

# Financial Statements

for the year ended 31 July 2017

<b>Index of Contents</b>	<b>Page</b>
Financial Highlights .....	2
Financial Review .....	3
Public Benefit Statement .....	10
Corporate Governance .....	16
Statement of Internal Control .....	18
Statement of Primary Responsibilities of the Council .....	20
Independent Auditor's Report .....	22
Statement of Principal Accounting Policies .....	24
Consolidated Statement of Comprehensive Income .....	30
Statement of Changes in Reserves .....	31
Consolidated and University Balance Sheet .....	32
Consolidated Cash Flow Statement .....	33
Notes to the Accounts .....	34
Indicators of Financial Health .....	59

## financial highlights

for the year ended 31 July 2017

<b>CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT</b>	<b>2016/17</b>	<b>2015/16</b>	<b>Change</b>
	<b>£ million</b>	<b>£ million</b>	
Tuition fees and educational contracts	287.5	275.2	4.5%
Funding body grants	58.4	57.9	0.9%
Research grants and contracts	120.3	117.1	2.7%
Other income	120.3	117.0	2.8%
Investment income	1.6	1.6	0.0%
Donations and endowments	2.9	4.8	(39.6%)
<b>Total income</b>	<b>591.0</b>	<b>573.6</b>	<b>3.0%</b>
<b>Surplus for the financial year</b>	<b>41.5</b>	<b>54.2</b>	<b>(23.4%)</b>

<b>CONSOLIDATED BALANCE SHEET</b>	<b>2017</b>	<b>2016</b>	
	<b>£ million</b>	<b>£ million</b>	
Fixed assets	590.7	510.5	
Investments	24.1	19.7	
Net current assets	76.2	70.3	
	<b>691.0</b>	<b>600.5</b>	
Long term creditors and provisions	(477.9)	(463.0)	
<b>Total net assets</b>	<b>213.1</b>	<b>137.5</b>	<b>55.0%</b>

	<b>2016/17</b>	<b>2015/16</b>	
	<b>£ million</b>	<b>£ million</b>	
<b>CAPITAL EXPENDITURE IN THE YEAR</b>	<b>115.9</b>	<b>93.4</b>	<b>24.1%</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>110.9</b>	<b>93.0</b>	<b>19.3%</b>

<b>OTHER KEY STATISTICS</b>		<b>2016/17</b>	<b>2015/16</b>	
		<b>Number</b>	<b>Number</b>	
Full Time Students:-	Home / EU undergraduates	11,823	11,019	7.3%
	Home / EU postgraduates	2,287	2,306	(0.8%)
	Overseas undergraduates	2,660	2,573	3.4%
	Overseas postgraduates	3,191	3,298	(3.2%)
Total number of students (full time equivalent)		21,579	20,677	4.4%
Total staff numbers (full time equivalent)		5,690	5,403	5.3%

## financial review

### Introduction

In March 2017, HRH the Princess Royal formally opened our new flagship teaching and learning building, the Oculus. This facility is focused on enhancing our student experience. It provides 500 and 250 seat lecture theatres as well as smaller teaching spaces, all supported by state of the art audio-visual technology. Many students already identify it as one of their favourite spaces on campus, an outstanding venue to learn and interact with fellow students and tutors.

The opening of the Oculus marks the start of a sustained period of major investment in student experience and academic excellence. During the year, work has commenced on a new Sports and Wellness Hub and a new Mathematical Sciences building and plans for future years include a new Faculty of Arts building, an interdisciplinary biomedical research building and new student residences.

This year also saw the University undertake an institutional teaching and learning review (ITLR); a review of our teaching and learning provision across all departments at undergraduate, postgraduate taught, postgraduate research and post-experience levels. The review provided assurance of the quality and standards of our courses of study and ensured alignment with external requirements. It also provided an opportunity for reflection and taking external advice on how best to enhance the quality of the University's teaching and learning provision, as well as the distinctiveness of the Warwick student experience.

The depth and breadth of the ITLR demonstrates the University's determination to deliver an outstanding teaching and learning experience for our students and our major capital investment programme will ensure that their experience is underpinned by world class facilities. This pursuit of excellence continues to be reflected in league table positions; Warwick has once again been consistently ranked in the top ten universities at a national level and in the top one hundred in international tables. The University also received silver status this year in the inaugural Teaching Excellence Framework (TEF). This award defines Warwick as a university that "consistently exceeds rigorous national quality requirements for UK higher education" and achieves "excellent outcomes for its students...with an institutional culture that facilitates, recognises and rewards excellent teaching". Warwick has also recently been ranked 3<sup>rd</sup> in the Russell Group by the Economist for providing students with extra value.

The University's research grant and contract income reached £120m this year, representing year on year growth of nearly 11%. This was an excellent performance, underpinned by significant growth in research activity within WMG (up 32% on prior year) reflecting EPSRC funding for the Advanced Steel Research Centre and an increase in High Value Manufacturing Catapult funding. The University continues to be successful in attracting new research funding; notable examples of this year's awards include c. £1.75m from the EPSRC for two projects led by Professor Marin Alexe, Department of Physics, in the field of ferroelectricity and Warwick Medical School being awarded c. £5.7m from the National Institute of Health Research's (NIHR) Global Health Research Unit on Improving Health in Slums. However, the University remains concerned that the availability of future research income could be adversely impacted by Brexit and is therefore keen that negotiations with the EU achieve a positive resolution.

A number of staff have also received personal recognition for their research, such as Professor Julie Macpherson, Department of Chemistry, receiving a Royal Society Innovation Award for the work of her team, in conjunction with Professor Mark Newton and industrial partner Element Six, to investigate a new carbon material, boron doped diamond, for its electrochemical sensing capabilities. Other awards include Dr Emma Pickwell-MacPherson and Professor Nasir Rajpoot being recognised by the Royal Society's Wolfson Merit Award scheme, Professor Greg Challis winning the Royal Society of Chemistry Interdisciplinary Prize 2017 and Professor David Hutchins being elected a Fellow of the Royal Academy of Engineering.

## financial review

(continued)

Maintaining the ability to invest in the University's strategic objectives is entirely dependent on consistently delivering strong financial outcomes. The University's financial performance this year has once again been good, delivering an above-budget surplus that was reinvested promptly in priority student and academic initiatives. The requirement for universities to generate surpluses for reinvestment remains poorly understood outside of the sector but it is nevertheless essential that sufficient surpluses are delivered to underpin sustainable growth in a highly competitive global environment.

The University's ability to return an appropriate level of surplus each year is in no small way due to the financial performance of Warwick Business School (WBS), which celebrates its fiftieth birthday in 2017. WBS aims to be Europe's leading university-based business school and is living up to that billing, with excellent ratings across the range of UK and international league tables; for instance its distance learning MBA is ranked number two in the world. WBS also now has a significant presence in London at The Shard, where the success of its programmes is necessitating expansion, with a lease on an additional floor recently being signed.

This year the University was delighted to become a principal partner in the bid to make Coventry the UK City of Culture in 2021. The support from arts and cultural organisations, neighbourhood communities, businesses and schools to showcase all Coventry has to offer in culture and the arts has been great to see and we share the excitement of all those involved following the decision that Coventry appears on the final shortlist of five for this prestigious award.

With continuing uncertainty about what Brexit means and what the implications will be, not only for universities, but across the UK and EU, Warwick has sought to consolidate its existing relationships with European partners and colleagues. We have multiple partnerships across the continent which are critical in supporting our teaching and research activities. Warwick has shown its commitment to these ongoing relationships by its status as a founding member of The Guild of European Research-Intensive Universities. The Guild promotes and supports academic excellence and Warwick's commitment and closeness to this organisation supports our desire to continue to have strong relationships with all of Europe. We also look to build relationships beyond European horizons, including the renewal this year of our well-established alliance with Monash University.

Overall it has been a very good year for the University, maintaining its excellent record of achievement, strengthening its regional, national and international presence and building on a financially sustainable platform for the future. There are, no doubt, clouds on the horizon but the University has good grounds for optimism and can be confident in the importance of its mission. In the words of our new Chancellor, The Rt Hon. The Baroness Ashton of Upholland GCMG PC, who was installed in a special ceremony in May, "I know how important higher education and research are to individuals, communities, nations and across the world. Global connections and outreach matter more and more and I look forward to supporting the University and telling the Warwick story both here and internationally."

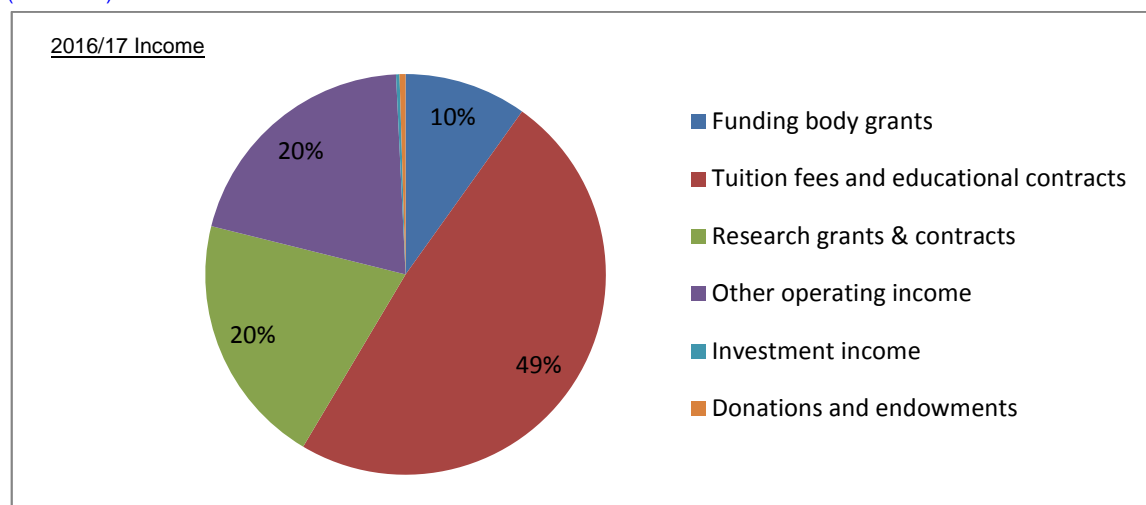
### Financial Performance

The University recorded a surplus for the year of £41.5m. This was a positive outcome which was above budget and enabled additional investment to be made during the 2017 planning round in academic and student-facing services. The result was lower than the previous year's surplus of £54.2m, which had included a number of one off amounts, notably £6.7m of additional net income from Research Development Expenditure Credits (RDEC).

The University targets an average annual surplus in excess of 5% of income in order to generate sufficient cash to maintain and enhance our capital infrastructure. The 2016/17 figure of a surplus figure of 7.0% of income is in line with that ambition ensuring that the University remains on a stable financial footing.

## financial review

(continued)



The University's total income increased 3.0% from the previous year, from £573.6m to £591.0m. The majority of this increase is in relation to an increase in tuition fee income as a result of higher numbers of students across the University in 2016/17 with much of this change coming from Home and EU undergraduate student numbers.

Research income showed an increase of £3.2m in the year to a total value of £120.3m. This however hides the RDEC impact included in the previous year and adjusting for this would show an impressive c.11% increase in funded research activity.

The financial statements show an increase in staff costs moving from £280.0m to £298.0m. After removing the impact of pension scheme adjustments this movement is an increase from £276.3m to £296.2m. Importantly, staff costs (adjusted for pension movements) as a percentage of expenditure remained constant at 53.7%. This is largely consistent with expectations and in line with sector norms.

The University's total comprehensive income, which adjusts the reported surplus to take account of actuarial movements on the University's own pension fund and movements in the market value of financial instruments, was £75.6m for 2016/17, compared with £18.5m reported in the prior year. Actuarial gains and losses showed a significant swing from a loss of £14.5m in 2015/16 to a gain of £19.5m in 2016/17. This swing has been driven primarily from updated actuarial assumptions from the latest valuation. The change in fair value of hedging financial instruments in relation to the University's interest rate swaps also shows a significant change moving from a charge in the previous year of £21.2m to a credit of £14.6m. The movement is driven by the changing expectations around future interest rates. The amounts noted above included within comprehensive income do not impact cash so while the numbers and swings are significant, they do not affect the ongoing operations of the University in a positive or negative way.

### Financial Position

The University's Balance Sheet remains in a strong position. Our liquid cash and investment balances have increased and our non-current assets have increased from £530.2m to £614.8m driven by our large capital investment programmes. Our total net assets increased by £75.6m to £213.1m.

Trade and other receivables have largely remained constant at £47.9m (2015/16: £45.8m). Creditors falling due in less than one year moved from £146.5m to £160.5m during the year. This movement was driven by an increase in accruals in relation to our capital programme and other estates related charges on campus. Creditors falling due after more than one year also increased from £358.8m to £389.2m. This increase is primarily due to deferred income being recognised in relation to the National Automotive Innovation Centre (NAIC) capital project to be

## financial review

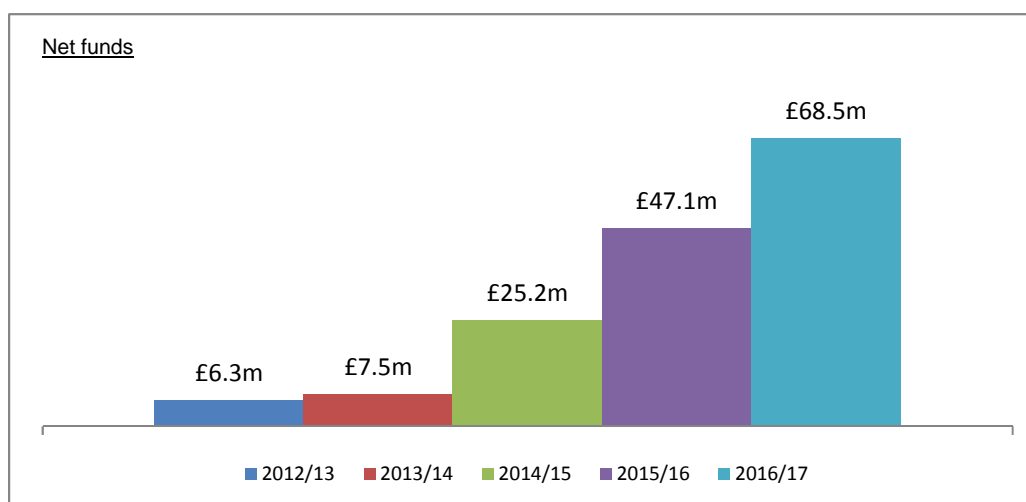
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released in future years and an increase of receipts in advance on other capital projects. Partially offsetting these increases there was a reduction in liability in relation to our interest rate swap derivative balance. The overall increase in creditors should be seen as positive for the University with funding being received in advance of need and should not be seen as a detriment to our working capital position.

