

# statement of accounts

for the year ended 31 July 2008

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# financial highlights

for the year ended 31 July 2008

<b>CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT</b>		2007/08	2006/07	Change
		£ million	£ million	
Funding Council Grants		85.51	84.73	0.9%
Academic Fees and Support Grants		100.01	87.84	13.9%
Research Grants and Contracts		61.67	57.02	8.2%
Other Operating Income		99.38	97.48	1.9%
Endowment Income and Interest Receivable		3.61	3.44	4.9%
<b>Total Income</b>		<b>350.18</b>	<b>330.51</b>	6.0%
<b>Surplus for the Financial Year</b>		<b>2.87</b>	<b>4.78</b>	(40.0%)
<b>CONSOLIDATED BALANCE SHEET</b>		2008	2007	
		£ million	(restated) £ million	
Fixed Assets		279.83	251.60	
Endowment Asset Investments		5.23	5.50	
Net Current Liabilities		(3.61)	(1.41)	
		281.45	255.69	
Long Term Creditors and Provisions		(48.64)	(39.36)	
<b>Total Net Assets, excluding Pension Liability</b>		<b>232.81</b>	<b>216.33</b>	7.6%
Pension Liability		(12.16)	(9.72)	
<b>Total Net Assets, including Pension Liability</b>		<b>220.65</b>	<b>206.61</b>	6.8%
<b>CAPITAL EXPENDITURE IN THE YEAR</b>		2007/08	2006/07	
		£ million	(restated) £ million	
		46.55	24.53	89.8%
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		2007/08	2006/07	
		£ million	(restated) £ million	
		16.45	17.58	(6.4%)
<b>OTHER KEY STATISTICS</b>		2007/08	2006/07	
		Number	Number	
Full Time Students:-	Home / EU Undergraduates	9,298	8,987	3.5%
	Home / EU Postgraduates	1,944	1,888	3.0%
	Overseas Undergraduates	1,691	1,648	2.6%
	Overseas Postgraduates	1,661	1,646	0.9%
Total number of students (full time equivalent)		16,982	16,530	2.7%
Total staff numbers (full time equivalent)		4,496	4,351	3.3%

## treasurer's report

I am pleased to introduce the University of Warwick's annual accounts for the year ended 31 July 2008. The results for the year represent a credible performance, given a period of significant investment in support of future growth, the worsening economic climate and growing inflationary pressures.

The University of Warwick is consistently within the top rank of higher education institutions in the UK, with a growing global reputation for research. The core of Warwick's teaching and research activities is substantially funded through grants from public funding bodies, principally The Higher Education Funding Council for England and various Research Councils, as well as grants from other charitable and commercial institutions. The funding of teaching activities is additionally supported through student fees. All teaching and research operations are further supported by gifts and donations and by returns on the University's commercial operations.

The University aims to generate a surplus on operations, taking one year with another. Given the nature of many activities undertaken at the University, margins and year on year surpluses tend to be small and continue to require close attention to cost control and investment prioritisation.

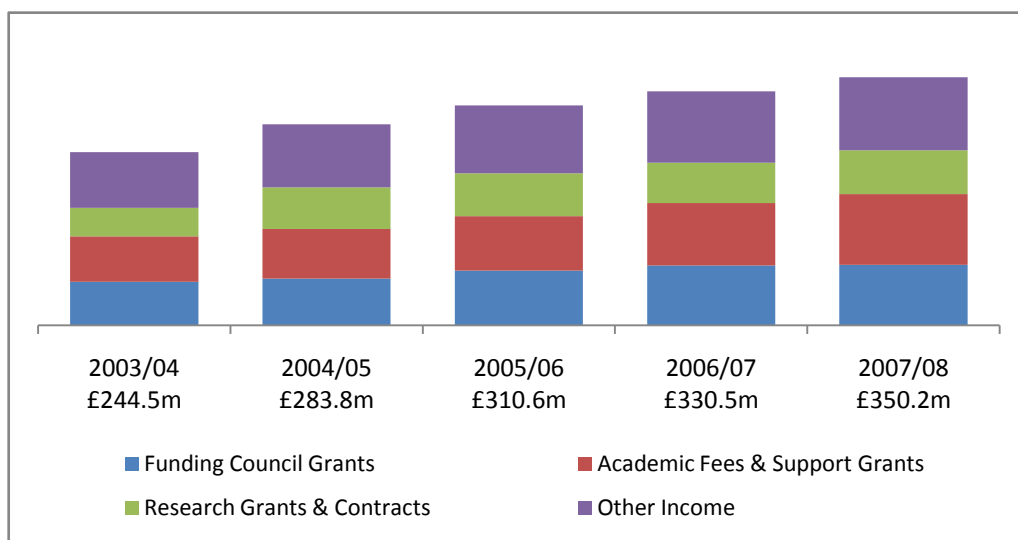
### Strategy

In addition to Warwick's high UK reputation and standing, the University's strategy, agreed in 2007, confirmed the University's ambition to set itself firmly amongst the world's top 50 universities by 2015, the 50th anniversary of Warwick's foundation.

The World University Rankings league table, issued by the Times Higher Education in October 2008, ranks Warwick in 69th place. To achieve the full ambition of the Strategy, the University will continue to deliver strong financial performance so that we can sustain a programme of investment in people, technology, research, teaching and social facilities which supports the whole of our community in achieving their academic and personal objectives.

### Turnover

Turnover of the University has increased by 6% to £350m, the highest ever recorded.

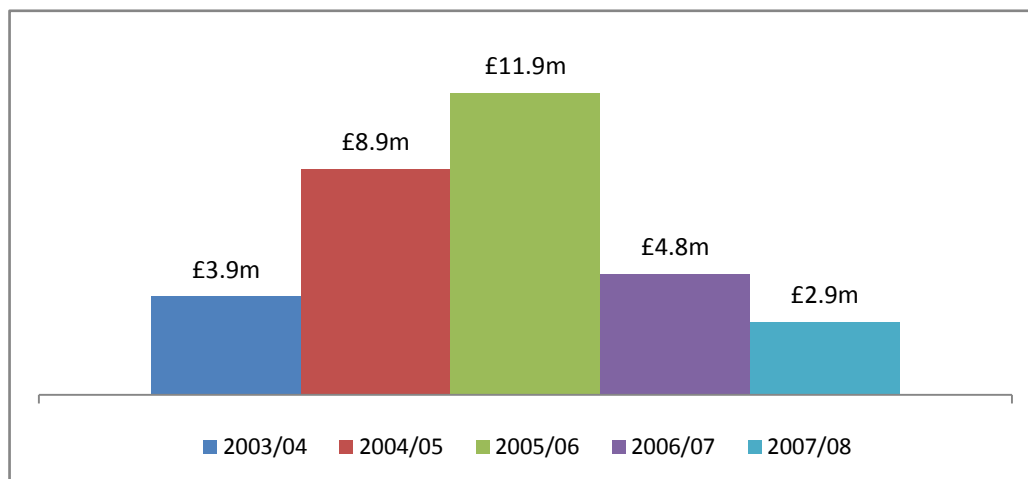


Particularly noteworthy is the rate at which new research contracts are being won by Warwick staff. This reflects the range and depth of scholarship at Warwick. Research income has grown to its highest ever level, even after the expected run down of some major research programmes during the course of the previous financial year. Combined capital and revenue research contracts awarded in the year totalled over £100m, much of which will be recognised in the accounts in future years as research contracts are completed.

## treasurer's report

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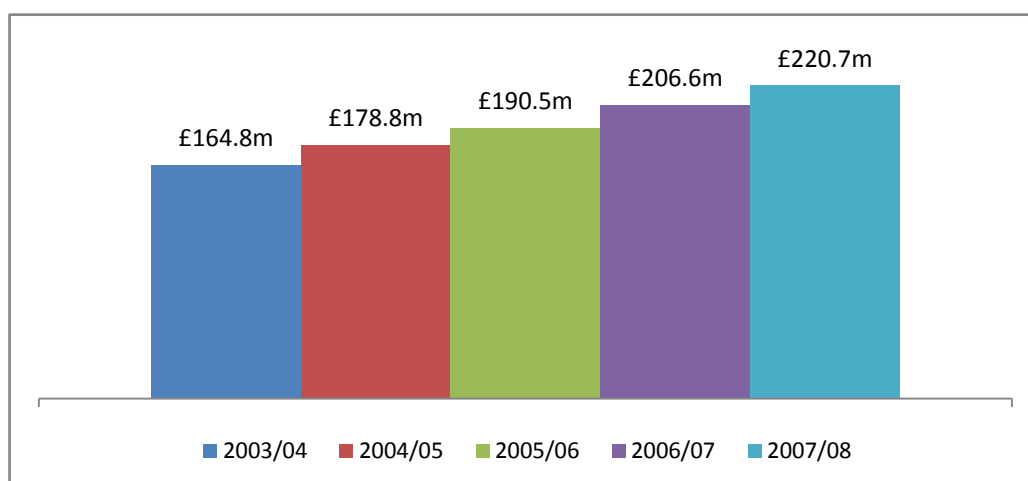
### Surplus



The surplus for the year was £2.9 million (0.8% of turnover). This compares with a corresponding surplus for the previous year of £4.8 million (1.4% of turnover). The reduced surplus was mainly due to strategic investment in academic staff and research facilities and increases in staff costs following the most recent national pay agreements.

The University's financial performance for the year continued to be underpinned by a strong performance from the Warwick Business School, Warwick Manufacturing Group and the rapidly expanding Warwick Medical School, as well as significant contributions from the University's commercial activities.

### Net Assets



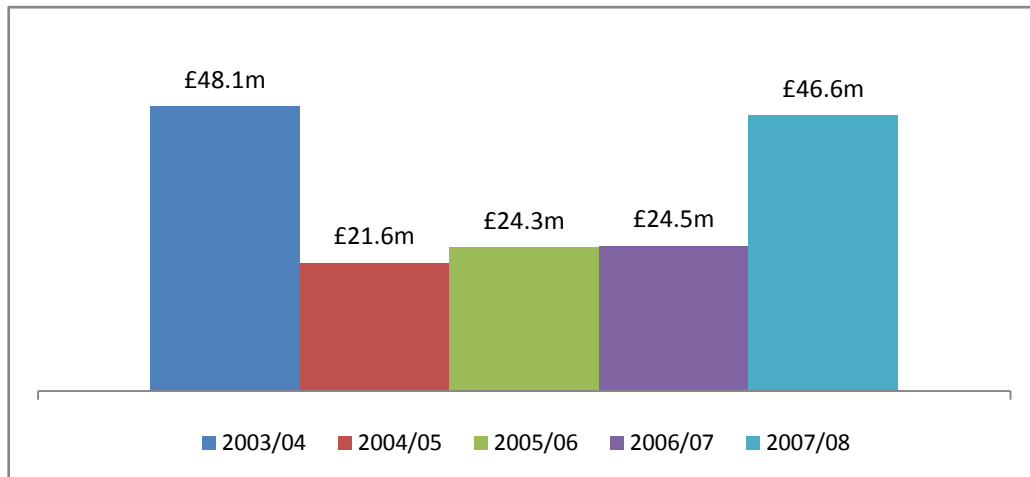
The University's net assets have increased by 6.8%, from £206.6 million to £220.7 million. The University of Warwick Pension Scheme deficit has increased from £9.7m to £12.2m, the principal reason being a decline in investment performance because of global equity market conditions. Ongoing contribution and benefit levels, to ensure long-term funding requirements are met, are determined as part of the triennial full valuations of the Scheme. The most recent valuation was at 31 March 2007.

