

UNIVERSITY OF WARWICK

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED
31 JULY 1992

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TREASURER'S REPORT – UNIVERSITY OF WARWICK

The figures reported in these accounts are substantially better than expected, and in difficult times this reflects great credit on all concerned. The surplus of £1,182k shown on the University's activities is after transfer of £1,400k to a new Restructuring Reserve, and after capital expenditure financed from revenue of £1,500k. With the new Reserve we now have £2.8m in uncommitted funds available for general purposes, the highest figure in the University's history but, of course, still small against a turnover of £100m pa.

Total capital expenditure for the year amounted to £8.7m, most of this being funded externally. From our own resources we completed Stage 5 of the Social Studies building for the Business School; completed the Engineering Management Building for the Manufacturing Systems Group at Westwood; and started the Library extension. This extension incorporates the new Modern Records Centre, which is a joint project with BP International Limited, and which also received a generous donation from a benefactor. The extension is now nearing completion, and it reflects the priority that the University is giving to ensuring that library facilities match the status and needs of the University. Other external funds provided for a major extension to Radcliffe House, and the Foundation Fund provided £1m for the second multi-storey car park. For Postgraduate students the first 150 rooms of the Sir Arthur Vick residences were financed by borrowing; this project will be completed with a further 258 rooms in 1992/93, to be financed similarly by loan.

Against general economic trends our earned income activities performed exceptionally well, providing support for the academic life of the University possibly unmatched elsewhere in the system. Not surprisingly, we are now seeing signs that the recession is affecting many of these activities, and we are taking appropriate action. In 1991/92, however, three areas in particular showed better than budgeted results. Overseas student recruitment, in which the University makes a significant investment, especially in the Far East, was very successful and generated net income £590k ahead of budget. Careful cash management and debtor control – together with high interest rates which we are unlikely to see in the current year – helped to generate income from investments of £983k, £483k ahead of forecast. Finally Scarman House, to which I referred last year and for which the accounts are here consolidated for the first time, had a very successful first year's trading and contributed £411k to general funds.

Public funding constraints mean that the outlook for the University system as a whole is not encouraging. However we believe that Warwick is as well placed as all but the largest and wealthiest institutions to thrive and grow.

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 consolidated accounts cover the activities of the University and of Warwick University Training Limited, a wholly owned subsidiary whose single class of business is the operation of a post experience management training centre, for the period 1 April 1991 to 31 July 1992.

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.

University Land and Buildings

Land and buildings are included in the statement of financial position at historical cost less depreciation.

Subsidiary Company Leased Assets

Assets used by the Company which have been funded through finance leases are capitalised and the resulting lease obligations are included in creditors net of finance charges. Interest costs and all payments in respect of operating leases are charged directly to the profit and loss account on a straight line basis over the period of the lease.

Depreciation on University Assets

Depreciation has been provided on a straight line basis at a rate of 2% per annum from 1 August 1988. An amount equal to the annual depreciation charge is released from capital and included in income in the income and expenditure account so that the surplus or deficit position of the University is not affected by depreciation.

Depreciation on Subsidiary Company Assets

Depreciation has been provided on leased and owned assets so as to write off their cost over their estimated useful lives, in equal instalments, which in the case of leased assets equates to the primary lease period. The appropriate rates are:

Plant and equipment under finance leases	10% per annum
Fixtures and fittings under finance leases	20% per annum
Owned fixtures and fittings	10% per annum

Equipment and Furniture

Expenditure on equipment and furniture, funded either by the Universities Funding Council or from other sources, is written off in full through the income and expenditure account in the year in which it is incurred.

Long-term Maintenance

Included in the income and expenditure account is an annual charge for long-term maintenance calculated so as to equalise annual costs on the basis of the University's long-term maintenance plan. The charge is credited to a provision, against which actual expenditure on long-term maintenance is met.

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 subsidiary company, Warwick University Training Limited, is subject to corporation tax.

