

UNIVERSITY OF WARWICK

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED  
31 JULY 1990

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## TREASURER'S REPORT

The principal features of the income and expenditure account continue the satisfactory trend of recent years. The increase in turnover from £70m. to £83m. is most encouraging. The surplus of £0.75m., whilst comparing favourably with the results of many other universities, at less than 1% of turnover is far too small for comfort.

Within the income figures it is particularly encouraging to see the continued growth of research grant and contract income, up 28% from £11.3m to £14.5m., reflecting the high reputation of the University in this field. There was an even greater increase in income from short courses and trading activities, up 31% from £14.9 to £19.6m. These two areas of activity contribute greatly to the finances of the University, and their continued success is vital to its future.

The expenditure figures include over £1.75m. of capital expenditure, primarily for academic buildings and the completion of the Jack Martin Halls of Residence which have added a further 428 en-suite rooms to the stock of student accommodation over the past four years. Warwick is a dynamic institution, committed to expansion that will demand considerable capital investment in academic and student facilities in the coming years. The maximum provision possible has been made in our financial plans but the lack of capital funding from Government is a particular constraint on a young, expanding University. We shall endeavour to overcome this, as in the past, by entrepreneurial action, and the close links that we enjoy with industry are likely to continue to prove their worth in this as in other fields.

There are many uncertainties ahead, not least the likely imbalance between the necessary level of academic and other salary settlements and the funds provided from Government to meet them. Our uncommitted reserves of some £0.9m., equalling less than 1% of annual turnover, are hardly adequate for the scale of our operations, and must be increased. In spite of all these problems and demands we remain confident for the future.

J D M HEARTH, CBE., MA.

TREASURER

## ACCOUNTING POLICIES

### **Basis of Accounting**

The accounts have been prepared in accordance with the Statement of Recommended Practice on accounting in U.K. Universities. The comparative figures have been restated to reflect alterations in the classification of certain items.

### **Income**

Income represents all revenue grants, fees and other income receivable for the year.

### **Research Grants**

Income from research grants is included to the extent of expenditure incurred during the year.

### **Capital Expenditure**

Capital expenditure, to the extent it is not covered by specific grants and loans, loan interest and capital repayments are charged to the income and expenditure account.

### **Debtors and Prepayents**

Specific provisions are made for any debts considered to be doubtful and known bad debts are written off.

### **Stocks**

Stocks include goods for resale in catering departments, bars and the bookshop and are valued at the lower of cost and net realisable value. Stocks of consumable materials are written off to revenue as incurred.

### **Restricted Funds**

Restricted funds represent income on funds which is for specific purposes designated by the donor and can only be applied to that specific purpose.

### **General Funds**

General funds represent income on funds which can be applied to any activity of the University at the discretion of the University.

### **Provisions**

Provisions represent amounts retained as being reasonably necessary in order to provide for any liability or loss that is either likely or certain to be incurred, but is uncertain as to either amount or timing.

### **Taxation**

No current or deferred taxation has been provided as the University is a charity registered under the Charities Act 1960, and thereby exempt from United Kingdom taxation on its income.

### **The University of Warwick Foundation Fund**

The University of Warwick Foundation Fund is vested in and administered separately by the Trustees. It does not therefore form part of these accounts.

### **Pension Arrangements**

- a) The Institution participates in the Universities Superannuation Scheme, a pension scheme which provides benefits based on final pensionable salary for the employees of all UK universities and some other employers. The assets of the Scheme are held in a separate trustee-administered fund.

The latest actuarial valuation of the Scheme was at 31 March 1987. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return of investments and the rates of increase in salary and pensions. It was assumed that the investment return would be 8.1/2% per annum, that salary scale increases would be 6.1/2% per annum and that pensions would increase by 5% per annum.

At the date of the last actuarial valuation, which was carried out using the aggregate method, the market value of the assets of the scheme was £3,783 million and the actuarial value of the assets was sufficient to cover 81% of the benefits which had accrued to members after allowing for expected future increases in earnings. The level of contributions paid by the employing Institutions takes into account this actuarial deficiency.

The pension contribution charged in the accounts is comprised of a regular cost of 10.5% plus 8.05% which is calculated to result in the shortfall on costs below liabilities being allocated over approximately 10 years.

