree awarding powers
- expand the numbers of postgraduate and CPD courses delivered
- obtain Higher Education Institution Status
- develop senior management capacity and ensure appropriate succession planning is in place
- achieve a minimum of Athena Swan silver award status
- maintain LSTM's Investors in People Status
- consolidate a 5-year IT road-map with enhanced provision for knowledge management

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LSTM management undertakes regular monitoring and evaluation under the supervision of the Board of Trustees to ensure that the items are contemporary and are followed up each year.

Operating and Financial Review

6 The Nature, Objectives and Strategies of the Charity

The research undertaken by LSTM aims to advance knowledge by increasing our understanding of important diseases of the Tropics including Malaria, TB, HIV and Neglected Tropical Diseases including snake envenoming. This basic information is being used to create improvements in health through the development of safe, affordable and accessible health intervention “products” and better deployment and implementation of these interventions. The success of these aims will depend on effective integration of LSTM’s unique resources and expertise in basic science, clinical trials and health technology assessment.

LSTM promotes a multidisciplinary approach to research. The need to foster interactions between research teams in distinct but related disciplines underpins the business rationale of the organisation. The rich blend of clinicians, sharing facilities and working in close proximity with biochemists, chemists, molecular biologists, entomologists, parasitologists, epidemiologists and social scientists is intended to stimulate novel approaches to many of the major issues remaining in tropical infectious diseases research and development. LSTM undertakes a truly innovative research programme that spans early stage discovery through to development allowing it to partner appropriately with industry in the later stages of many of these programmes to ensure that the research is translated into products or policies and practices that will fundamentally benefit the populations of disease endemic countries.

The Learning and Teaching programme has also been revitalised with a diverse portfolio ranging from short courses of 3 days to 3 months duration through to full one-year Masters Programmes. These developments reconfirm the long and successful commitment to teaching; a track record in developing people, core staff and their related research teams, with 105 PhD students from many countries and numerous visiting scientists working within collaborative programmes.

Programmes are epitomised by the success of our Malawi-Liverpool-Wellcome (MLW) unit in Blantyre providing a major role in developing a first rate cadre of clinical and non-clinical Malawian and UK staff benefiting from close linkages with, and direct access to the facilities and expertise within the Liverpool base. This has come with a financial cost where it is envisaged that the MLW programme will be costing LSTM in the order of £500k per annum to support. This includes salaries, travel, accommodation costs and professional consultant salaries.

LSTM’s success is based on the quality of its research achieving an RAE Grade 5 for clinical laboratory based research in immunology and infection in the last assessment exercise.

LSTM is a truly global company that receives parts of its funds in dollars to be spent in that currency. The balances held at the year end relate to committed expenditure and therefore allocating any surplus or deficit to the income and expenditure account would be misleading.

7 Key Performance Indicators (KPIs)

Principal Risks and uncertainties

The full scope of principal risks are monitored and mitigated within the institutions risk register and include measured and mitigated risk around sources of income, particularly; financial growth target, student numbers/income, grant income overhead contribution and over dependency on specific funders/major clients. Research grants and consultancy exceeded £54 million for the first time in LSTM’s history, representing 74.9% of the total LSTM group income. The principal risk to research turnover growth is the accessibility and success of research grant applications and this is again mitigated through risk monitoring.

- **Research turnover growth** is fundamental to the organisation with a target to increase income by over 60% within the strategic plan. The third year target was £50,935k and this has been achieved with an actual research grants (£43,491k) and consultancy (£11,256k) turnover of £54,747k.
- **Improvement to the research infrastructure** is perceived as a direct contributor to the quality and timescale for achieving high quality scientific results. In fact facilities quality separates LSTM from other UK institutions and contextualises the institution as a global player. This investment in laboratories is fully supported by the Board of Trustees. This investment is enabled by generation of surpluses.

	2012	2013	2014	2015
Surplus as a % of total income	3.60%	3.65%	3.43%	4.34%

- **Risks to the future of the institution.** Sensitivity analysis allowing for a reduction of 20% on the turnover on major funders has little effect on the bottom line of LSTM if sensibly managed, whilst any increase reflects a clear additional contribution to the infrastructure.
- **LSTM’s business plan** continues to be robust, bolstered by forward committed research contracts amounting to over £106 million.

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Other Key performance indicators reflect the organisation's robust financial model

Cash flow within a competitive project environment, constantly demanding higher and higher working capital, the figures reflect, even on prudent evaluation, a sustainable model.

	2012	2013	2014	2015
Net cash flow as a % of total income	2.6%	14.4%	-1.6%	8.0%

Further analysis reflecting other indicators provides evidence of LSTM's continuing forecast working capital strength over the next two years. Net liquidity days are the product of the 365 day year and net ready assets, all divided by the year's expenditure less depreciation.

	2012	2013	2014	2015
Net liquidity days	155	207	185	199

A financial buffer is created by increasing general reserves as a proportion of income.

	2012	2013	2014	2015
General reserves as % of total income	21.55%	24.38%	25.78%	27.41%

The proportion of staff costs remain well below the sector average of 52%

	2012	2013	2014	2015
Staff Costs as a % of total income	29.72%	29.97%	30.01%	30.42%

8 Student Numbers

LSTM is funded according to the level of activity that it generates each year. In 2014-15, 77 FTE postgraduate HEFCE funded EU students and 31 postgraduate overseas students attended the postgraduate taught courses. These figures include all Masters provision, and the Diploma in Tropical Medicine & Hygiene. LSTM also contributes to the teaching of a number of University of Liverpool undergraduate courses. In 2014-15 this represented an equivalent of 28 FTEs. PhD students register throughout the academic year. At 1 December 2014, there were 33 EU and 66 non-EU students registered on research degrees (FTEs).

LSTM also has its own portfolio of non credit-bearing courses, which do not attract HEFCE grant funding. Courses are delivered both in Liverpool and overseas and range from 3 month professional diplomas through to short vocational courses lasting from 1 day to 3 weeks. In 2014-15, 483 students attended non credit-bearing courses delivered in Liverpool and over 1500 students attended training courses and workshops delivered overseas by LSTM staff. Some of the overseas courses are funded from external sources and so do not contribute additional student fees, but they illustrate LSTM's commitment to education and training in a global sense.

9 Curriculum Developments

In 2014-15, LSTM continued to deliver seven MSc programmes, with different pathways within the Masters in International Public Health programme according to students' individual interests and career intentions. The constituent modules of a Masters programme are regularly evaluated in response to student feedback and input from external sources, in order to provide students with the most relevant and current experience. The Masters in Public Health programme was strengthened by the introduction of a new module "Health Promotion", which was well received by the students. Following LSTM gaining HEI status, the move away from University infrastructure and IT systems began with the introduction of a bespoke student information system and virtual learning environment "Brightspace". The May cohort of Diploma in Tropical Nursing students were the first to benefit from these systems and feedback was generally very positive.

10 Transparency Arrangements

The Board of Trustees conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board. Full minutes of all meetings are available from the Secretary to the Board at: Liverpool School of Tropical Medicine, Pembroke Place, Liverpool, L3 5QA.

The Secretary to the Board maintains a register of financial and personal interests of the Board members. The register is available for inspection at the above address.

11 Finances

The Group generated a surplus in the year of £3,167k (2013/14 of £2,235k).

The Group has accumulated general reserves of £20,026k and cash balances of £25,086k. LSTM wishes to continue to accumulate reserves and cash balances in order to create a contingency fund in accordance with the reserves policy.

