

statement of accounts

for the year ended 31 July 2012

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financial highlights

for the year ended 31 July 2012

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT		2011/12	2010/11	Change
		£ million	£ million	
Funding Council Grants		84.3	88.2	(4.4%)
Academic Fees and Support Grants		166.1	147.5	12.6%
Research Grants and Contracts		85.4	86.3	(1.0%)
Other Operating Income		102.1	96.0	6.4%
Endowment Income and Interest Receivable		2.2	1.1	100.0%
Total Income		440.1	419.1	5.0%
Surplus for the Financial Year, including exceptional items		31.0	20.3	52.7%
CONSOLIDATED BALANCE SHEET		2012	2011	
		£ million	£ million	
Fixed Assets		395.1	359.0	
Endowment Asset Investments		7.2	6.7	
Net Current Assets		19.4	9.9	
		421.7	375.6	
Long Term Creditors and Provisions		(104.5)	(84.3)	
Total Net Assets, excluding Pension Liability		317.2	291.3	8.9%
Pension Liability		(14.7)	(4.3)	
Total Net Assets, including Pension Liability		302.5	287.0	5.4%
CAPITAL EXPENDITURE IN THE YEAR		2011/12	2010/11	
		£ million	£ million	
		55.2	51.3	7.6%
NET CASH INFLOW FROM OPERATING ACTIVITIES		2011/12	2010/11	
		£ million	£ million	
		41.0	29.8	37.6%
OTHER KEY STATISTICS		2011/12	2010/11	
		Number	Number	
Full Time Students:-	Home / EU Undergraduates	10,098	10,037	0.6%
	Home / EU Postgraduates	2,768	2,705	2.3%
	Overseas Undergraduates	2,390	2,322	2.9%
	Overseas Postgraduates	2,927	2,565	14.1%
Total number of students (full time equivalent)		19,086	18,900	1.0%
Total staff numbers (full time equivalent)		4,351	4,375	(0.5%)

financial review

The results of the University of Warwick for the year ended 31 July 2012 display sound financial strength. This is vital as, along with the rest of the sector, the University continues to face uncertain political and economic times, pressures on public funding, a new system of student fees and future UK and global economic weakness. These are all factors which have a significant impact on the pattern of demand for both the University's educational and commercial services.

We have continued to see the demand for new capital investment increasing to meet the needs of new staff, students and academic partners. Investment is also required to meet the University's ambitious strategic aims and its engagement with the advancement and transfer of knowledge on a global level. In the long term, the University aims to generate sufficient surpluses on operations which, alongside external capital funding, will allow for capital investment in facilities appropriate to a world-class University.

The £31 million surplus for the year achieved by the University reflects its strong academic reputation and associated strong demand for student places, as well as the impact of continuous efficiency improvements and previous restructuring. These positive factors have offset reduced government funding received from the Higher Education Funding Council for England (HEFCE) and the Research Councils and the impact of economic pressures experienced by a number of the University's commercial operations.

The University of Warwick is consistently within the top rank of higher education institutions in the UK, with a growing global reputation for research and teaching. The core of Warwick's teaching and research activities are supported by grants from public funding bodies, principally HEFCE and various Research Councils, as well as grants from other charitable and commercial institutions. The funding of teaching activities is additionally supported through student fees. Teaching and research are both further supported by gifts and donations and by profits from the University's commercial operations.

We were all saddened by the death during the year of Brian Woods-Scawen, the University's Treasurer. Brian played a vital role in the management of the University's finances in recent years and made a very significant contribution to the continuing success of the University. He will be greatly missed.

Vision 2015 Strategy

In addition to Warwick's high reputation and standing in the UK, the University has set itself an ambitious strategy to place itself firmly amongst the world's top universities by 2015, the 50th anniversary of Warwick's foundation. The University's Vision 2015 aims to continue to increase Warwick's international reputation by carrying out the very best research and teaching.

To achieve the full ambition of Vision 2015, the University seeks to continue to deliver a strong financial performance so that it can sustain a programme of investment in people, technology, research, teaching and social facilities which supports the whole of our community in achieving their academic and other objectives.