## treasurer's report

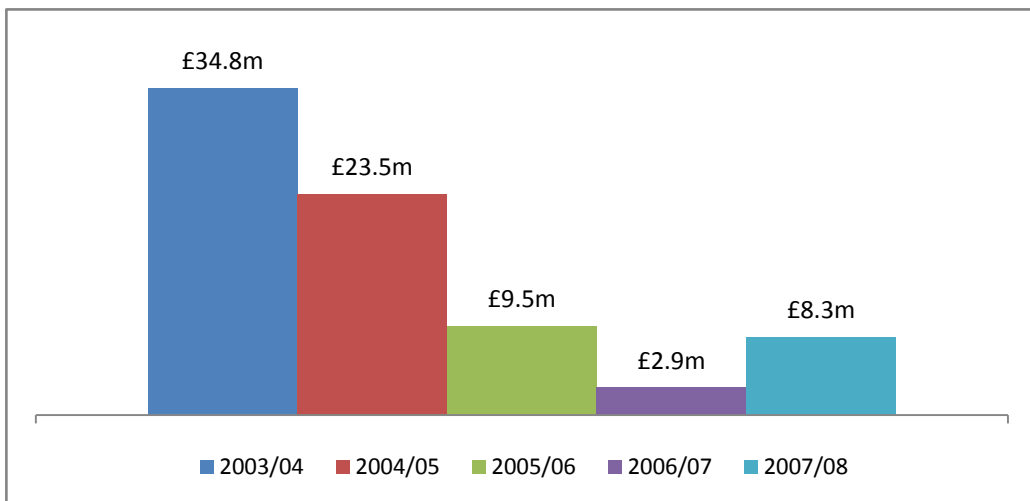
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### Capital investment, cash flow and borrowings

#### Capital Investment



#### Net Debt



Cash inflows for the year totalled £41.4 million (2007 - £33.2 million), representing £16.5 million (2007 - £17.6 million) from operations, capital grants of £23.4m (2007 - £15.6 million) and £1.5m (negligible in 2007) from the sale of surplus assets. This cash inflow, along with the drawdown of additional borrowing facilities, allowed the University to increase its level of capital expenditure to £46.6m (2007 - £24.5 million). Amongst the major capital schemes undertaken during the year were the construction of the Warwick Digital Laboratory, supported by Advantage West Midlands, world class indoor tennis facilities, supported by the Lawn Tennis Association, and a major refurbishment of the Library. The University also commenced a major Students' Union rebuild project, which aims to place Warwick's Students' Union facilities amongst the best in the country, and a major refurbishment and expansion of the Warwick Arts Centre.

In addition to ongoing projects, other already planned major projects include further expansion of the Medical and Business Schools, a new sciences building, additional residences and an expansion of Warwick's existing scientific research facilities and conferences facilities.

The ambitious capital programme is supported by committed long term unsecured bank facilities on advantageous terms and appropriate arrangements are in place to protect the University from future variations in interest rates.

## treasurer's report

(continued)

### Students

The University benefits greatly from our diverse, talented and committed students. The student experience at Warwick will be further enhanced when the expanded and refurbished Students' Union is completed in late 2009.

The University recognises the value and contribution that international students make to Warwick, from both a cultural and financial perspective. Warwick has a strong international student support network in place, which we will continue to develop. We are proud of the excellent reputation that Warwick continues to hold overseas, a reputation that is responsible for attracting such a large number of international students to Warwick.

We are determined that education at Warwick will continue to be available to all those who can most benefit from and contribute to the University. To this end, a substantial proportion of the income from fee paying home and European Union students continues to be committed to bursaries and access awards.

### Prospects

We expect the current year to be a demanding financial environment. We have significant inflationary pressures in respect of a nationally agreed salary increases and pay scales and increases in energy costs. The investigation of new and growing sources of income, alongside cost saving and efficiency initiatives, is a priority to help compensate for inflationary cost pressures. We will continue to invest in both capital and revenue to secure the ambitious goals we share for the University.

In the short term, we remain confident that the financial outcome for the current year will be acceptable in the circumstances. In the longer term, we remain committed to realising our ambition of becoming one of the top 50 universities in the world and to be a key driver of success in our economy and our society at local, regional, national and international level.

Brian Woods-Scawen, Treasurer

21 November 2008

## corporate governance

- 1 The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to universities which has been provided by the Committee of University Chairmen in its *Guide for Members of Governing Bodies of Universities and Colleges in England and Northern Ireland*.
- 2 The University is an independent corporation, whose legal status derives from a Royal Charter originally granted in March 1965. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes.
- 3 The Charter and Statutes require the University to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities, as follows:
  - **The Council** – is the executive governing body, responsible for the finance, property, investments and general business of the University, and for setting the general strategic direction of the institution.

It has a majority of members from outside the University, (described as lay members), from whom its Chair and Honorary University Treasurer are drawn. Also included in its membership are representatives of the staff of the University and the student body. None of the lay members receive any payment, apart from the reimbursement of expenses, for the work that they do for the University.
  - **The Senate** – is the academic authority of the University and draws its membership entirely from the academic staff and the students of the institution. Its role is to direct and regulate the teaching and research work of the University.
  - **The Court** – The University is seeking approval from the Privy Council for the revision of its existing Charter and Statutes which will provide for the abolition of the University Court.
- 4 The principal academic and administrative officer of the University is the Vice-Chancellor who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the designated officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.
- 5 Although the Council meets at least five times each academic year, much of its detailed work is initially handled by committees, in particular the Finance and General Purposes Committee, the Building Committee, the Nominations Committee, the Remuneration Committee and the Audit Committee. The decisions of these Committees are formally reported to the Council.

## corporate governance

(continued)

- 6 These Committees are formally constituted as Committees of the Council with written terms of reference and specified membership, including a significant proportion of lay members (from whom the Chair will be selected).
- 7 As chief executive of the University, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Deputy Vice-Chancellor, Pro-Vice-Chancellors, the Chairs of the Faculty Boards and the Board of Graduate Studies, and the senior administrative officers all contribute in various ways to this aspect of the work, but ultimate responsibility for what is done rests with the Vice-Chancellor.
- 8 The Registrar is Secretary to the Council and to all University bodies and committees and plays a key role in the operation and conduct of Council business. The Registrar is supported by the Deputy Registrar and they provide advice to the Chair of Council on all matters of procedure and in respect to any matters where conflict, potential or real, may occur.
- 9 The University maintains a Register of Interests of members of the Council which may be consulted by arrangement with the Registrar.
- 10 Any enquiries about the constitution and governance of the University should be addressed to the Registrar.
- 11 The University Council approves annually a Code of Practice on Corporate Governance which provides a summary of decisions taken by the University Council in relation to corporate governance and related procedural matters. A copy of the Code of Practice can be obtained from the Registrar.



## statement of internal control

The Council has responsibility for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives, primarily the University's Strategy, Vision 2015. In accordance with the requirements of the Charter and Statutes and the Financial Memorandum with the HEFCE, the Council is also responsible for safeguarding the public and other funds and assets under the University's control.

The University endeavours to conduct its business in accordance with the guidance to universities which has been provided by the Committee of University Chairmen in its *Guide for Members of Governing Bodies of Universities and Colleges in England and Northern Ireland*.

The internal controls operated by the University are designed to manage, rather than eliminate, the risk of failure to achieve policies, aims and objectives; they can therefore only provide reasonable and not absolute assurance of effectiveness.

The Council has overall responsibility for reviewing the effectiveness of the University's system of internal control. The following internal control measures were in place for the year ended 31 July 2008 and continue to be embedded within existing University processes:

- The Audit Committee, which met four times in 2007/08, received regular reports from the Head of Internal Audit which provided an overview of internal control matters, including an opinion on the adequacy and effectiveness of the University's systems of internal control together with recommendations for improvements.
- The University operated a system of risk management designed to identify the significant risks to the achievement of the University's strategy, to evaluate the nature and extent of those risks and to manage them effectively. The University's Risk Management Policy and Procedures were approved by the University Council and the Steering Committee and are reviewed annually by those bodies. The University required departments and commercial activities to submit their current SWOT analyses and risk assessments as part of the annual planning process.
- The University's Risk Management Group co-ordinated the monitoring of significant risks of the University and, alongside contributions from lay members of the Council, continued to work to embed further risk management within the current decision-making structures of the University.
- The Risk Management Group, the University Risk Holders, the Senior Officers' Group and the University's Steering Committee all participated in the strategic risk identification, description and evaluation processes, informed by departmental risk assessments and relevant senior managers. The University Risk Register is updated on a termly basis and the Steering Committee reports to the Audit Committee and the Council typically the most significant eight to ten strategic risks.
- An Insurance Risk Management Group was also established which brought together a range of internal constituencies to establish and monitor risk priorities and the implementation of agreed required actions related to the University's insurance portfolio.
- The Audit Committee also received reports from the Risk Management Group on the management of the University's significant risks and received a number of presentations from senior management on areas of specific internal control. Additionally, the Audit Committee considered reports from the Value for Money Committee which concluded that there were sound value for money practices across the areas considered by the VFM Committee.
- The Council met five times in the 2007/08 financial year, considering the plans and strategic direction of the University.
- The Council received termly reports from the Audit Committee including consideration of the work of internal and external audit and of risk management.

## statement of internal control

(continued)

- The Council considered termly reports of the status of the most significant key strategic risks of the University and the current status of those risks. These key strategic risks will continue to be monitored by the Council on a termly basis throughout the 2008/09 academic year together with the University's agreed key performance indicators.

The Council's review of the effectiveness of internal controls is informed by the reports of the Audit Committee. Internal Audit have a methodology for providing the Audit Committee with an opinion on all of the University's significant risks as required by the HEFCE Audit Code of Practice. The Audit Committee also undertook a review of the effectiveness of Internal Audit Services during 2007/08 and concluded that there was a solid Internal Audit service operating at the University and that adequate levels of assurance were being provided by Internal Audit to key stakeholders.

The Council's review of the effectiveness of internal control is also informed by the work of managers within the University, who have responsibility for the development and maintenance of controls and reporting on key risks, and by comments made by the external auditors, principally in their management letter.

The Council's consideration of these various reports, enabled it to carry out an assessment of internal control within the University.

# statement of primary responsibilities of the council

of the University of Warwick

This Statement is based on the Model Statement contained in the Governance Code of Practice published by the Committee of University Chairmen, adapted to reflect the powers and responsibilities that the Council of the University of Warwick derives from the University Statutes.

The Council is the governing body of the University. Subject to the powers of the Senate as provided for in the University Statutes, it has ultimate responsibility for the affairs of the University. It is responsible for reviewing the work of the University and taking such steps as it thinks proper for the purpose of advancing the interests of the University, maintaining its efficiency, encouraging teaching, the pursuit of learning and the prosecution of research and providing for the recreation and well being of students.

Consistent with the University's constitution, the primary responsibilities of the University Council are as follows:

1. To enable the University to achieve and develop its mission and primary objectives of learning, teaching and research. The Council is responsible for approving and for keeping under review the University's long-term and strategic plans, including key performance indicators, and for ensuring that these meet the interests of the University's stakeholders.
2. To appoint the Vice-Chancellor as Chief Academic and Administrative Officer of the University and the HEFCE Accountable Officer and to put in place suitable arrangements for monitoring his/her performance.
3. To delegate authority to the Vice-Chancellor for the effective academic, corporate, financial, estate and human resource management of the University.
4. To establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice-Chancellor.
5. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and clear procedures for handling internal grievances and for managing conflicts of interest.
6. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against its plans and approved key performance indicators. Where possible and appropriate, these shall be benchmarked against other comparable institutions.
7. To establish processes to monitor and evaluate the performance and effectiveness of the Council and the University's systems of governance and decision making.
8. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
9. To safeguard the good name and values of the University and to be responsible for the ethical governance of the University.
10. To appoint the Secretary to the Council.
11. To be the employing authority for all staff in the University and to establish a human resources strategy for the University.

## statement of primary responsibilities of the council

of the University of Warwick (continued)

12. Subject to the powers of the Senate, to be the principal financial and business authority of the University, to ensure that proper books of account are kept and to approve the University's annual budget and financial statements and to have overall responsibility for the University's assets, property and physical estate.
13. To be the University's legal authority and to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name. The Council is responsible for determining regulations for the custody and use of the common seal of the University.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
15. To be responsible for effective planning, ongoing control, monitoring and review of the University's health and safety management procedures.
16. To approve changes to University Statutes and to ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.

# report of the independent auditors

to the Council of the University of Warwick

We have audited the Group and University financial statements (the “financial statements”) of the University of Warwick for the year ended 31 July 2008, on pages 20 to 51, which comprise the consolidated income and expenditure account, the balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses and the related notes which have been prepared under the accounting policies set out in the statement of accounting policies, on pages 15 to 19.