LSTM has four subsidiary companies; LSTM Consulting Ltd (LSTMC), Innovative Vector Control Consortium (IVCC), EchiTab Study Group (UK) Ltd and Liverpool International Health Ventures Ltd (LIHV).

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The principal business activity of LSTM is the provision of technical assistance across the spectrum of international health through consultancy, training and project management services. LSTM has five further subsidiary companies; LATH Management Services Ltd (LMS), LSTM (Kenya) Ltd, Liverpool Associates in Tropical Health Nigeria Ltd (LATH Nigeria), LSTM Consulting (USA) Inc. and LATH (Umoyo) Ltd. LMS, LATH Nigeria and LATH (Umoyo) were dormant in the year.

IVCC is a registered charity, primarily concerned with the development of new insecticides and information tools for the control of vector borne diseases.

EchiTab Study Group UK (Ltd) is a company formed to develop research in snake antivenom with the Nigerian Ministry of Health. This company was dormant in the year.

LIHV was formed as a holding company to develop future trading subsidiary companies in the Group. Currently LIHV holds two subsidiaries, Well Travelled Clinics Ltd (WTC), a company formed to deliver pre travel health advice and Liverpool International Health I.P. Ltd (LIHIP), a company set up to hold LSTM's intellectual property.

12 Staff and Student Involvement

LSTM considers good communication with its staff to be very important and, to this end, it publishes a regular newsletter which is available to all staff. There are regular monthly management reports to the Staff Forum meetings. LSTM encourages staff and student involvement through membership of formal committees and provides positions on the management committee to representatives from the LSTM staff forum. LSTM's Investors in People status was renewed in May 2010 and Athena Swan registration is also being pursued.

13 Taxation

LSTM's activities do not fall to be charged to corporation tax, given that income and gains are applied for and used exclusively for charitable purposes. LSTM's subsidiaries fall under the scope of corporation tax, except for IVCC, which has charity status.

14 Employment of Disabled Persons

LSTM considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with LSTM continues. LSTM's policy is to provide training, career development and opportunities for promotion that are, as far as possible, identical to those for other employees.

15 Disability Statement

LSTM seeks to achieve the objectives set down in the Disability Discrimination Act 2000 and in particular makes the following commitments:

- i. as part of the redevelopment of the buildings it has installed lifts and ramps so that most of the facilities may be accessible to people with a disability;
- ii. The admissions policy for all students is described in the LSTM prospectus. Appeals against a decision not to offer a place are dealt with under the complaints policy.

16 Planned Maintenance Programme

LSTM's management review the funding available for maintenance and identify an appropriate budget to deliver a prioritised planned maintenance programme for the year.

17 Endowments

LSTM holds endowment funds from the following:

Andrew Campbell Prize, Corlett Prize, David Haddock Prize, John Hay Prize, Jephcott Prize, Jervis Prize, Toosey Prize, White Waller Prize, W. Glynn Williams Prize, Blacklock Medal, Holt Medal, Milne Medal, Cicely Williams Medal, Yorke Medal, William Hesketh Leverhulme Scholarship, Joseph P. Caplan Bursary, Jean Clayton Fellowship, Mildred Ellerker Award, Gatsby, Sir Eric Griffith-Jones Memorial Fellowship Fund, Thomas Mark Fund, Kenneth Newell Bursary, Rhodes-Gilles Fund, Gwendolen Clayton Memorial Scholarships, David Smith Fund, A. M. Browne Bursary.

18 Professional Advisers

LSTM's current professional advisors are as follows :

Financial Statement and Funding Auditors:

Grant Thornton UK LLP
Royal Liver Building,
Liverpool
L3 1PS

Bankers:

The Royal Bank of Scotland plc.
1 Dale Street
Liverpool
L2 2PP

Internal Auditors:

Baker Tilly Business Services Ltd
3 Hardman Street,
Manchester, M3 3HS

Solicitors:

Brabners LLP
Horton House,
Exchange Flags,
Liverpool L2 3YL

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19 Members

The Board of Trustees are also the nominated directors under Companies Act 2006 and their term of office is for three years. The members who served on the Board during the year were as follows:

Name	Date of appointment retirement* re-appointment **	Status of appointment	Capacity and Committees Served
Mr JH Ross, BA	December 2013**	Elected	Chairman of the Board Nominations & Governance Remuneration
Mr IM Jones ACIB	December 2013**	Elected	Hon Treasurer Vice Chairman of the Board Chairman of Finance & Investment Remuneration
Dr J Amery OBE	March 2015	Elected	Board Member
Dr A Banke-Thomas MB:BS, MPH (Hons), M Health Policy & Prog. Mgt.	June 2014	Elected	Board Member (Student Rep)
Mr J Brown LLB (Hons), SOL (Hons)	December 2012**	Elected	Chairman of Audit Remuneration
Mr N Earlam	December 2013	Elected	Finance & Investment
Dr TT Francis BSc	December 2013**	Elected	Audit Remuneration
Prof J Hemingway CBE, FRS, DSc, PhD, BSc, NAS (Foreign Associate), FMedSci, FRCP (Hon), FRES (Hon), FAAM	December 2004	Ex Officio / staff	Director of LSTM Nominations & Governance Remuneration Finance & Investment
Dr A Hoskins MB, BAO, BCH, MCommH, FFPH	December 2014**	Elected	Board Member
Prof MJ Jackson BSc, PhD, MRCPPath, FRCPPath	July 2015*	Nominated/UoL Elected	Audit
Dr J Lob-Levyt CBE	March 2015	Elected	Board Member
Rt Hon S O'Brien MP	March 2015*	Elected	Nominations & Governance
Mr JH Schofield BA, ACA	December 2013**	Elected	Deputy Hon Treasurer Finance & Investment
Prof Sir N Thrift FBA, DL	December 2012	Elected	Board Member
Prof S Ward BSc, PhD	December 2012	Ex Officio / staff	Deputy Director of LSTM
Mr ACM Winter MCSI, MIoD, MA Oxon	December 2013**	Elected	Board Member
Mr RE Holland FCCA, MBA	December 2004	Non member	Secretary to the Board
Mr N Banatvala, MBBS, MSC, MD, FFPH, FRCP	April 2015*	Non member (WHO advisor)	Observer to the Board

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20 Donations

The Board of Trustee members take this opportunity to thank all donors to LSTM, including Her Majesty the Queen.

Revenue Donations

The names of contributors whose donations exceeded £1,000 are listed below:

The Elder Dempster Nigeria and Ghana Independence Trust; The Oglesby Charitable Trust; Lord Leverhulme's Charitable Trust; The Gunter Charitable Trust; The Lord Cozens Hardy Charitable Trust; Joseph Strong Frazer Charitable Trust; Delves Charitable Trust; Mr J.B. Bibby; Baroness Helene Hayman; Key Travel; Dame Jane Newell; Liverpool Mayor's Office; Liverpool Distillery; The late Charles Verdon; The late Shirley Wynne Wingrove and a number of other anonymous donors.