Our pension liability relating to the University of Warwick Pension Scheme, discussed in more detail later in this report, reduced during the year. Whilst this does not affect the overall cash position, we must be mindful that future changes to the contribution rates of the pension schemes offered by the University to employees, could have a significant impact on the University's finances.

### Liquidity and Borrowing

The University has seen the total of its cash and cash equivalents and its current asset investment balance increase from £170.0m to £187.7m. At the same time, University borrowings reduced from £122.9m to £119.2m as the University continues to pay off capital on its loan balances. The increase in net cash position means the University has a robust platform from which to address future challenges. The University has a significant capital programme and it is expected that the University will take out further loans in future years to support the financing of this plan, with £75m of new borrowings planned in 2017/18. The accumulated year -end cash balance is fully committed to funding the capital programme and the balance will therefore reduce over the coming 24 months, though an appropriate, minimum level of cash will be maintained at all times for working capital purposes.



Net funds are the sum of cash and cash equivalents and current investments less unsecured loans.

Net cash flow from operating activities for 2016/17 was £110.9m and the University must continue to generate significant cash balances from its operations to enable it to invest in both its capital infrastructure and other strategic priorities.

The University cash balances are invested across a range of approved financial institutions, principally on a range of short term deposit accounts, up to one year in maximum length and to a maximum value of £50m per financial institution. The University investment policy maintains at its core the principal aim of protecting the charitable assets of the University and, as such, cash balances are currently restricted to UK clearing banks and the largest UK building societies. The University also maintains an investment portfolio, managed by Rathbones (see note 13 of the accounts), principally with a view to holding for the longer term and as an instrument for repaying bullet loan commitments. All cash and investment funds are held in accordance with the University's Socially Responsible Investment Policy.

## financial review

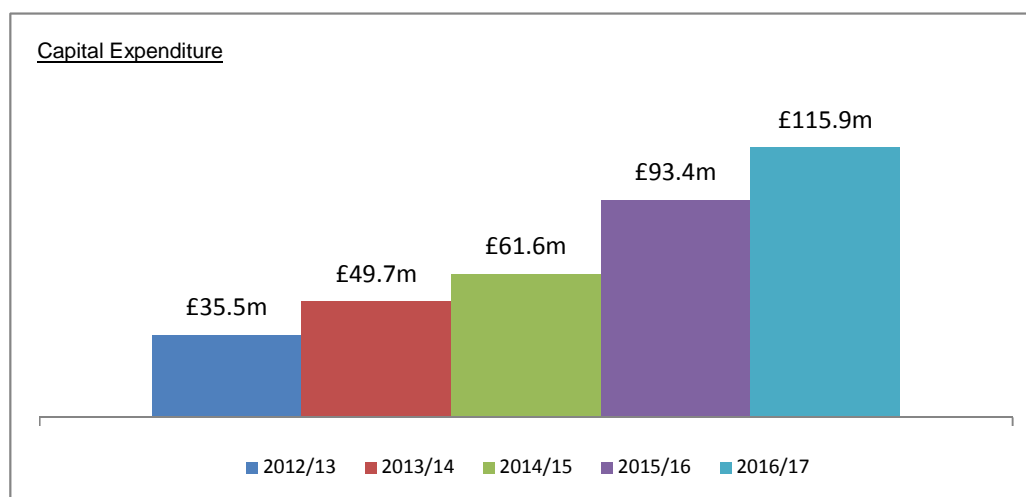
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### Pensions

The defined benefit section of the University of Warwick Pension Scheme has seen its reported deficit decrease from £38.5m to £20.5m during the year. The reduction reflects refinements in the calculation of the defined benefit liability and the adoption of the latest mortality tables. The latest disclosure also takes account of the most recent actuarial valuation, which was concluded during 2017.

The USS pension liability recorded in the balance sheet, which is driven by the level of deficit contributions the University expects to pay, increased from £62.0m to £64.8m. The 2017 actuarial valuation, which is currently in progress, may have a material impact on the level of future deficit contributions and consequently on future calculations of the University's liability. This could have a significant impact on both the University's future surplus levels and its balance sheet position.

### Capital projects



The University has continued to deliver an extensive capital programme during 2016/17 spending £115.9m (2015/16: £93.4m). This is the first time in our history that we have spent more than £100m in a single year and this scale of investment demonstrates a firm commitment to build a world leading campus for our students and staff.

As mentioned in the introduction above, the most notable major project completed in the year was our new Oculus teaching and learning building costing £19m. There are two large state-of-the-art tiered lecture theatres, twelve other top quality flexible teaching spaces, study areas and a café. The central atrium hosts a four-screen video wall, used for live-streams of lectures and other events in the main lecture theatres, art displays and timetables of upcoming activity. There are high-tech features elsewhere in the building, such as electronic screens outside each room showing availability and interactive digital boards to help with wayfinding. The building also has exemplary environmental credentials.

Other major projects that were progressed during the year include: the NAIC which is due to open in 2018 (c. £100m project; £40.9m spent in year), the new Sherbourne student residences (c. £17.6m project; £13.7m spent in year), our new conference facility The Slate (£5.4m project; £2.1m in year), Radcliffe House refurbishment (£6.4m project; £4.5m in year) and investment in the Energy Research Accelerator (ERA) (£20.6m project; £5.5m in year). The ERA is a £180m multi-partner endeavour (£60m of Government funding with £120m from industry) to transform UK expertise in energy storage, thermal energy and energy efficiency.

## financial review

(continued)

The University also started work on a £27m extension for our mathematical sciences departments. The building, for which a £2m grant from the Wolfson Foundation was received, will enable Warwick to build on its position as one of the five UK universities chosen as founding partners in the creation of the Alan Turing Institute. It includes interdisciplinary space for both research and teaching in data science and brings our graduate training programmes closer together in a new Mathematical Sciences Graduate School.

Work has also now commenced on a new Sports and Wellness Hub, which will offer a new sports hall, a flexible swimming pool, fitness suites, climbing and bouldering walls, squash courts, flexible studio spaces, a café and outdoor 3G sports pitches and netball courts. Over the coming years the University is also planning to deliver a new Faculty of Arts building, a major investment in research and teaching facilities on our Gibbet Hill site, a refurbishment and expansion of the Warwick Arts Centre and further development of new student residences.

### Risks

The University has a Risk Management Policy which is approved by the Council. The Council, supported by Audit and Risk Committee and other committees, keeps under review the strategic risks facing the University and the programmes which help to manage or mitigate these risks. Amongst the most important are:

- Adverse changes in the funding of universities from public sources, including changes to the tuition fee regime and the potential impact of Brexit on research grant funding and the recruitment of students from the EU;
- Failing to recruit and retain a strategically desirable number, quality and diversity of students, particularly international students in a competitive and global market;
- Further adverse changes to pension scheme contributions which increase cash outflows from the University;
- Failure to maintain an internationally competitive position in respect of the quality and recognition of both teaching and research; and
- Failure to recruit and retain internationally recognised scholars in a highly competitive market.

To mitigate these strategic risks, the University, amongst other things:

- Plans prudently with respect to income assumptions, continually reviews the need for efficiency savings and monitors student feedback and surveys to most effectively direct available resources;
- Plans conservatively for student demand and focuses on building and developing overseas networks with other organisations, representatives and alumni communities;
- Is, alongside investing in the best staff and facilities and pursuing international excellence in all aspects of its operations, continuously growing its academic links and collaborative working relationships with overseas education partners and international businesses;
- Engages in regular, frequent review of recognition and reward mechanisms and leadership and development training programmes;
- Is acting on the outcomes from the Institutional Teaching and Learning Review to embed sustained excellence in teaching, whilst continuing to implement the strategy to maintain and build on our world class research reputation; and
- Is building on its existing partnerships and collaborations in Europe, including founding membership of the Guild of European Research Intensive Universities, and around the world to maintain and enhance our global reach and reputation.



## financial review

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Of the risks outlined above, the most pressing issue to be resolved is the Government's future approach to tuition fees. It is no longer clear as to whether it will be possible to increase regulated fees in future years or whether indeed there will be any cuts to the levels universities are able to charge. Any reduction in fee level charged, without any corresponding increase in grant support from the Government, will materially damage institutions' ability to meet their strategic objectives and could have a significant impact on the whole Higher Education landscape.

The future relationship of the UK with the EU is also a major concern for both our future student recruitment and the ability of the University to recruit and retain the best staff. It is also important that we are able to access large scale research programmes to maintain our internationally recognised status.

### Future outlook

The future outlook for higher education is less certain than it has been at any point in the last decade. In particular, the political debate that is continuing to unfold in respect of tuition fees could have significant consequences for the future funding of the sector. Similarly, uncertainty around the impact on the sector of Brexit is no closer to being resolved than a year ago. There is also uncertainty for Warwick and many other universities in respect of the outcome of the 2017 USS pension valuation which could have a significant impact on university finances as well as major implications for its staff.

National policy-makers will have a critical role to play over the coming months to support the continuing success story of Warwick and other leading UK universities. The University will monitor policy developments and will naturally wish to contribute to the thinking on these, and other, important issues where it is right to do so. However, we will not wish to be solely reliant on favourable political outcomes as a catalyst for success. Warwick has an enviable track record of navigating changing and challenging environments through innovation and effective leadership and will approach the future in the same spirit. We also face the future from a position of financial strength, with good levels of cash and reserves and some capacity to borrow further if required to maintain future investment; our planning assumptions also contain a measure of sensible prudence. So despite the current uncertainties we can proceed with a confidence that is underpinned by financially sustainable planning, agile decision-making, and our well-established international reputation for excellence in teaching and research.

Keith Bedell-Pearce CBE, University Treasurer

22 November 2017

## public benefit statement

The University of Warwick provides public benefit principally through the pursuit of its core objects, as set out in its Charter; these being: *“the advancement of learning and knowledge by teaching and research and the provision of University education.”* Members of the University Council, as charity trustees, have complied with their responsibility to have due regard to the Charity Commission’s guidance on public benefit in exercising their powers and duties.

The University Council approves the University strategy and governs the work of the University to ensure that students benefit from the excellent and inclusive educational environment that the University seeks to offer, and that the general public benefits from the generation of knowledge and the long-term impact of the University’s research.

In the most recent Research Excellence Framework (REF 2014), Warwick was ranked seventh in the UK, with 87% of the University’s research rated as “world-leading” or “internationally excellent”.

The University assures itself on the standards of awards, quality of taught provision. Quality enhancement and the student experience is further assured through its quinquennial Periodic Review Process, Institutional Teaching and Learning Review (ITLR). The ITLR undertaken in 2017 reaffirmed the effectiveness of the review approach in meeting the University’s requirements of assurance of the quality and standards of its teaching and learning. Following the 2017 ITLR the University has embarked on a significant programme of work to further enhance educational quality and standards, and to ensure that best practice is shared across departments.

In 2017 the University was awarded silver status in the Government’s inaugural Teaching Excellence Framework (TEF). The TEF panel found that Warwick “consistently exceeds rigorous national quality requirements for UK higher education” and achieves “excellent outcomes for its students...with an institutional culture that facilitates, recognises and rewards excellent teaching”.

This reflects the high quality of teaching and research that is demonstrated consistently at Warwick. The University has been ranked 51<sup>st</sup> in the world by the QS World University Rankings, 8<sup>th</sup> in the UK by The Guardian, 1<sup>st</sup> in the West Midlands by the Times and Sunday Times Good University Guide 2018 and placed in the top 20 most international universities in the world.

As well as over 120 awards for the quality of teaching at Warwick through the Warwick Awards for Teaching Excellence (WATE), 17 Warwick staff have been awarded Fellowships under the National Teaching Fellowship Scheme (NTFS), including three awards in 2016, making Warwick the only university to have achieved this result in that year.

The University Council seeks to ensure that Warwick education and knowledge generation are at the forefront of excellence in national and international education agendas, and is committed to continuing to work in partnership with the University’s students and staff to maintain and further enhance the quality and distinctiveness of education and research at Warwick.

### Teaching and Learning

*Through our distinctive degree programmes, we can present an agile response to emerging needs. We want Warwick graduates to take their place among the best thinkers and more influential citizens of the future. True to our founding mission, we’ll adopt approaches that foster and support an inclusive educational environment: one that’s accessible to people from all backgrounds.*

- We prepare our students to contribute to society and in the workplace. Our graduates are in high demand: in 2017 Warwick was ranked as the most targeted university nationally by the UK’s leading graduate employers and in 2018 Warwick was placed in the world’s top 100 universities for graduate employability. We have developed innovative programmes in partnership with local employers (for

## public benefit statement

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example in the automotive industry), and we offer flexible and distance learning solutions to facilitate participation in life-long learning.