- b) Staff not eligible for membership of USS are superannuated through either the University's own pension scheme or various local government schemes.

The University's own scheme is an exempt-approved pension scheme for the benefit of its non-academic staff. The 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.

The last actuarial valuation was at 6 April 1989. The pension costs were assessed using the Attained Age method. The major financial assumptions used were that the long term investment returns would average 9% per annum compound, that long term salary increases (both promotional and inflationary) would average 5.8% per annum compound and that pensions would increase at a minimum rate of 3% per annum compound.

The market value of the assets at 6 April 1989 was £13,639,568 and the actuarial value of the assets was sufficient to cover 146% of the benefits which had accrued to members after allowing for expected future increases in earnings. To reduce this surplus the University proposes not to pay contributions from 1 May 1990 to 31 July 1993 and increase benefits for members.

The University's contribution to the various schemes in the years 1988/89 and 1989/90 were:

	1988/89 £000	1989/90 £000
USS	3,484	3,727
University of Warwick Pension Scheme	427	567
Local Government	22	20
Others	16	17
	<hr/>	<hr/>
	3,949	4,331
	<hr/>	<hr/>

THE UNIVERSITY OF WARWICK

INCOME AND EXPENDITURE ACCOUNT  
for the Year Ended 31 July 1990

	Note	1990 £000	1989 £000
<b>INCOME</b>			
Grants from the Universities Funding Council	1	31622	27627
Contribution to Depreciation of Buildings		890	850
Academic Fees and Support Grants	2	7867	7388
Endowments, Donations & Subventions	3	185	159
Computer Board Grants	1	280	253
Residences and Catering Operations	4	6072	5810
Other General Income	5	1256	1570
Research Grants and Contracts	6	14553	11352
Other Services Rendered	7	19621	14968
Retained Net Proceeds of Sales of Buildings, Land etc.		<u>1081</u>	<u>298</u>
		83427	70275
<b>EXPENDITURE</b>			
Academic Departments	8	23660	21704
Academic Services	9	2864	2876
General Educational Expenditure	10	380	335
Maintenance of Premises	11	6509	6940
Administration and Central Services	12	4886	3792
Student and Staff Facilities and Amenities	13	991	859
Residences and Catering Operations	4	6649	5956
Pensions	14	1078	214
Depreciation of Buildings		890	850
Equipment and Furniture	15	2087	2094
Miscellaneous Expenditure	16	608	237
Research Grants and Contracts	6	13214	10343
Other Services Rendered	7	<u>16619</u>	<u>13045</u>
		80435	69245
<b>SURPLUS/(DEFICIT) FOR YEAR</b>			
TRANSFERS FROM/(TO) RESERVES	21	2992 (2236)	1030 (650)
<b>SURPLUS/(DEFICIT) AFTER TRANSFERS</b>			
		<u>756</u>	<u>380</u>

STATEMENT OF FINANCIAL POSITION  
as at 31 July 1990

	Note	1990 £000	1989 £000
LAND AND BUILDINGS	17	42496	41239
LONG TERM INVESTMENTS		80	-
NET CURRENT ASSETS/(LIABILITIES)	18	5399	3349
		<hr/>	<hr/>
		47975	44588
LESS LONG TERM LIABILITIES		2900	2919
		<hr/>	<hr/>
NET ASSETS TOTAL	19	45075	41669
		<hr/>	<hr/>
CAPITAL	20	36636	35398
RESTRICTED FUNDS			
Specific Endowments		14	48
GENERAL FUNDS			
Reserves	21	8425	6223
		<hr/>	<hr/>
TOTAL FUNDS		45075	41669
		<hr/>	<hr/>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
for the Year Ended 31 July 1989