The names of contributors whose donations are under £1,000 are shown below:

Millfield Trust; Dr Falk Pharma UK Ltd; The Royal Pharmaceutical Society of Great Britain; The Charles Brotherton Charitable Trust; The Delphine M. Dickson Trust; Lucie Bayliss; Nicholas Barber C.B.E.; The Dr Gwynne Trust; Bassil Shippam and Alsford Trust; The Wyndham Charitable Trust; Mr Aslam Chouglay; Mr T.P. Naylor; G M Morrison Charitable Trust; Judith M. Wheeldon; Mrs M.J. Lane; Mr & Mrs Toosey; Mr & Mrs D.M. Behrend; Gillian Summers; University of Liverpool Women's Club; Audrey R Plint; Moses Bockarie; David Ross; Jean-Paul Ngandu-Mbanga; Debbie Hawker; World Friendship; Aminata Nunie Charlie; Angela Mills; Peace and Tranquility; Eva Maria; Oxford Biosystems; Rachel Piggott; Andrew Rigby; Bridget Innes; Liz Smith; PJH Wills Charitable Trust; Amy Gallagher; Amy Warburton; Carol Lennon; Sue Assinder; Frederica Crawford; Gina and Jon Cooper; Lord Cozens Hardy Charitable Trust; Burnett Lunan; Richard Cibulskis; Lee Cooper; Karen Charters; Mary Lyons; Emma Coyle; Medela UK; Jackie Lane; Pete Shallcross; Himansu; Lianne and Sam Jones; Sanjoy Basu; Jude Relihan; Hazel Clark; Rachel Barton; Hannah Cherry; Marjory MacLean; Jayne Anderson; Tamsin Scott; Matt Price; Sue Deakin; Olly Atkins; Gemma Waring; Ian Jones; Bill and Marg Snell; Rosa Bloom; Louise Vaughn; Steven Brady; Alex Traynor; Eliza James Bushby; Jane Lomax; Kate Valentino; N Clements; Nicky Abedin; Launch Diagnostics; Lynn McLean; Dr Francis G Muriithi; Cliona Doyle; The Privy Purse Charitable Trust; Julie Anderson; Deborah Simpson; Christina McManus; JJ & RM Eyre; Clare Bebb; Vicky Cowley; Lorna Rogers; Mick Dilworth; Susan Berry; Mark Jones; Tracy Mawson; Richard Weston; Alan, Heather, Rebecca Gavin; Julie Fogarty; Andy Snell; Ruth Melican; Myriam Bonduelle; Mary Jarvis; Royal College of Obstetricians and Gynaecologists; Paul Fogarty; Laura Bradley; Billy Dean; Tess Norman; Louise Blackie; Duncan Preston; John Sutherst; Revival Books Ltd; Jon and Julie Elam; The Late Frances Foley; Mrs LA Armitage; JM Howarth; AM Armour; FM Guy; AN Blackburn; Quinns of Greasby; Lady Christine Bibby; The Royal Bank of Scotland Group and a number of anonymous donors.

Capital Donations

There were no capital donations during this period.

21 Statement of Corporate Governance and Internal Controls

LSTM is committed to maintaining the highest standards of corporate governance and in doing so complies with The Committee of University Chairmen Governance Code of Practice. In carrying out its duties, it also has regard to the best practice in The UK Corporate Governance Code insofar as it is applicable to LSTM.

The Board of Trustees

The composition of the Board of Trustees is set out on page 6. It is the Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board is provided with regular and timely information on the overall financial performance of LSTM together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Board of Trustees meets on a termly basis.

The Board of Trustees conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board. These committees are:

- Audit
- Finance & Investment
- Nominations and Governance
- Remuneration

All Board members are able to take independent professional advice in furtherance of their duties at LSTM's expense and have access to the Secretary to the Board who is responsible to the Board of Trustees for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Secretary are matters for the Board of Trustees as a whole.

Formal agendas, papers and reports are supplied to members in a timely manner prior to Board meetings. Briefings are also provided on an ad-hoc basis.

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The Board has a strong and independent non-executive element and no individual or group dominates its decision making process. The Board considers that each of its non-executive members is independent of management and free from any business or other relationships, which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and Director are separate.

Appointments to the Board of Trustees

Any new appointments to the Board are a matter for consideration of the Board as a whole. The Board of Trustees has a Nominations and Governance Committee comprised of three members which is responsible for the selection and nomination of any new member for the Board's consideration. The Board is responsible for ensuring that appropriate training is provided as required.

Members of the Board of Trustees are appointed for a term of office of three years. Retiring Trustees shall be eligible for re-election subject to paragraph 5.5, 5.5.1 and paragraph 5.5.2 of the amended Articles (December 2013).

Audit Committee

The Audit Committee is comprised of three members of the Board (excluding the Director and Chair), one member of staff and 2 co-opted independent members. The Committee operates in accordance with written terms of reference approved by the Board of Trustees.

The Audit Committee meets on a termly basis and provides a forum for reporting by LSTM's internal and financial statements auditors who have access to the Committee for independent discussion without the presence of LSTM management.

LSTM's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed recommendations and internal auditors undertake periodic follow up reviews, to ensure that such recommendations have been implemented.

The Audit Committee also advises the Board of Trustees on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work.

Remuneration Committee

Throughout the year ending 31 July 2015, LSTM's Remuneration Committee comprised the Chairman, Treasurer, Chair of the Audit Committee and 2 other Board members. The committee's responsibility is to make recommendations on the remuneration and benefits of the Director, the Director of Strategic Operations and other senior members of staff in LSTM.

Details of remuneration for the year ended 31 July 2015 are set out in notes 8 & 9 of the financial statements.

Internal Control

The Board of Trustees is ultimately responsible for LSTM's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, not absolute, assurance against material misstatement or loss.

The Board of Trustees has delegated to the Director of LSTM as Accounting Officer, the day-to-day responsibility for reviewing the adequacy of the system of internal financial control and making any appropriate amendments. The Director is also responsible for reporting to the Board any material weaknesses or breakdowns in internal financial control.

The Board of Trustees is of the view that there is a formal on going process for identifying, evaluating and managing LSTM's significant risks that have been in place and operational for the year ended 31 July 2015. The Board regularly review this process. The process continues to be developed with the adoption of a prioritised corporate risk action plan to include timescales and responsible officers. The process is now embedded within all levels of LSTM.

Value for Money

LSTM strives to apply value for money considerations to all its processes and activities, and this is supported by strong awareness and vigilance across the senior management team. The Audit committee receives an annual report on LSTM's procurement activity, including a specific report from the Head of Procurement on LSTM's efforts to secure value for money. In addition, each internal audit review undertaken and submitted to the Audit Committee makes specific observations and judgements concerning the value for money demonstrated.

Risk Management

A comprehensive risk management framework, defined in LSTM's Risk Management Policy, assists the management of LSTM in the identification of the key risks inherent in the delivery of its strategy. This is overseen by the Audit Committee in order to gain the necessary assurances on the efficacy of the framework and relay them to the Board of Trustees.

The Board of Trustees, through the Audit Committee, evaluates the risks inherent in all major plans and proposals, including the identification of the steps that would be required to mitigate, eliminate and control such risks. The Risk Register is reviewed by the Audit Committee on a routine basis, and is presented to the Board of Trustees at each meeting.

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22 Going Concern

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

23 Strategic Reporting

As a registered charity, the strategic report is contained in the following sections:

- 3 Vision and Mission
- 4 Objectives
- 5 The Nature, Objectives and Strategies of the Charity
- 6 Key Performance Indicators (KPIs)

24 Trustees' Responsibilities

The trustees are responsible for preparing the Operating and Financial Review, Statement of Corporate Governance and Internal Controls, and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the charitable company and group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and statement of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business;
- ensure that funds received from HEFCE have been properly applied for the purposes for which they were received.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

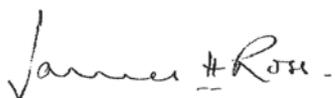
In so far as each of the trustees is aware:

- there is no relevant audit information of which the group's and company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

A resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting, under the heading "Independent Auditors".