- We seek to ensure that, wherever possible, financial circumstances do not become a barrier to studying at Warwick. We offer means-tested packages of support for UK undergraduate students. Rent levels are set with reference to affordability, and scholarships are available for international and postgraduate students.
- Our Widening Participation Strategy is driven by our vision of becoming a recognised global leader in enhancing social diversity and participation in higher education. Current activities include: the UniTracks programme (a national scheme supporting over 700 disadvantaged gifted and talented students aged 14–18 to achieve their potential and enter the most selective higher education courses), Pathways to Law (enabling 100 Year 12-13 pupils and their families each year to receive guidance on the study of law and careers in law) and the Sutton Scholars Programme (a local scheme run in partnership with the Sutton Trust for Year 8 and 9 students with a focus on providing information, advice and guidance to highly able students from under-represented backgrounds). The University is a member of the Realising Opportunities Scheme, whereby fifteen leading universities agree to work locally with the 'most able, least likely' Year 12 and 13 pupils to raise aspiration, awareness and achievement, and to then give additional consideration to applicants from any of the partner institutions in recognition of their engagement with the programme. The programme seeks to recruit an additional 1,000 students nationally each year. The University runs six residential programmes at Easter and during the summer to support targeted Widening Participation students with exam preparation and supporting aspiration and progression to Higher Education and Warwick.
- The University has strengthened its provision to support local students through activities to raise aspiration and attainment levels, engaging with learners from 30 targeted state secondary schools in Coventry and Warwickshire. We run an intensive programme with the RSA Family of Academies, which offers a suite of activities supporting the learner journey to higher education. The University is leading the HEFCE funded National Collaborative Outreach Programme (NCOP) for targeted students in Year 9-13 in low participation neighbourhood wards in Warwickshire. The programme is designed to support young people from low participation wards to progress to higher education. The University is a partner in the University School Trust (Multi Academy Trust) focused on schools in East London, formed through the partners of the St Paul's Way Trust School.
- The University is actively engaged in a "Closing the Gap" project with Warwickshire County Council to examine the challenges faced by disadvantaged Free School Meals learners and developing intervention and support that promotes better attainment and progression outcomes from Key Stages 2-5.
- The University sponsors two University Technical Colleges (UTC), WMG Academy for Young Engineers based in Coventry and Solihull, building on its expertise in this area providing education for 14-19 year olds through an applied, problem based curriculum. The University has worked in partnership with local employers to develop a bespoke learning experience that is delivering technical, employability and business skills that will maintain manufacturing knowledge and excellence within the West Midlands region.
- Warwick Business School (WBS) offers a BSc (with Foundation Year) in Accounting and Finance, and a BSc (with Foundation Year) in Management. The Foundation Year aims to equip students with the skills

## public benefit statement

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and knowledge they will need for successful progression to Year 1 of the existing 3-year BSc degrees in these subjects. The Foundation Year is targeted at students from widening participation groups who have the potential to succeed on the WBS undergraduate programme.

- The University continues to build on the evidence developed through the Postgraduate Support Schemes in prioritising resource to support the progression to postgraduate study for underrepresented groups. In 2016/17 the University committed £500k for 100 postgraduate taught scholarships through the Warwick Taught Masters Scholarship Scheme, which is in addition to any financial support they are eligible for.
- The Warwick Scholars Programme supports students that enrol at Warwick via one of our outreach schemes, UniTracks, Realising Opportunities and Pathways to Law, providing a financial scholarship, additional employability opportunities including internships and overseas volunteering placements. Similar opportunities are presented through schemes like the Lloyds Scholars programme and the Multi-Cultural Scholars Programme.
- The University provides opportunities for adults seeking to return to learning or wishing to pursue studies in higher education through offerings such as the Foundation and 2+2 degree programmes, the Gateway to HE programme and the part time degree. In addition, the University's short course programme attracts over a thousand registrations annually from the general public, predominantly from the local region.
- Warwick in Africa is a well-established innovative, philanthropically funded programme, which supports learners and their teachers with Maths and English teaching in South Africa, Tanzania and Ghana. To date over 400,000 learners have benefitted from Warwick in Africa and nearly £3m has been raised in philanthropic income to support global outreach.
- Warwick in India provides tutorial support to approximately 500 Indian children per annum near Delhi in collaboration with the Laksh Foundation.

### Research

*As a globally connected, research-led university, we will try to be part of the solution to the world's pressing problems, and ensure that staff, students, teaching and research all have a positive impact on society at large – particularly with regards to knowledge transfer and policy making – and that the economic, social and cultural benefits of our research are properly highlighted.*

Highlights this year include:

- The University of Warwick is working to find better ways of delivering healthcare to some of the world's poorest people, by improving their health, wellbeing and functioning. The National Institute of Health Research (NIHR) has awarded the University over £7m for a Global Health Research Unit on Improving Health in Slums and a Global Health Research Group to work with psychosis sufferers in India.
- The University of Warwick is part of SCEPTREplus, a project consortium funded by the Agriculture and Horticulture Development Board (AHDB), which is designed to respond to emerging crop protection issues as well as looking at longer term future issues, helping to provide solutions for growers.
- In 2016, Warwick helped to form and joined the Guild of European Research-Intensive Universities, which brings together universities that have demonstrable excellence in teaching, research and policy formation from across Europe to collaborate on the creation of innovative solutions to some of Europe's most intractable scientific and social challenges.

## public benefit statement

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- Our Global Research Priorities programme addresses some of the most challenging problems facing the world today, providing a platform for multidisciplinary research in 11 key areas of international significance, from food to sustainable cities, energy to innovative manufacturing (details available at <http://www2.warwick.ac.uk/research/priorities>).
- We are committed to improving public access to our research findings. The Warwick Research Archive Project (WRAP, available at <http://wrap.warwick.ac.uk/>) is a free online repository service to provide access to our written research output (including journal articles and PhD theses). The University also holds unique repositories, such as our Modern Records Centre (MRC), which has been designated an Outstanding Collection by the Museums, Libraries and Archives Council, holding nationally important archives for the study of social, economic and political history, mainly from the mid-19<sup>th</sup> century onwards.
- Warwick Ventures oversees technology transfer and commercialisation of University research. Over the past 17 years it has launched over 90 knowledge-based companies. Warwick's intellectual property is licensed to other companies in a wide range of industries.

### Corporate Social Responsibility

*We remain committed to driving social, cultural and economic growth through the quality of our graduates and the real difference they can make to their communities and sectors, as leaders in their own right and as citizens with a significant part to play in the future economic and global society. We remain committed to working with local and national governments, and to working with other institutions to magnify our economic impact. We'll remain true to the principles of Diversity and Inclusion. Working closely with our Students' Union, as a University community we strive to provide holistic support mechanisms for our staff and students. As an organisation that manages its footprint and impact on the environment, we'll use this as a foundation to embed the broader principles of sustainability.*

### Regional and Community

- We work in partnership with all of our local councils and a wide range of local business and community organisations to make sure that the University has a real and positive impact on our local area, and that the community at large benefits from our teaching, research, facilities, and other activities. We work very closely with new and emerging regional partners, such as the West Midlands Combined Authority (WMCA) and the West Midlands Growth Company, who will deliver the strategic policy, investment, and infrastructure to underpin the future prosperity of the West Midlands. The University is represented on the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) Board.
- Our most recent study commissioned to identify the economic impact of the University showed that we contributed around £784m Gross Value Added (GVA) to the economy in Coventry and Warwickshire in 2014/15 and supported 14,400 jobs locally. At regional level our impact totaled £1bn GVA and supported some 17,900 jobs across the West Midlands.
- Our researchers are actively engaged with policy development and evidence supporting place-based strategies, including on inward investment, and contributing to key WMCA Commissions on, for example, Mental Health, Skills and Productivity. We are also building on our relationships with more established regional organisations such as the West Midlands CBI.
- Warwick supports the Midlands Engine and was a founding institution in Midlands Innovation, with the Universities of Aston, Birmingham, Leicester, Loughborough and Nottingham, to drive further collaborative research, enterprise and innovation in the wider region to create jobs and stimulate economic growth and improved productivity.

## public benefit statement

(continued)

- Both the University of Warwick and Coventry University worked closely with the City Council and local people in shaping and developing Coventry's City of Culture 2021 bid.
- The University of Warwick Science Park offers office and laboratory space to companies (including start-ups) in four locations across the West Midlands. It provides a supportive environment with access to research and resources from the University of Warwick and an experienced in-house business support team.
- The University's strong drive on extra-curricular activity drives a high level of student engagement in volunteering, as well as clubs and societies. Our students give back to the community directly through volunteering, and develop skills, experience, and attitudes that will enable effective citizenship and social capital. We provide support to our staff and students to engage regularly in volunteering opportunities through Warwick Volunteers (<http://www2.warwick.ac.uk/about/community/volunteers>) and a Staff Volunteers Forum. Almost 3,000 of our students were registered with Warwick Volunteers in the past twelve months.
- Our campus life provides many opportunities for learning, development and enrichment. The Warwick Arts Centre, which is currently undergoing a significant re-development, is an important cultural centre for the region and visited by around 250,000 members of the local community each year. The newly developed facilities at the Arts Centre will be completed by 2020 and will offer new theatre, cinema, workshop, and performance arts spaces.
- As part of our commitment to Public Engagement with Research and engagement with our local communities, the newly formed Public Engagement Team support and promote academic research and its far reaching benefits across our region. A range of public engagement activities are designed to raise aspirations and accessibility to our teaching and research and increase the University's profile in the region.

The recently launched Regional ([www.warwick.ac.uk/global/regional](http://www.warwick.ac.uk/global/regional)), Public Engagement ([www.warwick.ac.uk/warwickengages](http://www.warwick.ac.uk/warwickengages)), and Community webpages ([www.warwick.ac.uk/community](http://www.warwick.ac.uk/community)) share and promote the University's regional and community activities. Twice a year we share our latest news via our "CommUnity" newsletter, which is delivered to households in neighbourhoods in both Coventry and Leamington Spa, and is also distributed to around 500 other partners, organisations and individuals.

### Diversity and Inclusion

- The gender split of the University's workforce as at 1 August 2017 was: males: 46.9% and females: 53.1% (males 47.4%; females: 52.6% in 2015/16). The percentage of females in academic positions is 30% (29.7% in 2015/16). 955 employees are from a BME background (compared to 898 in 2015/16), which is equivalent to 15% of the total employee population, however only 9% of professors are BME. The number of disabled staff is 262 (4.1%) (246 in 2015/16), with more females declaring a disability than males.
- We promote equality, diversity and inclusion, evidenced by our continued achievement of the HR Excellence in Research award, now in its fourth year; Athena SWAN awards, which includes a Silver Institutional award and 13 departmental awards, 2 at Silver level and 11 at Bronze; The Workplace Wellbeing Charter Mark; our status as a Stonewall Diversity Champion and participation in the Stonewall Equality Index, of which we saw a rise of 117 places in the 16/17 Index, and more recently our Race Equality Charter Mark work.

## public benefit statement

(continued)

- We continue to build on a set of initiatives to support the development and careers of women, to ensure even greater equality of experience and opportunity at Warwick, as well as to consider intersectionality between gender and BME staff. A Gender Taskforce has been created to address gender imbalance in the academy, making sure that we make best use of all the talent we have, and that individuals and the University feel the benefits of this. Significant progress has been made on LGBTUA+ initiatives, including the LGBT+ supporters programme, the Trans Guidance booklet and the Safe Overseas Travel booklet. The LGBTUA+ Taskforce established in 2016 are currently focussing initiatives on support for Trans staff and students.

### Environmental Sustainability

- The University is firmly committed to sustainability and works in partnership with its staff and students to promote environmental sustainability. The University's Environmental Policy is available at <http://www2.warwick.ac.uk/about/environment/warwick/policies/environmental-policy-2016.pdf>
- Students are encouraged to engage with sustainability issues through teaching and student societies' projects, including via the provision of optional modules, such as the undergraduate Global Sustainability Development degree or an MSc in Sustainable Energy Technologies.
- The University Estates Office is certified to the international Environment Management System ISO14001.
- The University self-generates 60% of its heat and power needs and, for the year 2015/16, the ratio of carbon emissions to income are 42% lower than the 2005/6 baseline.

### Responsible Investment

Our investments are managed in line with our Socially Responsible Investment Policy (available at [http://www2.warwick.ac.uk/services/finance/corporate\\_information/socially\\_responsible\\_investment\\_policy](http://www2.warwick.ac.uk/services/finance/corporate_information/socially_responsible_investment_policy)).

The University promotes and monitors compliance with the highest standards of research ethics as embodied in UK regulation and practice. The nature of any funding offered to the University is carefully considered from an ethical perspective.

## corporate governance

1. The University has charitable status as one of the exempt charities listed in Schedule 3 to the Charities Act 2011. It is therefore exempt from certain requirements of that Act, including the need to register with the Charity Commission. Since 1 June 2010, the Higher Education Funding Council for England (HEFCE) has been “principal regulator” for charity law purposes of those English universities which are exempt charities. The University’s legal status derives from a Royal Charter originally granted in March 1965. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes.
2. The University conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to universities that has been provided by the HEFCE and the Committee of University Chairs (CUC) in the Higher Education Code of Governance. The University is mindful of its charitable purpose and its strategy aims to encompass its public benefit role.
3. The University Council is the executive governing body, responsible for the finance, property, investments and general business of the University, and for setting the general strategic direction of the institution. It has a majority of members from outside the University (described as independent members), from whom the Chair and the University Treasurer are drawn. Also included in its membership are representatives of the staff of the University and the student body. None of the independent members receive any payment, apart from the reimbursement of reasonable expenses, for the work that they do for the University.
4. The Council approves its Code of Practice on Corporate Governance and Statement of Primary Responsibilities annually. A copy of the Code of Practice on Corporate Governance can be obtained from the University’s website. The Responsibilities of the Council are set out on pages 20 and 21 of these accounts.
5. The Council meets at least five times each academic year. The Council is supported by a number of sub-committees, as outlined in its Code of Practice on Corporate Governance. Reports from each committee, as well as from the Senate, inform the work of the Council.
6. There were 25 members of the Council in 2016/17. During the financial year ended 31 July 2017 (and continuing except where indicated), the following individuals were members of the Council: Sir George Cox (Chair to 31 July 2017), Mr K Bedell-Pearce (Treasurer), Dr N Bentley, Ms A Bhalla (from 1 December 2016), Professor D Branch (to 31 July 2017), Professor A Clarke, Ms V Cooke (Vice-Chair), Professor S Croft (Vice-Chancellor and President), Professor C Ennew, Dr J Ferrie, Ms K Gadhok, Ms R Gittins (to 31 July 2017), Mr G Howells (to 31 July 2017), Professor Christina Hughes (to 31 October 2016), Professor Christopher Hughes (academic member to 31 October 2016, Pro-Vice-Chancellor from 1 November 2016), Dr D Keith, Ms J MacNaughton, Sir David Normington (independent member to 31 July 2017, Chair from 1 August 2017), Mr A Penfold, Mr L Pilot (to 31 July 2017), Ms A Pulford, Professor L Roberts, Mr N Sachdev, Professor S Swain, Professor P Thomas, Ms G Tucker; for the subsequent period from 1 August 2017 to the approval of these financial statements (and beyond): Professor L Green, Mr P Kehoe, Mr M Kynaston and Ms H Worsdale.
7. The University maintains a Register of Interests of members of the Council which may be consulted by arrangement with the Secretary to Council. All members of the Council, and sub-committees, are requested to declare any conflicts of interest in relation to the agenda of each meeting.
8. The Secretary to the Council plays a key role in the operation and conduct of Council business, and provides advice to the Chair of Council on all matters of procedure and in respect of any matters where conflict, potential or real, may occur. All members of the governing body have access to the services of the Council Secretariat.