	1990 £000	1989 £000
<b>CAPITAL</b>		
U F C Grant	-	600
Reserves	1767	459
Loans Repaid	244	196
Benefactions and Donations	<u>117</u>	<u>713</u>
	2128	1968
 Expenditure on Land and Buildings	 <u>2147</u> (19)	 <u>4238</u> (2270)
<b>RESTRICTED FUNDS</b>	<hr/>	<hr/>
Specific Endowments		
Additional Capital		
From Capital received	-	373
Expended during year	(34)	(325)
	<hr/> (34)	<hr/> 48
<b>GENERAL FUNDS</b>		
Reserves		
Surplus/(Deficit) before transfers	2992	1030
Utilized for Land and Buildings	(1767)	(459)
Invested during year	(80)	-
Departmental Funds	<u>977</u>	<u>374</u>
	2122	945
	<hr/>	<hr/>
	2088	993
	<hr/>	<hr/>
<b>TOTAL FUNDS</b>	2069	(1277)
Add Increase in long-term liabilities	-	605
Reduction in long-term loans	-	570
Less Reduction in long-term liabilities	(19)	-
	<u>2050</u>	<u>(102)</u>
	<hr/>	<hr/>



	1990 £000	1989 £000
<b>MOVEMENT IN WORKING CAPITAL</b>		
Stocks	6	44
Debtors and Prepayments	1936	2123
Provisions	(981)	(352)
Creditors and Accruals	(2875)	(553)
	<hr/> (1914)	<hr/> 1262
<b>Movements in Net Liquid Funds</b>		
Short-term Investments	5249	(1403)
Cash and Bank Balances	87	11
Bank Overdraft	(1372)	28
	<hr/> 3964	<hr/> (1364)
	<hr/> 2050	<hr/> (102)

# NOTES TO THE ACCOUNTS

## 1. GOVERNMENT GRANTS

	Received	1989/90		Unpaid/
	£000	Included in Income £000	Included In Capital £000	(Prepaid £000)
UFC Basic Recurrent Grant	25845	25845		
UFC Specific Grants				
Equipment & Furniture	1497	1580		
Capital in Recurrent	524	524		
Rates	1091	1015		(76)
Engineering and Technology Programme	864	864		
Books and Periodicals	58	58		
PICKUP	102	102		
NAAS	273	273		
Manufacturing Systems Engineering Programme	260	260		
Continuing Education	87	87		
Redundancy Compensation	933	1007		74
Others	6	7		
	31540	31622		(2)
Total Grants from the UFC				
Computer Board Grants	348	280		(109)
	31888	31902		(111)

	Received	1988/89		Unpaid/
	£000	Included in Income £000	Included In Capital £000	(Prepaid £000)
UFC Basic Recurrent Grant	22685	22685		
UFC Specific Grants				
Equipment & Furniture	1481	1644		121
Capital in Recurrent	802	202	600	
Rates	1703	1703		
Engineering and Technology Programme	839	839		
Books and Periodicals	59	59		
PICKUP	61	61		
INSET	12	12		
Manufacturing Systems Engineering Programme	205	205		
Continuing Education	39	39		
Redundancy Compensation	169	169		
Others	9	9		
	28064	27627	600	121
Total Grants from the UFC				
Computer Board Grants	267	253		(14)
	28331	27880	600	107

	1990 £000	1989 £000
<b>2. ACADEMIC FEES AND SUPPORT GRANTS</b>		
Full-time Home & EEC Students	4438	4063
Overseas Students	2890	2881
Part-time Students	307	282
Research Training Support Grants	90	53
Other Fees and Support Grants	142	109
	<u>7867</u>	<u>7388</u>
<b>3. ENDOWMENTS DONATIONS AND SUBVENTIONS</b>		
Chairs and Lectureships	68	99
Fellowships, Scholarships and Prizes	8	6
General	109	54
	<u>185</u>	<u>159</u>
<b>4. RESIDENCES AND CATERING OPERATIONS INCOME AND EXPENDITURE</b>		

	1989/90		
	£ 000	£ 000	£ 000
	Residences	Catering	Total
Income	3098	2974	6072
	<u>          </u>	<u>          </u>	<u>          </u>
Expenditure			
Salaries and Wages	1075	1324	2399
Food and Bar purchases	-	1247	1247
Heat, Light, Water & Power	391	96	487
Other Expenses	2090	426	2516
	<u>3556</u>	<u>3093</u>	<u>6649</u>

