

UNIVERSITY OF WARWICK

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED
31 JULY 1994

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TREASURER'S REPORT – UNIVERSITY OF WARWICK

In a world that is financially ever more demanding it is essential that the day-to-day operations of the University produce a surplus to finance necessary capital expenditure and provide some degree of security in the level of reserves. These objectives were well achieved in 1993/94 with the surplus before transfers to and from Reserves amounting to £8.0m., or 6.8% of income. The final result was a useful increase in Reserves, allocated in accordance with newly-agreed policies on the purpose of specific reserves, and an overall increase of £7.4m. in net assets on the Balance Sheet, to a total of £70.9m.

The outcome was some £2.5m. better than budgeted; whilst most welcome, this improvement was primarily due to non-recurring items. Income and expenditure forecasting overall was for the most part accurate, but encouraging instances of performance ahead of budget were balanced in some areas by less satisfactory results giving cause for concern; appropriate remedial action is being taken.

Capital expenditure continued at a high level, with the near-completion of the first phase of the International Manufacturing Centre, the completion of phase 6 of the Social Studies Building, and further investment in postgraduate residential accommodation, totalling some £6m. in all. The University hopes to be able at least to maintain that level of investment, but this must be seen against a recent calculation that there are some £30m. of highly desirable capital projects under consideration. The competition for resources will be intense.

During the year the University has had to cope with a number of difficult taxation issues, including new rules on Corporation Tax and trading subsidiaries, new treatment of research for VAT purposes, and the continuing problem of Income Tax treatment of visiting lecturers' fees and expenses. On the last of these, the Inland Revenue's failure to deliver consistent national guidelines is unprofessional.

The University takes long-term financial planning very seriously, and its five year plan has been re-appraised to allow for the inevitable diminution of available Government resources per student, whilst making room for major new initiatives. Thus some £10m has been allocated to the much-praised Warwick Research Fellowship scheme, launched just after the year-end.

It was a good year and I remain, as always, cautiously optimistic.

J D M HEARTH, CBE., MA.

TREASURER

RESPONSIBILITIES OF THE COUNCIL
OF THE
UNIVERSITY OF WARWICK

In accordance with the Royal Charter, the Council of the University of Warwick is responsible for the administration and management of the affairs of the University of Warwick and is required to present an audited financial statement for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University of Warwick and to enable it to ensure that the financial statements are prepared in accordance with the Royal Charter, the Statement of Recommended Practice on accounting in U.K. Universities, the Companies Act and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Council of the University of Warwick, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University of Warwick and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, Council has to ensure that:

suitable accounting policies are selected and applied consistently

judgements and estimates are made that are reasonable and prudent

applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University of Warwick will continue in operation.

The Council has taken reasonable steps to:

ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe

ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources

safeguard the assets of the University of Warwick and to prevent and detect fraud

secure the economical, efficient and effective management of the University of Warwick's resources and expenditure.

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 1994

	1994 £000	1993 £000
INCOME		
University	117,225	109,418
Company	3,847	3,271
	<hr/> 121,072	<hr/> 112,689
EXPENDITURE		
University	110,318	103,258
Company	2,646	2,936
	<hr/> 112,964	<hr/> 106,194
Consolidated Surplus before Transfers	8,108	6,495
Transfers from/(to) Reserves	(7,174)	(5,762)
	<hr/> 934	<hr/> 733
(Deficit)/Surplus for the year		
	<hr/> <hr/> 934	<hr/> <hr/> 733
Represented by: University	878	756
Company	56	(23)
	<hr/> 934	<hr/> 733
	<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF FINANCIAL POSITION

as at 31 July 1994

		UNIVERSITY		CONSOLIDATED	
		1994	1993	1994	1993
	Notes	£000	£000	£000	£000
LAND AND BUILDINGS	18	64,316	59,694	66,684	62,498
LONG TERM INVESTMENTS		122	120	122	120
NET CURRENT ASSETS	19	12,427	9,915	12,542	10,124
		<hr/> 76,865	<hr/> 69,729	<hr/> 79,348	<hr/> 72,742
LESS LONG TERM LIABILITIES	20	5,960	6,197	8,634	9,458
NET ASSETS TOTAL	20	<hr/> 70,905	<hr/> 63,532	<hr/> 70,714	<hr/> 63,284
		<hr/> <hr/>		<hr/> <hr/>	
CAPITAL	21	52,003	49,033	52,003	49,033
GENERAL FUNDS					
Reserves	22	18,902	14,499	18,711	14,251
TOTAL FUNDS	20	<hr/> 70,905	<hr/> 63,532	<hr/> 70,714	<hr/> 63,284
		<hr/> <hr/>		<hr/> <hr/>	