The University uses a range of both financial and non-financial indicators to monitor the performance of the University. These indicators, along with appropriate risk measurements, are reviewed by Council and others on a regular basis, alongside further student, research and divisional performance data.

financial review

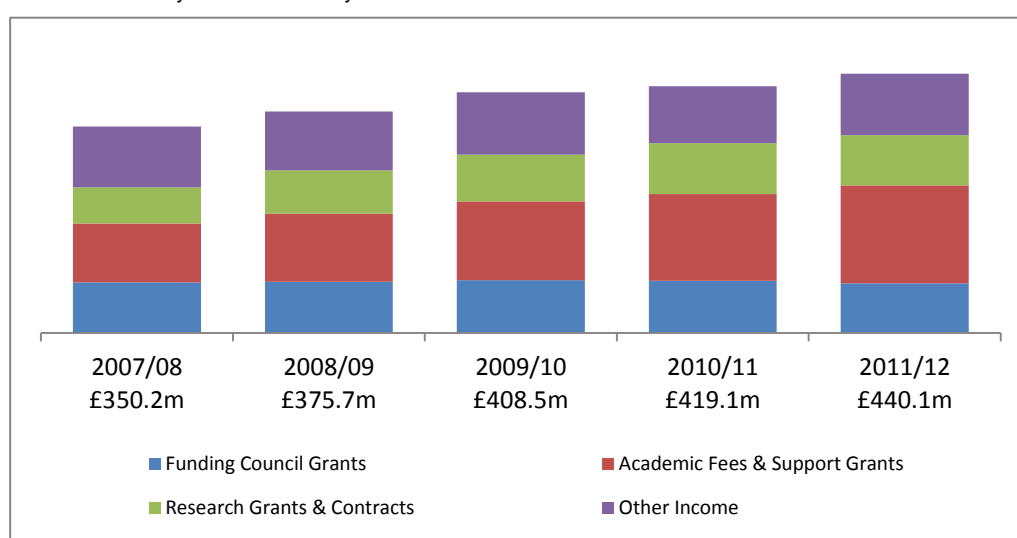
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Warwick's Global Research Priorities programme (GRP) was launched during the last academic year. The GRP is a key part of the University research strategy and aims to give a clear thematic identity to our multi-disciplinary research strengths which can make a significant contribution to some of society's most pressing issues.

International research initiatives have also been supported and advanced through a number of new strategic alliances, partnerships and programmes. During the last academic and financial year Warwick announced its new strategic alliance with Monash University in Australia and new academic partnerships with Queen Mary University and the Liverpool School of Tropical Medicine, as well as becoming the only European university involved in the collaboration to create New York's "Centre for Urban Science and Progress".

Turnover

Turnover of the University has increased by 5% to £440.1m.



Funding Council Grants

In advance of changes in respect of student financing, the University has continued to incur its proportionate share of the government's ongoing funding cuts and has seen a third consecutive year of reductions in HEFCE teaching funding in real terms, which is down £1.9m (4.6%) year on year.

Recent changes in the University's core grant run contrary to the increase in the University's overall teaching and research operations and, taken together with announced further reductions in future government funding, the University recognises the continued need to diversify income streams and maintain a close control of all costs.

Academic Fee Income

The growth in the University's academic fee income has been the result of increases in the level of those fees not regulated by HEFCE and an overall increase in student numbers. The University continues to make and plan for substantial investment in academic facilities and student access support. These are referred to in more detail later in this review. We continue to assess how we can maintain the high quality of academic and social experience for students. A breakdown of academic fee income can be seen at note 2 of the accounts.

financial review

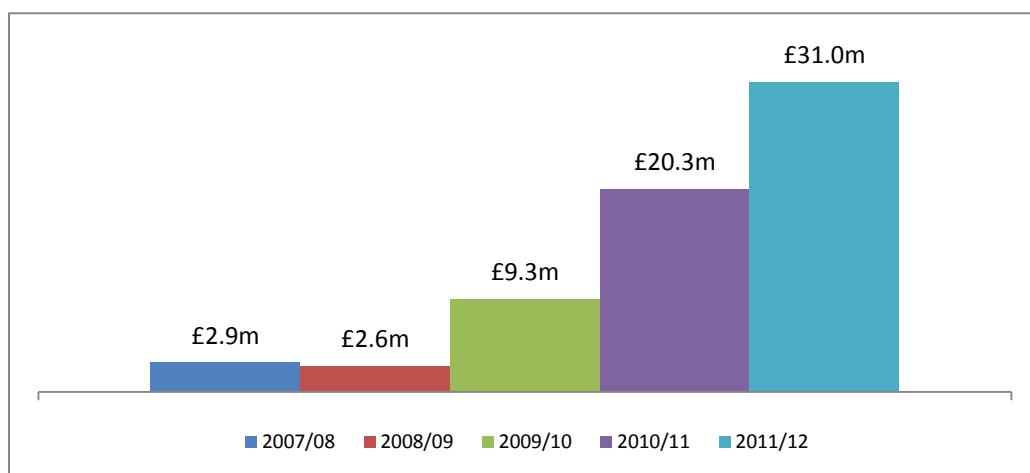
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Research Income