	1988/89		
	£ 000	£ 000	£ 000
	Residences	Catering	Total
Income	2924	2886	5810
	<u>          </u>	<u>          </u>	<u>          </u>
Expenditure			
Salaries and Wages	925	1214	2139
Food and Bar purchases	-	1433	1433
Heat, Light, Water & Power	404	75	479
Other Expenses	1605	300	1905
	<u>2934</u>	<u>3022</u>	<u>5956</u>

	1990 £000	1989 £000
<b>5. OTHER GENERAL INCOME</b>		
Income from Short-Term Investments	505	421
Letting of Rooms & Hiring of Facilities	231	220
Charges for Administrative Services	42	38
Severn Trent Water Authority Contingency	-	365
Erasmus	54	14
DES Grant for Adult Education	-	59
Miscellaneous	424	453
	<u>1256</u>	<u>1570</u>

**6. RESEARCH GRANTS AND CONTRACTS**

	1989/90	
	Income	Expenditure
	£	£
	000	000
Research Councils	5629	5504
Central Government, Local Authorities and Public Corporations	3063	2548
Industry and Commerce	3405	2860
Charitable Bodies	670	692
Overseas	938	835
Others	848	775
	<u>14553</u>	<u>13214</u>

	1988/89	
	Income	Expenditure
	£	£
	000	000
Research Councils	5197	5100
Central Government, Local Authorities and Public Corporations	2146	1824
Industry and Commerce	2193	1823
Charitable Bodies	436	431
Overseas	1068	867
Others	312	298
	<u>11352</u>	<u>10343</u>

7. OTHER SERVICES RENDERED

	1989/90	
	Income	Expenditure
	£	£
	000	000
Special and Short Courses	7944	5753
Retail Services	8027	7305
Other Academic Services Rendered	3650	3561
	<u>19621</u>	<u>16619</u>

	1988/89	
	Income	Expenditure
	£	£
	000	000
Special and Short Courses	6072	4792
Retail Services	5962	5437
Other Academic Services Rendered	2934	2816
	<u>14968</u>	<u>13045</u>

8. ACADEMIC DEPARTMENTS

	1990	1989
	£000	£000
Salaries of Academic Staff	16273	15367
Salaries & Wages of Other Staff	3392	3026
Other Expenses	3995	3311
	<u>23660</u>	<u>21704</u>

9. ACADEMIC SERVICES

Library	1827	1772
Computing Services	758	749
Other Expenses	279	355
	<u>2864</u>	<u>2876</u>

	1990 £000	1989 £000
<b>10. GENERAL EDUCATIONAL EXPENDITURE</b>		
Examinations	88	81
Fellowships, Scholarships and Prizes	62	61
Contribution to UCCA and CVCP	62	62
Music, Drama and Works of Art	95	77
Other Expenses	73	54
	<u>380</u>	<u>335</u>
<b>11. MAINTENANCE OF PREMISES</b>		
Rates	1040	1771
Telephones	141	249
Insurance	172	158
Heat, Light, Water and Power	1033	1007
Cleaning and other running costs	1476	1330
Long Term Repairs and Maintenance	1229	1110
Ordinary Repairs and Maintenance	1418	1315
	<u>6509</u>	<u>6940</u>
<b>12. ADMINISTRATION AND CENTRAL SERVICES</b>		
Salaries and Wages	2362	2126
Advertising and Recruitment	353	309
Printing, Stationery and Postage	573	470
Other Expenses	1598	887
	<u>4886</u>	<u>3792</u>
<b>13. STUDENT AND STAFF FACILITIES AND AMENITIES</b>		
Careers Advisory Service	183	177
Sports grounds and Buildings	148	131
Grants to Union of Students	436	411
Other Expenses	224	140
	<u>991</u>	<u>859</u>
<b>14. PENSIONS</b>		
Premature Retirement Compensation Scheme	1007	200
Other Pension Costs	71	14
	<u>1078</u>	<u>214</u>
<b>15. FURNITURE AND EQUIPMENT</b>		
Academic Departments	1290	1251
Academic Services	290	277
Furniture & Non Academic Equipment	272	475
Other	235	91
	<u>2087</u>	<u>2094</u>

