

UNIVERSITY OF WARWICK

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED
31 JULY 1993

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TREASURER'S REPORT – UNIVERSITY OF WARWICK

Financially, as in other ways, the University has had another successful year.

Turnover is a useful measure of the extent to which the world values, and is prepared to pay for, the services provided by the University. The increase from £103m to £112.7m, over 9% compared with an inflation figure of 1.7%, reflects real growth. The skill with which this turnover is managed is, of course, even more important. There was a healthy surplus before transfers of £6.5m. compared with £3.8m the previous year, and the final surplus of just under £0.75m compares with a budget forecast for the year of a small deficit.

Many factors combined to produce this result, including increased revenue from strong recruitment of home students. The University's earned income activities weathered the recession well on the whole, increasing their contribution by 4.5% to £16m. Within a wide range of activities, some of which had a very difficult year, there were particularly good results from overseas student recruitment, from the Schools Curriculum Industry Partnership, and from Warwick University Training Ltd (Scarman House).

On expenditure, there was a saving against budget of about £1m. as a result of the mandatory 1.5% limit on pay increases. The transfer of some research funding from the HEFC to the Research Councils, on the other hand, cost the University in excess of £0.25m.

Capital expenditure was high, at over £9.1m., but with the exception of £2.6m borrowed to fund postgraduate student residences, this was all financed from internal resources or donations. A major expansion of the library and a new International Manufacturing Centre for Engineering were amongst the major construction projects under way during the year.

The University system faces severe financial constraints over the next few years. The planned reduction in student intakes next year, lower fees, and the continued low level of capital from Central Government for major projects, will combine to produce a very difficult financial environment, one in which prudence will be the key to success. The University of Warwick is, relatively, in a strong position to meet the challenges being set by Government.

Finally, I would like to pay brief tribute to the University's Finance Officer, Colin Brummitt, who retired in July after over 16 years' skilful and dedicated management of our finances.

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.

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 Higher Education Funding Council or from other sources, (excluding bank or building society loans) is written off in full through the income and expenditure account in the year in which it is incurred. Expenditure on equipment and furniture which is funded by bank or building society loans is included in the statement of financial position at historical cost less depreciation.

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 Prepayments

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 1993

	1993 £000	1992 £000
INCOME		
University	109,418	99,597
Company	3,271	3,390
	<u>112,689</u>	<u>102,987</u>
EXPENDITURE		
University	103,258	95,999
Company	2,936	3,151
	<u>106,194</u>	<u>99,150</u>
Consolidated Surplus before Transfers	6,495	3,837
Transfers from/(to) Reserves	(5,762)	(2,792)
	<u>733</u>	<u>1,045</u>
(Deficit)/Surplus for the year		
	<u><u>733</u></u>	<u><u>1,045</u></u>
Represented by: University	756	1,181
Company	(23)	(136)
	<u>733</u>	<u>1,045</u>
	<u><u>733</u></u>	<u><u>1,045</u></u>

STATEMENT OF FINANCIAL POSITION
as at 31 July 1993

		UNIVERSITY		CONSOLIDATED	
	Notes	1993 £000	1992 £000	1993 £000	1992 £000
LAND AND BUILDINGS	17	59,694	51,950	62,498	55,170
LONG TERM INVESTMENTS		120	80	120	80
NET CURRENT ASSETS	18	9,915	8,231	10,124	8,419
		<u>69,729</u>	<u>60,261</u>	<u>72,742</u>	<u>63,669</u>
LESS LONG TERM LIABILITIES	19	6,197	3,887	9,458	7,466
NET ASSETS TOTAL	19	<u>63,532</u>	<u>56,374</u>	<u>63,284</u>	<u>56,203</u>
		<u><u>63,532</u></u>	<u><u>56,374</u></u>	<u><u>63,284</u></u>	<u><u>56,203</u></u>
CAPITAL	20	49,033	45,111	49,033	45,111
GENERAL FUNDS					
Reserves	21	14,499	11,263	14,251	11,092
TOTAL FUNDS	19	<u>63,532</u>	<u>56,374</u>	<u>63,284</u>	<u>56,203</u>
		<u><u>63,532</u></u>	<u><u>56,374</u></u>	<u><u>63,284</u></u>	<u><u>56,203</u></u>