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

## respective responsibilities of the University’s Council and the auditors

The University Council’s responsibilities for preparing the Treasurer’s Report and the Group financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Primary Responsibilities of the Council on pages 11 and 12.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 2007 Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied in accordance only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England, and funding agreements with the Training and Development Agency for Schools and the Learning and Skills Council.

We also report to you if, in our opinion, the Treasurer’s Report is not consistent with the financial statements, if the University 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 Treasurer’s Report and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

## basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 University’s Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group and University’s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations that 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.

# report of the independent auditors

to the Council of the University of Warwick

## opinion

In our opinion:

1. the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practices, of the state of affairs of the University and the Group as at 31 July 2008 and of the Group's surplus of income over expenditure for the year then ended;
2. the financial statements have been properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education;
3. in all material respects, income from the Higher Education Funding Council for England and the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2008 have been applied for the purposes for which they were received; and
4. in all material respects, income during the year ended 31 July 2008 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England and the funding agreement with the Training and Development Agency for Schools.

KPMG LLP

21 November 2008

*Chartered Accountants*

*Registered Auditor*

## statement of principal accounting policies

### 1 Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with the 2007 Statement of Recommended Practice (SORP): Accounting for Further and Higher Education, and applicable Accounting Standards.

### 2 Acquisitions

Acquisitions have been accounted for using the acquisition method of accounting.

### 3 Basis of Consolidation

The consolidated financial statements include the financial statements of the University, its subsidiary undertakings, the University of Warwick Foundation and its subsidiary, and the University's share of the University of Warwick Science Park Limited, as an associated undertaking. Intra-group transactions are eliminated on consolidation. The consolidated financial statements do not include those of the University of Warwick Students' Union and subsidiaries of the Union, as these are separate organisations in which the University has no control or significant influence over policy decisions.

### 4 Recognition of Income

Income from government grants and other specific grants and research grants and contracts is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. Income from tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors, e.g. National Health Service. The cost of any fees waived by the University are included as expenditure. Income from other services rendered is included to the extent of completion of the contract or services concerned and is measured at the fair value of the consideration receivable.

Donations with restrictions are recognised when relevant conditions are met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the Statement of Total Recognised Gains and Losses and in endowments; other donations are recognised by inclusion as other income in the Income and Expenditure Account.

Endowment and investment income is credited to the Income and Expenditure Account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the Income and Expenditure Account to restricted endowments. Any realised gains and losses from dealing in the related assets are retained within the endowment in the balance sheet. Increases or decreases in value arising on the revaluation of endowment assets ie: the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the Statement of Total Recognised Gains and Losses.

### 5 Agency Arrangements

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

## statement of principal accounting policies

(continued)

### 6 Pension Schemes

#### *Universities Superannuation Scheme (USS)*

The University participates in the Universities Superannuation Scheme (USS), a pension scheme which provides benefits based on final pensionable salary for many employees of all UK universities and some other employers. The Scheme is externally funded and contracted out of the State Second Pension (S2P). The liabilities of the Scheme are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the Scheme. The assets of the Scheme are held in a separate trustee-administered fund. The University 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. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the Scheme in respect of the accounting period.

#### *University of Warwick Pension Scheme*

Other staff are offered membership of the University's own pension scheme, an exempt approved pension scheme. The University's own scheme provides retirement benefits (based on final pensionable salary) and lump sum and spouse's death-in-service benefits. The scheme is set up under trust and the assets are held in a separate trustee-administered fund. 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 as a defined benefit scheme in accordance with FRS 17, on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services. The pension scheme surplus (to the extent that it is recoverable), or deficit, is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the Statement of Total Recognised Gains and Losses, actuarial gains and losses.

A small number of staff remain in other pension schemes.

### 7 Foreign Currencies

Transactions denominated in foreign currencies are recorded at the average rate of exchange ruling for each month. Monetary assets and liabilities denominated in foreign currencies are recorded at the closing rate of exchange ruling at the year end. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

### 8 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 are 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 periods of the leases.

### 9 Negative Goodwill

Negative goodwill arising on the acquisition of Horticulture Research International has been capitalised and separately disclosed on the face of the balance sheet in fixed assets. Negative goodwill is being released to reserves over eight years and four months, on a straight line basis. This period matches the term of acquired significant Horticulture Research International research contracts and the release of the negative goodwill arising on acquisition will therefore partially offset any future deficits made on these acquired contracts.



## statement of principal accounting policies

(continued)

### 10 Financial Instruments

The institution uses derivative financial instruments called interest rate swaps to reduce exposure to interest rate movements. Such derivative financial instruments are not held for speculative purposes and relate to actual assets or liabilities or to probable commitments, changing the nature of the interest rate by converting a fixed rate to a variable rate, or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

### 11 Fixed Assets

#### *Land and buildings*

Land and buildings are stated at cost. Land is not depreciated as it is considered to have an indefinite useful life. Buildings under construction are not depreciated until they are completed. Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of these assets. Buildings are depreciated in equal instalments over their expected useful lives of 50 years and laboratory and other major refurbishments over 10 to 20 years. Where buildings are acquired with the aid of government and other 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. The University has no inherited assets.

#### *Equipment*

In the accounts of the University, equipment, including micro-computers and software, costing less than £15,000 per individual item or group of related items and vehicles costing less than £5,000 are written off in the year of acquisition. Capitalised equipment, other than certain information technology equipment, is stated at cost and depreciated over expected useful lives of 5 to 10 years; software licences and certain items of information technology equipment are depreciated over three years. Equipment bought for a specific research or other project is depreciated over five years, or the life of the project if more appropriate. All assets are depreciated on a straight line basis, with a full year's depreciation in the year of acquisition. Any related grants are treated as deferred capital grants and released to income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

### 12 Investments

Listed investments held as fixed assets or endowment assets are included in the Balance Sheet at market value, after any provision for impairment in their value. Current asset investments are stated at the lower of their cost and net realisable value.

Investments in subsidiary undertakings are shown at the lower of cost and net realisable value, and investments in associates are shown in the consolidated balance sheet at attributable share of net assets.

Surpluses or deficits arising on the revaluation of the University's fixed asset investments are taken to the Revaluation Reserve (except that deficits which reduce the value of an investment to less than cost are charged to the Income and Expenditure Account). On the realisation of fixed asset investments any accumulated surplus is transferred from the Revaluation Reserve to the Income and Expenditure Account. Surpluses or deficits arising on the revaluation of endowment asset investments are added to or subtracted from the funds concerned.

## statement of principal accounting policies

(continued)

### 13 Stocks

Stocks of raw materials and consumables include departmental stocks in science departments, supplies for the Estates Office, Warwick Horticulture Research International farm and laboratory stocks and growing crops, and goods for resale in catering, bars and retail outlets and are valued at the lower of cost plus attributable overheads and net realisable value. Stocks of other consumable materials are written off to expenditure as incurred.

### 14 Provisions and Contingent Liabilities

Provisions are recognised when the University has a present obligation (legal or constructive) 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.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and arises in the case of three scenarios: possible rather than present obligation; possible rather than probable outflow of economic benefits; inability to measure the economic outflow.

### 15 Cash and Liquid Resources

Cash balances shown on the face of the balance sheet includes cash in hand, cash at bank and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise money on short-term deposit with a maturity date within one year of the balance sheet date.

### 16 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. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The University's subsidiary companies and associated undertakings are subject to corporation tax. Deferred tax within these subsidiaries is provided for in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates of law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

## statement of principal accounting policies

(continued)

### 17 Intra-group Transactions

Gains and losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

Balances between the University and its associate are not eliminated, with unsettled normal trading transactions included as current assets or liabilities. For any gains or losses that are included in the carrying amounts of assets of either entity, the part relating to the University's share is eliminated.

### 18 Accounting for Charitable Donations

#### *Unrestricted donations*

Charitable donations are recognised in the accounts when the charitable donation has been received, or if, before receipt, 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 the University as specified by the donors, these amounts are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income.
3. 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.

Following revised wording with respect to the definition of endowment funds within the 2007 Statement of Recommended Practice, it has been felt appropriate that some funds, which had previously been treated as third party balances by the University but now fall under the refined definition of endowments, should, accordingly, be included within endowment funds in the reported results of the University and the University of Warwick Foundation. The impact on the University's reported results of this prior year adjustment are shown at note 35.

#### *Donations for fixed assets*

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the Income and Expenditure Account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

#### *Gifts in kind, including donated tangible fixed assets*

Gifts in kind are included in "other income" or "deferred capital grants" as appropriate using a reasonable estimate of their gross value or the amount actually realised.

# consolidated income and expenditure account

for the year ended 31 July 2008

	Note	2007/08 £000	2006/07 (restated) £000
<b>INCOME</b>			
Funding Council Grants	1	85,506	84,730
Academic Fees and Support Grants	2	100,007	87,845
Research Grants and Contracts	3	61,665	57,021
Other Operating Income	4	99,394	97,479
Endowment Income, Investment Income and Interest Receivable	5	3,609	3,436
<b>Total Income</b>		<b>350,181</b>	<b>330,511</b>
<b>EXPENDITURE</b>			
Staff Costs	6	189,560	172,302
Depreciation	11	17,829	16,254
Other Operating Expenses	8	139,739	134,439
Interest Payable and Similar Charges	7	1,895	3,036
<b>Total Expenditure</b>	8	<b>349,023</b>	<b>326,031</b>
<b>SURPLUS ON CONTINUING OPERATIONS AFTER DEPRECIATION OF ASSETS AT COST AND BEFORE TAX</b>			
		<b>1,158</b>	<b>4,480</b>
Taxation		0	0
Share of profit after tax of Associate		205	145
Equity Minority Interest		7	(154)
<b>SURPLUS BEFORE EXCEPTIONAL ITEMS</b>		<b>1,370</b>	<b>4,471</b>
Disposal of Fixed Assets	9	1,311	0
<b>SURPLUS ON CONTINUING OPERATIONS AFTER DEPRECIATION OF ASSETS AT COST, DISPOSAL OF ASSETS, TAX AND MINORITY INTEREST</b>		<b>2,681</b>	<b>4,471</b>
Transfer from Accumulated Income within Endowment Funds		190	310
<b>SURPLUS FOR THE FINANCIAL YEAR RETAINED WITHIN GENERAL RESERVES</b>		<b>2,871</b>	<b>4,781</b>

## statement of consolidated total recognised gains and losses

for the year ended 31 July 2008

	Note	2007/08 £000	2006/07 (restated) £000
Surplus on Continuing Operations after depreciation of assets at cost, disposal of assets, tax and minority interest		2,681	4,471
(Decrease) / Increase in market value of Endowment Asset Investments	20	(359)	103
Unrealised (Losses) / Gains on Other Equity Investments	21	(184)	171
New Endowments	20	278	725
Actuarial (Loss) / Gain in respect of pension scheme	31	(2,695)	2,029
<b>Total Recognised (Loss) / Gain relating to the Year</b>		<b>(279)</b>	<b>7,499</b>
Prior Year Adjustment	35	957	
<b>TOTAL RECOGNISED LOSS SINCE LAST ACCOUNTS</b>		<b>678</b>	

There are no differences between the consolidated income and expenditure account and the result on an historical cost basis. The consolidated income and expenditure of the University and its subsidiaries relate wholly to continuing operations. The consolidated surplus includes a surplus of £724k (2006/07: deficit of £1,343k) that has been dealt with in the accounts of the University (note 22).