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

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.

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.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
for the Year ended 31 July 1992

	1992 £000	1991 £000
INCOME		
University	99,597	91,146
Company	3,390	
	<u>102,987</u>	<u>91,146</u>
EXPENDITURE		
University	95,999	88,220
Company	3,151	34
	<u>99,150</u>	<u>88,254</u>
Consolidated Surplus before Transfers	3,837	2,892
Transfers from/(to) Reserves	(2,792)	(3,622)
	<u>1,045</u>	<u>(730)</u>
Represented by: University	1,181	(696)
Company	(136)	(34)
	<u>1,045</u>	<u>(730)</u>

STATEMENT OF FINANCIAL POSITION
as at 31 July 1992

	Notes	UNIVERSITY		CONSOLIDATED	
		1992 £000	1991 £000	1992 £000	1991 £000
LAND AND BUILDINGS	17	51,950	44,368	55,170	44,368
LONG TERM INVESTMENTS		80	80	80	80
NET CURRENT ASSETS	18	8,231	5,219	8,419	5,185
		<u>60,261</u>	<u>49,667</u>	<u>63,669</u>	<u>49,633</u>
LESS LONG TERM LIABILITIES	19	3,887	2,914	7,466	2,914
NET ASSETS TOTAL	19	<u>56,374</u>	<u>46,753</u>	<u>56,203</u>	<u>46,719</u>
 CAPITAL	20	45,111	38,889	45,111	38,889
RESTRICTED FUNDS					
Specific Endowments			5		5
GENERAL FUNDS					
Reserves	21	11,263	7,859	11,092	7,825
TOTAL FUNDS	19	<u>56,374</u>	<u>46,753</u>	<u>56,203</u>	<u>46,719</u>


C. BRUMMITT
FINANCE OFFICER
14 December 1992

CASH FLOW STATEMENT
for the Year ended 31 July 1992

	Note	UNIVERSITY		CONSOLIDATED	
		1992 £000	1991 £000	1992 £000	1991 £000
NET CASH FLOW FROM OPERATING ACTIVITIES	22	6,440	4,798	7,473	4,798
RETURNS ON INVESTMENT OF GENERAL FUNDS					
Interest received		728	690	807	690
INVESTING ACTIVITIES					
Payments to acquire Land and Buildings		(8,712)	(2,822)	(8,737)	(2,822)
Receipts from Sale of Land and Buildings		151	50	151	50
Benefactions and Donations received		4,846	15	4,846	15
		(3,715)	(2,757)	(3,740)	(2,757)
FINANCING					
Bank Loan advanced		1,070		1,070	
Loans Repaid		(68)	(38)	(68)	(38)
		1,002	(38)	1,002	(38)
INCREASE IN CASH AND CASH EQUIVALENTS	23	4,455	2,693	5,542	2,693

THE UNIVERSITY OF WARWICK
INCOME AND EXPENDITURE ACCOUNT
for the Year ended 31 July 1992

	Notes	1992 £000	1991 £000
INCOME			
Grants from the Universities Funding Council	1	29,235	27,190
Contribution to Depreciation of Buildings		1,115	950
Academic Fees and Support Grants	2	26,339	21,986
Endowments, Donations & Subventions	3	112	243
Grants from the Information Systems Committee	1	234	305
Residences, Catering and Conferences	4	8,069	7,972
Other General Income	5	12,586	10,633
Research Grants and Contracts	6	16,840	16,154
Other Services Rendered	7	5,353	5,663
Retained Net Proceeds of Sales of Buildings and Land		<u>151</u>	<u>50</u>
		100,034	91,146
EXPENDITURE			
Academic Departments	8	35,761	31,018
Academic Services	9	3,812	3,395
General Educational Expenditure	10	1,055	913
Maintenance of Premises	11	7,146	6,672
Administration and Central Services	12	5,182	4,646
Student and Staff Facilities and Amenities	13	1,471	1,207
Residences, Catering and Conferences	4	8,220	8,178
Pensions	14	56	560
Depreciation of Buildings		1,115	950
Equipment and Furniture	15	2,567	2,253
Miscellaneous Expenditure	16	10,218	8,757
Research Grants and Contracts	6	14,703	14,444
Other Services Rendered	7	<u>4,754</u>	<u>5,227</u>
		96,060	88,220
Surplus before Transfers		3,974	2,926
Transfers from/(to) Reserves	21	<u>(2,792)</u>	<u>(3,622)</u>
(Deficit)/Surplus for the year		<u><u>1,182</u></u>	<u><u>(696)</u></u>