Signed on behalf of the Board of Trustees



JH Ross, OBE
Chairman
2 November 2015

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Statement on the System of Internal Financial Control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by Liverpool School of Tropical Medicine.

The system can provide only reasonable and not absolute, assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board of Trustees;
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

Liverpool School of Tropical Medicine has an internal audit service, which operates in accordance with the requirements of the Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which LSTM is exposed and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Trustees on the recommendation of the Audit Committee. The Chair of the Audit Committee provides the Board with a report on internal audit activity in LSTM at a minimum annually. The report includes the financial statement and funding auditor's and internal auditor's independent opinion on the adequacy and effectiveness of LSTM's system of internal control, risk management controls and governance processes, including internal financial control.

My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the Audit Committee which oversees the work of the internal auditor, the executive managers within LSTM who have responsibility for the development and maintenance of the financial control framework and comments made by LSTM's financial statement and funding auditor in their management letters and other reports.



Professor J Hemingway CBE, FRS, DSc, PhD, BSc,
NAS (Foreign Associate), FMedSci, FRCP (Hon), FRES (Hon), FAAM
Director
2 November 2015

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Independent Auditor's Report to the Governing Body of Liverpool School of Tropical Medicine

We have audited the financial statements of Liverpool School Tropical Medicine ('LSTM') for the year ended 31 July 2015 which comprise the group and LSTM's income and expenditure account, the group and LSTM's statement of total recognised gains and losses, the group and LSTM's balance sheet, the group and LSTM's cash flow statements, the statement of principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Governing Body and auditor

As explained more fully in the Statement of Responsibilities of the Governing Body set out on pages 8 and 9, the Governing Body (who are also the directors of the charitable company for the purposes of company law) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under the Companies Act 2006 and the Education Reform Act 1988 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and LSTM's affairs as at 31 July 2015 and of the group's surplus, and its income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

In our opinion, in all material respects:

- funds from whatever source administered by LSTM for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of assurance and accountability and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

Opinion on other matters prescribed by HEFCE's Memorandum of assurance and accountability dated June 2014

In our opinion, in all material respects:

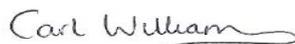
- Funds from whatever source administered by LSTM for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- Funds provided by HEFCE have been applied in accordance with the Memorandum of assurance and accountability and any other terms and conditions attached to them; and
- The requirements of HEFCE's accounts direction have been met.

Matters on which we are required to report by exception

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

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

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
2 November 2015



**Liverpool School of Tropical Medicine
Financial Statements for the year ended 31 July 2015**

Income and Expenditure Accounts

	Notes	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Income					
Funding Council Grants	2	7,739	7,739	5,708	5,708
Tuition fees and education contracts	3	2,898	2,898	3,037	3,037
Research grants and contracts	4	43,491	34,463	40,142	32,253
Other income	5	18,579	16,221	16,074	13,351
Endowment and Investment income	6	357	360	226	226
Surplus on disposal of investments	7	2	2	203	203
Total income		73,066	61,683	65,390	54,778
Expenditure					
Staff costs	8	22,229	20,324	19,622	18,347
Other operating expenses	10	46,559	37,356	42,508	33,693
Depreciation	14	1,110	1,102	1,019	1,010
Interest payable	11	-	-	-	-
Total expenditure		69,898	58,782	63,149	53,050
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax		3,168	2,901	2,241	1,728
Taxation	12	(1)	-	(6)	-
Surplus on continuing operations after depreciation of assets at valuation, revaluation of investments and tax	13	3,167	2,901	2,235	1,728

The income and expenditure account is in respect of continuing activities and there were no operations that were acquired or discontinued by the Liverpool School of Tropical Medicine Group during the year.

**Liverpool School of Tropical Medicine
Financial Statements for the year ended 31 July 2015**

Statement of the Total Recognised Gains and Losses

	Notes	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Surplus on continuing operations after depreciation of assets at valuation, revaluation of investments, and tax	13	3,167	2,901	2,235	1,728
Appreciation of endowment asset investments (realised)	22	841	841	230	230
Endowment income (released)/retained for year	22	(50)	(50)	33	33
Revaluation of endowment asset investments (unrealised)	22	(327)	(327)	121	121
Revaluation of investments	23	221	221	75	75
Total recognised gains relating to the year		<u>3,852</u>	<u>3,586</u>	<u>2,694</u>	<u>2,187</u>
Reconciliation					
Opening reserves and endowments		30,815	29,495	28,121	27,308
Total recognised gains for the year		3,852	3,586	2,694	2,187
Closing reserves and endowments		<u>34,667</u>	<u>33,081</u>	<u>30,815</u>	<u>29,495</u>

**Liverpool School of Tropical Medicine
Financial Statements for the year ended 31 July 2015**

Balance Sheets as at 31 July

	Notes	Group 2015 £000	LSTM 2015 £000	Group 2014 £000	LSTM 2014 £000
Fixed assets					
Tangible assets	14	47,079	46,772	42,502	42,187
Investments	15	-	54	-	54
		<u>47,079</u>	<u>46,826</u>	<u>42,502</u>	<u>42,241</u>
Endowment assets	16	<u>13,359</u>	<u>13,359</u>	<u>12,895</u>	<u>12,895</u>
Current assets					
Stock		64	16	57	17
Debtors	17	12,800	12,234	12,973	11,999
Investments	18	12,509	12,509	12,297	12,297
Cash at bank and in hand		<u>25,063</u>	<u>7,731</u>	<u>19,120</u>	<u>7,152</u>
		50,436	32,490	44,447	31,465
Creditors: amounts falling due within one year	19	43,706	27,093	38,318	26,395
Net current assets		<u>6,730</u>	<u>5,397</u>	<u>6,129</u>	<u>5,070</u>
Total assets less current liabilities		67,168	65,582	61,526	60,206
NET ASSETS		<u>67,168</u>	<u>65,582</u>	<u>61,526</u>	<u>60,206</u>
Deferred capital grants	21	32,501	32,501	30,711	30,711
Endowments					
Restricted permanent	22	6,566	6,566	6,410	6,410
Unrestricted permanent	22	<u>6,793</u>	<u>6,793</u>	<u>6,485</u>	<u>6,485</u>
		<u>13,359</u>	<u>13,359</u>	<u>12,895</u>	<u>12,895</u>
Reserves					
Revaluation reserves	23	1,282	1,282	1,061	1,061
General reserve	24	<u>20,026</u>	<u>18,440</u>	<u>16,859</u>	<u>15,539</u>
		<u>21,308</u>	<u>19,722</u>	<u>17,920</u>	<u>16,600</u>
TOTAL FUNDS		<u>67,168</u>	<u>65,582</u>	<u>61,526</u>	<u>60,206</u>

The financial statements on pages 11 to 30 were approved by the Board of Trustees on 2 November 2015 and were signed on behalf of the Directors by:-