## statement of reconciliation of reserves and endowments

for the year ended 31 July 2008

	Note	2007/08 £000	2006/07 (restated) £000
Opening Reserves and Endowments as at 1 August, as previously stated		114,353	106,921
Prior Year Adjustment	35	957	890
Opening Reserves and Endowments as at 1 August, as restated	20, 21 & 22	115,310	107,811
Total Recognised (Loss) / Gain for the Year		(279)	7,499
<b>CLOSING RESERVES AND ENDOWMENTS AS AT 31 JULY</b>		<b>115,031</b>	<b>115,310</b>

# balance sheets

as at 31 July 2008

		Consolidated		University	
	Note	2008	2007 (restated)	2008	2007
		£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Intangible Assets	10	(1,815)	(2,268)	0	0
Tangible Assets	11	277,307	249,157	274,422	246,179
Investments	12	4,341	4,708	2,761	3,313
		<b>279,833</b>	<b>251,597</b>	<b>277,183</b>	<b>249,492</b>
<b>ENDOWMENT ASSET INVESTMENTS</b>					
	13	<b>5,229</b>	<b>5,500</b>	<b>0</b>	<b>0</b>
<b>CURRENT ASSETS</b>					
Stocks		1,193	1,192	1,142	1,139
Debtors	14	34,638	39,533	38,950	41,153
Short Term Deposits		12,000	7,800	12,000	7,800
Cash at Bank and in Hand		26,256	25,636	20,176	27,155
		<b>74,087</b>	<b>74,161</b>	<b>72,268</b>	<b>77,247</b>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
	15	<b>(77,699)</b>	<b>(75,570)</b>	<b>(105,497)</b>	<b>(106,708)</b>
<b>NET CURRENT LIABILITIES</b>					
		<b>(3,612)</b>	<b>(1,409)</b>	<b>(33,229)</b>	<b>(29,461)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		<b>281,450</b>	<b>255,688</b>	<b>243,954</b>	<b>220,031</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>					
	16	<b>(47,306)</b>	<b>(38,386)</b>	<b>(47,306)</b>	<b>(38,448)</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
	19	<b>(1,332)</b>	<b>(976)</b>	<b>(1,286)</b>	<b>(884)</b>
<b>TOTAL NET ASSETS, excluding Pension Liability</b>					
		<b>232,812</b>	<b>216,326</b>	<b>195,362</b>	<b>180,699</b>
<b>PENSION LIABILITY</b>					
	31	<b>(12,156)</b>	<b>(9,721)</b>	<b>(12,156)</b>	<b>(9,721)</b>
<b>TOTAL NET ASSETS, including Pension Liability</b>					
		<b>220,656</b>	<b>206,605</b>	<b>183,206</b>	<b>170,978</b>
<b>DEFERRED CAPITAL GRANTS</b>					
	18	<b>105,500</b>	<b>91,163</b>	<b>105,637</b>	<b>91,254</b>
<b>ENDOWMENTS:</b>					
Permanent	20	<b>2,185</b>	<b>2,172</b>	<b>0</b>	<b>0</b>
Expendable	20	<b>3,044</b>	<b>3,328</b>	<b>0</b>	<b>0</b>
<b>REVALUATION RESERVE</b>					
	21	<b>0</b>	<b>184</b>	<b>0</b>	<b>184</b>
<b>GENERAL RESERVES, including Pension Reserve</b>					
	22	<b>109,802</b>	<b>109,626</b>	<b>77,569</b>	<b>79,540</b>
<b>MINORITY INTEREST</b>					
		<b>125</b>	<b>132</b>	<b>0</b>	<b>0</b>
<b>TOTAL FUNDS</b>					
		<b>220,656</b>	<b>206,605</b>	<b>183,206</b>	<b>170,978</b>

The financial statements on pages 20 to 51 were approved by the Council on 21 November 2008, and signed on its behalf by:

Professor Nigel Thrift, Vice-Chancellor

Brian Woods-Scawen, Treasurer

## consolidated cash flow statement

for the year ended 31 July 2008

	Note	2007/08 £000	2006/07 (restated) £000
Net Cash Inflow from Operating Activities	26	16,451	17,579
Returns on Investments and Servicing of Finance	27	636	(399)
Taxation		0	0
Capital Expenditure and Financial Investment	28	(22,465)	(10,601)
Cash (Outflow) / Inflow before Use of Liquid Resources and Financing		(5,378)	6,579
Management of Liquid Resources net contributions (to) / from short term investments	29	(2,992)	23,186
Financing	30	8,990	(13,146)
<b>Increase in Cash</b>		<b>620</b>	<b>16,619</b>

## reconciliation of net cash flow to movement in net debt

for the year ended 31 July 2008

	Note	2007/08 £000	2006/07 (restated) £000
Increase in Cash in the Period		620	16,619
Increase / (Decrease) in Liquid Resources	29	2,992	(23,186)
New Loans and Finance Leases	30	(10,323)	(40,000)
Repayment of Debt	30	1,333	53,146
Change in Net Debt		(5,378)	6,579
Net Debt at 1 August, as restated		(2,877)	(9,456)
<b>Net Debt at 31 July</b>	29	<b>(8,255)</b>	<b>(2,877)</b>

## notes to the accounts

<b>1. HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND &amp; TRAINING AND DEVELOPMENT AGENCY FOR SCHOOLS GRANTS</b>	<b>2007/08</b>	<b>2006/07</b>
	<b>£000</b>	<b>£000</b>
<b>Recurrent Grants:</b>		
Higher Education Funding Council for England:		
- Teaching	41,522	38,714
- Research	30,574	29,771
Training and Development Agency for Schools	2,268	2,495
<b>Specific Grants:</b>		
Human Resources Strategy	0	3,176
HE Innovations Fund	1,240	1,703
Development of Teaching and Learning	46	136
Science Research Investment Fund	645	526
Project Capital	418	550
Training and Development Agency for Schools Specific Grants	1,117	1,180
Learning and Teaching Strategy	484	550
E-learning Strategy	0	179
Medical Student Expansion Funding	455	22
HE Gateway Aim Higher Programme	32	105
Centres for Excellence in Teaching and Learning	1,028	1,126
Others	306	249
<b>Deferred Capital Grants Released in Year:</b>		
Buildings (Note 18)	1,950	1,665
Equipment (Note 18)	3,421	2,583
	<b>85,506</b>	<b>84,730</b>
<b>2. ACADEMIC FEES AND SUPPORT GRANTS</b>	<b>2007/08</b>	<b>2006/07</b>
	<b>£000</b>	<b>£000</b>
Accredited Course Fees From Home/EU Students	45,331	36,658
Accredited Course Fees From Overseas Students	39,796	38,086
Higher Education Foundation Programme Fees	2,192	1,909
Non-Accredited Short Course Fees	5,273	5,719
CASE Awards and Research Training Support Grants	6,717	4,907
Other Fees	698	566
	<b>100,007</b>	<b>87,845</b>



## notes to the accounts

(continued)

<b>3. RESEARCH GRANTS AND CONTRACTS</b>	<b>2007/08</b>	<b>2006/07</b>
	<b>£000</b>	<b>£000</b>
<b>Income</b>		
Research Councils	26,168	21,818
Central Government, Local Authorities and Public Corporations	22,522	23,757
UK Charitable Bodies	5,546	4,042
European Union	3,844	4,276
UK Industry and Commerce	2,569	2,031
Overseas	920	952
Others	96	145
	<b>61,665</b>	<b>57,021</b>
<b>Direct Expenditure</b>		
Research Councils	20,340	16,490
Central Government, Local Authorities and Public Corporations	17,070	15,963
UK Charitable Bodies	5,443	3,987
European Union	3,639	3,683
UK Industry and Commerce	1,980	1,717
Overseas	763	744
Others	94	90
	<b>49,329</b>	<b>42,674</b>

Income from Research Grants and Contracts includes £2,134k in respect of Deferred Capital Grants released in the year (2007: £1,407k). Costs include spend within the University group of companies.

<b>4. OTHER OPERATING INCOME</b>	<b>2007/08</b>	<b>2006/07</b>
	<b>£000</b>	<b>(restated) £000</b>
Residences, Catering and Conferences	28,303	26,126
Other Services Rendered	8,055	6,494
Released from Deferred Capital Grants	1,508	2,243
Retail Operations	27,476	26,726
Post-Experience Centres	12,267	12,137
Other Income	21,785	23,753
	<b>99,394</b>	<b>97,479</b>

Included within Other Income above is £453k (2007: £454k) relating to the release of negative goodwill arising on the acquisition of Horticulture Research International (see note 10).

## notes to the accounts

(continued)

<b>5. ENDOWMENT INCOME AND INTEREST RECEIVABLE</b>	<b>2007/08</b>	<b>2006/07</b>
	<b>£000</b>	<b>(restated) £000</b>
Net return on University of Warwick Pension Scheme assets (note 31)	1,078	645
Interest from Permanent Endowment investments	102	60
Income from Expendable Endowment investments	151	146
Other Interest Receivable	2,278	2,585
	<b>3,609</b>	<b>3,436</b>

<b>6. STAFF</b>	<b>2007/08</b>	<b>2006/07</b>
	<b>£000</b>	<b>£000</b>
<b>Staff Costs:</b>		
Wages and Salaries	157,460	143,036
Social Security Costs	13,217	12,035
Other Pension Costs	18,883	17,231
	<b>189,560</b>	<b>172,302</b>

The number of full time equivalent staff on standard contracts, by area of activity, can be summarised as:

	<b>2007/08</b>	<b>2006/07</b>
	<b>Number</b>	<b>Number</b>
Academic staff within academic departments	1,717	1,615
Other staff within academic departments	867	815
Academic services	380	370
Premises management and maintenance	334	333
Residences and catering	672	663
Other services and activities, including commercial operations	526	555
	<b>4,496</b>	<b>4,351</b>

## notes to the accounts

(continued)

### 6. STAFF - continued

The total staff costs of the University include amounts payable to the Vice-Chancellor, who is the senior post-holder at the University. The total emoluments paid in the year to the holder of this title were:

	2007/08 £	2006/07 £
Emoluments of the Vice-Chancellor (excluding pension contributions but including benefits-in-kind)	220,656	198,926
Pension contributions in respect of the Vice-Chancellor	29,621	25,823
	<b>250,277</b>	<b>224,749</b>

Emoluments of other Higher Paid Staff (excluding the employer's pension contributions but including benefits-in-kind) and payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment:

	2007/08 Number	2006/07 Number
£250,000 - £259,999	1	1
£240,000 - £249,999	0	0
£230,000 - £239,999	0	0
£220,000 - £229,999	0	0
£210,000 - £219,999	0	0
£200,000 - £209,999	2	0
£190,000 - £199,999	0	1
£180,000 - £189,999	0	1
£170,000 - £179,999	0	1
£160,000 - £169,999	1	2
£150,000 - £159,999	4	0
£140,000 - £149,999	4	4
£130,000 - £139,999	11	4
£120,000 - £129,999	6	6
£110,000 - £119,999	14	11
£100,000 - £109,999	15	15

### 7. INTEREST PAYABLE

	2007/08 £000	2006/07 £000
Loans not wholly repayable within five years	<b>1,895</b>	<b>3,036</b>

## notes to the accounts

(continued)

### 8. ANALYSIS OF 2007/08 EXPENDITURE BY ACTIVITY

	Total £000	Staff Costs £000	Depreciation £000	Other Operating Expenses £000	Interest Payable and Similar Charges £000
Academic Departments	140,815	94,265	4,584	41,966	0
Research Grants and Contracts	49,329	28,837	2,134	18,358	0
<b>Total Teaching and Research</b>	<b>190,144</b>	<b>123,102</b>	<b>6,718</b>	<b>60,324</b>	<b>0</b>
Academic Services	25,486	10,930	1,501	13,055	0
Central Administration and Services	16,809	11,727	112	4,970	0
General Educational Expenditure	13,041	3,415	38	9,588	0
Staff and Student Facilities	6,895	3,597	71	3,227	0
Premises	30,313	9,101	6,728	14,484	0
Residences, Catering and Conferences	26,272	9,936	1,793	12,851	1,692
Other Services Rendered	6,628	2,575	0	4,053	0
Retail Operations	23,611	9,802	285	13,326	198
Post-Experience Centres	7,996	4,450	583	2,963	0
Other Expenses	1,828	925	0	898	5
<b>Total per Income and Expenditure Account</b>	<b>349,023</b>	<b>189,560</b>	<b>17,829</b>	<b>139,739</b>	<b>1,895</b>

The depreciation charge has been funded by:

	2007/08 £000
Deferred Capital Grants Released (Note 18)	9,013
General Income	8,816
	<u>17,829</u>

Other operating expenses include:

	2007/08 £000	2006/07 £000
Auditors' Remuneration for the University of Warwick Group (An amount of £37k (2006/07: £35k) relates to the Auditors' remuneration for the University)	63	61
Auditors' Remuneration in respect of Non-Audit Services	208	345
Grants to University of Warwick Students' Union	1,577	1,525

## notes to the accounts

(continued)

9. EXCEPTIONAL ITEMS	2007/08 £000	2006/07 £000
Surplus on disposal of land and buildings	1,311	0

During the year, Anchor House, an off-campus residence, was sold for £1.5m. The net profit on disposal, after professional costs of sale, is shown above. All proceeds of this sale are being reinvested in the University's capital development programme for academic buildings.