## corporate governance

(continued)

9. The University Council has delegated the following authority to the Remuneration Committee:
  - (a) The determination of the remuneration of senior members of the University staff whom it is deemed appropriate, including but not exclusive to the Vice-Chancellor and President, the Provost, the Pro-Vice-Chancellors, the Registrar, and the Group Finance Director;
  - (b) The determination of the level of severance pay to be awarded to those members of staff whose salary exceeds £100,000.

The Council appoints members of the Remuneration Committee who have expertise in leadership and/or senior remuneration in other sectors. The constitution of the Remuneration Committee during 2016/17 was as follows: Chair of the Council (Chair), Vice-Chancellor and President (when considering remuneration packages other than his own), Treasurer, three independent members of the Council (Dr N Bentley, Ms K Gadhok, Sir David Normington), one independent member (vacant).

The Remuneration Committee meets four times each year. It reports annually to the Council on the work of the Committee, including decisions taken under delegated authority.

The Remuneration Committee exercises its delegated authority on behalf of the Council within an agreed remuneration policy framework. Any matters in relation to remuneration or severance pay that do not fall within the approved remuneration policy framework or the delegated authority of the Committee are referred to the Council for approval. In proposing and applying the framework, the Remuneration Committee has regard to HEFCE's guidance on severance pay and the remuneration of senior staff.

The framework for University Senior Remuneration 2017 has been approved by the University Council and is published online (<http://www2.warwick.ac.uk/services/gov/committees/rc/>).

In addition, the Remuneration Committee approves annually the operating framework within which the Vice-Chancellor shall exercise his authority to determine senior remuneration, and receives an annual report on the work of the Vice-Chancellor's Advisory Group on Remuneration.

The constitution and terms of reference of the Remuneration Committee are published online (<http://www2.warwick.ac.uk/services/gov/committees/rc/>).

10. The Senate is the academic authority of the University and draws its membership entirely from the staff and the students of the institution. Its role is to direct and regulate the teaching and research work of the University. Whilst the Council and the Senate have clearly defined functions and responsibilities, there is active consultation and interaction between the two bodies.
11. The principal academic and administrative officer of the University is the Vice-Chancellor and President who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the formal Memorandum of Assurance and Accountability between the University and the HEFCE, the Vice-Chancellor and President is the accountable officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.
12. As Chief Academic and Administrative Officer of the University, the Vice-Chancellor and President exercises considerable influence upon the development and implementation of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Vice-Chancellor and President is supported by the senior executive team.
13. Any enquiries about the constitution and governance of the University should be addressed to the Secretary to Council.

## statement of internal control

The Council is responsible for maintaining a sound system of internal control that supports the achievement of the aims and objectives of the University, and the efficacy of its policies, whilst safeguarding the public and other funds and assets for which it has responsibility.

A system of control is designed to mitigate risk to a reasonable level rather than to eliminate all risk, and therefore can only provide reasonable and not absolute assurance of effectiveness. Key elements of the system of internal control, which are designed to discharge the responsibilities set out above, include the following:

- Approval of University strategy by the Council, whose membership includes a majority of external members, together with academic and non-academic representation.
- Monitoring the performance of the University through the annual consideration by the Council and other relevant committees of Key Performance Indicators.
- An annual and forward looking operating and capital planning process that combines top-down and bottom-up input, and is subject to challenge and scrutiny via a range of appropriately informed committees.
- Quarterly monitoring of financial performance and updates to forecast out-turns.
- Clearly defined requirements for control of expenditure, including the appointment of staff, investment and borrowings, together with comprehensive Financial Regulations and Procedures.
- An Internal Audit function that undertakes investigative work to identify any areas of weakness in compliance with University policies and procedures, primarily based on an agreed audit plan, but also in response to the identification of emerging risks or in response to actual issues. The Head of Internal Audit also prepares an annual value for money report for consideration by the Audit and Risk Committee.

The Audit and Risk Committee, whose membership is entirely external, plays a key role in providing the Council with objective assurance that its system of internal control is effective. The Audit and Risk Committee provides termly reports to the Council, in addition to providing its formal opinions on the adequacy and effectiveness of Warwick's arrangements for risk management, control and governance, economy, efficiency and effectiveness (value for money), and the management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, HEFCE and other bodies in its Annual Report to the Council.

- The Audit and Risk Committee provides challenge on operational, financial and risk matters coming before it and, where appropriate, monitors agreed actions to ensure that changes and recommendations are duly implemented.
- The Audit and Risk Committee receives regular reports from the Head of Internal Audit that provide an overview of internal control matters (in the main as set out in the agreed Internal Audit Plan), including an opinion on the adequacy and effectiveness of the University's systems of internal control, together with recommendations for improvements.
- Additionally, the Audit and Risk Committee considers an annual report from the Head of Internal Audit that provides and evidences an opinion on the adequacy and effectiveness of the University arrangements for economy, efficiency and effectiveness (value for money) as well as risk

## statement of internal control

(continued)

management, control and governance, in addition to a report summarising the data management and returns assurance processes.

- The Audit and Risk Committee meets on an annual basis with Internal Audit as well as External Audit without University management being present.
- The Audit and Risk Committee also receives periodic reports on the management of the University's significant risks and on specific areas of internal control.

The Audit and Risk Committee has oversight of the University's risk management strategy and policy on behalf of the Council.

- The University operates a system of risk management designed to identify the significant risks to the achievement of the University's strategy, to evaluate the nature and extent of those risks and to manage them effectively.
- The Council holds ultimate responsibility for ensuring the effective and efficient management of institutional risk. The Council monitors formally the institutional risk profile twice a year and is ultimately responsible for the University's key risks. A broader risk horizon-scanning exercise is conducted on an annual basis.
- The Senate maintains an oversight of all academic risks facing the institution. The Senate undertakes horizon scanning and 'blue skies' activities in relation to academic risk identification.
- The Steering Committee has responsibility for the initial identification and oversight of risks associated with the University Strategy, as well as monitoring key institutional financial and strategic/capital project risks. It has the oversight of resource prioritisation in a risk/opportunity context. The Steering Committee undertakes regular horizon scanning and 'blue skies' activities in relation to strategic risk identification.
- The Academic Resourcing Committee, Administrative and Professional Services Group, and Campus and Commercial Services Group consider departmental risk assessments, maintain oversight of key department risks throughout the year, and escalate those that could have significant institutional impact.
- The Operational Risk Management Group (ORMG) supports the Steering Committee through its responsibility for operational and compliance risk identification, analysis, evaluation and monitoring. The ORMG encourages the adoption of the principles of business continuity and monitors the University's insurance portfolio.
- Heads of Department and individual risk owners are responsible for the consideration and dynamic management of risk within their remit.
- The University recognises the need to identify, understand and manage the risks inherent in the changing operating environment, and in developing strategies in response, and therefore consideration of risk is explicit in the development and implementation of strategy, and is required as part of any business case and as part of the management of institutional projects.

## statement of primary responsibilities of the council

of the University of Warwick

This Statement is based on the Model Statement contained in the Higher Education Code of Governance published by the Committee of University Chairs in December 2014, adapted to reflect the powers and responsibilities that the Council of the University of Warwick derives from the University Statutes.

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

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

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

## statement of primary responsibilities of the council

of the University of Warwick (continued)

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

# independent auditor's report

to the Council of the University of Warwick

## opinion

We have audited the financial statements of The University of Warwick ("the University") for the year ended 31 July 2017 which comprise the Consolidated Statement of Comprehensive Income, the Statement of Changes in Reserves, the Consolidated and University Balance Sheet, the Consolidated Cash Flow Statement and related notes, including the Statement of Principal Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2017, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of HEFCE's Accounts Direction to higher education institutions for 2016-17 financial statements.

## basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

## other information

The Council is responsible for the other information, which comprises the Financial Highlights, the Financial Review, the Public Benefit Statement, the Corporate Governance Statement, the Statement of Internal Control and the Indicators of Financial Health. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

# independent auditor's report

to the Council of the University of Warwick (continued)

## Council responsibilities

As explained more fully in their statement set out on page 20, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## report on other legal and regulatory requirements

We are required to report on the following matters under the HEFCE Audit Code of Practice (effective 1 August 2016) issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them.

## the purpose of our audit work and to whom we owe our responsibilities

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

**Michael Rowley**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

One Snowhill

Snow Hill Queensway

Birmingham B4 6GH

## statement of principal accounting policies

### 1. Basis of preparation

These financial statements have been prepared in accordance with the 2015 Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and in accordance with Financial Reporting Standard (FRS ) 102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the FRS102. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of derivative financial instruments.

### 2. Basis of consolidation

The consolidated financial statements include the financial statements of the University, its subsidiary undertakings, the University of Warwick Foundation, and the University's share of associated undertakings. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra- group transactions are eliminated on consolidation.

The consolidated financial statements do not include those of Warwick Students' Union and subsidiaries of the Union, as these are separate organisations in which the University has no control or significant influence over policy decisions.

### 3. Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

Government grants including funding council block, capital grants and Government research grants are recognised within the Consolidated Statement of Comprehensive Income and expenditure over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a Government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Other revenue grants and donations from non-government sources, including research grants from non- government sources, are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is deferred on the Balance Sheet and released to the Consolidated Statement of Income and Expenditure in line with such conditions being met.



## statement of principal accounting policies

(continued)

Non exchange transactions without performance related conditions may include donations and endowments. Donations and endowments with donor imposed restrictions are recognised within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income.

Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

Donations with no restrictions are recorded within the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

There are four main types of donations and endowments with restrictions: 1. Restricted donations - the donor has specified that the donation must be used for a particular objective. 2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University. 3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into Income. 4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants from non-government sources are recorded in income when the University is entitled to the income, subject to any performance related conditions being met.

Investment income is credited to the statement of income and expenditure on a receivable basis.

#### 4. Accounting for retirement benefits

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

The University participates in the Universities Superannuation Scheme (USS). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the under-lying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the University accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

## statement of principal accounting policies

(continued)

### *University of Warwick Pension Scheme*

The Defined Benefit (DB) section of the University's own scheme, an exempt approved pension scheme, provides retirement benefits (based on final pensionable salary), 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 University's net obligation for the scheme is calculated in accordance with the advice of a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the University, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements. The DB section of the scheme was closed to new recruits on 1 April 2010.

From 1 April 2010 the University introduced a new Defined Contribution (DC) section to its own scheme, for those eligible members who are not members of the DB section. The DC section of the scheme is operated as a separate defined contribution pension scheme. Employer contributions to this section of the scheme are accounted for through the Income and Expenditure Account of the University at the time that payment to the external provider is accrued as due. A small number of staff remain in other pension schemes.

### 5. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

### 6. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### 7. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

### 8. Foreign currency

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

## statement of principal accounting policies

(continued)

### 9. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets. Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University.

No depreciation is charged on assets in the course of construction.

#### Land and buildings

Land is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated in equal instalments over their expected useful lives of 50 years, Car Parks are depreciated over 35 years and laboratory and other major refurbishments over 10 to 20 years. Where buildings are acquired with the aid of government and other specific grants they are capitalised and depreciated as above or over the life of the project if deemed more appropriate. The University has no inherited assets.

#### Equipment

In the accounts of the University, equipment, including micro-computers and software, costing less than £25,000 per individual item or group of related items are written off in the year of acquisition. Capitalised equipment, other than certain information technology equipment, is stated at cost and depreciated over typical expected useful lives of 5 to 10 years; software licences and certain items of information technology equipment are depreciated over three years. Equipment bought for a specific research or other project is usually depreciated over five years, or the life of the project if more appropriate. All assets are depreciated on a straight line basis, with a full year's depreciation in the year of acquisition.

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

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

#### Borrowing costs

Borrowing costs are recognised as an expense in the Consolidated Statement of Comprehensive Income and Expenditure in the period in which they are incurred.

### 10. Investments

Non-current investments are held on the Balance Sheet at amortised cost less impairment.

Investments in associates and subsidiaries are carried at cost less impairment in the University's accounts.

Current and fixed asset investments are held at fair value with movements recognised in the Consolidated Statement of Income and Expenditure.

### 11. Stock

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

## statement of principal accounting policies

(continued)

### 12. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 13. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

### 14. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries and associated undertakings are liable to Corporation Tax in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

## statement of principal accounting policies

(continued)

### 15. Basic financial instruments

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs.

### 16. Derivatives

Derivatives (interest rate swaps) are held on the Balance Sheet at fair value with movements in fair value recorded in the Consolidated Statement of Income and Expenditure. The University has adopted and complied with the requirements of hedge accounting and as a result movements in fair value are recorded within Other Comprehensive Income. Any ineffective portion of the hedge is recognised immediately in income or expenditure.

The hedging gain or loss recognised in other comprehensive income is reclassified to income or expenditure when the hedged item is recognised in profit or loss or when the hedging relationship ends.

### 17. Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund as the University must hold the fund in perpetuity.

Other restricted reserves include balances through which the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

### 18. Accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying accounting policies. Estimates, assumptions and judgements are continually evaluated based on available information and experience. Estimates based on assumptions and judgements could differ significantly from actual results. The areas most affected by the use of estimates and judgements are described below.

Calculation of pension provisions:

- i. The calculation of the liability for the present value of recovery contributions to the USS scheme is made using assumptions about the future salary and numerical growth of members of the USS scheme. The estimates used for these variables are set out in note 27.
- ii. The calculation of the defined benefit pension liability in the UWPS scheme is made using actuarial assumptions, as set out in note 27.