IM Jones - Honorary Treasurer



Professor J Hemingway - Director

**Liverpool School of Tropical Medicine
Financial Statements for the year ended 31 July 2015**

Cash Flow Statements

	Notes	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Cash flow from operating activities	25	8,572	3,347	33	(1,192)
Returns on investments and servicing of finance	26	307	310	259	259
Taxation	12	(1)	-	(6)	-
Capital expenditure and financial investment	27	(2,931)	(2,931)	(1,321)	(1,321)
Cash inflow / (outflow) before use of liquid resources and financing		<u>5,947</u>	<u>726</u>	<u>(1,035)</u>	<u>(2,254)</u>
Management of liquid resources	28	(147)	(147)	17	17
Increase / (decrease) in cash in the year		<u>5,800</u>	<u>579</u>	<u>(1,018)</u>	<u>(2,237)</u>
Reconciliation of net cash flow to movement in net funds					
Increase / (decrease) in cash in the year		5,800	579	(1,018)	(2,237)
Cash inflow / (outflow) from liquid resources	28	147	147	(17)	(17)
Movement in net funds in year		<u>5,947</u>	<u>726</u>	<u>(1,035)</u>	<u>(2,254)</u>
Net funds at 1 August	29	20,085	8,152	21,120	10,406
Net funds at 31 July	29	<u>26,032</u>	<u>8,878</u>	<u>20,085</u>	<u>8,152</u>

Liverpool School of Tropical Medicine

Financial Statements for the year ended 31 July 2015

Notes to the Accounts

1 Statement of Principal Accounting Policies

i) Accounting convention

These financial statements have been prepared under the historic cost convention as modified by the revaluation of Investments and Endowment Asset Investments, and in accordance with applicable Accounting Standards. They conform to the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education Institutions 2007, on the basis that the School receives funds from the Higher Education Funding Council for England (HEFCE).

ii) Basis of consolidation

The consolidated financial statements include the financial statements of LSTM and its subsidiary undertakings, LSTM Consulting Limited, Liverpool International Health Ventures Limited, IVCC Limited, and Echitab Study Group (UK) Limited. Inter-group transactions are eliminated fully on consolidation.

iii) Recognition of income

Income from research grants and 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. Income from investments is credited to the Income and Expenditure Account on a receivable basis. Any payments received in advance of such performance are recognised on the balance sheet as liabilities.

iv) Pension schemes

LSTM's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and University of Liverpool Pension Fund (ULPF). Both schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P). The funds are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by each fund's trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Contributions to the schemes are charged to the income and expenditure account as though they were defined contribution schemes. This is in accordance with the accounting for multi employer pension schemes whereby the asset and liabilities cannot be readily split between participating members. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, 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 (note 30).

v) 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 at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

vi) Land and buildings

The main LSTM buildings are erected on freehold land and are depreciated over a period of 50 years.

Other LSTM buildings which are erected on leasehold land are depreciated over the life of the lease or over a period of 50 years, whichever is the shorter.

Building work capitalised has in part been funded by specific benefactions. The related benefaction received in advance is being released to the Income and Expenditure Account over the assets' useful life. The release of capital grant has matched the depreciation policy.

vii) Fixtures and equipment

Equipment has been capitalised if costing £5,000 or more. The equipment will be written off over its useful life which is assumed to be 4 years. Equipment acquired under a research contract is treated as revenue expenditure within that research contract.

viii) Investments

Endowment asset investments and current asset investments are included in the balance sheet at market value. The subsidiary undertakings are stated at cost, adjusted by any necessary impairment.

LSTM's treasury management policy is for all endowments to be invested in a portfolio of long term investments, while working balances and revenue reserves are invested short term with interest received credited to the income and expenditure account. The long term investments are managed by external fund managers accountable to LSTM's Finance & Investment Committee. The short term investments are in the money market and are the day to day responsibility of the Director of Finance, working with external cash managers. The investment objective is to achieve maximum return with minimum risk.

Non-endowment investments are held as current assets as they are available to be drawdown on demand.

ix) Taxation status

LSTM 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 Income and Corporation Taxes Act 1988. LSTM 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 S 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. LSTM Consulting Ltd and LIHV Ltd are trading companies liable to corporation tax. LSTM is registered for VAT. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

Liverpool School of Tropical Medicine

Financial Statements for the year ended 31 July 2015

1 Statement of Principal Accounting Policies (continued)

x) **Liquid resources**

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

xi) **Stock and work in progress**

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

Work in progress is valued on the basis of direct costs plus overheads attributable based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

xii) **Deferred government grants**

Government grants in respect of capital expenditure are treated as deferred capital grants and are credited to the income and expenditure account over the estimated useful life of the assets to which they relate.

xiii) **Maintenance of premises**

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

xiv) **Provisions**

Provisions are recognised when LSTM 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.

xv) **Reserves policy**

The Board of Trustees approved a strategic plan covering a five year period to 31 July 2017. This plan anticipates LSTM's free reserves being augmented by the end of the period. The Board has targeted, at the end of the five year period of the strategic plan for free reserves to represent a minimum of 3 months pay expenditure.

xvi) **Accounting for charitable donations**

Unrestricted Donations

Charitable donations are recognised in the accounts when the charitable donation has been received or, before receipt, if there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Endowment Funds

Where charitable donations are to be retained for the benefit of LSTM as specified by the donors, these are accounted for as endowments. There are two main types:

- 1) Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream which can be applied to any objective
- 2) 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

xvii) **Going Concern**

The Board of Trustees considers that LSTM has sufficient financial resources and is confident that its future income streams will maintain these resources.

The Board of Trustees has a reasonable expectation that LSTM has adequate resources to continue in operation for the foreseeable future. Thus, it continues to adopt the going concern basis in preparing the financial statements.

2 Funding Council Grants

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Recurrent grant - HEFCE	<u>7,739</u>	<u>7,739</u>	<u>5,708</u>	<u>5,708</u>

Liverpool School of Tropical Medicine

Financial Statements for the year ended 31 July 2015

3 Tuition Fees and Education Contracts

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
UK Higher Education students	356	356	433	433
Non-EU students	951	951	991	991
Short Courses	1,441	1,441	1,416	1,416
	<u>2 748</u>	<u>2 748</u>	<u>2 840</u>	<u>2 840</u>
Higher Education contracts	-	-	-	-
Other contracts	150	150	197	197
	<u><u>2,898</u></u>	<u><u>2,898</u></u>	<u><u>3,037</u></u>	<u><u>3,037</u></u>

4 Research Grants and Contracts

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Research Council	3,980	3,980	3,495	3,495
UK based charities	6,828	7,464	7,105	7,986
UK Central Government and other bodies	7,464	6,783	12,148	7,955
UK Industry, commerce and public operations	354	354	109	109
European Commission	4,638	4,588	4,229	4,229
Other overseas bodies	20,204	11,271	12,910	8,333
Other	23	23	146	146
Total	<u><u>43,491</u></u>	<u><u>34,463</u></u>	<u><u>40,142</u></u>	<u><u>32,253</u></u>

Included within UK based charity income is £729k allocated to LSTM by IVCC, a UK registered charity under the control of LSTM. This income has been recognised as UK based charity income by being matched against the related charitable expenditure incurred by the Group. IVCC allocates funding to research institutions on a competitive basis as validated by its External Scientific Advisory Committees.