10. INTANGIBLE FIXED ASSETS	Consolidated		University	
	2008 £000	2007 £000	2008 £000	2007 £000
Negative goodwill arising on acquisition of Horticulture Research International	(3,782)	(3,782)	(5,269)	(5,269)
Goodwill credited to Income and Expenditure Account				
- in previous years	1,514	1,060	5,269	5,269
- in this year	453	454	0	0
Carried forward as at 31 July	<b>(1,815)</b>	<b>(2,268)</b>	<b>0</b>	<b>0</b>

### CONSOLIDATED

On 31 March 2004 the Group acquired control of Horticulture Research International, a company limited by guarantee, for a consideration of £1.

The shortfall in consideration paid, below the fair value of assets acquired, was initially shown in the Group's balance sheet as a negative goodwill figure of £3,782k. The negative goodwill on acquisition of Horticulture Research International is being released to the Income and Expenditure Account over the period of 100 months (8 years 4 months), which matches the term of acquired significant research contracts.

### UNIVERSITY

On 31 July 2005 the business and assets of Horticulture Research International were transferred to the University for a consideration of £1.

There were no differences between the book value and the fair value of the assets of Horticulture Research International as at 31 July 2005.

The shortfall in consideration paid, below the fair value of the net assets acquired (the negative goodwill on acquisition of the assets and liabilities of Horticulture Research International) was fully credited to the Income and Expenditure Account of the University in the year ended 31 July 2005 and this fully matched the loss on the transaction shown in the accounts of Horticulture Research International for the same period.

## notes to the accounts

(continued)

### 11. TANGIBLE FIXED ASSETS

#### CONSOLIDATED

	Total £000	Land & Buildings £000	Fixtures, Fittings & Equipment £000	Assets under the Course of Construction £000
<b>Cost</b>				
At 1 August 2007	379,724	297,281	75,726	6,717
Additions at Cost	46,552	24,051	13,931	8,570
Asset Transfers	0	719	(38)	(681)
Write Offs and Disposals at Cost	(2,376)	(585)	(1,707)	(84)
At 31 July 2008	423,900	321,466	87,912	14,522
<b>Depreciation</b>				
At 1 August 2007	130,567	76,895	53,672	0
Charge for the year	17,829	7,933	9,896	0
Asset Transfers	0	208	(208)	0
Eliminated on Write Offs and Disposals	(1,803)	(91)	(1,712)	0
At 31 July 2008	146,593	84,945	61,648	0
<b>Net Book Value at 31 July 2008</b>	<b>277,307</b>	236,521	26,264	14,522
Net Book Value at 31 July 2007	249,157	220,386	22,054	6,717

The balance for 'Land and Buildings' includes the land comprising the site of Scarman House, a post-experience centre. Legal title to the Scarman House building currently rests with Barclays Mercantile. The building has been leased to Warwick University Training Limited (the Company which operates Scarman House).

The Company is responsible for lease payments totalling £5.5 million (2007: £6.9 million) over the remaining term of the lease, which expires in 2011. The University has entered into a contract with Barclays Mercantile to guarantee these payments for the remainder of the lease term. At the termination of the lease, title to the building will pass to the University and it will be included in the accounts at fair value.

Included within fixtures, fittings and equipment are assets costed at £3,709k that remain held under a peppercorn lease agreement with Barclays Mercantile. These assets were fully written down by the start of the financial year and are, therefore, valued at £nil net book value in the figures above.

## notes to the accounts

(continued)

### 11. TANGIBLE FIXED ASSETS - continued

#### UNIVERSITY

	Total £000	Land & Buildings £000	Fixtures, Fittings & Equipment £000	Assets under the Course of Construction £000
<b>Cost</b>				
At 1 August 2007	365,369	290,841	67,811	6,717
Additions at Cost	46,212	25,236	13,799	7,177
Asset Transfers	0	459	222	(681)
Write Offs and Disposals at Cost	(975)	(585)	(306)	(84)
At 31 July 2008	410,606	315,951	81,526	13,129
<b>Depreciation</b>				
At 1 August 2007	119,190	72,796	46,394	0
Charge for the Year	17,404	7,770	9,634	0
Asset Transfers	0	(11)	11	0
Eliminated on Write Offs and Disposals	(410)	(90)	(320)	0
At 31 July 2008	136,184	80,465	55,719	0
<b>Net Book Value at 31 July 2008</b>	<b>274,422</b>	235,486	25,807	13,129
Net Book Value at 31 July 2007	246,179	218,045	21,417	6,717

### 12. INVESTMENTS

	Consolidated		University	
	2008 £000	2007 £000	2008 £000	2007 £000
<b>Balance at 1 August</b>	<b>4,708</b>	3,592	<b>3,313</b>	2,342
Net (Disposals) / Additions in the year	(235)	1,198	(215)	1,198
Share of Associate's Surplus for the year	205	145	0	0
(Decrease) / Increase in Market Value (note 21)	(184)	171	(184)	171
Increase in Provision for Diminution in Value	(153)	(398)	(153)	(398)
<b>Balance at 31 July</b>	<b>4,341</b>	<b>4,708</b>	<b>2,761</b>	<b>3,313</b>
Represented by:				
Group Undertakings	0	0	298	278
Associated Undertaking	1,878	1,673	0	0
Other Equity Investments	1,074	921	1,074	921
Cash held within Managed Funds	588	399	588	399
Bonds held within Managed Funds	107	86	107	86
Equity Investments held within Managed Funds	1,211	1,800	1,211	1,800
Alternative Investments held within Managed Funds	506	699	506	699
	5,364	5,578	3,784	4,183
Provision for Diminution in Value	(1,023)	(870)	(1,023)	(870)
	<b>4,341</b>	<b>4,708</b>	<b>2,761</b>	<b>3,313</b>

## notes to the accounts

(continued)

### 12. INVESTMENTS - continued

The University holds 9,831 shares of £1 each (representing 35% of the total shares issued) in the University of Warwick Science Park Limited and the University's share of the Science Park is included in these consolidated financial statements, as an associated undertaking. The Science Park has a financial year end of September for their own reporting purposes. The latest quarterly management accounts available from the Science Park are used for consolidation within the University group and a financial year to the end of June (one month prior to the University's year end) is therefore used for consolidation purposes. The University also holds a 1% debenture loan of £820,710 in the company. This investment is considered to be a contingent asset and is therefore included in the University accounts at nil value. This will be reviewed on an annual basis.

Other Equity investments includes:

CVCP Properties plc	50,766 ordinary shares of £1 each
Protherics plc	9,198 6% unsecured convertible loan notes

The University also holds investments in:

#### The Mercia Fund 1

This is a limited partnership between the Universities of Birmingham and Warwick and the General Partner, Mercia Fund Management Limited. The investment comprises of a capital contribution of £100 and a grant of £199,900. The Universities each hold one Class 'B' share of £1 (there are 2 Class 'B' shares in issue) in Mercia Fund Management Limited. All the Class 'A' shares are held by West Midlands Enterprise Limited.

#### The Mercia Fund 2

This is a limited partnership between a number of partner institutions, including several universities, and the General Partner, Mercia Fund 2 Managers Limited. Warwick's investment comprises of a capital contribution of £40, being 6.4% of total capital contributions, and a total loan commitment of £399,960, payable in instalments over 3 years from 19 March 2007. The Limited Partners, including Warwick, have invested a combined capital contribution of £500, with the Founder Partner, Mercia Fund 2 (CIV) LP, holding a further £125 (20%) capital investment.

#### MNW Limited

33 ordinary shares of £1 each being 33.33% of issued ordinary shares.

#### AdvanceSis Limited

37,392 ordinary shares of 1p each being 7.59% of total issued shares of which there are 61,960 ordinary shares of 1p each and 430,691 preferred ordinary shares of 1p each.

#### Apnee Sehat CIC

19 ordinary shares of £1 each being 19.00% of issued ordinary shares.

#### A2SP Limited

1,000 ordinary shares of £1 each being 18.21% of issued ordinary shares.

#### BioAthene Limited

30 ordinary shares of £1 each being 22.22% of issued ordinary shares.



## notes to the accounts

(continued)

### 12. INVESTMENTS - continued

#### [Biotek Limited & Biotek Developments Limited](#)

1,650 ordinary shares of £1 each in Biotek Limited being 11.00% of issued ordinary shares. Biotek Limited holds 9,000 ordinary shares of 10p each in Biotek Developments Limited being 90% of the issued ordinary shares. The University holds the remaining 1,000, or 10%, of Biotek Developments Limited's ordinary shares directly.

#### [Concurrent Thinking Limited \(previously Streamline Computing Limited\)](#)

13,957 ordinary shares of 10p each being 11.65% of issued ordinary shares.

#### [Decision Technology Limited](#)

160 ordinary shares of £1 each being 16.00% of issued ordinary shares.

#### [Dig-e-Print Limited](#)

25,000 ordinary shares being 1.03% of total issued shares. 1,596,767 ordinary shares of £1 each and 825,528 Class 'B' ordinary shares of 50p each have been issued.

#### [Gadameetric Limited](#)

150 ordinary shares of £1 each being 23.08% of issued ordinary shares.

#### [G-Tronix Limited](#)

600 ordinary shares of 1p each being 23.08% of issued ordinary shares.

#### [Incentec Limited](#)

11,250 ordinary shares of 10p each being 15.40% of issued ordinary shares.

#### [Neurodiscovery Limited](#)

3,469,187 ordinary shares of AUD 0.20 each being 6.03% of issued ordinary shares. Shares are listed on the Australian stock exchange.

#### [Novolytics Limited](#)

56,200 ordinary shares of 10p each being 45.43% of total issued shares. 119,040 ordinary shares of 10p each and 4,680 preferred shares of £1 each have been issued.

#### [Opscape Limited](#)

6,500 ordinary shares of 1p each being 24.53% of issued ordinary shares and 5,083 Class 'A' ordinary shares of 1p each being 19.09% of issued Class 'A' ordinary shares.

#### [Optical Antenna Solutions Limited](#)

130 ordinary shares of £1 each being 14.61% of issued ordinary shares.

#### [Prospero Therapeutics Limited](#)

333 ordinary shares of 1p each being 20.18% of issued ordinary shares.

#### [Sarissa Biomedical Limited](#)

29,500 ordinary shares of 1p each being 18.60% of total issued shares of which there are 80,000 ordinary shares of 1p each and 78,571 preference shares of 1p each.

#### [Septegen Limited](#)

300 ordinary shares of 10p each being 23.08% of issued ordinary shares.

## notes to the accounts

(continued)

### 12. INVESTMENTS - continued

#### Shibden Technologies Limited

247 ordinary shares of 1p each being 24.72% of issued ordinary shares.

#### Sonemat Limited

274 ordinary shares of 1p each being 24.86% of issued ordinary shares.

#### Therapo Systems Limited

5,000 ordinary shares of £1 each being 25.00% of issued ordinary shares.

#### Virabiotech Limited

200 ordinary shares of 10p each being 22.50% of issued ordinary shares. The University has also made a £50,000 convertible loan to the company.

#### Warwick Audio Technologies Limited

1,572 ordinary shares of 10p each being 12.06% of issued ordinary share capital. 6,581 ordinary shares of 10p each and 6,449 Class 'A' ordinary shares of 10p each have been issued.

#### Warwick Control Technologies Limited

16,200 Class 'A' ordinary shares of 1p each being 14.70% of issued share capital. 68,596 Class 'A' ordinary shares of 1p each and 41,600 Class 'B' ordinary shares of 1p each have been issued.

#### Warwick Dynamics Limited

15 ordinary shares of £1 each being 15.00% of issued ordinary shares.

#### Warwick Effect Polymers Limited

3,125 ordinary shares of £1 each being 16.68% of issued ordinary shares and 1,538 Class 'A' ordinary shares of £1 each being 8.57% of issued Class 'A' ordinary shares.