J D M Hearsh, CBE., MA.
TREASURER

Professor Sir Brian Follett, FRS
VICE-CHANCELLOR
16 December 1994

J D M Hearsh

B K Follett

CASH FLOW STATEMENT
for the Year ended 31 July 1994

	Note	UNIVERSITY		CONSOLIDATED	
		1994 £000	1993 £000	1994 £000	1993 £000
NET CASH FLOW					
FROM OPERATING ACTIVITIES	23	5,671	6,567	6,372	8,267
RETURNS ON INVESTMENT OF GENERAL FUNDS					
Interest received		1,023	1,164	1,083	1,226
Interest paid				(392)	(429)
				<u>691</u>	<u>797</u>
INVESTING ACTIVITIES					
Payments to acquire Land and Buildings		(6,083)	(8,849)	(6,208)	(8,970)
Receipts from Sale of Land and Buildings		46		46	
Payments to acquire Long Term Investments		(2)	(40)	(2)	(40)
Benefactions and Donations received		295	1,123	295	1,123
		<u>(5,744)</u>	<u>(7,766)</u>	<u>(5,869)</u>	<u>(7,887)</u>
FINANCING					
Bank Loan advanced			2,625		2,625
Loans Repaid		(224)	(183)	(224)	(183)
Capital Element of Finance Lease Rental Repayments				(357)	(309)
		<u>(224)</u>	<u>2,442</u>	<u>(581)</u>	<u>2,133</u>
INCREASE IN CASH AND CASH EQUIVALENTS	24	<u>726</u>	<u>2,407</u>	<u>613</u>	<u>3,310</u>

THE UNIVERSITY OF WARWICK
INCOME AND EXPENDITURE ACCOUNT
for the Year ended 31 July 1994

	Notes	1994 £000	1993 £000
INCOME			
Grants from H E F C E	1	34,747	30,704
Contribution to Depreciation of Buildings	18	1,417	1,296
Academic Fees and Support Grants	2	29,308	29,613
Endowments, Donations & Subventions	3	411	267
Grants from the Information Systems Committee	1	425	910
Residences, Catering and Conferences	4	10,245	9,125
Other General Income	5	19,203	14,831
Research Grants and Contracts	6	17,686	17,620
Other Services Rendered	7	4,928	5,471
		<hr/> 118,370	<hr/> 109,837
EXPENDITURE			
Academic Departments	8	41,853	38,947
Academic Services	9	4,732	4,089
General Educational Expenditure	10	1,438	1,377
Maintenance of Premises	11	8,941	8,034
Administration and Central Services	12	6,746	5,812
Student and Staff Facilities and Amenities	13	1,747	1,529
Residences, Catering and Conferences	4	8,822	8,560
Pensions	14	784	143
Depreciation of Buildings	18	1,417	1,296
Equipment and Furniture	15	3,101	3,093
Miscellaneous Expenditure	16	12,483	11,446
Research Grants and Contracts	6	14,285	14,669
Other Services Rendered	7	3,969	4,324
		<hr/> 110,318	<hr/> 103,319
Surplus before Transfers		8,052	6,518
Transfers from/(to) Reserves	22	<hr/> (7,174)	<hr/> (5,762)
(Deficit)/Surplus for the year		<hr/> <hr/> 878	<hr/> <hr/> 756