5 Other Income

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Other income generating activities	1,202	312	1,095	231
Implementation research consultancy	11,256	9,436	10,774	8,357
Other grant income	217	217	217	217
Releases from deferred capital grants	758	758	614	614
Donations for general purposes	44	44	25	25
Donations for specific purposes	144	144	224	224
Subvention from North West Regional Health Authority	513	513	356	356
Other income	4,445	4,749	2,769	3,243
Gift aid from subsidiary	-	48	-	84
	<u><u>18,579</u></u>	<u><u>16,221</u></u>	<u><u>16,074</u></u>	<u><u>13,351</u></u>

Liverpool School of Tropical Medicine

Financial Statements for the year ended 31 July 2015

6 Endowment and Investment Income

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Dividend income and interest receivable	204	204	63	63
Income from general endowment asset investments (note 22)	106	106	123	123
Other endowment income	-	-	-	-
Other interest receivable	47	50	40	40
	<u>357</u>	<u>360</u>	<u>226</u>	<u>226</u>

7 Surplus on disposal of investments

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Total surplus	2	2	203	203
	<u>2</u>	<u>2</u>	<u>203</u>	<u>203</u>

8 Staff Costs

	Group Year ended 31 July 2015 Number	LSTM Year ended 31 July 2015 Number	Group Year ended 31 July 2014 Number	LSTM Year ended 31 July 2014 Number
Professional	27	27	19	19
Academic and academic related	79	79	96	96
Research	229	211	205	185
Secretarial and clerical	73	68	64	58
Technical	21	14	21	15
Other	3	3	3	3
	<u>432</u>	<u>402</u>	<u>408</u>	<u>376</u>

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

Staff costs for the above persons:

	£000	£000	£000	£000
Wages and salaries	18,232	16,651	16,107	15,041
Social security costs	1,577	1,420	1,340	1,242
Other pension costs	2,420	2,253	2,142	2,031
Restructuring costs	-	-	33	33
	<u>22,229</u>	<u>20,324</u>	<u>19,622</u>	<u>18,347</u>

Liverpool School of Tropical Medicine

Financial Statements for the year ended 31 July 2015

8 Staff Costs (continued)

	Group Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000
Employment costs for staff on permanent contracts	22,229	19,455
Employment costs for staff on short-term and temporary contracts	-	134
Restructuring costs	-	33
	<u>22,229</u>	<u>19,622</u>

The restructuring costs were approved by the School's remuneration committee.

The number of staff, including senior post-holders and the Director, who received emoluments in the following ranges was:

	Group		Group	
	Year ended 31 July 2015 Number senior post- holders	31 July 2015 Number Other Staff	Year ended 31 July 2014 Number senior post- holders	31 July 2014 Number Other Staff
£100,001 to £110,000	-	5	-	3
£110,001 to £120,000	-	3	-	1
£120,001 to £130,000	-	2	-	3
£130,001 to £140,000	-	1	-	1
£140,001 to £150,000	-	1	1	2
£150,001 to £160,000	1	2	-	2
£160,001 to £180,000	-	2	-	2
£190,001 to £200,000	-	2	-	1
£210,001 to £220,000	-	-	-	1
£220,001 to £230,000	-	1	-	-
£230,001 to £240,000	-	-	1	-
£250,001 to £260,000	1	-	-	-
	<u>2</u>	<u>19</u>	<u>2</u>	<u>16</u>

9 Senior Post-holders' Emoluments

	Year ended 31 July 2015 Number	Year ended 31 July 2014 Number
The number of senior post-holders including the Director was:	2	2
Senior post-holders' emoluments are made up as follows:		
	£000	£000
Salaries	388	355
Benefits in kind	-	-
Pension contributions	21	20
Total emoluments	<u>409</u>	<u>375</u>

Liverpool School of Tropical Medicine

Financial Statements for the year ended 31 July 2015

9 Senior Post-holders' Emoluments (continued)

The above emoluments include amounts payable to the Director of:

	£000	£000
Salary	254	233
Benefits in kind	-	-
	<u>254</u>	<u>233</u>
Pension contributions	<u>-</u>	<u>-</u>

The pension contributions of the Director and senior post-holders are in respect of employer's contributions to the USS and are paid at the same rate as for other employees.

The members of the Board other than the Director and the staff members did not receive any payment from LSTM other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Overseas activities

LSTM's business is such that a substantial amount of overseas activities are carried out by all staff, which includes senior post-holders and higher paid staff. It is not believed appropriate to account for this expenditure in a separate note.

10 Other Operating Expenses

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Teaching courses related costs	299	299	288	288
Laboratory and other costs	2,417	2,005	1,603	1,257
Teaching and other support services	1,238	1,238	1,403	1,403
Research grants costs	30,567	22,859	28,758	22,311
Implementation research consultancy	9,355	8,076	7,969	5,891
Administration and central services	634	830	530	610
General education	24	24	243	219
Premises running costs	1,087	1,087	943	943
Premises maintenance	888	888	721	721
Planned maintenance	50	50	50	50
Total	<u>46,559</u>	<u>37,356</u>	<u>42,508</u>	<u>33,693</u>
Other operating expenses include:				
Auditors' remuneration:				
financial statements audit	36	19	33	14
internal audit	24	24	23	23
other services from either external or internal audit	<u>16</u>	<u>10</u>	<u>7</u>	<u>7</u>

Liverpool School of Tropical Medicine

Financial Statements for the year ended 31 July 2015

11 Interest Payable

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
On bank loans, overdrafts and other loans:				
Repayable within 5 years, not by instalments	-	-	-	-
Repayable within 5 years, by instalments	-	-	-	-
Repayable wholly or partly in more than 5 years	-	-	-	-
Total	-	-	-	-

12 Taxation

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
United Kingdom corporation tax	1	-	6	-

13 Surplus on Continuing Operations for the Year

The surplus on continuing operations for the year is made up as follows :

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
LSTM's surplus for the year	3,167	2,853	2,235	1,644
Surplus generated by subsidiary undertakings and transferred to LSTM under gift aid	-	48	-	84
Total	3,167	2,901	2,235	1,728

14 Tangible Fixed Assets

	Freehold land and building £000	Fixtures and Equipment £000	Total £000
GROUP			
Cost or Valuation			
At 1 August 2014	48,990	2,032	51,022
Additions	4,460	1,227	5,687
Disposals	-	-	-
At 31 July 2015	53,450	3,259	56,709
Depreciation			
At 1 August 2014	6,884	1,636	8,520
Charge for year	857	253	1,110
Eliminated in respect of disposals	-	-	-
At 31 July 2015	7,741	1,889	9,630
Net Book Value at 31 July 2015	45,709	1,370	47,079
Net Book Value at 31 July 2014	42,106	396	42,502
Financed by other capital grant	28,981	-	28,981
Financed by HEFCE capital grant	3,520	-	3,520
Financed by other	13,208	1,370	14,578
	45,709	1,370	47,079

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14 Tangible Fixed Assets (continued)

	Freehold land and building £000	Fixtures and Equipment £000	Total £000
LSTM			
Cost or Valuation			
At 1 August 2014	48,638	2,012	50,650
Additions	4,460	1,227	5,687
Disposals	-	-	-
At 31 July 2015	<u>53,098</u>	<u>3,239</u>	<u>56,337</u>
Depreciation			
At 1 August 2014	6,847	1,616	8,463
Charge for year	850	252	1,102
Eliminated in respect of disposals	-	-	-
At 31 July 2015	<u>7,697</u>	<u>1,868</u>	<u>9,565</u>
Net Book Value at 31 July 2015	<u>45,401</u>	<u>1,371</u>	<u>46,772</u>
Net Book Value at 31 July 2014	<u>41,791</u>	<u>396</u>	<u>42,187</u>
Financed by other capital grant	28,981	-	28,981
Financed by HEFCE capital grant	3,520	-	3,520
Financed by other	12,900	1,371	14,271
	<u>45,401</u>	<u>1,371</u>	<u>46,772</u>

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly, the book values at implementation have been retained.