#### Warwick Laser Systems Limited

150 ordinary shares of £1 each being 15.63% of issued ordinary shares.

#### Warwick Insect Technologies Limited

2,470 ordinary shares of 1p each being 24.70% of issued ordinary shares.

#### Warwick Moulding Technology Limited

18,000 ordinary shares of 1p each being 22.50% of issued ordinary shares.

#### Warwick Plant Genomic Libraries Limited

150 ordinary shares of 10p each being 23.08% of issued ordinary shares.

#### Warwick Sensor Technologies Limited

40,000 ordinary shares of 1p each being 51.28% of issued ordinary shares.

#### Warwick Warp Limited

460 ordinary shares of 10p each being 15.29% of issued ordinary shares and 379 Class 'A' ordinary shares of 10p each being 30.54% of issued Class 'A' ordinary shares.

With the exception of Neurodiscovery Ltd, whose registered offices are in Australia, all the companies listed above are incorporated in Great Britain and registered in England. The results of these companies have not been consolidated into the accounts on the basis of materiality. This will be reviewed on an annual basis.

## notes to the accounts

(continued)

### 13. ENDOWMENT ASSET INVESTMENTS

	Consolidated		University	
	2008 £000	2007 (restated) £000	2008 £000	2007 £000
Balance at 1 August 2007	5,500	4,982	0	0
New endowments invested	1,320	1,203	0	0
Disposals	(24)	(2)	0	0
(Decrease) / Increase in market value of investments	(359)	103	0	0
Decrease in cash balances held for endowment funds	(1,208)	(786)	0	0
<b>Balance at 31 July 2008</b>	<b>5,229</b>	<b>5,500</b>	<b>0</b>	<b>0</b>
Composed of :-				
Securities	3,084	2,147	0	0
Cash at bank held for endowment funds	2,145	3,353	0	0
<b>Total Endowment Asset Investments</b>	<b>5,229</b>	<b>5,500</b>	<b>0</b>	<b>0</b>

### 14. DEBTORS

	Consolidated		University	
	2008 £000	2007 £000	2008 £000	2007 £000
<b>Amounts falling due within one year:</b>				
Trade Debtors	16,629	15,384	13,883	12,505
VAT and Other Taxes	156	267	0	0
Amounts owed by group undertakings	0	0	7,371	4,759
Amounts owed by associated undertaking	97	91	97	91
Prepayments and accrued income	16,973	22,954	16,816	22,961
Short Term Loans	383	185	383	185
<b>Amounts falling due after one year:</b>				
Debtors and prepayments	400	652	400	652
Amounts owed by group undertakings	0	0	0	0
<b>Total Debtors</b>	<b>34,638</b>	<b>39,533</b>	<b>38,950</b>	<b>41,153</b>

## notes to the accounts

(continued)

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2008	2007	2008	2007
	£000	£000	£000	£000
Unsecured Loans (note 17)	1,350	1,333	1,350	1,333
Payments Received in Advance	40,968	40,107	39,724	39,991
Trade Creditors	13,696	10,755	12,864	9,621
Social Security and Other Taxation Payable	8,307	7,498	7,878	7,019
Accruals	13,360	14,227	10,431	11,870
Amounts owed to group undertakings	0	0	33,250	36,862
Amounts owed to associated undertaking	18	12	0	12
Other Creditors	0	1,638	0	0
	<b>77,699</b>	<b>75,570</b>	<b>105,497</b>	<b>106,708</b>

### 16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated		University	
	2008	2007	2008	2007
	£000	£000	£000	£000
Unsecured Loans (note 17)	47,306	38,333	47,306	38,333
Other Creditors	0	53	0	0
Amounts owed to group undertakings	0	0	0	115
	<b>47,306</b>	<b>38,386</b>	<b>47,306</b>	<b>38,448</b>

## notes to the accounts

(continued)

### 17. FINANCIAL INSTRUMENTS AND BORROWINGS

At 31 July 2008 the consolidated borrowings are analysed as follows, by expected date of final capital repayments:

	Totally Repayable		
	Total	In less than five years	After five years
	£000	£000	£000
Amounts falling due within one year (note 15):	1,350	0	1,350
Amounts falling due after more than one year (note 16):	47,306	0	47,306
	<b>48,656</b>	<b>0</b>	<b>48,656</b>

Throughout the financial year the University has had the following borrowing arrangements in place:

1. A £40m variable rate amortising loan over 30 years from July 2007. The University has a negative pledge arrangement in respect of this loan. The University takes professional advice on the hedging of interest rates on its borrowings, with a view to reducing the risk of unexpected finance costs, and has, consequently, entered into a 30 year interest swap agreement, resulting in an overall effective 5.38% fixed rate of borrowing over the life of the loan.
2. Two forward dated bullet swaps. These swaps are for £20m commencing July 2009 and £10m commencing July 2010. Both of these swap terms expire in July 2037 and are at overall effective rates of 4.93% and 4.85%, respectively. The University has agreed a loan facility covering these swaps, however no formal draw down commitment is currently in place with respect to these arranged facilities.

During the year the University also entered into the following further borrowing arrangements:

3. A £10m variable rate loan was drawn down in July 2008, for repayment in full as a single bullet payment in July 2037. A 30 year interest swap agreement was entered into at the same time as this new loan, resulting in an overall effective 4.83% fixed rate of borrowing over the life of the loan.
4. £322,500 of a total £430,000 loan due from the Lawn Tennis Association was received in July 2008, specifically for the purpose of building an indoor tennis centre. The loan is repayable over 13 years from September 2008, when the final instalment was received, at a 0% rate of interest.

## notes to the accounts

(continued)

### 18. DEFERRED CAPITAL GRANTS

	Consolidated			University		
	Total £000	Funding Council £000	Other Grants & Benefactions £000	Total £000	Funding Council £000	Other Grants & Benefactions £000
<b>At 1 August 2007:</b>						
Buildings	79,849	46,146	33,703	79,972	46,146	33,826
Equipment	11,314	7,509	3,805	11,282	7,509	3,773
<b>Total</b>	<b>91,163</b>	<b>53,655</b>	<b>37,508</b>	<b>91,254</b>	<b>53,655</b>	<b>37,599</b>
<b>Add: Cash Received:</b>						
Buildings	14,165	6,635	7,530	14,164	6,635	7,529
Equipment	9,185	4,428	4,757	9,185	4,428	4,757
<b>Total</b>	<b>23,350</b>	<b>11,063</b>	<b>12,287</b>	<b>23,349</b>	<b>11,063</b>	<b>12,286</b>
<b>Less: Released to Income &amp; Expenditure:</b>						
Buildings (Notes 1, 3 & 4)	3,492	1,950	1,542	3,472	1,950	1,522
Equipment (Notes 1, 3 & 4)	5,521	3,421	2,100	5,494	3,421	2,073
<b>Total (Note 8)</b>	<b>9,013</b>	<b>5,371</b>	<b>3,642</b>	<b>8,966</b>	<b>5,371</b>	<b>3,595</b>
<b>At 31 July 2008:</b>						
Buildings	90,522	50,831	39,691	90,664	50,831	39,833
Equipment	14,978	8,516	6,462	14,973	8,516	6,457
<b>Total</b>	<b>105,500</b>	<b>59,347</b>	<b>46,153</b>	<b>105,637</b>	<b>59,347</b>	<b>46,290</b>

### 19. PROVISIONS FOR LIABILITIES AND CHARGES

	Consolidated	University
	£000	£000
<b>Early retirements provision</b>		
<b>At 1 August 2007</b>	<b>976</b>	<b>884</b>
Utilised in Year	(577)	(531)
New Provisions in Year	249	249
<b>At 31 July 2008</b>	<b>648</b>	<b>602</b>
<b>Restructuring provision for WHRI Kirton</b>		
<b>At 1 August 2007</b>	<b>0</b>	<b>0</b>
New Provision in Year	684	684
<b>At 31 July 2008</b>	<b>684</b>	<b>684</b>
<b>Total of above provisions carried forward at 31 July 2008</b>	<b>1,332</b>	<b>1,286</b>

## notes to the accounts

(continued)

### 20. ENDOWMENTS

#### CONSOLIDATED

	Restricted Permanent £000	Restricted Expendable £000	2008 Total £000	2007 Total £000
<b>Balances at 1 August 2007</b>				
Capital	2,092	3,296	5,388	4,962
Accumulated Income	80	32	112	20
	<b>2,172</b>	<b>3,328</b>	<b>5,500</b>	<b>4,982</b>
New endowments	144	134	278	725
Investment Income	102	151	253	208
Expenditure	(32)	(411)	(443)	(518)
	70	(260)	(190)	(310)
(Decrease) / Increase in market value of investments	(201)	(158)	(359)	103
	<b>2,185</b>	<b>3,044</b>	<b>5,229</b>	<b>5,500</b>
<b>At 31 July 2008</b>				
<b>Represented by:</b>				
Capital	2,035	2,998	5,033	5,388
Accumulated Income	150	46	196	112
<b>Total</b>	<b>2,185</b>	<b>3,044</b>	<b>5,229</b>	<b>5,500</b>

All of the above amounts relate to balances held within the University of Warwick Foundation Fund and the Consolidated University Group. No endowments are held within the accounts of the University.

### 21. REVALUATION RESERVES

	Consolidated £000	University £000
<b>Balance at 1 August 2007</b>	184	184
Decrease in market value of equity investments in the year (note 12)	(184)	(184)
<b>Balance at 31 July 2008</b>	<b>0</b>	<b>0</b>

### 22. GENERAL RESERVES

	Consolidated £000	University £000
<b>Balance at 1 August 2007</b>	109,626	79,540
Surplus for the Financial Year	2,871	724
Actuarial Loss on Pension Liability (note 31)	(2,695)	(2,695)
<b>Balance at 31 July 2008</b>	<b>109,802</b>	<b>77,569</b>
General Reserves excluding Pension Liability (note 23)	121,958	89,725
Pension Reserve (note 31)	(12,156)	(12,156)
General Reserves including Pension Liability	<b>109,802</b>	<b>77,569</b>

## notes to the accounts

(continued)

<b>23. CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT RESERVES</b>	2008	2007
	£000	£000
General Reserves - Associate Investment	1,878	1,673
Other Reserves	120,080	117,674
	<b>121,958</b>	<b>119,347</b>

<b>24. LEASE OBLIGATIONS</b>	Consolidated		University	
	2008	2007	2008	2007
	£000	£000	£000	£000
<b>Operating lease commitments in respect of buildings and equipment on leases expiring:</b>				
Within one year	33	15	33	15
Between one and five years	1,816	1,750	417	362
Over five years	1,190	1,138	1,190	1,053
	<b>3,039</b>	<b>2,903</b>	<b>1,640</b>	<b>1,430</b>

<b>25. CAPITAL COMMITMENTS</b>	Consolidated		University	
	2008	2007	2008	2007
	£000	£000	£000	£000
Commitments contracted at 31 July	25,638	16,714	15,085	16,714
Authorised but not contracted at 31 July	85,829	93,211	85,829	82,710
	<b>111,467</b>	<b>109,925</b>	<b>100,914</b>	<b>99,424</b>

<b>26. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	2007/08	2006/07 (restated)
	£000	£000
Surplus on Ordinary Activities Before Tax	1,158	4,480
Surplus Relating to Exceptional Items	1,311	0
Depreciation (Note 11)	17,829	16,254
Shortfall of Contributions to Pension Scheme Against Service Costs (Note 31)	818	756
Credit of Goodwill (Note 10)	(453)	(454)
(Profit) / Loss on Write Off and Disposal of Tangible Fixed Assets	(947)	75
Deferred Capital Grants Released to Income (Note 18)	(9,013)	(7,898)
Endowment Income and Interest Receivable (Note 5)	(3,609)	(3,436)
Interest Payable (Note 7)	1,895	3,036
Increase in Stocks	(1)	(46)
Decrease / (Increase) in Debtors	4,895	(3,696)
Increase in Creditors	2,059	7,441
Increase in Provisions (Note 19)	356	669
Increase in Investments Provisions (Note 12)	153	398
	<b>16,451</b>	<b>17,579</b>



## notes to the accounts

(continued)