J D M Hearsh, CBE., MA.
TREASURER


Professor Sir Brian Follett, FRS
VICE-CHANCELLOR
13 December 1993

CASH FLOW STATEMENT
for the Year ended 31 July 1993

	Note	UNIVERSITY		CONSOLIDATED	
		1993 £000	1992 £000	1993 £000	1992 £000
NET CASH FLOW					
FROM OPERATING ACTIVITIES	22	6,567	6,440	8,267	7,473
RETURNS ON INVESTMENT OF GENERAL FUNDS					
Interest received		1,164	728	1,226	807
Interest paid				(429)	
				<u>797</u>	
INVESTING ACTIVITIES					
Payments to acquire Land and Buildings		(8,849)	(8,712)	(8,970)	(8,737)
Receipts from Sale of Land and Buildings			151		151
Payments to acquire Long Term Investments		(40)		(40)	
Benefactions and Donations received		<u>1,123</u>	<u>4,846</u>	<u>1,123</u>	<u>4,846</u>
		(7,766)	(3,715)	(7,887)	(3,740)
FINANCING					
Bank Loan advanced		2,625	1,070	2,625	1,070
Loans Repaid		(183)	(68)	(183)	(68)
Capital Element of Finance Lease Rental Repayments				(309)	
		<u>2,442</u>	<u>1,002</u>	<u>2,133</u>	<u>1,002</u>
INCREASE IN CASH AND CASH EQUIVALENTS	23	<u>2,407</u>	<u>4,455</u>	<u>3,310</u>	<u>5,542</u>

THE UNIVERSITY OF WARWICK
INCOME AND EXPENDITURE ACCOUNT
for the Year ended 31 July 1993

	Notes	1993 £000	1992 £000
INCOME			
Grants from H E F C E	1	30,704	29,235
Contribution to Depreciation of Buildings	17	1,296	1,115
Academic Fees and Support Grants	2	29,613	26,339
Endowments, Donations & Subventions	3	267	112
Grants from the Information Systems Committee	1	910	234
Residences, Catering and Conferences	4	9,125	8,069
Other General Income	5	14,831	12,586
Research Grants and Contracts	6	17,620	16,840
Other Services Rendered	7	5,471	5,353
Retained Net Proceeds of Sales of Buildings and Land			151
		<hr/> 109,837	<hr/> 100,034
EXPENDITURE			
Academic Departments	8	38,947	35,761
Academic Services	9	4,089	3,812
General Educational Expenditure	10	1,377	1,055
Maintenance of Premises	11	8,034	7,146
Administration and Central Services	12	5,812	5,182
Student and Staff Facilities and Amenities	13	1,529	1,471
Residences, Catering and Conferences	4	8,560	8,220
Pensions	14	143	56
Depreciation of Buildings	17	1,296	1,115
Equipment and Furniture	15	3,093	2,567
Miscellaneous Expenditure	16	11,446	10,218
Research Grants and Contracts	6	14,669	14,703
Other Services Rendered	7	4,324	4,754
		<hr/> 103,319	<hr/> 96,060
Surplus before Transfers		6,518	3,974
Transfers from/(to) Reserves	21	<hr/> (5,762)	<hr/> (2,792)
(Deficit)/Surplus for the year		<hr/> <hr/> 756	<hr/> <hr/> 1,182

NOTES TO THE ACCOUNTS

1. GOVERNMENT GRANTS

	1993			
	Received	Included	Included	Unpaid/
	£000	in Income £000	In Capital £000	(Prepaid) £000
HEFCE Basic Recurrent Grant	25,478	25,637		
HEFCE Specific Grants				
Equipment & Furniture	2,226	1,944		(221)
Capital in Recurrent	212	212		
Rates	275	321		
NAAS	319	319		
Biotechnology	67	67		
Continuing Education	1,309	1,309		
Fees Support	339	339		
Access Funds	165	165		
Flexibility in Course Provision	109	109		
Transitional Funding	75	75		
Teaching and Learning Technology Programme	133	133		
Others	74	74		
Total Grants from HEFCE	30,781	30,704		(221)
Information Systems Committee Grants	1,287	910		(415)
	32,068	31,614		(636)
	1992			
	Received	Included	Included	Unpaid/
	£000	in Income £000	In Capital £000	(Prepaid) £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

	1993 £000	1992 £000
2. ACADEMIC FEES AND SUPPORT GRANTS		
Full-time Home & EEC Students	14,997	13,190
Overseas Students	5,358	4,442
Part-time Students	596	312
Special and Short Courses	8,271	8,136
Research Training Support Grants	229	137
Other Fees and Support Grants	162	122
	29,613	26,339
3. ENDOWMENTS, DONATIONS AND SUBVENTIONS		
Chairs and Lectureships	30	(97)
Fellowships, Scholarships and Prizes	78	93
General	159	116
	267	112