NOTES TO THE ACCOUNTS

1. GOVERNMENT GRANTS

	1992			
	Received	Included in Income	Included in Capital	Unpaid/ (Prepaid)
	£000	£000	£000	£000
UFC Basic Recurrent Grant	24,556	24,715		159
UFC Specific Grants				
Equipment & Furniture	2,734	2,045		467
Capital in Recurrent	192	192		
Rates	268	265		(45)
NAAS	189	189		
Biotechnology	64	64		
Continuing Education	1,145	1,145		
Redundancy Compensation	153			
Fees Support	407	407		
Access Funds	163	163		
Others	50	50		
Total Grants from the UFC	29,921	29,235		581
Information Systems Committee Grants	236	234		(38)
	30,157	29,469		543
	1991			
	Received	Included in Income	Included in Capital	Unpaid/ (Prepaid)
	£000	£000	£000	£000
UFC Basic Recurrent Grant	21,762	21,762		
UFC Specific Grants				
Equipment & Furniture	1,133	2,108		1,156
Capital in Recurrent	184	184		
Rates	321	355		(42)
Engineering and Technology Programme	890	890		
NAAS	335	335		
Manufacturing Systems Engineering Programme	360	360		
Biotechnology	64	64		
Continuing Education	393	393		
Redundancy Compensation	160	239		153
Fees Support	285	285		
Access Funds	162	162		
Others	53	53		
Total Grants from the UFC	26,102	27,190		1,267
Information Systems Committee Grants	232	305		(35)
	26,334	27,495		1,232

	1992	1991		
	£000	£000		
2. ACADEMIC FEES AND SUPPORT GRANTS				
Full-time Home & EEC Students	13,190	10,645		
Overseas Students	4,442	3,439		
Part-time Students	312	341		
Special and Short Courses	8,136	7,330		
Research Training Support Grants	37	61		
Other Fees and Support Grants	222	170		
	<hr/> 26,339	<hr/> 21,986		
3. ENDOWMENTS, DONATIONS AND SUBVENTIONS				
Chairs and Lectureships	(97)	58		
Fellowships, Scholarships and Prizes	93	26		
General	116	159		
	<hr/> 112	<hr/> 243		
4. RESIDENCES, CATERING AND CONFERENCES INCOME AND EXPENDITURE				
	1992			
	£000	£000	£000	£000
	Residences	Catering	Conferences	Total
Income	3,326	2,318	2,425	8,069
Expenditure:—				
Salaries and Wages	1,201	1,558	302	3,061
Food and Bar purchases		1,248		1,248
Heat, Light, Water & Power	477	141		618
Loan Repayments	599			599
Repairs, Maintenance & Refurbishment	986	718		1,704
Other Expenses	413	271	306	990
	<hr/> 3,676	<hr/> 3,936	<hr/> 608	<hr/> 8,220
	1991			
	£000	£000	£000	£000
	Residences	Catering	Conferences	Total
Income	3,056	2,179	2,737	7,972
Expenditure:—				
Salaries and Wages	1,216	1,467	254	2,937
Food and Bar purchases		1,312		1,312
Heat, Light, Water & Power	470	132		602
Loan Repayments	566			566
Repairs, Maintenance & Refurbishment	924	252	716	1,892
Other Expenses	461	173	235	869
	<hr/> 3,637	<hr/> 3,336	<hr/> 1,205	<hr/> 8,178