### 27. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2007/08	2006/07 (restated)
	£000	£000
Income from Endowments (Note 5)	253	206
Other Interest Receivable (Note 5)	2,278	2,585
Interest Payable (Note 7)	(1,895)	(3,036)
Deed of Covenant payment to Minority Interests	0	(154)
	<b>636</b>	<b>(399)</b>

### 28. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2007/08	2006/07 (restated)
	£000	£000
Tangible Assets Acquired (Note 11)	(46,552)	(24,527)
Investments Sold / (Acquired) (Note 12)	235	(1,198)
Endowment Asset Investments Acquired (Note 13)	(1,320)	(1,203)
Proceeds on Disposal of Tangible Assets	1,520	1
Receipts from Sale of Endowment Assets (Note 13)	24	2
Deferred Capital Grants Received (Note 18)	23,350	15,599
Endowments Received (Note 20)	278	725
	<b>(22,465)</b>	<b>(10,601)</b>

### 29. ANALYSIS OF CHANGES IN NET DEBT

	At 1 August 2007 (restated) £000	Other Changes £000	Cash Flows £000	At 31 July 2008 £000
Cash at Bank and in Hand	25,636	0	620	26,256
Short Term Deposits	7,800	0	4,200	12,000
Endowment Assets (Note 13)	3,353	0	(1,208)	2,145
Debt due within one year (Note 15)	(1,333)	(1,333)	1,316	(1,350)
Debt due after one year (Note 16)	(38,333)	1,333	(10,306)	(47,306)
Net Debt	<b>(2,877)</b>	<b>0</b>	<b>(5,378)</b>	<b>(8,255)</b>

## notes to the accounts

(continued)

### 30. ANALYSIS OF CHANGES IN CONSOLIDATED FINANCING

	Mortgages & Loans £000
Balances at 1 August 2006	52,812
New Loans	40,000
Capital Repayments	(53,146)
Net Amount Repaid in Year	(13,146)
Balances at 31 July 2007	39,666
New Loans	10,323
Capital Repayments	(1,333)
Net Amount Repaid in Year	8,990
Balances at 31 July 2008 (Note 17)	48,656

### 31. PENSION SCHEMES

#### Universities Superannuation Scheme (USS)

The University participates in the USS, a defined benefit scheme which is externally funded and contracted out of the State Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The main results and assumptions of the most recent valuation of the USS are as follows:

	USS
Latest actuarial valuation date for which valuation is available	31 March 2005
Valuation method	Projected Unit
Value of notional assets	£21,740m
Funding level from accrued benefits	76.8%
Investment return per annum (past service and future service respectively)	4.5%, 6.2%
Salary scale increases per annum	3.9%
Pension increases per annum	2.9%

The actuary also valued the scheme on a number of other bases as at the date of valuation. Using the Minimum Funding Requirement subscribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at the valuation date and, under the Pension Protection Fund regulations introduced by the Pensions Act 2004, it was 110% funded. On a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company. Using the FRS 17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

The institution contribution rate required for future service benefits alone at the date of valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of pensionable salaries.

## notes to the accounts

(continued)

### 31. PENSION SCHEMES - continued

Surpluses and deficits which arise at future valuations may impact on the institution's future contribution commitment. An additional factor which could impact the funding level of the scheme is that with effect from 16 March 2006, USS positioned itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

A formal triennial actuarial valuation was carried out as at 31 March 2008. The contribution rate is being reviewed as part of this valuation, though final results were not available as at the time of accounts preparation.

FRS 17

The USS is a multi-employer scheme where the institution 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. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the accounting period.

#### University of Warwick Pension Scheme (UWPS)

The University operates a defined benefit scheme in the UK. Under FRS 17, the current service costs arising from employee service for the current period (less contributions paid into the scheme), expected interest costs on the scheme liabilities and the expected rate of return on scheme assets are charged and credited to the Income and Expenditure Account of the University. Other changes in the forecast scheme liability recorded on the Balance Sheet, as a result of changes in assumptions, are recorded in the Statement of Total Recognised Gains and Losses. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. This valuation has been updated to 31 July 2008 by a qualified independent actuary, for calculating FRS 17 accounting entries. The main results and assumptions of the most recent valuation of the UWPS are as follows:

	<b>UWPS</b>
Latest actuarial valuation date	5 April 2007
Valuation method	Projected Unit
Value of notional assets	£100.527m
Funding level from accrued benefits	101%
Investment return per annum	- pre-retirement 6.50%
	- post-retirement (non-pensioners) 4.75%
	- post-retirement (pensioners) 5.00%
Salary scale increases per annum	4.25%
Pension increases per annum (subject to limited price indexation)	3.00%

The University contributed 19% of members' pensionable salaries to the Scheme up until the end of May 2008, when, following the results of the 5 April 2007 actuarial valuation, it was agreed to increase the University's contribution rate to 19.85% from June 2008. The University currently expects contributions to continue at this rate throughout the year ending 31 July 2009 and the estimated contribution for the year is £4.2 million.

## notes to the accounts

(continued)

### 31. PENSION SCHEMES - continued

FRS 17

The major assumptions used by the actuary (in nominal terms) for the latest updates were:

	2008	2007	2006	2005	2004
Rate of increase in salaries	4.75%	4.50%	4.20%	4.20%	4.80%
Rate of increase of pensions in payment	3.50%	3.00%	*2.70%	*2.70%	*2.80%
* some pensions have guaranteed 3% increases.					
Discount rate	5.80%	5.60%	5.40%	5.30%	5.70%
Inflation assumption	3.50%	3.00%	2.70%	2.70%	2.80%
Return on equity investments **	7.90%	8.00%	7.50%	7.30%	8.00%
Return on bond investments **	4.90%	5.00%	4.50%	4.30%	5.00%

\*\* to develop the expected long-term rate of return on assets assumption, the University considered the current level of expected returns on risk free investments (government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested (equities) and the expectations for future returns on each asset class. The expected return for each asset class was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of a 7.23% assumption for the year ending 31 July 2008.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2008 Years	2007 Years	2006 Years	2005 Years	2004 Years
Male member aged 45	22.4	23.1	23.1	19.4	19.4
Female member aged 45	25.7	25.9	25.9	22.4	22.4
Male member aged 65	20.6	21.3	21.3	16.9	16.9
Female member aged 65	23.7	24.2	24.2	19.9	19.9

The assets in the Scheme were:

	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Value of assets					
- Equities	71,998	75,010	69,383	58,711	43,968
- Bonds and cash	23,999	25,875	20,435	16,425	14,858
Total market value of assets	95,997	100,885	89,818	75,136	58,826
Value of liabilities	(108,153)	(110,606)	(101,457)	(86,396)	(70,502)
<b>Net pension deficit</b>	<b>(12,156)</b>	<b>(9,721)</b>	<b>(11,639)</b>	<b>(11,260)</b>	<b>(11,676)</b>

Including FRS 17 valuations, the University Group's net assets and revenue reserves can be shown as follows:

	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Net assets excluding pension liability	232,812	216,326	202,154	190,033	176,444
Pension liability	(12,156)	(9,721)	(11,639)	(11,260)	(11,676)
<b>Net assets including pension liability</b>	<b>220,656</b>	<b>206,605</b>	<b>190,515</b>	<b>178,773</b>	<b>164,768</b>
	2008 £000	2007 £000	2006 £000	2005 £000	2004 £000
Income and expenditure reserve excluding pension liability	121,958	119,347	114,455	104,614	96,759
Pension reserve	(12,156)	(9,721)	(11,639)	(11,260)	(11,676)
<b>Income and expenditure reserve including pension liability</b>	<b>109,802</b>	<b>109,626</b>	<b>102,816</b>	<b>93,354</b>	<b>85,083</b>

## notes to the accounts

(continued)

### 31. PENSION SCHEMES - continued

#### Analysis of movement in the market value of scheme assets

	2007/08	2006/07
	£000	£000
Fair value of plan assets at beginning of the year	100,885	89,818
Expected rate of return on scheme assets	7,348	6,218
Actuarial (losses) / gains	(13,747)	2,356
Contribution paid by the employer	4,008	3,830
Contributions by scheme participants	1,308	1,260
Benefits paid	(3,805)	(2,597)
Fair value of plan assets at end of the year	95,997	100,885

#### Analysis of movement in the present value of scheme liabilities

	2007/08	2006/07
	£000	£000
Benefit obligation at beginning of the year	110,606	101,457
Current service costs	4,826	4,586
Interest cost	6,270	5,573
Contributions by scheme participants	1,308	1,260
Actuarial (gains) / losses	(11,052)	327
Benefits Paid	(3,805)	(2,597)
Past service cost	0	0
Benefit obligation at end of the year	108,153	110,606

#### Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses

	2007/08	2006/07
	£000	£000
Actual (loss) / return on scheme assets	(6,399)	8,574
Expected return on assets	(7,348)	(6,218)
Experienced gains and losses on liabilities	2,690	0
Changes in assumptions	8,362	(327)
Actuarial (loss) / gain recognised in the Statement of Total Recognised Gains and Losses	(2,695)	2,029
Adjustment due to surplus cap	0	0
Net (loss) / gain recognised	(2,695)	2,029

#### Summary of movement in net liability during the year

	2007/08	2006/07
	£000	£000
Current service cost	(4,826)	(4,586)
Contributions	4,008	3,830
Past service costs	0	0
Net return on assets	1,078	645
Net credit / (charge) to Income and Expenditure Account	260	(111)
Actuarial (loss) / gain recognised in the Statement of Total Recognised Gains and Losses	(2,695)	2,029
Deficit in scheme at 1 August	(9,721)	(11,639)
Deficit in scheme at 31 July	(12,156)	(9,721)

## notes to the accounts

(continued)

### 31. PENSION SCHEMES - continued

History of experience of gains and losses	2007/08 £000	2006/07 £000	2005/06 £000	2004/05 £000	2003/04 £000
Actual return less expected return on scheme assets	(13,747)	2,356	5,373	7,892	1,205
% of scheme assets:	(14.3%)	2.3%	6.0%	10.5%	2.0%
Experience of gains and losses on liabilities	2,690	0	0	(5,747)	68
% of scheme liabilities:	2.5%	0.0%	0.0%	(6.7%)	0.1%
Changes in assumptions	8,362	(327)	(7,824)	(2,790)	2,410
Total amount recognised in Statement of Total Recognised Gains and Losses	(2,695)	2,029	(2,451)	(645)	3,683
% of scheme liabilities:	(2.5%)	1.8%	(2.4%)	(0.7%)	5.2%

Cumulative actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses are:

	2008 £000	2007 £000
Loss as at 31 July	(20,614)	(17,919)

The University's contribution to the various schemes in respect of its own staff, in the years 2007/08 and 2006/07, were:

	2007/08 £000	2006/07 £000
Universities Superannuation Scheme (USS)	13,582	12,217
University of Warwick Pension Scheme (UWPS)	3,974	3,795
National Health Service Pensions Agency (NHSPA)	499	422
Local Government Superannuation Scheme (LGSS)	25	26
Net (refund) / cost of contributions from / to other schemes	(15)	15
	18,065	16,475
FRS 17 adjustment to pension charge for year	818	756
Pension cost for year (note 6)	18,883	17,231

The NHSPA is a multi-employer scheme where the institution 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. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Due to the low value of contributions and small number of participants in LGSS and other schemes no disclosures have been made under FRS17 on the grounds of materiality.

## notes to the accounts

(continued)

### 32. SUBSIDIARY COMPANIES AND ASSOCIATED BODIES

The University owns 100% of the issued share capital of the following companies which are registered in England and operating in the UK, unless dormant as stated:

	<u>No. of £1 Ordinary Shares</u>
Warwick University Training Limited	4
Warwick University Services Limited	125,000
Warwick University Enterprises Limited	20,000
Research-TV Limited (Dormant)	3
Warwick Conferences Limited (Dormant)	2
The University of Warwick Press Limited (Dormant)	2
Warwick Learning Limited (Dormant)	200
Jobs for the Academic Community Limited (Dormant)	1

The University is the sole member of Horticulture Research International (HRI), a private company limited by guarantee and an exempt charity. This company, and its 100% owned subsidiary, HRI Limited, have been dormant throughout the year. The consolidated accounts include the results of Warwick Horticulture Research International (WHRI) operations, as part of the University of Warwick.