4. RESIDENCES, CATERING AND CONFERENCES INCOME AND EXPENDITURE

	1993			
	£000	£000	£000	£000
	Residences	Catering	Conferences	Total
Income	3,936	2,362	2,827	9,125
Expenditure: –				
Salaries and Wages	1,328	1,540	226	3,094
Food and Bar purchases		1,269		1,269
Heat, Light, Water & Power	523	156		679
Loan Repayments	875			875
Repairs, Maintenance & Refurbishment	1,234	321		1,555
Other Expenses	558	213	317	1,088
	4,518	3,499	543	8,560

	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
	3,676	3,936	608	8,220

	1993	1992
	£000	£000
5. OTHER GENERAL INCOME		
Post-Experience Centres & Retail Operations	10,964	9,475
Income from Short-Term Investments	1,043	996
Letting of Rooms & Hiring of Facilities	260	207
Charges for Administrative Services	41	22
Erasmus & Academic Interchange	220	83
Miscellaneous	2,303	1,803
	<hr/> 14,831	<hr/> 12,586

6. RESEARCH GRANTS AND CONTRACTS

	1993	
	Income	Expenditure
	£000	£000
Research Councils	6,662	5,259
Central Government, Local Authorities and Public Corporations	4,639	3,903
Industry and Commerce	3,085	2,499
Charitable Bodies	1,172	1,157
Overseas	1,615	1,447
Others	447	404
	<hr/> 17,620	<hr/> 14,669

	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
	<hr/> 16,840	<hr/> 14,703

7. OTHER SERVICES RENDERED

	1993	
	Income	Expenditure
	£000	£000
Teaching Company Schemes	600	521
Integrated Graduate Development Scheme	914	525
Other Academic Services Rendered	<u>3,957</u>	<u>3,278</u>
	5,471	4,324

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

1993	1992
£000	£000

8. ACADEMIC DEPARTMENTS

Salaries of Academic Staff	23,061	21,214
Salaries & Wages of Other Staff	5,457	5,051
Other Expenses	<u>10,429</u>	<u>9,496</u>
	38,947	35,761

9. ACADEMIC SERVICES

Library	2,599	2,331
Computing Services	1,030	994
Other Expenses	<u>460</u>	<u>487</u>
	4,089	3,812

10. GENERAL EDUCATIONAL EXPENDITURE

Examinations	139	145
Fellowships, Scholarships and Prizes	287	165
Contributions to UCCA, CVCP and ACU	95	87
Music, Drama and Works of Art	126	135
Other Expenses	<u>730</u>	<u>523</u>
	1,377	1,055

	1993 £000	1992 £000
11. MAINTENANCE OF PREMISES		
Rates	321	315
Telephones	112	324
Insurance	286	202
Heat, Light, Water and Power	1,542	1,340
Cleaning and other running costs	1,901	1,854
Long Term Repairs and Maintenance	1,912	1,304
Ordinary Repairs and Maintenance	1,960	1,807
	<u>8,034</u>	<u>7,146</u>
12. ADMINISTRATION AND CENTRAL SERVICES		
Salaries and Wages	3,836	3,429
Advertising and Recruitment	348	293
Printing, Stationery and Postage	388	476
Other Expenses	1,240	984
	<u>5,812</u>	<u>5,182</u>
13. STUDENT AND STAFF FACILITIES AND AMENITIES		
Careers Advisory Service	287	270
Sports grounds and Buildings	143	147
Grants to Union of Students	644	579
Other Expenses	455	475
	<u>1,529</u>	<u>1,471</u>
14. PENSIONS		
Premature Retirement Compensation Scheme	5	4
Severance Costs	130	45
Other Pension Costs	8	7
	<u>143</u>	<u>56</u>
15. EQUIPMENT AND FURNITURE		
Academic Departments	1,778	1,965
Academic Services	1,113	344
Furniture & Non-Academic Equipment	202	258
	<u>3,093</u>	<u>2,567</u>