	1992	1991
	£000	£000
5. OTHER GENERAL INCOME		
Post-Experience Centres & Retail Operations	9,475	8,614
Income from Short-Term Investments	996	809
Letting of Rooms & Hiring of Facilities	207	243
Charges for Administrative Services	22	22
Erasmus	83	65
Miscellaneous	1,803	880
	<u>12,586</u>	<u>10,633</u>

6. RESEARCH GRANTS AND CONTRACTS

	1992	
	Income	Expenditure
	£000	£000
Research Councils	5,454	5,274
Central Government, Local Authorities and Public Corporations	3,867	3,194
Industry and Commerce	3,884	3,196
Charitable Bodies	988	943
Overseas	1,355	1,149
Others	1,292	947
	<u>16,840</u>	<u>14,703</u>

	1991	
	Income	Expenditure
	£000	£000
Research Councils	5,671	5,516
Central Government, Local Authorities and Public Corporations	3,736	3,153
Industry and Commerce	3,526	2,912
Charitable Bodies	954	895
Overseas	1,325	1,039
Others	942	929
	<u>16,154</u>	<u>14,444</u>

7. OTHER SERVICES RENDERED

	1992	
	Income	Expenditure
	£000	£000
Teaching Company Schemes	773	773
Integrated Graduate Development Scheme	830	484
Other Academic Services Rendered	3,750	3,497
	<u>5,353</u>	<u>4,754</u>

	1991	
	Income	Expenditure
	£000	£000
Teaching Company Schemes	909	909
Integrated Graduate Development Scheme	892	541
Other Academic Services Rendered	3,862	3,777
	<u>5,663</u>	<u>5,227</u>

	1992	1991
	£000	£000

8. ACADEMIC DEPARTMENTS

Salaries of Academic Staff	21,214	18,591
Salaries & Wages of Other Staff	5,051	4,530
Other Expenses	9,496	7,897
	<u>35,761</u>	<u>31,018</u>

9. ACADEMIC SERVICES

Library	2,331	2,063
Computing Services	994	904
Other Expenses	487	428
	<u>3,812</u>	<u>3,395</u>

10. GENERAL EDUCATIONAL EXPENDITURE

Examinations	145	100
Fellowships, Scholarships and Prizes	165	63
Contributions to UCCA, CVCP and ACU	87	77
Music, Drama and Works of Art	135	123
Other Expenses	523	550
	<u>1,055</u>	<u>913</u>

	1992 £000	1991 £000
11. MAINTENANCE OF PREMISES		
Rates	315	326
Telephones	324	276
Insurance	202	181
Heat, Light, Water and Power	1,340	1,292
Cleaning and other running costs	1,854	1,637
Long Term Repairs and Maintenance	1,304	1,224
Ordinary Repairs and Maintenance	1,807	1,736
	<u>7,146</u>	<u>6,672</u>
12. ADMINISTRATION AND CENTRAL SERVICES		
Salaries and Wages	3,429	2,968
Advertising and Recruitment	293	267
Printing, Stationery and Postage	476	592
Other Expenses	984	819
	<u>5,182</u>	<u>4,646</u>
13. STUDENT AND STAFF FACILITIES AND AMENITIES		
Careers Advisory Service	270	219
Sports grounds and Buildings	147	111
Grants to Union of Students	579	503
Other Expenses	475	374
	<u>1,471</u>	<u>1,207</u>
14. PENSIONS		
Premature Retirement Compensation Scheme	4	553
Severance Costs	45	
Other Pension Costs	7	7
	<u>56</u>	<u>560</u>
15. EQUIPMENT AND FURNITURE		
Academic Departments	1,965	1,781
Academic Services	344	352
Furniture & Non-Academic Equipment	258	120
	<u>2,567</u>	<u>2,253</u>