The net book value of tangible fixed assets includes no amount in respect of assets held under finance leases.

15 Investments

	LSTM Year ended 31 July 2015 £000	LSTM Year ended 31 July 2014 £000
Investments in subsidiary companies	<u>54</u>	<u>54</u>

LSTM owns 100% of the issued ordinary £1 shares of LSTM Consulting Limited, a company incorporated in England and Wales. Its principal business activity is carrying out technical assistance on health issues in tropical countries.

LSTM owns 100% of the issued ordinary £1 shares of Liverpool International Health Ventures Limited, a company incorporated in England and Wales. Its principal business activity is being a holding company for both a travel clinic and an intellectual property company.

LSTM owns 100% of the issued ordinary £1 shares of EchiTAB Study Group (UK) Limited, a company incorporated in England and Wales. Its principal business activity is to develop an anti-venom unit within Nigeria. The company was dormant in the year.

LSTM owns 100% of IVCC Limited, a company incorporated in England and Wales. IVCC is a company limited by guarantee and holds no share capital. Its principal business activity is to carry out research into controlling vector-borne diseases such as malaria and dengue.

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16 Endowment Assets

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Balance at 1 August 2014	12,895	12,895	12,511	12,511
Additions	5,926	5,926	671	671
Disposals	(5,282)	(5,282)	(391)	(391)
(Depreciation)/appreciation on disposals / revaluation	(327)	(327)	121	121
Increase/(decrease) in cash balances held at fund managers	147	147	(17)	(17)
Balance at 31 July 2015	<u>13,359</u>	<u>13,359</u>	<u>12,895</u>	<u>12,895</u>
Represented by:				
Fixed interest stocks (listed)	1,152	1,152	853	853
Equities (listed)	10,183	10,183	10,453	10,453
Cash balances	1,147	1,147	999	999
Other	877	877	590	590
Total	<u>13,359</u>	<u>13,359</u>	<u>12,895</u>	<u>12,895</u>

17 Debtors

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Amounts falling due within one year				
Trade debtors	781	462	457	323
Amounts owed by subsidiary undertakings	-	348	-	953
Balances due on research grants and contracts	10,543	10,496	11,159	9,912
Prepayments and accrued income	1,476	928	1,357	811
Total	<u>12,800</u>	<u>12,234</u>	<u>12,973</u>	<u>11,999</u>

18 Investments

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Cost at 1 August 2014	10,679	10,679	11,018	11,018
Additions	394	394	672	672
Disposals	(47)	(47)	(1,011)	(1,011)
Cost at 31 July 2014	<u>11,026</u>	<u>11,026</u>	<u>10,679</u>	<u>10,679</u>
Unrealised surplus at 1 August 2014	1,061	1,061	986	986
Revaluation for the year	221	221	75	75
Market value as at 31 July 2015	<u>12,308</u>	<u>12,308</u>	<u>11,740</u>	<u>11,740</u>
Cash balances at investment brokers	201	201	557	557
Total	<u>12,509</u>	<u>12,509</u>	<u>12,297</u>	<u>12,297</u>
Represented by:				
Fixed interest stocks (listed)	8,273	8,273	8,465	8,465
Equities (listed)	2,428	2,428	2,265	2,265
Cash balances	786	786	978	978
Other	1,022	1,022	589	589
Total	<u>12,509</u>	<u>12,509</u>	<u>12,297</u>	<u>12,297</u>

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19 Creditors: Amounts Falling Due Within One Year

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Bank loans and overdrafts	178	-	35	-
Unexpended balances of research grants and contracts	30,157	16,007	26,834	16,582
Trade creditors	1,280	1,263	2,625	2,569
Amounts owed to subsidiary undertakings	-	-	-	18
Other taxation and social security	453	445	411	400
Accruals	11,638	9,378	8,413	6,826
	43,706	27,093	38,318	26,395

20 Borrowings

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Bank loans and overdrafts				
Bank loans and overdrafts are repayable as follows:				
In one year or less, or on demand	178	-	35	-
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	-	-	-	-
Total	178	-	35	-

21 Deferred Capital Grants

	Group Funding Council £000	Group Other Funding £000	Group Total £000	LSTM Total £000
At 1 August 2014				
Buildings	3,609	27,095	30,704	30,704
Equipment	-	7	7	7
Cash received				
Buildings	-	2,548	2,548	2,548
Equipment	-	-	-	-
Released to income and expenditure account				
Buildings	(89)	(662)	(751)	(751)
Equipment	-	(7)	(7)	(7)
Total	3,520	28,981	32,501	32,501
At 31 July 2015				
Buildings	3,520	28,981	32,501	32,501
Equipment	-	-	-	-
Total	3,520	28,981	32,501	32,501

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22 Endowments

	Group and LSTM		
	Permanent Endowments		
	Restricted £000	Unrestricted £000	Total £000
At 1 August 2014 - Capital value	6,153	6,283	12,436
- Accumulated income	257	202	459
Appreciation of endowment asset investments (realised)	378	463	841
Appreciation of endowment asset investments (unrealised)	(172)	(155)	(327)
Income for year	129	106	235
Transferred to income and expenditure account	(179)	(106)	(285)
Capital expenditure	-	-	-
At 31 July 2015 - Capital value	6,358	6,591	12,949
- Accumulated income	208	202	410

Representing

Fellowships and scholarships funds	5,408	-	5,408
Prizes funds	58	-	58
Other funds	1,100	6,793	7,893
Total	6,566	6,793	13,359

Of the restricted permanent endowments, £3,582k capital and £59k income relates to the William Hesketh Leverhulme Scholarship Trust. This is a subsidiary charity of LSTM.

Of the unrestricted permanent endowments, £4,683k capital and £202k income relates to the LSTM Professorial Endowment Funds. This is a subsidiary charity of LSTM.

23 Revaluation Reserves

	Investment Revaluation Reserve £000	Currency Revaluation Reserve £000	Group Total £000	LSTM Total £000
At 1 August 2014	1,061	-	1,061	1,061
Revaluations in the period (as per note 18)	221	-	221	221
At 31 July 2015	1,282	-	1,282	1,282

24 Movement in General Reserves

	Group Departmental Funds £000	Group Other Funds £000	Group Total £000	LSTM Total £000
Income and Expenditure Account Reserve				
At 1 August 2014	21	16,838	16,859	15,539
Surplus on continuing operations after depreciation of assets at valuation, revaluation of investments, and tax	-	3,167	3,167	2,901
Transfer between funds	(2)	2	-	-
At 31 July 2015	19	20,007	20,026	18,440

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25 Reconciliation of Operating Surplus to Net Cash Inflow/(Outflow) from Operating Activities

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Surplus on continuing operations after depreciation of assets at valuation	3,168	2,901	2,241	1,728
Depreciation (note 1 & 14)	1,110	1,102	1,019	1,010
Deferred capital grants released to income (note 21)	(758)	(758)	(614)	(614)
Profit on disposal of investments	(2)	(2)	(203)	(203)
(Increase) / decrease in stocks	(7)	1	9	4
Decrease / (increase) in debtors	173	(235)	(1,773)	(1,527)
Increase / (decrease) in creditors	5,245	698	(420)	(1,364)
Interest receivable (note 6)	(357)	(360)	(226)	(226)
Net cash inflow/(outflow) from operating activities	8,572	3,347	33	(1,192)