NOTES TO THE ACCOUNTS

1. GOVERNMENT GRANTS

	1994			
	Received	Included	Included	Unpaid/
		in Income	In Capital	(Prepaid)
	£000	£000	£000	£000
HEFCE Basic Recurrent Grant	29,844	29,844		
HEFCE Specific Grants				
Equipment & Furniture	2,424	2,553		(100)
Minor Works	204	204		
NAAS	189	189		
Biotechnology	68	68		
Continuing Education	1,214	1,214		
Access Funds	174	174		
Flexibility in Course Provision	111	111		
Transitional Funding	88	88		
Teaching and Learning Technology Programme	130	130		
Backlog Maintenance	106	106		
Others	55	66		12
Total Grants from HEFCE	34,607	34,747		(88)
Information Systems Committee Grants	50	425		(40)
	34,657	35,172		(128)
	1993			
	Received	Included	Included	Unpaid/
		in Income	In Capital	(Prepaid)
	£000	£000	£000	£000
UFC Basic Recurrent Grant	25,478	25,637		
UFC Specific Grants				
Equipment & Furniture	2,226	1,944		(221)
Minor Works	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		
Backlog Maintenance	53	53		
Others	21	21		
Total Grants from the UFC	30,781	30,704		(221)
Information Systems Committee Grants	1,287	910		(415)
	32,068	31,614		(636)

	1994	1993
	£000	£000
2. ACADEMIC FEES AND SUPPORT GRANTS		
Full-time Home & EEC Students	13,134	14,997
Overseas Students	6,194	5,358
Part-time Students	597	596
Special and Short Courses	8,964	8,271
Research Training Support Grants	237	229
Other Fees and Support Grants	182	162
	29,308	29,613
3. ENDOWMENTS, DONATIONS AND SUBVENTIONS		
Chairs and Lectureships	37	30
Fellowships, Scholarships and Prizes	56	78
General	318	159
	411	267
4. RESIDENCES, CATERING AND CONFERENCES INCOME AND EXPENDITURE		
	1994	
	£000	£000
	Residences	Catering
Income	4,539	2,914
Expenditure:—		
Salaries and Wages	1,294	1,508
Food and Bar purchases		1,446
Heat, Light, Water & Power	575	159
Loan Repayments	1,078	
Repairs, Maintenance & Refurbishment	1,176	145
Other Expenses	597	285
	4,720	3,543
		2,792
		10,245
	1993	
	£000	£000
	Residences	Catering
Income	3,936	2,362
Expenditure:—		
Salaries and Wages	1,328	1,540
Food and Bar purchases		1,269
Heat, Light, Water & Power	523	156
Loan Repayments	875	
Repairs, Maintenance & Refurbishment	1,234	321
Other Expenses	558	213
	4,518	3,499
		2,827
		9,125

	1994	1993
	£000	£000
5. OTHER GENERAL INCOME		
Post-Experience Centres & Retail Operations	11,828	10,964
Income from Short-Term Investments	957	1,043
Letting of Rooms & Hiring of Facilities	262	260
Charges for Administrative Services	39	41
Erasmus & Academic Interchange	189	220
V.A.T. Refund	1,669	
Sale of Land	46	
Miscellaneous	4,213	2,303
	<u>19,203</u>	<u>14,831</u>

6. RESEARCH GRANTS AND CONTRACTS

	1994	
	Income	Expenditure
	£000	£000
Research Councils	6,713	5,256
Central Government, Local Authorities and Public Corporations	3,348	2,445
Industry and Commerce	3,011	2,424
Charitable Bodies	1,087	1,019
European Community	2,229	2,011
Overseas	334	271
Others	964	859
	<u>17,686</u>	<u>14,285</u>

	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
European Community	1,268	1,119
Overseas	347	328
Others	447	404
	<u>17,620</u>	<u>14,669</u>

7. OTHER SERVICES RENDERED

	1994	
	Income	Expenditure
	£000	£000
Teaching Company Schemes	696	609
Integrated Graduate Development Scheme	2,081	1,577
Other Academic Services Rendered	<u>2,151</u>	<u>1,783</u>
	4,928	3,969

	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

	1994	1993
	£000	£000

8. ACADEMIC DEPARTMENTS

Salaries of Academic Staff	24,967	23,061
Salaries & Wages of Other Staff	6,607	5,457
Other Expenses	<u>10,279</u>	<u>10,429</u>
	41,853	38,947

9. ACADEMIC SERVICES

Library	2,966	2,599
Computing Services	1,153	1,030
Other Expenses	<u>613</u>	<u>460</u>
	4,732	4,089