	1992 £000	1991 £000
16. MISCELLANEOUS EXPENDITURE		
Post—Experience Centres & Retail Operations	9,684	8,217
Hospitality and Entertainment	45	43
Debt Charges	91	78
Other Expenses	398	419
	<u>10,218</u>	<u>8,757</u>

17. FREEHOLD LAND AND BUILDINGS

	Academic Buildings £000	Student Residences £000	Post Experience Centres £000	Other Buildings & Grounds £000	Total £000	Company £000	Consol- idated £000
Cost as at 1 August 1991	16,406	8,650	3,445	18,557	47,058		47,058
Additions During Year	1,045	1,800	3,092	2,775	8,712	3,734	12,446
Disposals During Year		(15)			(15)		(15)
Cost as at 31st July 1992	17,451	10,435	6,537	21,332	55,755	3,734	59,489
Accumulated Depreciation to 31st July 1991	909	513	180	1,088	2,690		2,690
Depreciation for the year 1991/1992	349	209	131	426	1,115	514	1,629
Accumulated Depreciation to 31st July 1992	1,258	722	311	1,514	3,805	514	4,319
Net Book Value as at 31st July 1992	16,193	9,713	6,226	19,818	51,950	3,220	55,170

	UNIVERSITY		CONSOLIDATED	
	1992 £000	1991 £000	1992 £000	1991 £000
18. NET CURRENT ASSETS				
Current Assets				
Stocks	570	497	585	497
Debtors and Prepayments	12,976	11,821	13,148	11,787
Short Term Investments	13,838	8,316	13,838	8,316
Cash & Bank Balances	69	52	1,157	52
Total Current Assets	<u>27,453</u>	<u>20,686</u>	<u>28,728</u>	<u>20,652</u>
Current Liabilities				
Provisions	1,711	1,501	1,711	1,501
Creditors and Accruals	14,293	11,006	15,380	11,006
Current Account — Foundation Fund	658	1,484	658	1,484
Bank Overdraft	2,560	1,476	2,560	1,476
Total Current Liabilities	<u>19,222</u>	<u>15,467</u>	<u>20,309</u>	<u>15,467</u>
Net Current Assets	8,231	5,219	8,419	5,185

19. ANALYSIS OF FUND BALANCES BETWEEN THE NET ASSETS
as at 31 July 1992

	Land & Bldgs	Long Term Invest.	Net Current Assets	Long Term Liabilities	Total Funds
	£000	£000	£000	£000	£000
Capital	48,063		(2,952)		45,111
Restricted Funds					
Specific Endowments					
General Funds					
Reserves		80	11,183		11,263
Financing of Students Accommodation					
Loans from Building Societies	2,439			(2,439)	
Financing of Students Accommodation					
Loan from Bank	1,007			(1,007)	
Financing of Staff Housing					
Loans from Building Societies	370			(370)	
Financing of Academic Buildings					
Loan from Coventry City Council	71			(71)	
Net Assets total	51,950	80	8,231	(3,887)	56,374

ANALYSIS OF FUND BALANCES BETWEEN THE NET ASSETS
as at 31 July 1991

	Land & Bldgs	Long Term Invest.	Net Current Assets	Long Term Liabilities	Total Funds
	£000	£000	£000	£000	£000
Capital	41,454		(2,565)		38,889
Restricted Funds					
Specific Endowments			5		5
General Funds					
Reserves		80	7,779		7,859
Financing of Students Accommodation					
Loans from Building Societies	2,456			(2,456)	
Financing of Staff Housing					
Loans from Building Societies	367			(367)	
Financing of Academic Buildings					
Loan from Coventry City Council	91			(91)	
Net Assets total	44,368	80	5,219	(2,914)	46,753