	1990 £000	1989 £000
<b>16. MISCELLANEOUS EXPENDITURE</b>		
Hospitality and Entertainment	43	29
Debt Charges	79	79
Other Expenses	486	129
	<u>608</u>	<u>237</u>
 <b>17. LAND AND BUILDINGS</b>		
Balance as at 1 August 1989	42089	37851
Additional during the Year:		
Student Residences	1112	1321
Academic Buildings	175	2476
Post Experience Centres	539	348
Other Buildings & Grounds	321	93
	<u>44236</u>	<u>42089</u>
Less Accumulated Depreciation	1740	850
	<u>42496</u>	<u>41239</u>
 <b>18. NET CURRENT ASSETS</b>		
Current Assets		
Stocks	332	326
Debtors and Prepayments	9520	7584
Short Term Deposits	6165	916
Cash & Bank Balances	124	37
Total Current Assets	<u>16141</u>	<u>8863</u>
 Current Liabilities		
Provisions	1558	577
Creditors and Accruals	7094	4219
Bank Overdraft	2090	718
Total Current Liabilities	<u>10742</u>	<u>5514</u>
Net Current Assets	<u>5399</u>	<u>3349</u>

19.

**ANALYSIS OF FUND BALANCES BETWEEN THE NET ASSETS  
as at 31 July 1990**

	Lands Blds £000	Long Term Invest. £000	Net Current Assets £000	Long Term Liabilities £000	Total Funds £000
Capital	39596		(2960)		36636
Restricted Funds Specific Endowments			14		14
General Funds Reserves		80	8345		8425
Financing of Students Accommodation Loans from Building Societies	2527			(2527)	
Financing of Staff Housing Loans from Building Societies	373			(373)	
Net Assets total	<u>42496</u>	<u>80</u>	<u>5399</u>	<u>(2900)</u>	<u>45075</u>

**ANALYSIS OF FUND BALANCES BETWEEN THE NET ASSETS  
as at 31 July 1989**

	Lands Blds £000	Long Term Invest. £000	Net Current Assets £000	Long Term Liabilities £000	Total Funds £000
Capital	38320		(2922)		35398
Restricted Funds Specific Endowments			48		48
General Funds Reserves			6223		6223
Financing of Students Accommodation Loans from Building Societies	2546			(2546)	
Financing of Staff Housing Loans from Building Societies	373			(373)	
Net Assets total	<u>41239</u>	<u>      </u>	<u>3349</u>	<u>(2919)</u>	<u>41669</u>



	1990 £000	1989 £000
<b>20. CAPITAL</b>		
Balance as at 1 August 1989	36248	34280
Additions during the Year		
UFC Grant	-	600
University Funds	1767	459
Loans Repaid	244	196
Benefactions and Donations	117	713
	<u>38376</u>	<u>36248</u>
Less Accumulated Contribution to Depreciation	1740	850
	<u>36636</u>	<u>35398</u>

	Balance 1/8/89 £000	Transfers (from)/to Reserves £000	Capital Expenditure £000	Balance 31/7/90 £000
<b>21. RESERVES</b>				
Research & Innovations	106	9		115
Study Leave	15	(4)		11
Conferences Account	442	286		728
Residential Renewals and Improvements	514	(387)		127
Catering Renewals and Improvements	64	(49)		15
Other Renewals	755	117		872
Restructuring	109	(7)		102
Capital	88	1833	(1767)	154
Departmental Expenses	1147	474		1621
Others	<u>425</u>	<u>(36)</u>		<u>389</u>
	3665	2236	(1767)	4134
Departmental Funds	2386	977		3363
General Reserve	<u>172</u>	<u>756</u>		<u>928</u>
	<u>6223</u>	<u>3969</u>	<u>(1769)</u>	<u>8425</u>

22. The University holds 9754 shares of £1 each (representing 35% of the total shares issued) and a 1% debenture loan of £820,710 issued by University of Warwick Science Park Limited. The investment has been included in the accounts at nil value.

AUDITORS' REPORT TO THE COUNCIL

OF THE UNIVERSITY OF WARWICK

We have audited the financial statement on pages 2 to 16 in accordance with Auditing Standards.

In our opinion these financial statements give a true and fair view of the state of affairs of the University as at 31 July 1990 and of its income and expenditure and source and application of funds for the year then ended.

Livery House  
169 Edmund Street  
Birmingham

Price Waterhouse  
Chartered Accounts  
10 December 1990