Short-term employment benefits:

The University has provided for the cost of unused holiday leave of its employees at the end of the financial year. This accrual was based on the actual leave carried forward at 31 July of a number of employees sampled across University departments. The results from this sample were extrapolated over the University employee population as a whole to determine the total accrual.

# consolidated statement of comprehensive income

for the year ended 31 July 2017

	Note	Consolidated		University	
		2016/17 £ million	2015/16 £ million	2016/17 £ million	2015/16 £ million
<b>Income</b>					
Tuition fees and educational contracts	1	287.5	275.2	287.5	275.2
Funding body grants	2	58.4	57.9	58.4	57.9
Research grants and contracts	3	120.3	117.1	120.3	117.1
Other income	4	120.3	117.0	105.9	100.5
Investment income	5	1.6	1.6	1.3	1.4
Donations and endowments	6	2.9	4.8	2.8	4.7
<b>Total income</b>		<b>591.0</b>	<b>573.6</b>	<b>576.2</b>	<b>556.8</b>
<b>Expenditure</b>					
Staff costs	7	298.0	280.0	282.7	264.2
Other operating expenses		210.7	195.2	211.6	194.5
Depreciation	12	35.6	32.4	34.5	31.2
Interest and other finance costs	9	8.8	10.1	8.8	10.1
<b>Total expenditure</b>		<b>553.1</b>	<b>517.7</b>	<b>537.6</b>	<b>500.0</b>
<b>Surplus before other gains or losses</b>		<b>37.9</b>	<b>55.9</b>	<b>38.6</b>	<b>56.8</b>
Gain / (loss) on disposal of non-current assets	10	1.2	(0.9)	1.2	(0.9)
Gain on investments	13	2.4	1.1	2.0	0.9
<b>Surplus before tax</b>		<b>41.5</b>	<b>56.1</b>	<b>41.8</b>	<b>56.8</b>
Taxation	11	0.0	(1.9)	0.0	(1.9)
<b>Surplus for the year</b>		<b>41.5</b>	<b>54.2</b>	<b>41.8</b>	<b>54.9</b>
Actuarial gain / (loss) in respect of pension schemes	20	19.5	(14.5)	19.5	(14.5)
Change in fair value of hedging financial instruments	18	14.6	(21.2)	14.6	(21.2)
<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR</b>		<b>75.6</b>	<b>18.5</b>	<b>75.9</b>	<b>19.2</b>
<b>Represented by:</b>					
Endowment comprehensive income and expenditure for the year		1.0	0.5	0.5	0.4
Unrestricted comprehensive income and expenditure for the year		74.6	18.0	75.4	18.8
<b>Attributable to the University</b>		<b>75.6</b>	<b>18.5</b>	<b>75.9</b>	<b>19.2</b>

All items of income and expenditure relate to continuing activities.

## statement of changes in reserves

for the year ended 31 July 2017

Consolidated	Income and expenditure account		Total
	Endowment £ million	Unrestricted £ million	£ million
<b>Balance at 1 August 2015</b>	8.9	110.1	119.0
Surplus from the income and expenditure statement	0.5	53.7	54.2
Other comprehensive income and expenditure	0.0	(35.7)	(35.7)
<b>Total comprehensive income and expenditure for the year</b>	<b>0.5</b>	<b>18.0</b>	<b>18.5</b>
<b>Balance at 1 August 2016</b>	<b>9.4</b>	<b>128.1</b>	<b>137.5</b>
Surplus from the income and expenditure statement	1.0	40.5	41.5
Other comprehensive income and expenditure	0.0	34.1	34.1
<b>Total comprehensive income and expenditure for the year</b>	<b>1.0</b>	<b>74.6</b>	<b>75.6</b>
<b>Balance at 31 July 2017</b>	<b>10.4</b>	<b>202.7</b>	<b>213.1</b>
<b>University</b>	<b>Income and expenditure account</b>		<b>Total</b>
	Endowment £ million	Unrestricted £ million	£ million
<b>Balance at 1 August 2015</b>	3.9	75.3	79.2
Surplus from the income and expenditure statement	0.4	54.5	54.9
Other comprehensive income and expenditure	0.0	(35.7)	(35.7)
<b>Total comprehensive income and expenditure for the year</b>	<b>0.4</b>	<b>18.8</b>	<b>19.2</b>
<b>Balance at 1 August 2016</b>	<b>4.3</b>	<b>94.1</b>	<b>98.4</b>
Surplus from the income and expenditure statement	0.5	41.3	41.8
Other comprehensive income and expenditure	0.0	34.1	34.1
<b>Total comprehensive income and expenditure for the year</b>	<b>0.5</b>	<b>75.4</b>	<b>75.9</b>
<b>Balance at 31 July 2017</b>	<b>4.8</b>	<b>169.5</b>	<b>174.3</b>

## consolidated and university balance sheet

as at 31 July 2017

		Consolidated		University	
	Note	2017 £ million	2016 £ million	2017 £ million	2016 £ million
<b>Non-current assets</b>					
Fixed assets	12	590.7	510.5	574.4	493.5
Investments	13	24.1	19.7	25.9	21.1
		<b>614.8</b>	<b>530.2</b>	<b>600.3</b>	<b>514.6</b>
<b>Current assets</b>					
Stock	14	1.1	1.0	0.6	0.5
Trade and other receivables	15	47.9	45.8	54.9	51.2
Investments	16	89.0	70.0	89.0	70.0
Cash and cash equivalents		98.7	100.0	95.0	97.4
		<b>236.7</b>	<b>216.8</b>	<b>239.5</b>	<b>219.1</b>
Less: Creditors : Amounts falling due within one year	17	(160.5)	(146.5)	(188.8)	(173.8)
<b>Net current assets</b>		<b>76.2</b>	<b>70.3</b>	<b>50.7</b>	<b>45.3</b>
<b>Total assets less current liabilities</b>		<b>691.0</b>	<b>600.5</b>	<b>651.0</b>	<b>559.9</b>
Creditors : Amounts falling due after more than one year	18	(389.2)	(358.8)	(388.0)	(357.3)
<b>Provisions</b>					
Pension provisions	20	(85.3)	(100.5)	(85.3)	(100.5)
Other provisions	21	(3.4)	(3.7)	(3.4)	(3.7)
<b>TOTAL NET ASSETS</b>		<b>213.1</b>	<b>137.5</b>	<b>174.3</b>	<b>98.4</b>
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserve	22	10.4	9.4	4.8	4.3
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted		202.7	128.1	169.5	94.1
<b>TOTAL RESERVES</b>		<b>213.1</b>	<b>137.5</b>	<b>174.3</b>	<b>98.4</b>

The financial statements on pages 30 to 58 were approved by the Council on 22 November 2017, and signed on its behalf by:

Professor Stuart Croft, Vice-Chancellor and President

Keith Bedell-Pearce CBE, University Treasurer



# consolidated cash flow statement

for the year ended 31 July 2017

	Note	2016/17 £ million	2015/16 £ million
<b>Cash flow from operating activities</b>			
Surplus for the year		41.5	54.2
<b>Adjustment for non-cash items</b>			
Depreciation	12	35.6	32.4
Gain on investments	13	(2.4)	(1.1)
Increase in stock	14	(0.1)	(0.1)
Increase in debtors	15	(2.1)	(6.7)
Increase in creditors	17 & 18	46.9	14.4
Increase in pension provision	20	4.3	6.6
Decrease in other provisions	13 & 21	(0.4)	(0.3)
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(1.6)	(1.6)
Interest payable	9	6.2	7.2
Endowment income	22	(1.3)	(1.1)
(Gain) / loss on the sale of non-current assets	10	(1.2)	0.9
Capital grant income		(14.5)	(11.8)
<b>Net cash inflow from operating activities</b>		<b>110.9</b>	<b>93.0</b>
<b>Cash flows from investing activities</b>			
Capital grants receipts		30.4	29.0
Disposal of non-current asset investments		1.2	0.0
Investment income	5	1.6	1.6
Payments made to acquire fixed assets	12	(115.9)	(93.4)
New non-current asset investments	13	(1.9)	(2.2)
New current asset investments	16	(19.0)	(1.0)
		<b>(103.6)</b>	<b>(66.0)</b>
<b>Cash flows from financing activities</b>			
Interest paid	9	(6.2)	(7.2)
Endowment cash received	22	1.3	1.1
Repayments of amounts borrowed	19	(3.7)	(3.8)
		<b>(8.6)</b>	<b>(9.9)</b>
<b>(Decrease) / increase in cash and cash equivalents in the year</b>		<b>(1.3)</b>	<b>17.1</b>
Cash and cash equivalents at beginning of the year		100.0	82.9
Cash and cash equivalents at end of the year		98.7	100.0

## notes to the accounts

### 1. TUITION FEES AND EDUCATIONAL CONTRACTS

	Consolidated		University	
	2016/17 £ million	2015/16 £ million	2016/17 £ million	2015/16 £ million
Accredited course fees from home/EU students	135.7	127.5	135.7	127.5
Accredited course fees from overseas students	133.0	127.5	133.0	127.5
International foundation programme fees	3.6	4.5	3.6	4.5
Non-accredited short course fees	3.3	2.7	3.3	2.7
Research Training Support Grants	11.3	12.5	11.3	12.5
Other fees	0.6	0.5	0.6	0.5
	<b>287.5</b>	<b>275.2</b>	<b>287.5</b>	<b>275.2</b>

### 2. FUNDING BODY GRANTS

	Consolidated		University	
	2016/17 £ million	2015/16 £ million	2016/17 £ million	2015/16 £ million
Higher Education Funding Council for England:				
Recurrent grants:				
Teaching	13.4	12.9	13.4	12.9
Research	35.9	34.9	35.9	34.9
Specific grants:				
HE Innovation Fund	3.2	3.5	3.2	3.5
HEFCE Catalyst Fund	0.3	1.1	0.3	1.1
Postgraduate Support Scheme	0.0	0.5	0.0	0.5
Other specific grants	0.3	0.3	0.3	0.3
Capital grants released in year:				
Buildings	3.6	3.3	3.6	3.3
Equipment	1.7	1.4	1.7	1.4
	<b>58.4</b>	<b>57.9</b>	<b>58.4</b>	<b>57.9</b>

### 3. RESEARCH GRANTS AND CONTRACTS

	Consolidated		University	
	2016/17 £ million	2015/16 £ million	2016/17 £ million	2015/16 £ million
Research councils	39.2	39.6	39.2	39.6
Central government, local authorities and public corporations	36.5	32.2	36.5	32.2
UK charitable bodies	9.3	7.3	9.3	7.3
European Union	16.9	14.7	16.9	14.7
UK industry and commerce	9.9	8.5	9.9	8.5
Overseas	7.6	5.7	7.6	5.7
Others	0.9	0.5	0.9	0.5
Research and Development Expenditure Credit (RDEC)	0.0	8.6	0.0	8.6
	<b>120.3</b>	<b>117.1</b>	<b>120.3</b>	<b>117.1</b>

Income from research grants and contracts includes £8.3m in respect of capital grants released in the year (2015/16: £6.3m)

## notes to the accounts

(continued)

### 4. OTHER INCOME

	Consolidated		University	
	2016/17 £ million	2015/16 £ million	2016/17 £ million	2015/16 £ million
Residences, catering and conferences	44.4	42.1	44.4	42.1
Other services rendered	3.0	4.5	3.0	4.4
Other capital grants	0.8	0.8	0.6	0.6
Retail operations	38.2	35.4	16.1	15.3
Post-experience centres	10.1	10.6	0.0	0.0
Other income	23.8	23.6	32.1	29.7
Covenant income	0.0	0.0	9.7	8.4
	<b>120.3</b>	<b>117.0</b>	<b>105.9</b>	<b>100.5</b>

### 5. INVESTMENT INCOME

	Consolidated		University	
	2016/17 £ million	2015/16 £ million	2016/17 £ million	2015/16 £ million
Restricted permanent endowment investment income (note 22)	0.2	0.1	0.0	0.0
Restricted expendable endowment investment income (note 22)	0.0	0.1	0.0	0.0
Other investment income	1.4	1.4	1.3	1.4
	<b>1.6</b>	<b>1.6</b>	<b>1.3</b>	<b>1.4</b>

### 6. DONATIONS AND ENDOWMENTS

	Consolidated		University	
	2016/17 £ million	2015/16 £ million	2016/17 £ million	2015/16 £ million
New endowments	1.3	1.1	1.2	1.0
Unrestricted donations	1.6	3.7	1.6	3.7
	<b>2.9</b>	<b>4.8</b>	<b>2.8</b>	<b>4.7</b>

## notes to the accounts

(continued)

### 7. STAFF

	Consolidated		University	
	2016/17 £ million	2015/16 £ million	2016/17 £ million	2015/16 £ million
Staff costs: Salaries and wages	237.6	225.5	223.8	210.8
Social Security costs	22.9	19.4	22.0	18.5
Other pension costs	37.5	35.1	36.9	34.9
	<b>298.0</b>	<b>280.0</b>	<b>282.7</b>	<b>264.2</b>

	Consolidated	
	2016/17 Number	2015/16 Number
The number of full time equivalent staff, by area of activity, can be summarised as:		
Academic staff within academic departments	2,264	2,196
Other staff within academic departments	1,050	992
Academic services	379	371
Premises management and maintenance	478	433
Residences and catering	443	433
Other services and activities, including commercial operations	1,076	978
	<b>5,690</b>	<b>5,403</b>

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

	2016/17	2015/16
	£000	£000
<b>Professor Stuart Croft (from 1st February 2016)</b>		
Salary	283	140
Pension compensation (paid as salary)	37	12
Other taxable benefits	6	1
<b>Total emoluments (including benefits-in-kind) before pension contributions</b>	<b>326</b>	<b>153</b>
Pension contributions in respect of the Vice-Chancellor and President	6	9
<b>Total emoluments (including benefits-in-kind)</b>	<b>332</b>	<b>162</b>
<b>Professor Nigel Thrift (to 31st January 2016)</b>		
Salary	0	245
Pension compensation (paid as salary)	0	23
Other taxable benefits	0	18
<b>Total emoluments (including benefits-in-kind)</b>	<b>0</b>	<b>286</b>

## notes to the accounts

(continued)

### 7. STAFF - continued

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

	2016/17 Number	2015/16 Number
£400,000 - £409,999	0	1
£350,000 - £359,999	1	0
£340,000 - £349,999	0	1
£220,000 - £229,999	4	3
£210,000 - £219,999	0	2
£200,000 - £209,999	3	3
£190,000 - £199,999	3	2
£180,000 - £189,999	8	3
£170,000 - £179,999	5	7
£160,000 - £169,999	7	11
£150,000 - £159,999	11	17
£140,000 - £149,999	16	6
£130,000 - £139,999	14	22
£120,000 - £129,999	18	20
£110,000 - £119,999	46	38
£100,000 - £109,999	50	49

Excluded from the previous list are higher paid employees who started or left during the year and therefore did not exceed the threshold during the financial year. £94,381 in compensation for loss of office was paid to one higher paid employee, in addition to their emolument entitlement for the year. In 2015/16, one employee was paid £202,379.