10. GENERAL EDUCATIONAL EXPENDITURE

Examinations	164	139
Fellowships, Scholarships and Prizes	366	287
Contributions to UCCA, CVCP and ACU	139	95
Music, Drama and Works of Art	147	126
Other Expenses	<u>622</u>	<u>730</u>
	1,438	1,377

	1994 £000	1993 £000
11. MAINTENANCE OF PREMISES		
Rates	292	321
Telephones	254	112
Insurance	343	286
Heat, Light, Water and Power	1,545	1,542
Cleaning and other running costs	1,867	1,901
Long Term Repairs and Maintenance	2,503	1,912
Ordinary Repairs and Maintenance	<u>2,137</u>	<u>1,960</u>
	8,941	8,034
12. ADMINISTRATION AND CENTRAL SERVICES		
Salaries and Wages	4,208	3,836
Advertising and Recruitment	429	348
Printing, Stationery and Postage	397	388
Other Expenses	<u>1,712</u>	<u>1,240</u>
	6,746	5,812
13. STUDENT AND STAFF FACILITIES AND AMENITIES		
Careers Advisory Service	327	287
Sports grounds and Buildings	132	143
Grants to Union of Students	705	644
Other Expenses	<u>583</u>	<u>455</u>
	1,747	1,529
14. PENSIONS		
Premature Retirement Compensation Scheme	5	5
Severance Costs	773	130
Other Pension Costs	<u>6</u>	<u>8</u>
	784	143
15. EQUIPMENT AND FURNITURE		
Academic Departments	1,704	1,778
Academic Services	1,117	1,113
Furniture & Non-Academic Equipment	<u>280</u>	<u>202</u>
	3,101	3,093

	1994 £000	1993 £000
16. MISCELLANEOUS EXPENDITURE		
Post-Experience Centres & Retail Operations	11,776	10,833
Hospitality and Entertainment	56	64
Debt Charges	43	51
Other Expenses	608	498
	<u>12,483</u>	<u>11,446</u>

17. STAFF **1993/94**

Emoluments of the Vice-Chancellor £89,316
(excluding the University's pension contributions to USS but including benefits-in-kind).

The University's pension contributions to USS for the Vice-Chancellor are paid at the same rates as for other Academic Staff and amounted to £16,118

Emoluments of other Higher Paid Staff (excluding the University'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).

£80,000 – £89,999	1
£70,000 – £79,999	2
£60,000 – £69,999	3
£50,000 – £59,999	10

There were no amounts paid as compensation for loss of office to higher paid staff.

18. FREEHOLD LAND AND BUILDINGS

	Academic Buildings	Student Residences	Post Experience Centres	Other Buildings & Grounds	Total	Company	Consol- idated
	£000	£000	£000	£000	£000	£000	£000
Cost as at 1 August 1993	17,714	15,142	7,195	24,744	64,795	3,855	68,650
Additions During Year	3,206	2,143	12	678	6,039	125	6,164
Cost as at 31st July 1994	20,920	17,285	7,207	25,422	70,834	3,980	74,814
Accumulated Depreciation to 31st July 1993	1,612	1,025	455	2,009	5,101	1,051	6,152
Depreciation for the year 1993/1994	418	346	144	509	1,417	561	1,978
Accumulated Depreciation to 31st July 1994	2,030	1,371	599	2,518	6,518	1,612	8,130
Net Book Value as at 31st July 1994	18,890	15,914	6,608	22,904	64,316	2,368	66,684

	UNIVERSITY		CONSOLIDATED	
	1994	1993	1994	1993
	£000	£000	£000	£000
19. NET CURRENT ASSETS				
Current Assets				
Stocks	542	690	560	707
Debtors and Prepayments	13,778	10,981	13,773	11,005
Short Term Investments	18,033	16,390	18,033	16,390
Cash & Bank Balances	51	40	1,928	2,030
Total Current Assets	32,404	28,101	34,294	30,132
Current Liabilities				
Provisions	2,155	1,852	2,155	1,852
Creditors and Accruals	11,302	11,786	13,077	13,608
Current Account – Foundation Fund	2,916	1,872	2,916	1,872
Bank Overdraft	3,604	2,676	3,604	2,676
Total Current Liabilities	19,977	18,186	21,752	20,008
Net Current Assets	12,427	9,915	12,542	10,124