	1993 £000	1992 £000
16. MISCELLANEOUS EXPENDITURE		
Post-Experience Centres & Retail Operations	10,833	9,684
Hospitality and Entertainment	64	45
Debt Charges	51	91
Other Expenses	498	398
	<u>11,446</u>	<u>10,218</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 1992	17,451	10,435	6,537	21,332	55,755	3,734	59,489
Additions During Year	263	4,707	658	3,412	9,040	121	9,161
Cost as at 31st July 1993	17,714	15,142	7,195	24,744	64,795	3,855	68,650
Accumulated Depreciation to 31st July 1992	1,258	722	311	1,514	3,805	514	4,319
Depreciation for the year 1992/1993	354	303	144	495	1,296	537	1,833
Accumulated Depreciation to 31st July 1993	1,612	1,025	455	2,009	5,101	1,051	6,152
Net Book Value as at 31st July 1993	16,102	14,117	6,740	22,735	59,694	2,804	62,498

	UNIVERSITY		CONSOLIDATED	
	1993 £000	1992 £000	1993 £000	1992 £000
18. NET CURRENT ASSETS				
Current Assets				
Stocks	690	570	707	585
Debtors and Prepayments	10,981	12,976	11,005	13,148
Short Term Investments	16,390	13,838	16,390	13,838
Cash & Bank Balances	40	69	2,030	1,157
Total Current Assets	<u>28,101</u>	<u>27,453</u>	<u>30,132</u>	<u>28,728</u>
Current Liabilities				
Provisions	1,851	1,711	1,851	1,711
Creditors and Accruals	11,786	14,293	13,608	15,380
Current Account – Foundation Fund	1,872	658	1,872	658
Bank Overdraft	2,677	2,560	2,677	2,560
Total Current Liabilities	<u>18,186</u>	<u>19,222</u>	<u>20,008</u>	<u>20,309</u>
Net Current Assets	9,915	8,231	10,124	8,419

19. ANALYSIS OF FUND BALANCES BETWEEN THE NET ASSETS

as at 31 July 1993

	Land & Bldgs	Long Term Invest.	Net Current Assets	Long Term Liabilities	Total Funds
	£000	£000	£000	£000	£000
Capital	53,497		(4,464)		49,033
Restricted Funds					
Specific Endowments					
General Funds					
Reserves		120	14,379		14,499
Financing of Students Accommodation					
Loans from Building Societies	2,374			(2,374)	
Financing of Students Accommodation					
Loan from Bank	3,399			(3,399)	
Financing of Staff Housing					
Loans from Building Societies	363			(363)	
Financing of Academic Buildings					
Loan from Coventry City Council	61			(61)	
Net Assets total	59,694	120	9,915	(6,197)	63,532

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

	1993 £000	1992 £000
20. CAPITAL		
Balance as at 1 August 1992	48,916	41,579
Additions during the Year		
University Funds	3,984	1,805
Loans Repaid	403	409
Disposal of Land and Buildings		(15)
Benefactions and Donations	831	5,138
	<u>54,134</u>	<u>48,916</u>
Less Accumulated Contribution to Depreciation	<u>5,101</u>	<u>3,805</u>
	<u>49,033</u>	<u>45,111</u>

	Balance 1/8/92 £000	Transfers from/(to) Income and Expenditure £000	Transfers to Capital £000	Balance 31/7/93 £000
21. RESERVES				
Research & Innovations	113	(5)		108
Study Leave	14	4		18
Catering and Conferences Account	(114)	295		181
Residential Renewals and Improvements	397	109	(78)	428
Other Renewals	774	67		841
Restructuring	59	(5)		54
Capital	1,401	3,562	(3,892)	1,071
Departmental Expenses	1,686	468		2,154
Restructuring Reserve	1,400	500		1,900
Others	536	767		1,303
	<u>6,266</u>	<u>5,762</u>	<u>(3,970)</u>	<u>8,058</u>
Departmental Funds	3,583	688		4,271
General Reserve	1,414	756		2,170
	<u>11,263</u>	<u>7,206</u>	<u>(3,970)</u>	<u>14,499</u>

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	
	1993 £000	1992 £000	1993 £000	1992 £000
Surplus before Transfers	6,518	3,974	6,495	3,838
Less Interest receivable from the investment of General Funds	(1,043)	(996)	(1,110)	(1,083)
Proceeds of sale of Land and Buildings		(151)		(151)
Add Loan Repayments	183	68	183	68
Non-Cash movement to Reserves	220	341	220	341
Interest payable			392	428
	<u>(640)</u>	<u>(738)</u>	<u>(315)</u>	<u>(397)</u>
	5,878	3,236	6,180	3,441
Contribution to Depreciation of Buildings	(1,296)	(1,115)	(1,296)	(1,115)
Depreciation of Buildings	1,296	1,115	1,833	1,629
(Increase)/Decrease in Stocks	(120)	(73)	(122)	(87)
(Increase)/Decrease in Debtors	1,582	(594)	1,682	(792)
Increase/(Decrease) in Creditors	(1,601)	2,419	(838)	2,945
Increase/(Decrease) in Provisions	140	210	140	210
Increase/(Decrease) in Specific Reserves		(5)		(5)
Increase/(Decrease) in Departmental Funds	688	1,247	688	1,247
	<u>6,567</u>	<u>6,440</u>	<u>8,267</u>	<u>7,473</u>