	1992 £000	1991 £000
20. CAPITAL		
Balance as at 1 August 1991	41,579	38,376
Less Adjustment Coventry City Council		<u>101</u>
		38,275
Additions during the Year		
University Funds	1,805	2,813
Loans Repaid	409	467
Disposal of Land and Buildings	(15)	
Benefactions and Donations	<u>5,138</u>	<u>24</u>
	48,916	41,579
Less Accumulated Contribution to Depreciation	<u>3,805</u>	<u>2,690</u>
	<u>45,111</u>	<u>38,889</u>

	Balance 1/8/91 £000	Transfers from/(to) Income and Expenditure £000	Transfers to Capital £000	Balance 31/7/92 £000
21. RESERVES				
Research & Innovations	125	(12)		113
Study Leave	(3)	17		14
Catering and Conferences Account	443	(557)		(114)
Residential Renewals and Improvements	128	269		397
Other Renewals	1,055	(281)		774
Restructuring	63	(4)		59
Capital	794	2,026	(1,419)	1,401
Departmental Expenses	1,904	(218)		1,686
Restructuring Reserve		1,400		1,400
Others	<u>384</u>	<u>152</u>		<u>536</u>
	4,893	2,792	(1,419)	6,266
Departmental Funds	2,734	1,248	(399)	3,583
General Reserve	<u>232</u>	<u>1,182</u>		<u>1,414</u>
	7,859	5,222	(1,818)	11,263

The Restructuring Reserve has been created as a contingency to be used at the discretion of the University.

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	UNIVERSITY		CONSOLIDATED	
	1992 £000	1991 £000	1992 £000	1991 £000
Surplus before Transfers	3,974	2,926	3,838	2,892
Less Interest receivable from the investment of General Funds	(996)	(809)	(1,083)	(809)
Proceeds of sale of Land and Buildings	(151)	(50)	(151)	(50)
Add Loan Repayments	68	38	68	38
Non-Cash movement to Reserves	341	429	341	429
Interest payable			428	
	<u>(738)</u>	<u>(392)</u>	<u>(397)</u>	<u>(392)</u>
	3,236	2,534	3,441	2,500
Contribution to Depreciation of Buildings	(1,115)	(950)	(1,115)	(950)
Depreciation of Buildings	1,115	950	1,629	950
(Increase)/Decrease in Stocks	(73)	(166)	(87)	(166)
(Increase)/Decrease in Debtors	(594)	(2,182)	(792)	(2,148)
Increase/(Decrease) in Creditors	2,419	5,348	2,945	5,348
Increase/(Decrease) in Provisions	210	(57)	210	(57)
Increase/(Decrease) in Specific Reserves	(5)		(5)	
Increase/(Decrease) in Departmental Funds	1,247	(679)	1,247	(679)
	<u>6,440</u>	<u>4,798</u>	<u>7,473</u>	<u>4,798</u>

23. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	UNIVERSITY		CONSOLIDATED	
	1992 £000	1991 £000	1992 £000	1991 £000
Balance at 1 August	6,892	4,199	6,892	4,199
Net Cash Inflow	4,455	2,693	5,542	2,693
Balance at 31 July	<u>11,347</u>	<u>6,892</u>	<u>12,434</u>	<u>6,892</u>

24. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	UNIVERSITY		Change in year £000
	1992 £000	1991 £000	
Cash and Bank Balances	69	52	17
Short-term Investments	13,838	8,316	5,522
Bank Overdraft	(2,560)	(1,476)	(1,084)
	<u>11,347</u>	<u>6,892</u>	<u>4,455</u>
	CONSOLIDATED		Change in year £000
	1992 £000	1991 £000	
Cash and Bank Balances	1,156	52	1,104
Short-term Investments	13,838	8,316	5,522
Bank Overdraft	(2,560)	(1,476)	(1,084)
	<u>12,434</u>	<u>6,892</u>	<u>5,542</u>

25. Pensions

The latest actuarial valuation of the Universities Superannuation Scheme was at 31 March 1990. 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 £5,474 million and the actuarial value of the assets was sufficient to cover 90% 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.