In addition, the consolidated accounts include the accounts of The University of Warwick Foundation, an exempt Charity, and its wholly owned subsidiary UW Construction Limited.

Throughout the year and as at the year end the University held 51.0% of voting shares and 50.5% of non-voting shares in AdsFab Limited, being 153,000 £1 ordinary 'C' shares (non-voting) and 51 £1 ordinary 'A' shares (voting). The consolidated accounts include the accounts of AdsFab Limited.

#### University of Warwick Science Park (Note 12)

During the year, the University group of companies made purchases from the Science Park of £377k (2006/07: £359k). The University recharged costs to the Science Park of £1.2m (2006/07: £1.1m), mainly in relation to salaries. In May 2003, the University entered into a land swap agreement relating to the letting and development of land to the University of Warwick Science Park Limited and the letting of an adjacent plot back to the University. The future rent payable by the University under this agreement is disclosed within the figures in note 24.

#### Other Associated Bodies

The University is a co-guarantor of West Midlands Manufacturing Consortium Limited, a private company limited by guarantee, and Midlands Technology Network Limited. In the event of these companies being wound up, the University would be required to contribute £1 for each company. The results of the companies have not been consolidated into the accounts of the University on the basis of materiality.

### 33. RELATED PARTIES

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

Professor Stuart Palmer, an ex officio member of Council, is also a member of the Investment Committee of the Mercia Fund and director of Mercia Fund Management Ltd. Throughout the last financial year the University held an investment of £200k (2006/07: £200k) in the Mercia Fund 1 and at the year end held an investment of £240k (2006/07: £160k) in the Mercia Fund 2.

## notes to the accounts

(continued)

### 33. RELATED PARTIES - continued

Mr Brian Woods-Scawen, an ex officio member of Council and the University's Treasurer, is also chairman of the West Bromwich Building Society, with which the University from time to time holds cash deposits on short term investment. The maximum investment held with the West Bromwich Building Society during the last financial year was £5m and as at 31 July 2008 the University had no deposits with the Society.

Mr Woods-Scawen is also a strategic advisor to law firm Martineau. During the year the University acquired legal services to the value of £450k (2006/07: £426k) from Martineau.

Mr John Leighfield, an ex officio member and chair of Council and the University's Pro-Chancellor, is also a director of RM plc, a leading provider of IT services to education. During the last financial year, the University purchased products and services to the value of £0.6m (2006/07: £1.1m) from RM plc.

Professor Yvonne Carter, an appointed academic member of Council, is also Academic General Practitioner and Honorary NHS Consultant in Primary Care at Coventry Primary Care Trust from which the University has received payments to the value of £340k (2006/07: £351k), primarily in respect of rechargeable medical staff salary costs. Professor Carter is also a non-executive director of University Hospitals Coventry and Warwickshire NHS Trust to which the University made payments to the value of £1.6m (2006/07: £1.3m) in respect of rental agreements and other collaboration agreement service charges and recharged salary costs and other research project costs to the value of £0.4m (2006/07: £1.1m).

Mr Alan Rivett, the non-academic member of staff appointed to Council by Senate, is also chair of the Dance Touring Partnerships and a director of the Shared Experience Theatre Ltd. During the last financial year, the University acquired performance services from these two organisations for a combined total cost of £45k (2006/07: £29k).

### 34. CONTINGENT LIABILITIES

#### Clawback on freehold land:-

On 31 March 2004 the University acquired the freehold land and buildings at Wellesbourne and Kirton, on which Warwick Horticulture Research International is based, from The Secretary of State for Environment, Food and Rural Affairs. Under the terms of the agreement with the Department for Environment, Food and Rural Affairs (DEFRA), if any part of the acquired land and buildings are disposed of, or are the subject of grant or planning consent, within an agreed clawback period, then the University will be liable to pay 50% of the increase in value of the property over the value at acquisition, to DEFRA.

The terms of the clawback can be summarised as follows:	Valuation on acquisition	Clawback period expires
Wellesbourne land and property	£20,384,000	2019
Kirton land and property	£1,916,750	2024



## notes to the accounts

(continued)

### 35. PRIOR YEAR ADJUSTMENT

#### Recognition of additional Endowment Fund balances, in accordance with the 2007 SORP

Following revised wording with respect to the definition of endowment funds within the 2007 Statement of Recommended Practice, it has been felt appropriate that some funds, which had previously been treated as third party balances by the University but now fall under the refined definition of endowments, should, accordingly, be included within endowment funds in the reported results of the University and the University of Warwick Foundation.

The impact of this change in treatment on the accounts for the year ended 31 July 2008 is to reduce donation income recognised through the Income and Expenditure Account by £149k and to increase the value of new endowments recognised through the Statement of Total Recognised Gains and Losses by £70k; an overall reduction in Recognised Gains for the year of £79k.

The prior year effects of recognising these additional endowment fund balances within the University's reported results can be summarised as follows:

	2006/07 £000
Reduction in donation income recognised through Income and Expenditure Account	(156)
New Endowments recognised through Statement of Total Recognised Gains and Losses	223
	<hr/>
Net increase in Recognised Gains for year ended 31 July 2007	67
Adjustment relating to prior years	890
	<hr/>
Total Prior Year Adjustment	957
Endowment reserves as at 31 July 2007, as previously reported	4,543
	<hr/>
<a href="#">Endowment reserves as at 31 July 2007, as restated (note 20)</a>	<b>5,500</b>
	<hr/> <hr/>

### 36. ACCESS FUNDS

	2007/08 £000	2006/07 £000
<a href="#">Opening fund balance</a>	109	157
Funding Council grants received in year	246	237
	<hr/>	<hr/>
	355	394
Disbursed to Students	(324)	(285)
	<hr/>	<hr/>
<a href="#">Balance Unspent at 31 July</a>	<b>31</b>	<b>109</b>
	<hr/> <hr/>	<hr/> <hr/>

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.

## notes to the accounts

(continued)

### 37. TRAINING AND DEVELOPMENT AGENCY FOR SCHOOLS (TDA)

<b>(a) Student Bursaries</b>	2007/08	2006/07
	£000	£000
Opening fund balance	246	219
Net Training and Development Agency for Schools grants received in year	2,906	3,058
	<b>3,152</b>	<b>3,277</b>
Disbursed to students	(2,967)	(2,972)
Administration fee	(50)	(59)
	<b>135</b>	<b>246</b>
<b>Balance Unspent at 31 July owing to the Training and Development Agency</b>	<b>135</b>	<b>246</b>
	2007/08	2006/07
	£000	£000
Opening fund balance	9	9
Net Training and Development Agency for Schools grants received in year	16	16
	<b>25</b>	<b>25</b>
Development	(15)	(10)
Administration	(7)	(6)
	<b>3</b>	<b>9</b>
<b>Balance Unspent at 31 July owing to the Training and Development Agency</b>	<b>3</b>	<b>9</b>
	2007/08	2006/07
	£000	£000
Opening fund balance	2	6
Net Training and Development Agency for Schools grants received in year	256	216
	<b>258</b>	<b>222</b>
Disbursed to students	(127)	(123)
Support Payments to Schools	(49)	(40)
Administration	(73)	(57)
	<b>9</b>	<b>2</b>
<b>Balance Unspent at 31 July owing to the Training and Development Agency</b>	<b>9</b>	<b>2</b>

Training and Development Agency for Schools grants are available solely for students or schools for student support and the University acts only as paying agent in administering these TDA grants. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

## notes to the accounts

(continued)

### 38. CONSOLIDATED FIVE YEAR RESULTS

	2007/08	2006/07	2005/06	2004/05	2003/04
	£000	£000	£000	£000	£000
<b>Income</b>					
Funding Council Grants	85,506	84,730	77,136	65,953	61,280
Academic Fees & Support Grants	100,007	87,845	76,793	70,030	64,357
Research Grants & Contracts	61,665	57,021	60,620	58,620	40,086
Other Operating Income	99,394	97,479	93,270	87,216	77,650
Endowment Income & Interest Receivable	3,609	3,436	2,782	2,030	1,148
<b>Total Income</b>	<b>350,181</b>	<b>330,511</b>	<b>310,601</b>	<b>283,849</b>	<b>244,521</b>
<b>Expenditure</b>					
Staff Costs	189,560	172,302	157,915	145,051	124,685
Depreciation	17,829	16,254	14,829	14,280	11,309
Other Operating Expenses	139,739	134,439	122,864	112,400	102,542
Interest Payable	1,895	3,036	3,181	3,460	2,439
<b>Total Expenditure</b>	<b>349,023</b>	<b>326,031</b>	<b>298,789</b>	<b>275,191</b>	<b>240,975</b>
<b>Surplus on Continuing Operations</b>	<b>1,158</b>	<b>4,480</b>	<b>11,812</b>	<b>8,658</b>	<b>3,546</b>
Share of profit after tax of Associate	205	145	46	98	0
Equity Minority Interest	7	(154)	(68)	(53)	(6)
Exceptional Items	1,311	0	0	0	0
Transfer from Accumulated Income within Specific Endowments	190	310	123	213	337
<b>Retained Earnings for the Financial Year</b>	<b>2,871</b>	<b>4,781</b>	<b>11,913</b>	<b>8,916</b>	<b>3,877</b>
<b>Surplus excluding FRS 17 adjustments</b>	<b>2,611</b>	<b>4,892</b>	<b>9,841</b>	<b>7,855</b>	<b>4,194</b>
<b>Assets</b>					
Fixed Assets	279,833	251,597	241,830	236,446	228,591
Endowment Asset Investments	5,229	5,500	4,092	2,392	2,123
Current Assets	74,087	74,161	76,200	69,313	55,811
<b>Liabilities</b>					
Current Liabilities	77,699	75,570	68,843	64,697	54,085
Long Term Liabilities	47,306	38,386	50,818	52,990	55,024
Provisions	1,332	976	307	431	972
<b>Net Assets, excluding Pension Liability</b>	<b>232,812</b>	<b>216,326</b>	<b>202,154</b>	<b>190,033</b>	<b>176,444</b>
Pension Liability	(12,156)	(9,721)	(11,639)	(11,260)	(11,676)
<b>Net Assets, including Pension Liability</b>	<b>220,656</b>	<b>206,605</b>	<b>190,515</b>	<b>178,773</b>	<b>164,768</b>
<b>Capital Expenditure</b>					
Land and Buildings	32,621	16,444	16,369	13,049	36,351
Plant, Machinery & Equipment	13,931	8,083	7,890	8,575	11,754
	<b>46,552</b>	<b>24,527</b>	<b>24,259</b>	<b>21,624</b>	<b>48,105</b>

## indicators of financial health

	2007/08	2006/07	2005/06	2004/05	2003/04
(a) % Ratio of Total HEFCE & TDA Grants to Total Income	24.42%	25.64%	24.83%	23.24%	25.06%
(b) % Ratio of Total Fees from Home & EU Students to Total Income	12.95%	11.09%	9.40%	9.72%	10.59%
(c) % Ratio of Total Fees from Overseas Students to Total Income	11.36%	11.52%	11.70%	11.56%	11.96%
(d) % Ratio of Total Research Grant and Contract Income to Total Income	17.61%	17.25%	19.52%	20.65%	16.39%
(e) % Ratio of Total Other Services Rendered Income to Total Income	2.30%	1.96%	2.38%	3.06%	2.87%
(f) % Ratio of Total Residences and Catering Income to Total Income	8.08%	7.90%	8.17%	8.47%	9.12%
(g) % Ratio of Total all Other Income to Total Income	23.28%	24.64%	24.00%	23.30%	24.01%
(h) % Ratio of Surplus to Total Income	0.82%	1.45%	3.84%	3.14%	1.59%
(i) % Ratio of Long Term Liabilities* to Total General Funds*	39.88%	32.98%	44.67%	51.06%	57.87%
(j) Ratio of Liquid Assets to Current Liabilities	0.49	0.44	0.57	0.46	0.39
(k) Ratio of Current Assets to Current Liabilities	0.95	0.98	1.11	1.07	1.03
(l) Days of Total Income represented by Debtors	36.10	43.66	42.11	49.14	50.50
(m) Days of Total Expenditure represented by Creditors due within one year	81.26	84.60	84.10	85.81	81.92

\* excluding Pension Liability/Reserve