26 Returns on Investments and Servicing of Finance

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Income from long term investments and unrestricted permanent endowments	310	310	186	186
Net income/expenditure from restricted permanent endowments	(50)	(50)	33	33
Other interest received	47	50	40	40
Net cash inflow from returns on investment and servicing of finance	307	310	259	259

27 Capital Expenditure and Financial Investment

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Purchase of tangible fixed assets	(5,687)	(5,687)	(3,689)	(3,689)
Payments to acquire endowment assets	(5,926)	(5,926)	(671)	(671)
Payments to acquire investments	(38)	(38)	(1,201)	(1,201)
Receipt from sale of tangible fixed assets	-	-	51	51
Receipt from sale of investments	49	49	1,214	1,214
Receipt from sale of endowment assets	6,123	6,123	621	621
Deferred capital grants received	2,548	2,548	2,354	2,354
Endowments received	-	-	-	-
Net cash outflow from capital expenditure and financial investment	(2,931)	(2,931)	(1,321)	(1,321)

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28 Management of Liquid Resources

	Group Year ended 31 July 2015 £000	LSTM Year ended 31 July 2015 £000	Group Year ended 31 July 2014 £000	LSTM Year ended 31 July 2014 £000
Movement in endowment assets (cash)	(147)	(147)	17	17
Net cash (outflow)/inflow from management of liquid resources	(147)	(147)	17	17

29 Analysis of Changes in Net Funds

	At 1 August 2014 £000	Cashflows £000	Other changes £000	At 31 July 2015 £000
Group				
Cash in hand, and at bank	19,120	5,943	-	25,063
Endowment asset investments (note16)	1,000	147	-	1,147
Overdrafts	(35)	(143)	-	(178)
	<u>20,085</u>	<u>5,947</u>	<u>-</u>	<u>26,032</u>
Net funds due within 1 year	20,085	5,947	-	26,032
Net funds due after 1 year	-	-	-	-
Total	<u>20,085</u>	<u>5,947</u>	<u>-</u>	<u>26,032</u>
LSTM				
Cash in hand, and at bank	7,152	579	-	7,731
Endowment asset investments (note16)	1,000	147	-	1,147
Overdrafts	-	-	-	-
	<u>8,152</u>	<u>726</u>	<u>-</u>	<u>8,878</u>
Net funds due within 1 year	8,152	726	-	8,878
Net funds due after 1 year	-	-	-	-
Total	<u>8,152</u>	<u>726</u>	<u>-</u>	<u>8,878</u>

30 Pension and similar obligations

LSTM's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and University of Liverpool Pension Fund (ULPF) although a small number of staff belong to the National Health Service Superannuation Scheme (NHSS). All schemes are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme. The funds are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by each fund's trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, 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. The total pension cost for the period was £2,420,000 (2014 £2,142,000).

Universities Superannuation Scheme (USS)

LSTM participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

LSTM is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014 : 16%). LSTM is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £1,969,000 (2014 : £1,639,000). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

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30 Pension and similar obligations (continued)

Universities Superannuation Scheme (USS) (continued)

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

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

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

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

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

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

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

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

Existing benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

At 31 March 2014, USS had over 162,000 active members and at 31 July 2015, LSTM had 306 active members participating in the scheme (2014 261 members).

University of Liverpool Pension Fund (ULPF)

LSTM participates in the University of Liverpool Superannuation Scheme, (ULPF) a defined benefit scheme in the UK. The final salary section of the Fund is closed to new entrants with effect from 31 July 2011 and from 1 August 2011, new members are eligible to join the care section of the Fund. An actuarial valuation was carried out at 31 July 2012 and updated to 31 July 2015 by a qualified actuary, independent of the scheme's sponsoring employer.

The contributions made by the employer over the period have been £226,000 (2014 £250,000). The employer currently pays contributions at the rate of 13.4% of pensionable pay. Member contributions are payable in addition at the rate of 7.5% of pensionable pay for Final Salary members and 6.5% of pensionable pay for CARE members. These contribution rates are currently under review following the outcome of the triennial valuation of the scheme as at 31 July 2012.

The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities, the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 3.6% per annum (2014 4.2%) and salary increases would be 3.5% per annum (2014 3.5%). The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £343.8m (2014 £308.5m) and the value of the past service liabilities was £319.7m (2014 £280.3m) leaving a surplus of £24.1m (2014 £28.2m).

During the year, LSTM contributed to 86 employees within this scheme (2014 89 employees). There was a total of 1,662 active members in this scheme at 31 July 2014.

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30 Pension and similar obligations (continued)

National Health Service Superannuation Scheme (NHSSS)

LSTM participates in the National Health Service Superannuation Scheme, (NHSSS) a defined benefit scheme which is a statutory, unfunded, multi employer, defined benefit scheme in which LSTM is unable to identify its share of the underlying liabilities and assets and is accounted for on a contributions basis.

The contributions made by the employer over the financial year have been £189,000 (2014 £182,000), equivalent to 14% of Pensionable Salaries.

31 Post Balance Sheet Events

There are no post balance sheet events

32 Contingent Liability

The Group has received a capital grant of £8.4 million from the North West Development Agency in connection with the construction of the CTID building. It has also received a capital grant of £1.4 million (which will rise to £1.5 million) in connection with the construction of the Wolfson building. These grants have certain conditions with which the Group will need to comply in future periods. At this time the Group believes it will be able to comply with these conditions when necessary.

33 Capital Commitments

	Group and LSTM	
	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Commitments contracted for at 31 July	<u>Nil</u>	<u>2,225</u>
Commitments under finance leases entered into but not yet provided for in the financial statements	<u>Nil</u>	<u>Nil</u>

34 Financial Instruments

LSTM incurs foreign currency risk on sales and purchases that are denominated in currencies other than sterling. LSTM uses forward exchange contracts to hedge this risk. At 31 July, LSTM had forward contracts with the following difference to the prevailing market rate:

	Group and LSTM	
	Year ended 31 July 2015 £000	Year ended 31 July 2014 £000
Sell currency and buy £	<u>(23)</u>	<u>351</u>

35 Related Party Transactions

The group has taken advantage of the exemptions included in Financial Reporting Standard No 8 in not disclosing the transactions within other group companies as all such transactions have been eliminated on consolidating the group results for the year.

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

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36 DFID Funding

Included within UK Central Government income (note 4) and implementation research consultancy (note 5) are the following DFID funded research projects, together with their income for the year:

	LSTM	LSTM
	Year ended	Year ended
	31 July 2015	31 July 2014
	£000	£000
CNTD Global Programme Lymphatic Filariasis	5,071	5,120
EBSR	971	1,053
Health Systems Financing	1,176	1,264
ICOSA	1,003	777
LQAS work - ORISSA	-	34
Making It Happen Phase 2	3,040	5,813
Reducing Maternal & Neonatal Deaths in South Africa	1,166	121
Reducing Maternal & Neonatal Deaths in Kenya	1,880	730
HEART Call Down	24	2
OPM PEAKS Core Services	32	31
CouNTDown	492	-
	<u>14,855</u>	<u>14,945</u>

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