20. ANALYSIS OF FUND BALANCES BETWEEN THE NET ASSETS
as at 31 July 1994

	Land & Bldgs	Long Term Invest.	Net Current Assets	Long Term Liabilities	Total Funds
	£000	£000	£000	£000	£000
Capital	58,356		(6,353)		52,003
General Funds					
Reserves		122	18,780		18,902
Financing of Students Accommodation					
Loans from Building Societies	2,304			(2,304)	
Financing of Students Accommodation					
Loan from Bank	3,248			(3,248)	
Financing of Staff Housing					
Loans from Building Societies	357			(357)	
Financing of Academic Buildings					
Loan from Coventry City Council	51			(51)	
Net Assets total	64,316	122	12,427	(5,960)	70,905

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
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

	1994 £000	1993 £000
21. CAPITAL		
Balance as at 1 August 1993	54,134	48,916
Additions during the Year		
University Funds	3,648	3,984
Loans Repaid	444	403
Benefactions and Donations	295	831
	58,521	54,134
Less Accumulated Contribution to Depreciation	6,518	5,101
	52,003	49,033

22. RESERVES

	Balance 1/8/93	Transfers from/(to) Income and Expenditure	Transfers to Capital	Balance 31/7/94
	£000	£000	£000	£000
Research & Innovations	108	(48)		60
Study Leave	19	14		33
Catering and Conferences Account	181	626		807
Residential Renewals and Improvements	428	551		979
Other Renewals	841	26		867
Restructuring	54	(5)		49
Capital	1,072	5,500	(3,249)	3,323
Departmental Expenses	2,154	219		2,373
Departmental Funds	4,269	346	(400)	4,215
Restructuring Reserve	1,900	(273)		1,627
Others	1,303	218		1,521
	12,329	7,174	(3,649)	15,854
General Reserve	2,170	878		3,048
	14,499	8,052	(3,649)	18,902

The Restructuring Reserve has been created to be used for academic restructuring.

23. NET CASH FLOW FROM OPERATING ACTIVITIES

	UNIVERSITY		CONSOLIDATED	
	1994	1993	1994	1993
	£000	£000	£000	£000
Surplus before Transfers	8,052	6,518	8,108	6,495
Less Interest receivable from the investment of General Funds	(957)	(1,043)	(1,025)	(1,110)
Proceeds of sale of Land and Buildings	(46)		(46)	
Add Loan Repayments	224	183	224	183
Non-Cash movement to Reserves	220	220	220	220
Interest payable			177	392
	(559)	(640)	(450)	(315)
	7,493	5,878	7,658	6,180
Contribution to Depreciation of Buildings	(1,417)	(1,296)	(1,417)	(1,296)
Depreciation of Buildings	1,417	1,296	1,978	1,833
(Increase)/Decrease in Stocks	148	(120)	147	(122)
(Increase)/Decrease in Debtors	(2,862)	1,582	(2,825)	1,682
Increase/(Decrease) in Creditors	590	(1,601)	529	(838)
Increase/(Decrease) in Provisions	304	140	304	140
Increase/(Decrease) in Departmental Funds	(2)	688	(2)	688
	5,671	6,567	6,372	8,267

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

	UNIVERSITY		CONSOLIDATED	
	1994	1993	1994	1993
	£000	£000	£000	£000
Balance at 1 August	13,754	11,347	15,744	12,434
Net Cash Inflow	726	2,407	613	3,310
Balance at 31 July	14,480	13,754	16,357	15,744

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

	UNIVERSITY		Change in year £000
	1994	1993	
	£000	£000	
Cash and Bank Balances	51	40	11
Short-term Investments	18,033	16,390	1,643
Bank Overdraft	(3,604)	(2,676)	(928)
	14,480	13,754	726

	CONSOLIDATED		Change in year £000
	1994	1993	
	£000	£000	
Cash and Bank Balances	1,928	2,030	(102)
Short-term Investments	18,033	16,390	1,643
Bank Overdraft	(3,604)	(2,676)	(928)
	16,357	15,744	613

26. Pensions

The latest actuarial valuation of the Universities Superannuation Scheme was at 31 March 1993. 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 projected unit method, the market value of the assets of the scheme was £7,838 million and the actuarial value of the assets was sufficient to cover 97% 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 13.78% plus 4.77% which is calculated to result in the shortfall on costs below liabilities being allocated over approximately 5 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 1993 was £21,474,961.