All amounts for early retirement and compensation for loss of office in respect of higher paid staff are approved by the University's Remuneration Committee.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel. Key management personnel for the University consist of the following senior officers: Vice Chancellor and President, Provost, Registrar, Group Finance Director, Strategy Director and Pro-Vice Chancellors. Compensation paid to key management personnel during the year (including any employer's pension contributions, social security contributions, compensation for loss of office payments, benefits-in-kind and additional salary in lieu of pension contributions for certain staff) is disclosed below:

	2016/17 £000	2015/16 £000
Key management personnel	1,787	2,524

## notes to the accounts

(continued)

### 8. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Consolidated		University	
	2016/17 Total £ million	2015/16 Total £ million	2016/17 Total £ million	2015/16 Total £ million
Academic departments	213.1	198.2	213.1	198.2
Research grants and contracts	99.0	89.0	99.0	89.0
<b>Total teaching and research</b>	<b>312.1</b>	<b>287.2</b>	<b>312.1</b>	<b>287.2</b>
Academic services	36.9	36.9	36.9	37.0
Central administration and services	35.1	29.4	34.6	29.0
General educational expenditure	29.1	27.7	29.0	27.7
Staff and student facilities	15.5	15.1	15.5	15.1
Premises	48.3	45.9	49.3	47.2
Residences, catering and conferences	31.9	29.6	31.9	29.7
Other services rendered	2.3	3.7	2.8	4.7
Retail operations	25.5	23.1	15.8	10.6
Post-experience centres	8.6	8.8	1.8	1.7
Other activities	7.8	10.3	7.9	10.1
<b>Total per income and expenditure account</b>	<b>553.1</b>	<b>517.7</b>	<b>537.6</b>	<b>500.0</b>

Other operating expenses include:	2016/17 £000	2015/16 £000
Auditor's remuneration for the University of Warwick Group (An amount of £44k (2015/16: £43k) relates to the Auditor's remuneration for the University)	93	85
Auditor's remuneration in respect of non-audit services appointed by the University	82	11
Grants to Warwick Students' Union	2,875	2,593

During the year the University made payments totalling £10,000 (rounded to the nearest £1,000) including reimbursement of expenses, on behalf of twelve independent members of the Council (2015/16: ten members claimed a combined total of £8,000). This does not represent the total expenses individuals incurred, only what they claimed from the University. Additionally, the University provides members (not by way of expenses on an individual basis) with food and accommodation for the activities they attend on the University's campus. Members of the University's Council are the University's Trustees. The University does not remunerate independent members of the University Council. Reasonable travel and subsistence expenses incurred in attending meetings relating to the work of the Council and associated charitable events in members' official capacity are reimbursed upon request, as supported by appropriate evidence of expenditure. The salaries of members of the staff of the University who serve on the Council do not include any element specific to their trusteeship, but are determined following an agreed process.

## notes to the accounts

(continued)

### 9. INTEREST AND OTHER FINANCE COSTS

	Consolidated		University	
	2016/17 £ million	2015/16 £ million	2016/17 £ million	2015/16 £ million
Loan interest	6.2	7.2	6.2	7.2
Net charge on University of Warwick Pension Scheme	0.9	0.8	0.9	0.8
Administration costs paid from scheme assets	0.6	0.6	0.6	0.6
Net charge on USS pension scheme	1.1	1.5	1.1	1.5
	<b>8.8</b>	<b>10.1</b>	<b>8.8</b>	<b>10.1</b>

The administration costs are in relation to the University of Warwick Pension Scheme (UWPS).

### 10. DISPOSAL OF NON-CURRENT ASSETS

	Consolidated		University	
	2016/17 £ million	2015/16 £ million	2016/17 £ million	2015/16 £ million
Gain on disposal of non-current investment	1.2	0.0	1.2	0.0
Loss on disposal of fixed assets	0.0	(0.9)	0.0	(0.9)
	<b>1.2</b>	<b>(0.9)</b>	<b>1.2</b>	<b>(0.9)</b>

### 11. TAXATION

	Consolidated		University	
	2016/17 £ million	2015/16 £ million	2016/17 £ million	2015/16 £ million
Recognised in the statement of comprehensive income				
Tax in relation to Research and Development Expenditure Credit	0.0	1.9	0.0	1.9
Total tax payable for year	<b>0.0</b>	<b>1.9</b>	<b>0.0</b>	<b>1.9</b>

The claim recognised in the prior year relates to the financial years 2012/13, 2013/14 and 2014/15. The tax rates have been 23.67% in 2012/13, 22.33% in 2013/14 and 20.7% in 2014/15 and have been applied against research income for the relevant year.

## notes to the accounts

(continued)

### 12. FIXED ASSETS

#### CONSOLIDATED

	Total £ million	Land & Buildings £ million	Fixtures, Fittings & Equipment £ million	Assets under the Course of Construction £ million
<b>Cost</b>				
At 1 August 2016	848.0	573.1	191.0	83.9
Additions at cost	115.9	2.3	16.7	96.9
Asset transfers	0.0	30.7	3.0	(33.7)
Write offs and disposals at cost	(1.3)	(0.1)	(1.2)	0.0
At 31 July 2017	962.6	606.0	209.5	147.1
<b>Depreciation</b>				
At 1 August 2016	337.5	185.5	152.0	0.0
Charge for the year	35.6	18.2	17.4	0.0
Eliminated on write offs and disposals	(1.2)	0.0	(1.2)	0.0
At 31 July 2017	371.9	203.7	168.2	0.0
<b>Net Book Value at 31 July 2017</b>	<b>590.7</b>	402.3	41.3	147.1
Net Book Value at 31 July 2016	510.5	387.6	39.0	83.9

#### UNIVERSITY

	Total £ million	Land & Buildings £ million	Fixtures, Fittings & Equipment £ million	Assets under the Course of Construction £ million
<b>Cost</b>				
At 1 August 2016	813.9	540.9	189.1	83.9
Additions at cost	115.4	1.8	16.7	96.9
Asset transfers	0.0	30.7	3.0	(33.7)
Write offs and disposals at cost	(1.3)	(0.1)	(1.2)	0.0
At 31 July 2017	928.0	573.3	207.6	147.1
<b>Depreciation</b>				
At 1 August 2016	320.4	170.4	150.0	0.0
Charge for the year	34.5	17.1	17.4	0.0
Eliminated on write offs and disposals	(1.3)	(0.1)	(1.2)	0.0
At 31 July 2017	353.6	187.4	166.2	0.0
<b>Net book value at 31 July 2017</b>	<b>574.4</b>	385.9	41.4	147.1
Net book value at 31 July 2016	493.5	370.5	39.1	83.9



## notes to the accounts

(continued)

### 13. NON-CURRENT INVESTMENTS

	Consolidated		University	
	2017 £ million	2016 £ million	2017 £ million	2016 £ million
Balance at 1 August	19.7	16.3	21.1	18.0
Net additions in the year	1.9	2.2	2.7	2.1
Increase in market value	2.4	1.1	2.0	0.9
Decrease in provision for diminution in value	0.1	0.1	0.1	0.1
<b>Balance at 31 July</b>	<b>24.1</b>	<b>19.7</b>	<b>25.9</b>	<b>21.1</b>
Represented by:				
Group undertakings	0.0	0.0	6.7	5.9
Associated undertakings	1.7	1.7	0.7	0.7
Other equity investments	0.8	0.9	0.6	0.7
Cash held within managed funds	0.6	0.3	0.6	0.1
Bonds held within managed funds	0.6	0.5	0.2	0.2
Equity investments held within managed funds	21.1	17.3	17.1	13.7
Alternative investments held within managed funds	1.4	1.2	1.2	1.1
	26.2	21.9	27.1	22.4
Provision for diminution in value	(2.1)	(2.2)	(1.2)	(1.3)
	<b>24.1</b>	<b>19.7</b>	<b>25.9</b>	<b>21.1</b>

Associated undertakings include:

#### Teaching Shakespeare LLP

In March 2012 the University acquired a 40% interest in Teaching Shakespeare LLP. The University's interest in the Partnership is shown within the Associated Undertakings figures in the consolidated group accounts. As at 31 July 2017 the University's full investment of £650k has been fully provided against within the accounts of the University. The partnership is no longer trading and is being wound-up.

#### University of Warwick Science Park Associates

On 1 February 2012, the University acquired full ownership of the University of Warwick Science Park Limited and its associated undertakings including the University of Warwick Science Park Business Innovation Centre Limited (UWSP BIC) and University of Warwick Science Park Innovation Centre Limited (UWSP IC). From the date of acquisition, the Science Park was treated as a group investment at cost within the University's figures and is accounted for as a fully consolidated subsidiary within the group accounts (see note 25). UWSP BIC and UWSP IC are not consolidated into the results of the University nor the University of Warwick Science Park Limited on the grounds of materiality.

Other Equity Investments include:

#### CVCP Properties plc

50,766 ordinary shares of £1 each

#### The Mercia Fund 1

This is a limited partnership between the Universities of Birmingham and Warwick and the General Partner, Mercia Fund Management Limited. Warwick's investment comprises of an initial capital contribution of £100 and a grant of £199,900. The Universities each hold one Class 'B' share of £1 (there are 2 Class 'B' shares in issue) in Mercia Fund Management Limited. All the Class 'A' shares are held by Mercia Fund Management Limited. Since initial set up, the University has invested a further £200k into Mercia Fund 1.

## notes to the accounts

(continued)

### 13. NON-CURRENT INVESTMENTS - continued

#### Investment in spin-out companies

The University holds a range of shareholdings in a number of spin-out companies, set up to maximise the return on intellectual property that is the result of the University's previous research activities. The University currently holds investments in 33 active spin-out companies, all of which are incorporated in Great Britain and registered in England. In total these spin-out companies employ almost 105 staff, mainly within the West Midlands.

Further details of the University's investment in spin-out companies can be found at

<http://www2.warwick.ac.uk/services/ventures/spinout-companies/spin-out-companies-a-z-list/>.

The University provides for investment in spin-out companies immediately upon acquisition and, whilst shareholdings vary in range, up to 50.0%, all spin-out investments are carried within the University's consolidated group accounts at nil value, given the uncertain nature of any valuation or return. The results of these companies are not being consolidated in the accounts on the basis of materiality. This will be reviewed on an annual basis.

### 14. STOCK

	Consolidated		University	
	2017 £ million	2016 £ million	2017 £ million	2016 £ million
Consumables and goods for resale	1.1	1.0	0.6	0.5

### 15. TRADE AND OTHER RECEIVABLES

	Consolidated		University	
	2017 £ million	2016 £ million	2017 £ million	2016 £ million
<b>Amounts falling due within one year:</b>				
Other trade receivables	19.3	16.6	16.7	13.9
VAT and other taxes	0.8	0.0	0.8	0.0
Prepayments and accrued income	27.8	29.2	27.0	28.5
Amounts owed by group undertakings	0.0	0.0	10.4	8.8
	<b>47.9</b>	<b>45.8</b>	<b>54.9</b>	<b>51.2</b>

### 16. CURRENT INVESTMENTS

	Consolidated		University	
	2017 £ million	2016 £ million	2017 £ million	2016 £ million
Short term deposits	89.0	70.0	89.0	70.0

Short term deposits are held with banks and building societies operating in the London market and licensed by the Prudential Regulation Authority, with more than three months maturity on placement.

## notes to the accounts

(continued)

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

	Consolidated		University	
	2017 £ million	2016 £ million	2017 £ million	2016 £ million
Unsecured loans (note 19)	3.6	3.7	3.6	3.7
Deferred income	78.9	76.2	77.0	74.5
Receipts in advance - capital	12.8	11.2	12.7	11.1
Trade payables	14.6	15.9	14.3	15.5
Social security and other taxation payable	7.5	8.9	6.6	8.0
Accruals	43.1	30.6	41.9	29.3
Amounts owed to group undertakings	0.0	0.0	32.7	31.7
	<b>160.5</b>	<b>146.5</b>	<b>188.8</b>	<b>173.8</b>

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

	Consolidated		University	
	2017 £ million	2016 £ million	2017 £ million	2016 £ million
Derivatives	50.0	64.6	50.0	64.6
Unsecured loans (note 19)	115.6	119.2	115.6	119.2
Deferred income	75.3	39.9	75.3	39.9
Receipts in advance - capital	146.3	132.1	145.1	130.7
Other payables	2.0	3.0	2.0	2.9
	<b>389.2</b>	<b>358.8</b>	<b>388.0</b>	<b>357.3</b>

The University holds derivative instruments (interest rate swaps) on its borrowings to convert its floating rate debt to fixed rate in order to hedge against the interest-rate risk arising. The fair value of the derivative instruments (hedging instrument) at the 31 July 2017 was £50.0m (2015/16: £64.6m). The change in fair value of the hedging instrument during the financial year of £14.6m favourable (2015/16: £21.2m adverse) is shown within the Consolidated Statement of Comprehensive Income.