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

	UNIVERSITY		CONSOLIDATED	
	1993	1992	1993	1992
	£000	£000	£000	£000
Balance at 1 August	11,347	6,892	12,434	6,892
Net Cash Inflow	2,407	4,455	3,310	5,542
Balance at 31 July	<u>13,754</u>	<u>11,347</u>	<u>15,744</u>	<u>12,434</u>

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

	UNIVERSITY		Change in year £000
	1993 £000	1992 £000	
Cash and Bank Balances	40	69	(29)
Short-term Investments	16,390	13,838	2,552
Bank Overdraft	(2,676)	(2,560)	(116)
	<u>13,754</u>	<u>11,347</u>	<u>2,407</u>
	CONSOLIDATED		Change in year £000
	1993 £000	1992 £000	
Cash and Bank Balances	2,030	1,156	874
Short-term Investments	16,390	13,838	2,552
Bank Overdraft	(2,676)	(2,560)	(116)
	<u>15,744</u>	<u>12,434</u>	<u>3,310</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 1992. 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 7.5% per annum compound and that pensions would increase at a minimum rate of 3% per annum compound.

The actuarial value of the assets was sufficient to cover 128% 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 August 1993 to 30 September 1995 and increase benefits for members. The market value of the assets at 6 April 1992 was £16,906,072.

The University's contribution to the various schemes in the years 1991/92 and 1992/93 were:

	1992/93 £000	1991/92 £000
USS	5125	4708
University of Warwick Pension Scheme	0	0
Local Government	31	35
Others	12	15
	<hr/> 5168	<hr/> 4758

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 1993 the University had capital expenditure commitments amounting to £3.309m.

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 1993 and of its income and expenditure and cash flow for the year then ended;
- (ii) income from Higher Education Funding Council England 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 Higher Education Funding Council England.

Cornwall Court
19 Cornwall Street
Birmingham



Price Waterhouse
Chartered Accountants
and Registered Auditor
13 December 1993

INDICATORS OF FINANCIAL HEALTH

INDICATORS RELATING TO SOURCES OF INCOME

	1992/93	1991/92	1990/91	1989/90
(a) Ratio of Total UFC Grants to Total Income*	28.29%	29.55%	30.15%	38.83%
(b) Ratio of Total Home & EC Fees and Support Grants to Total Income*	22.35%	22.14%	20.56%	14.59%
(c) Ratio of Total Overseas Student Fees to Total Income*	4.94%	4.49%	3.81%	3.55%
(d) Ratio of Total Research Grant and Contract Income to Total Income*	16.23%	17.02%	17.91%	16.97%
(e) Ratio of Total Other Services Rendered Income to Total Income*	5.04%	5.41%	6.28%	16.48%
(f) Ratio of Total Residences and Catering Income to Total Income*	8.41%	8.16%	8.84%	7.45%
(g) Ratio of Total all Other Income* to Total Income*	14.75%	13.23%	12.45%	2.12%
(h) Ratio of Surplus/(Deficit) before Transfers to Reserves to Total Income*	2.42%	2.58%	0.13%	1.50%

INDICATORS RELATING TO FINANCIAL STRENGTH

(i) Days Ratio of General Funds to Total Expenditure*	51.87	43.30	32.87	38.65
(j) Ratio of Long Term Liabilities to Total General Funds	42.74%	34.51%	37.07%	34.43%

INDICATORS RELATING TO SHORT TERM LIQUIDITY AND SOLVENCY

(k) Ratio of Liquid Assets to Current Liabilities	100.58%	79.42%	59.92%	68.49%
(l) Days Ratio of Net Liquid Assets to Total Expenditure*	49.21	43.62	28.83	19.27
(m) Ratio of Current Assets to Current Liabilities	1.72:1	1.59:1	1.48:1	1.76:1
(n) % Movement in Net Liquid Assets	21.21%	64.63%	64.14%	1685.95%
(o) Days of Total Income* represented by Debtors	51.49	67.97	68.48	69.72

* Excluding Depreciation