The University's contribution to the various schemes in the years 1992/93 and 1993/94 were:

	1993/94 £000	1992/93 £000
USS	5125	4708
University of Warwick Pension Scheme	0	0
Local Government	31	35
Others	12	15
	<hr/> 5168	<hr/> 4758

27. Subsidiary companies

The University holds 9831 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. The University also owns the entire issued share capital of Warwick Retail Services Limited, The University of Warwick Press Limited and Graduate Residences of Warwick Limited, all dormant companies, and 90% of the issued ordinary share capital of Microbial Systems Limited whose activities have been excluded from the consolidated accounts on the grounds of immateriality.

28. Contingent Liabilities

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.

29. Capital Commitments

At 31st July 1994 the University had capital expenditure commitments amounting to £2.381m.

AUDITORS' REPORT TO THE COUNCIL
OF THE
UNIVERSITY OF WARWICK

We have audited the financial statements on pages 4 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 4 to 5.

Respective responsibilities of the Council and Auditors

As described on page 3, the Council is responsible for ensuring that financial statements are prepared. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of our Opinion

We conducted our audit in accordance with Auditing Standards 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 Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the University of Warwick's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give us 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.

Opinion

In our opinion:

the financial statements give a true and fair view of the state of affairs of the University of Warwick and its subsidiaries at 31 July 1994 and of the surplus of income over expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act, the Statement of Recommended Practice on accounting in U.K. Universities and the Royal Charter

funds from the Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the University of Warwick have been applied only for the purposes for which they have been received

income has been applied in accordance with the Royal Charter governing the University of Warwick and, where appropriate, with the Financial Memorandum dated 1 August 1993 with the Higher Education Funding Council for England.

Price Waterhouse
Chartered Accountants
Registered Auditors

Cornwall Court
19 Cornwall Street
Birmingham
16 December 1994

INDICATORS OF FINANCIAL HEALTH

INDICATORS RELATING TO SOURCES OF INCOME

	1993/94	1992/93	1991/92	1990/91
(a) Ratio of Total UFC Grants to Total Income*	29.71%	28.29%	29.55%	30.15%
(b) Ratio of Total Home & EC Fees and Support Grants to Total Income*	19.76%	22.35%	22.14%	20.56%
(c) Ratio of Total Overseas Student Fees to Total Income*	5.30%	4.94%	4.49%	3.81%
(d) Ratio of Total Research Grant and Contract Income to Total Income*	15.12%	16.23%	17.02%	17.91%
(e) Ratio of Total Other Services Rendered Income to Total Income*	4.21%	5.04%	5.41%	6.28%
(f) Ratio of Total Residences and Catering Income to Total Income*	8.76%	8.41%	8.16%	8.84%
(g) Ratio of Total all Other Income* to Total Income*	17.13%	14.75%	13.23%	12.45%
(h) Ratio of Surplus/(Deficit) before Transfers to Reserves to Total Income*	6.89%	6.01%	2.58%	0.13%

INDICATORS RELATING TO FINANCIAL STRENGTH

(i) Days Ratio of General Funds to Total Expenditure*	63.35	51.87	43.30%	32.87
(j) Ratio of Long Term Liabilities to Total General Funds	31.53%	42.74%	34.51%	37.07%

INDICATORS RELATING TO SHORT TERM LIQUIDITY AND SOLVENCY

(k) Ratio of Liquid Assets to Current Liabilities	101.47%	100.58%	79.42%	59.92%
(l) Days Ratio of Net Liquid Assets to Total Expenditure*	48.53	49.21	43.62	28.83
(m) Ratio of Current Assets to Current Liabilities	1.82:1	1.72:1	1.59:1	1.48:1
(n) % Movement in Net Liquid Assets	5.28%	21.21%	64.63%	64.14%
(o) Days of Total Income* represented by Debtors	61.17	51.49	67.97	68.48

* Excluding Depreciation