### 19. ANALYSIS OF UNSECURED LOANS

Amounts owing on unsecured loans as at 31 July 2017 fall due as follows:

	Consolidated		University	
	2017 £ million	2016 £ million	2017 £ million	2016 £ million
Due within one year or on demand (note 17)	3.6	3.7	3.6	3.7
Due between one and two years (note 18)	3.6	3.6	3.6	3.6
Due between two and five years (note 18)	10.7	10.8	10.7	10.8
Due in five years or more (note 18)	101.3	104.8	101.3	104.8
	<b>119.2</b>	<b>122.9</b>	<b>119.2</b>	<b>122.9</b>

## notes to the accounts

(continued)

### 19. ANALYSIS OF UNSECURED LOANS - continued

The University takes professional advice on the hedging of interest rates on its borrowing, with a view to reducing the risk of unexpected finance costs. The University has entered into long term interest swap agreements which result in effectively fixed rate borrowing over the life of the loans as shown below.

Bank loan arrangements for the University as at 31 July 2017:

	Total original facility £ million	Outstanding 31 July 2017 £ million	Effective Fixed rate
<b>Drawn facilities - all variable rate</b>			
Amortising loan, drawn July 2007, repayable July 2037	40.0	26.3	5.37%
Bullet loan, drawn July 2008, repayable July 2037	10.0	10.0	4.82%
Bullet loan, drawn July 2009, repayable July 2037	5.0	5.0	4.92%
Bullet loan, drawn October 2010, repayable July 2037	15.0	15.0	4.92%
Bullet loan, drawn October 2010, repayable July 2037	10.0	10.0	4.84%
Amortising loan, drawn March 2012, March 2013 and December 2013, repayable December 2040	60.0	52.2	5.19%
	<b>140.0</b>	<b>118.5</b>	

The University has a negative pledge arrangement in respect of the bank loan facilities.

During the financial year the University also had the following borrowing arrangements in place:

1. A £0.4m loan from the Lawn Tennis Association, amortising over 13 years from September 2008, at a 0% rate of interest, specifically for the purpose of building an indoor tennis centre. £0.2m remains outstanding as at 31 July 2017.
2. A £0.5m loan received from HEFCE, as part of HEFCE's partnership with Salix Finance Ltd, specifically for the purpose of funding energy efficiency and low carbon technology. The loan is at a 0% rate of interest and is repayable in greater than five years, being the period during which compliant projects have already been planned.
3. Loans totalling £1.1m from Salix Finance Ltd, as part of the Energy Efficient Loans Scheme, specifically for the purpose of funding energy saving projects. The loans were at a 0% rate of interest and were repayable in instalments from March 2011 with the final repayment in September 2016.
4. A loan of £0.4m from HEFCE, as part of HEFCE's partnership with Salix Finance Ltd. This loan was at a 0% rate of interest and was repayable in eight equal instalments from May 2013 with the final repayment in November 2016.

## notes to the accounts

(continued)

### 20. PENSION PROVISIONS

	Consolidated	University
	£ million	£ million
Obligation to fund deficit on USS Pension (Note 27)		
At 1 August 2016	62.0	62.0
Unwinding of discount factor	1.1	1.1
Deficit contributions paid	(3.7)	(3.7)
New provisions in year	5.4	5.4
	<b>64.8</b>	<b>64.8</b>
Defined benefit obligations (Note 27)		
At 1 August 2016	38.5	38.5
Net return on assets	0.9	0.9
Administrative expenses	0.6	0.6
Actuarial gain	(19.5)	(19.5)
	<b>20.5</b>	<b>20.5</b>
Total of above pension provisions carried forward at 31 July 2017	<b>85.3</b>	<b>85.3</b>

### 21. OTHER PROVISIONS

	Consolidated	University
	£ million	£ million
Early leavers and retirements provision		
At 1 August 2016	0.3	0.3
Utilised in year	(0.2)	(0.2)
	<b>0.1</b>	<b>0.1</b>
Life Sciences restructuring provision		
At 1 August 2016	3.4	3.4
Utilised in year	(0.1)	(0.1)
	<b>3.3</b>	<b>3.3</b>
Total of above provisions carried forward at 31 July 2017	<b>3.4</b>	<b>3.4</b>

## notes to the accounts

(continued)

### 22. ENDOWMENTS

#### CONSOLIDATED

	Restricted Permanent £ million	Restricted Expendable £ million	2017 Total £ million	2016 Total £ million
<b>As at 1 August</b>				
Capital	4.3	4.6	8.9	8.4
Accumulated income	0.4	0.1	0.5	0.5
	<b>4.7</b>	<b>4.7</b>	<b>9.4</b>	<b>8.9</b>
New endowments	0.2	1.1	1.3	1.1
Investment income	0.2	0.0	0.2	0.2
Expenditure	0.0	(1.0)	(1.0)	(1.0)
Increase in market value of investments	0.3	0.2	0.5	0.2
	<b>5.4</b>	<b>5.0</b>	<b>10.4</b>	<b>9.4</b>

As at 31 July

	Restricted Permanent £ million	Restricted Expendable £ million	2017 Total £ million	2016 Total £ million
<b>Represented by:</b>				
Capital	4.8	4.9	9.7	8.9
Accumulated income	0.6	0.1	0.7	0.5
<b>Total</b>	<b>5.4</b>	<b>5.0</b>	<b>10.4</b>	<b>9.4</b>

#### Analysis of endowment funds by type and purpose

Chairs and lectureships	2.0	1.0	3.0	2.6
Scholarships and bursaries	1.8	1.7	3.5	3.3
Prize funds	1.4	0.1	1.5	1.4
General	0.2	1.8	2.0	1.7
Research support	0.0	0.4	0.4	0.4
<b>Total</b>	<b>5.4</b>	<b>5.0</b>	<b>10.4</b>	<b>9.4</b>

	Consolidated		University	
	2017 £ million	2016 £ million	2017 £ million	2016 £ million
<b>Analysis by asset</b>				
Current and non-current asset investments	6.0	5.5	1.6	1.4
Cash and cash equivalents	4.4	3.9	3.2	2.9
<b>Total endowment asset investments</b>	<b>10.4</b>	<b>9.4</b>	<b>4.8</b>	<b>4.3</b>

## notes to the accounts

(continued)

### 22. ENDOWMENTS - continued

#### UNIVERSITY

	Restricted Permanent £ million	Restricted Expendable £ million	2017 Total £ million	2016 Total £ million
As at 1 August				
Capital	1.7	2.5	4.2	3.8
Accumulated Income	0.1	0.0	0.1	0.1
	<b>1.8</b>	<b>2.5</b>	<b>4.3</b>	<b>3.9</b>
New endowments	0.2	1.1	1.3	1.1
Expenditure	0.0	(0.9)	(0.9)	(0.8)
Increase in market value of investments	0.1	0.0	0.1	0.1
As at 31 July	<b>2.1</b>	<b>2.7</b>	<b>4.8</b>	<b>4.3</b>

	Restricted Permanent £ million	Restricted Expendable £ million	2017 Total £ million	2016 Total £ million
Represented by:				
Capital	2.0	2.7	4.7	4.2
Accumulated income	0.1	0.0	0.1	0.1
<b>Total</b>	<b>2.1</b>	<b>2.7</b>	<b>4.8</b>	<b>4.3</b>

### 23. CAPITAL COMMITMENTS

	Consolidated		University	
	2017 £ million	2016 £ million	2017 £ million	2016 £ million
Commitments contracted at 31 July	<b>124.8</b>	121.6	<b>124.8</b>	121.6

### 24. LEASE OBLIGATIONS

	Consolidated		University	
	2017 £ million	2016 £ million	2017 £ million	2016 £ million
Operating lease commitments in respect of buildings and equipment on leases:				
Within one year	11.1	10.5	11.0	10.4
Between one and five years	16.2	16.1	16.2	16.0
Over five years	21.9	23.9	21.9	23.9
	<b>49.2</b>	<b>50.5</b>	<b>49.1</b>	<b>50.3</b>

## notes to the accounts

(continued)

### 25. SUBSIDIARY COMPANIES AND ASSOCIATED BODIES

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

	<u>No. of £1 Ordinary Shares</u>
Warwick University Training Limited	600,004
Warwick University Services Limited	125,000
Warwick University Enterprises Limited	20,000
Warwick Learning Limited	2,200
Warwick Ventures Limited (Dormant)	10
University of Warwick Science Park Limited	27,997
Research-TV Limited (Dormant)	3
Warwick Conferences Limited (Dormant)	2
The University of Warwick Press Limited (Dormant)	2
Jobs for the Academic Community Limited (Dormant)	1
World First Racing Limited (Dormant)	100
WMG-Tech Limited (Dormant)	1
Warwick Innovation Network Limited (Dormant)	1
Warwick Event Solutions Limited (Dormant)	1
UWSP Connect Limited (Dormant)	1
HRI Limited (Dormant)	3
UPS Pension Trustee Limited (Dormant)	1
Horticulture Research International (Dormant)	Limited by guarantee

The University owns 100% of the issued share capital of the following company which is registered in Australia and operating in Australia:

	<u>No. of \$1(Aus) Ordinary Shares</u>
Warwick University Enterprises (Australia) Pty Ltd	1,100,000

#### University of Warwick Foundation

In addition, the consolidated accounts include the accounts of The University of Warwick Foundation, an exempt Charity. The Foundation is a linked charity as defined under paragraph 28 of the Charities Act 2011 and, as such more information is disclosed in respect of the Foundation at note 26 of these accounts.

#### Warwick Ventures Limited

On the 9<sup>th</sup> April 2017, Warwick Ventures Limited ceased trading and transferred its activities to the University of Warwick. With effect from 1<sup>st</sup> August 2017 the company is dormant.

#### Teaching Shakespeare LLP (Note 13)

As of March 2012, the University entered into an education partnership with the Royal Shakespeare Company to deliver high quality professional development to teachers of Shakespeare. The University owns 40% of Teaching Shakespeare LLP, a partnership originally incorporated on 24 October 2011 and began trading in August 2012. The University has invested £650k into systems and course development, which has been fully provided against within the University's accounts. The partnership is no longer trading and is being wound-up.

#### WMG Academy for Young Engineers (WMG Academy)

WMG Academy was formed on 6 February 2012 and is a private company, limited by guarantee and also an exempt charity where the University is one of three members. The University does not consider the entity to be an associate due to lack of substantial control and therefore is not included in the consolidated results. It is a University Technical College specialising in engineering and opened in September 2014.

#### Other Associated Bodies

Due to the nature of its activities, the University is a member of, or holds other minor interests in, a number of other joint ventures and companies involved in academic related activities. The individual detail of these other holdings is not disclosed, nor consolidated into the accounts of the University, purely on the grounds of materiality.



## notes to the accounts

(continued)

### 26. CONNECTED CHARITABLE INSTITUTIONS

The University is required to disclose details of connected charitable institutions, in order to allow for appropriate review by the Higher Education Funding Council for England, which acts as principal regulator of the University of Warwick and its connected institutions, on behalf of the Charity Commission.

#### University of Warwick Foundation

It is the University's view that the University of Warwick Foundation is a connected institution to the University as defined under paragraph 28 of the Charities Act 2011 and, accordingly, further details are disclosed below.

The University of Warwick Foundation is an exempt charity, by virtue of Schedule 3 of the Charities Act 2011; the purposes of the Foundation are to:

- (a) hold endowments and other donations received for the development of the University of Warwick; and
- (b) provide funding for the development of buildings at the University of Warwick.

The activities of the Foundation, a financial summary of which is shown below, are consolidated into the University's group accounts, as described in note 25.

Consolidated results		2016/17 £ million	2015/16 £ million	
<b>Net assets</b>				
As at 1 August		34.7	34.9	
Income		0.7	0.8	
Expenditure		(1.1)	(1.2)	
Gain on investments		0.4	0.2	
		<b>34.7</b>	<b>34.7</b>	
<b>Endowment Funds</b>				
	Restricted Permanent £ million	Restricted Expendable £ million	2016/17 Total £ million	2015/16 Total £ million
As at 1 August	3.0	2.1	5.1	5.0
Income	0.1	0.1	0.2	0.1
Expenditure	0.0	(0.1)	(0.1)	(0.2)
Gain on investments	0.2	0.2	0.4	0.2
	<b>3.3</b>	<b>2.3</b>	<b>5.6</b>	<b>5.1</b>

## notes to the accounts

(continued)

### 27. PENSION SCHEMES

#### Universities Superannuation Scheme (USS)

The total cost charged to the profit and loss account is £2.8m (2015/16: £5.8m) as shown in note 20.

The University participates in the USS. With effect from 1 October 2016, the scheme changed from a defined benefit only scheme to a hybrid pension scheme, providing defined benefits (for all members) as well as defined contribution benefits. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. USS has over 190,000 active members (2016: 180,000+) and the University had 4,043 active members participating in the scheme as at 31 July 2017 (2016: 3,945).

The latest available full actuarial valuation of the scheme was at 31 March 2014 (the valuation date), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway.

Since the University is unable to identify its share of the scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

Latest actuarial valuation date for which information is available	31 March 2014
Valuation method	Projected Unit
Value of scheme assets	£41.6bn
Value of technical provisions	£46.9bn
Net pension deficit	£5.3bn
Funding level from accrued benefits	89.0%

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	N/A	N/A
Price inflation (CPI)	2.41%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables, with female members' mortality rated down by one year and no age rating adjustment made with respect to male members' mortality. Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates, the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

Males (females) currently aged 65:	24.4 (26.6) years
Males (females) currently aged 45:	26.5 (29.0) years

## notes to the accounts

(continued)

### 27. PENSION SCHEMES - continued

The existing position is as follows:	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

Surpluses or deficits which arise at future valuations may impact on the University's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The University has provided £64.8m in the current year (2015/16: £62.0m).

The University's liability calculation assumes a salary inflation rate growing to 4.7%, an annual increase in staff FTE in line with the University five-year plan and 0.5% beyond and a discount rate of 1.85%.

A change in the assumption for salary inflation by +/- 0.5% would increase the obligation to fund the USS deficit by +/- £2.5m. Similarly changes to the assumptions to the increase in staff FTE numbers by +/-0.5% would impact the provision by +/- £2.6m as at 31 July 2017.