The last actuarial valuation of the University's own pension scheme 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 1990/91 and 1991/92 were:

	1991/92 £000	1990/91 £000
USS	4708	4215
University of Warwick Pension Scheme	0	0
Local Government	35	38
Others	15	17
	<hr/> 4758	<hr/> 4270

26. Subsidiary company

The University holds 9908 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.

27. Contingent Liability

The University owns the entire issued share capital, consisting of ordinary shares, in Warwick University Training Limited, a company incorporated on 24th November 1989 in England.

The Company's principal activity is the operation of Scarman House, a post-experience management training centre. Scarman House commenced its operations on 24th June 1991.

On 9th February 1990 Warwick University Training Limited entered into leases in respect of Scarman House and is contracted to make lease payments for 20 years commencing on 1st August 1992. The payments under the leases are dependent upon the total construction costs, including land and buildings, plant and equipment and capitalised interest, totalling approximately £10.1m.

28. Capital Commitments

At 31st July 1992 the University had capital expenditure commitments amounting to £7.696m

AUDITORS' REPORT TO THE COUNCIL

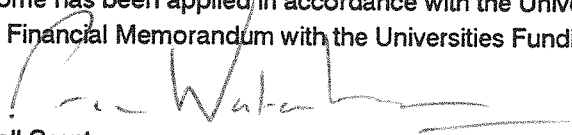
OF THE

UNIVERSITY OF WARWICK

We have audited the financial statements on pages 3 to 19 in accordance with Auditing Standards.

In our opinion:—

- (i) the financial statements give a true and fair view of the financial position of the University as at 31 July 1992 and of its income and expenditure and cash flow for the year then ended;
- (ii) income from Universities Funding Council grants and income for specific purposes and from other restricted funds administered by the University have only been applied to the purposes for which they have been received; and
- (iii) income has been applied in accordance with the University's statutes and where appropriate the Financial Memorandum with the Universities Funding Council.


Cornwall Court
19 Cornwall Street
Birmingham

Price Waterhouse
Chartered Accountants
and Registered Auditor
14 December 1992

INDICATORS OF FINANCIAL HEALTH

INDICATORS RELATING TO SOURCES OF INCOME

	1991/92	1990/91	1989/90
(a) Ratio of Total UFC Grants to Total Income*	29.55%	30.15%	38.83%
(b) Ratio of Total Home & EC Fees and Support Grants to Total Income*	22.14%	20.56%	14.59%
(c) Ratio of Total Overseas Student Fees to Total Income*	4.49%	3.81%	3.55%
(d) Ratio of Total Research Grant and Contract Income to Total Income*	17.02%	17.91%	16.97%
(e) Ratio of Total Other Services Rendered Income to Total Income*	5.41%	6.28%	16.48%
(f) Ratio of Total Residences and Catering Income to Total Income*	8.16%	8.84%	7.45%
(g) Ratio of Total all Other Income* to Total Income*	13.23%	12.45%	2.12%
(h) Ratio of Surplus/(Deficit) before Transfers to Reserves to Total Income*	7.51%	0.13%	1.50%

INDICATORS RELATING TO FINANCIAL STRENGTH

(i) Days Ratio of General Funds to Total Expenditure*	43.30	32.87	38.65
(j) Ratio of Long Term Liabilities to Total General Funds	34.51%	37.07%	34.43%

INDICATORS RELATING TO SHORT TERM LIQUIDITY AND SOLVENCY

(k) Ratio of Liquid Assets to Current Liabilities	79.42%	59.92%	68.49%
(l) Days Ratio of Net Liquid Assets to Total Expenditure*	43.62	28.83	19.27
(m) Ratio of Current Assets to Current Liabilities	1.59:1	1.48:1	1.76:1
(n) % Movement in Net Liquid Assets	64.63%	64.14%	1685.95%
(o) Days of Total Income* represented by Debtors	67.97	68.48	69.72

* Excluding Depreciation