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

As of 1 April 2010 the University introduced changes to the benefit structure for existing members of UWPS and introduced a new Defined Contribution Section (DCS) to the Scheme for new hires from this date. The University closed the Defined Benefit Section (DBS) of the Scheme to new hires from 1 April 2010, but continues to operate this DBS in the UK for eligible members at the point of closure and the following disclosure relates to this ongoing DBS. Under FRS 102, the current service costs arising from employee service for the current period (less contributions paid into the scheme), expected interest costs on the scheme liabilities and the expected rate of return on scheme assets are charged and credited to the Consolidated Statement of Comprehensive Income and Expenditure of the University. Other changes in the forecast scheme liability recorded on the Balance Sheet, as a result of changes in assumptions, are also recorded in the Consolidated Statement of Comprehensive Income. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. This valuation has been updated to 31 July 2017 by a qualified independent actuary, for calculating FRS 102 accounting entries. The main results and assumptions of the most recently available full valuation figures of the UWPS are as follows:

Latest actuarial valuation date	31 March 2016
Valuation method	Projected Unit
Value of notional assets	£177.1m
Funding level from accrued benefits	87%
Discount rates per annum	- short term 3.65%
	- long term 2.15%
Salary scale increases per annum	1.90%
Pension increases per annum (subject to limited price indexation)	3.00%

All assumptions have been derived with reference to the full gilt yield curve and implied inflation curve, from the Willis Towers Watson Investment Model. Detailed in the above table are the single equivalent financial assumptions. These represent the equivalent single assumptions which taken in isolation would produce the same liability figure as that derived from using the full curves for each respective financial assumption.

## notes to the accounts

(continued)

### 27. PENSION SCHEMES - continued

As at 31 July 2017 there were 555 members of staff actively contributing to the DBS of the Scheme (2016: 609), with a further 1,434 staff being active members of the DCS (2016: 1355).

Following the Scheme's March 2016 actuarial valuation, the University will maintain an overall flat contribution rate of £3.29m into the DBS of the Scheme, inclusive of deficit recovery contributions. With effect from 1 April 2017, the University's £3.29m DBS contribution is made up 20.4% ordinary annual contributions and the balance in deficit recovery contributions.

The DCS of the Scheme is treated and accounted for as a normal and separate defined contribution scheme. The University's contributions to the Heritage section, are between 2% and 10% of pensionable salary, dependent upon the level of employee contributions chosen by the scheme member. The University's contributions to the Enterprise section are based on the statutory minimum basis. Contributions to both sections are recognised through expenditure in the Consolidated Statement of Comprehensive Income as paid over to the external scheme provider.

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

	2017	2016	2015	2014	2013
Rate of increase in salaries	3.15%	2.70%	3.25%	3.30%	3.40%
Discount rate	2.60%	2.55%	3.80%	4.30%	4.60%
Inflation assumption (RPI)	3.15%	2.70%	3.25%	3.30%	3.40%
Inflation assumption (CPI) *	2.15%	1.70%	2.25%	2.30%	2.40%

\* CPI used for revaluation of deferred pensions where appropriate.

To develop the expected long-term rate of return on assets assumption, the University considered the current level of expected returns on risk free investments (government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested (including equities, property, liability driven investments (LDI), infrastructure, commodities and reinsurance) and the expectations for future returns on each asset class. The expected return for each asset class was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

## notes to the accounts

(continued)

### 27. PENSION SCHEMES - continued

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

	2017 Years	2016 Years	2015 Years	2014 Years	2013 Years
Male member aged 45	23.2	23.2	23.1	23.0	23.5
Female member aged 45	27.0	27.0	26.9	26.8	26.0
Male member aged 65	21.1	21.0	20.9	20.8	21.6
Female member aged 65	24.6	24.7	24.6	24.5	24.2

#### The assets in the Scheme were:

	2017 £ million	2016 £ million	2015 £ million	2014 £ million	2013 £ million
Value of assets					
- Equities	59.0	53.4	53.3	41.0	34.3
- Other growth assets	69.7	79.8	55.0	42.5	34.3
- Bonds and other	75.5	66.8	58.7	63.0	68.5
Total market value of assets	204.2	200.0	167.0	146.5	137.1
Value of liabilities	(224.7)	(238.5)	(190.2)	(168.4)	(159.6)
Net pension deficit	(20.5)	(38.5)	(23.2)	(21.9)	(22.5)

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

	2016/17 £ million	2015/16 £ million
Fair value of plan assets at beginning of the year	200.0	167.0
Expected rate of return on scheme assets *	5.1	6.3
Actuarial gains	1.6	28.3
Contribution paid by the employer	3.5	3.5
Contributions by scheme participants	0.1	0.1
Benefits paid	(5.5)	(4.6)
Administrative expenses paid from plan assets	(0.6)	(0.6)
Fair value of plan assets at end of the year	204.2	200.0

\* Non-investment expenses incurred in the year have been offset within the expected returns of assets

## notes to the accounts

(continued)

### 27. PENSION SCHEMES - continued

Analysis of movement in the present value of scheme liabilities	2016/17 £ million	2015/16 £ million
Benefit obligation at beginning of the year	238.5	190.2
Current service costs	3.5	2.9
Interest cost	6.0	7.1
Contributions by scheme participants	0.1	0.1
Actuarial (gain) / losses	(17.9)	42.8
Benefits paid	(5.5)	(4.6)
	<b>224.7</b>	<b>238.5</b>

Analysis of amount recognised in Other Comprehensive Income	2016/17 £ million	2015/16 £ million
Actual gain on scheme assets	6.7	34.6
Expected return on assets	(5.1)	(6.3)
Experienced gains and losses on liabilities	24.2	0.0
Changes in assumptions	(6.3)	(42.8)
	<b>19.5</b>	<b>(14.5)</b>

Summary of movement in net liability during the year	2016/17 £ million	2015/16 £ million
Current service cost	(3.5)	(2.9)
Contributions	3.5	3.5
Net return on assets	(0.9)	(0.8)
Administrative expenses	(0.6)	(0.6)
	<b>(1.5)</b>	<b>(0.8)</b>
Actuarial gain / (loss) recognised in Other Comprehensive Income	19.5	(14.5)
Deficit in scheme at 1 August	(38.5)	(23.2)
Deficit in scheme at 31 July	<b>(20.5)</b>	<b>(38.5)</b>

History of experience of gains and losses	2016/17 £ million	2015/16 £ million	2014/15 £ million
Actual return less expected return on scheme assets	1.6	28.3	16.3
% of scheme assets:	0.8%	14.2%	9.8%
Experience of gains and losses on liabilities	24.2	0.0	0.0
% of scheme liabilities:	10.8%	0.0%	0.0%
Changes in assumptions	(6.3)	(42.8)	(17.2)
Total amount recognised in Total Comprehensive Income	19.5	(14.5)	(0.9)
% of scheme liabilities:	8.7%	(6.1%)	(0.5%)

## notes to the accounts

(continued)

### 27. PENSION SCHEMES - continued

Excluding salary sacrifice contributions on behalf of employees, the University's contribution and movement on provisioning in respect of costs to the various schemes for its own staff were:

	2016/17 £ million	2015/16 £ million
Universities Superannuation Scheme (USS)	30.5	26.5
University of Warwick Pension Scheme (UWPS) Defined Benefit Section	3.0	2.8
University of Warwick Pension Scheme (UWPS) Defined Contribution Section	1.7	1.5
Other schemes	0.6	0.6
	<hr/>	<hr/>
	35.8	31.4
Increase in pension provision for staff costs	1.7	3.7
	<hr/>	<hr/>
Pension cost for year (note 7)	37.5	35.1
	<hr/> <hr/>	<hr/> <hr/>

Due to the low value of contributions and small number of participants in defined benefit schemes other than the Universities Superannuation Scheme (USS) and the University's own scheme (UWPS), as shown above, no disclosures have been made on the grounds of materiality.

## notes to the accounts

(continued)

### 28. RELATED PARTIES

#### Members of Council

Due to the nature of the University's operations and the composition of the University's Council (being drawn from local, public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. Total expenses paid direct to members of the University's Council, who are also the University's Trustees, are shown in note 8.

Professor Jan Palmowski, an Academic Vice-President of the University, is Secretary General to the Guild of European Research Intensive Universities founded in 2016 and comprising 19 of Europe's most distinguished research-intensive universities in 14 countries. During the year invoices to the value of £0.2m were raised from the University, being recharges for set up costs incurred and administration fees for his time. In addition, the University received invoices to the value of £0.1m being the University's share of set up costs incurred along with a subscription fee for the current year. Outstanding balances at the year-end are a debtor of £0.1m.

WMG Academy is a private company, limited by guarantee and also an exempt charity where the University is one of the members. It operates two University Technical Colleges specialising in engineering. During the year ended July 2017, invoices were raised from the University to the WMG Academy for the value of £0.1m (2015/16: £0.1m). There was a balance of £10k outstanding at the year-end.

The President of the Union of Students and another student elected by the Union of Students are members of the University's Council. During the year ended July 2017, payments were made to the Warwick Students' Union for the value of £2.9m (2015/16: £2.6m), invoices were raised from the University for the value of £0.4m (2015/16: £0.4m).

#### Spin-out companies

The University made no direct investments in spin-out companies during the year that totalled more than £50k.

The University supplies facilities, goods and services to a number of its spin-out companies, within which the University holds varying levels of share interest (see note 13). All of these goods and services are provided on an arm's length basis and the total value of sales to such individual companies, in excess of £50k for the reported financial year, is summarised below:

	2016/17 £ million	2015/16 £ million
Allinea Software Limited	0.0	0.1
Sarissa Biomedical Limited	0.0	0.1



## notes to the accounts

(continued)

### 29. CONTINGENT LIABILITIES

#### Clawback on freehold land:-

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

The terms of the remaining contingent clawback and the increase in value recognised since acquisition, relative to the valuation at acquisition, can be summarised as follows:

	Valuation on acquisition	recognised to date	Clawback period expires
Wellesbourne land and property	£20.4m	£nil	31 March 2019

### 30. HERITAGE ASSETS

The University of Warwick is in possession of an art collection which is on view to staff, students and visitors who have access to the various buildings where the work is exhibited.

The collection displays a variety of media including paintings, prints, textiles and ceramics and there are also a number of sculptures exhibited in external locations across campus. The combined value of heritage assets is not considered to be material and is of too uncertain value to warrant separate disclosure within the financial statements.

## notes to the accounts

(continued)

### 31. CONSOLIDATED THREE YEAR RESULTS

	2016/17 £ million	2015/16 £ million	2014/15 £ million
<b>Income</b>			
Tuition fees and educational contracts	287.5	275.2	240.1
Funding body grants	58.4	57.9	59.1
Research grants and contracts	120.3	117.1	100.9
Other income	120.3	117.0	108.9
Investment income	1.6	1.6	1.6
Donations and endowments	2.9	4.8	2.6
<b>Total income</b>	<b>591.0</b>	<b>573.6</b>	<b>513.2</b>
<b>Expenditure</b>			
Staff costs	298.0	280.0	292.3
Other operating expenses	210.7	195.2	195.8
Depreciation	35.6	32.4	29.7
Interest and other finance costs	8.8	10.1	8.8
<b>Total expenditure</b>	<b>553.1</b>	<b>517.7</b>	<b>526.6</b>
<b>Surplus / (deficit) before other gains or losses</b>	<b>37.9</b>	<b>55.9</b>	<b>(13.4)</b>
Gain / (loss) on disposal of non-current assets	1.2	(0.9)	(0.3)
Gain on investments	2.4	1.1	0.9
Taxation	0.0	(1.9)	0.0
Actuarial gain / (loss) in respect of pension schemes	19.5	(14.5)	(0.9)
Change in fair value of hedging financial instruments	14.6	(21.2)	(13.0)
<b>Total comprehensive income and expenditure for the year</b>	<b>75.6</b>	<b>18.5</b>	<b>(26.7)</b>
<b>Assets</b>			
Fixed Assets	590.7	510.5	450.3
Investments	24.1	19.7	16.3
Current assets	236.7	216.8	191.9
<b>Liabilities</b>			
Creditors : Amounts falling due within one year	160.5	146.5	156.6
Creditors : Amounts falling due after more than one year	389.2	358.8	299.6
Other provisions	3.4	3.7	3.9
<b>Net assets, excluding pension provisions</b>	<b>298.4</b>	<b>238.0</b>	<b>198.4</b>
Pension provisions	(85.3)	(100.5)	(79.4)
<b>Net assets</b>	<b>213.1</b>	<b>137.5</b>	<b>119.0</b>
<b>Capital expenditure</b>			
Land and buildings	99.2	79.5	47.3
Fixtures, Fittings and Equipment	16.7	13.9	14.3
<b>Total capital expenditure</b>	<b>115.9</b>	<b>93.4</b>	<b>61.6</b>

## indicators of financial health

	2016/17	2015/16	2014/15
(a) % Ratio of Total HEFCE Grants to Total Income	9.9%	10.1%	11.5%
(b) % Ratio of Total Fees from Home & EU Students to Total Income	23.0%	22.2%	21.7%
(c) % Ratio of Total Fees from Overseas Students to Total Income	22.5%	22.2%	20.8%
(d) % Ratio of Total Research Grant and Contract Income to Total Income	20.4%	20.4%	19.7%
(e) % Ratio of Total Other Services Rendered Income to Total Income	0.5%	0.8%	0.5%
(f) % Ratio of Total Residences and Catering Income to Total Income	7.5%	7.3%	7.9%
(g) % Ratio of Total all Other Income to Total Income	16.2%	16.9%	17.9%
(h) % Ratio of Staff Costs to Total Income	50.4%	48.8%	57.0%
(i) % Ratio of Surplus to Total Income	7.0%	9.4%	-2.5%
(j) % Ratio of Long Term Liabilities and Provisions* to Total General Funds*	193.7%	283.0%	275.7%
(k) Ratio of Liquid Assets to Current Liabilities	1.17	1.16	0.97
(l) Ratio of Current Assets to Current Liabilities	1.47	1.48	1.23
(m) Days of Total Income represented by Debtors	29.6	29.1	27.8
(n) Days of Total Expenditure represented by Creditors due within one year	105.9	103.3	108.5

\* excluding Pension Liability/Reserve

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