As was reported here last year, we expected that research growth would be more modest in the coming years because of current capacity limitations and the funding pressures faced by many grant awarding bodies. This has proved to be the case and year on year reported income on research activity has decreased by £0.9m (1%), principally as a result of reductions in Research Council funding.

The University has continued to grow its volume of research activities undertaken for charities, industrial partners and those supported by EU funding. Initiatives like the Global Priorities Programmes are expected to enhance the University's underlying research capabilities alongside substantial continuing investment in research facilities, particularly within the sciences.

Surplus



The surplus for the year was £31 million (7.0% of turnover). This compares with a corresponding surplus for the previous year of £20.3 million (4.8% of turnover).

The surplus levels shown in the above graph are all after exceptional items, including signification restructuring costs of £11.3m in 2009/10. Excluding exceptional items, the University has seen a year of growth in its financial surplus following two years of relatively stable overall financial outturn on its underlying operations.

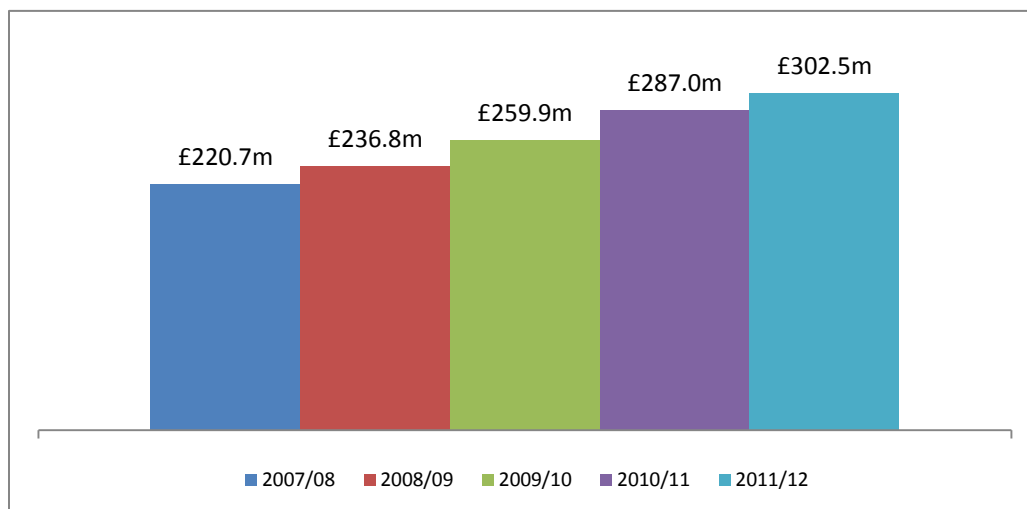
The University's financial performance for the year continued to be underpinned by a particularly strong performance from a number of academic departments, as well as significant contributions from the University's commercial activities. The Warwick Business School and Department of Economics both had a particularly successful financial year, reflecting the student demand arising from their outstanding academic profile. The University's online recruitment business, Jobs.ac.uk, also maintained a healthy financial position in spite of the poor economic environment that all our commercial operations have continued to face throughout the financial year.

We plan to invest the bulk of surpluses generated by the University in future academic investment programmes and surpluses are therefore essential in supporting the University's continuing financial and operational sustainability, particularly in light of the uncertain economic times and threats to most funding streams.

financial review

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Net Assets



The University's net assets have increased by 5.4% year on year, from £287 million to £302.5 million.

University of Warwick Pension Scheme (UWPS)

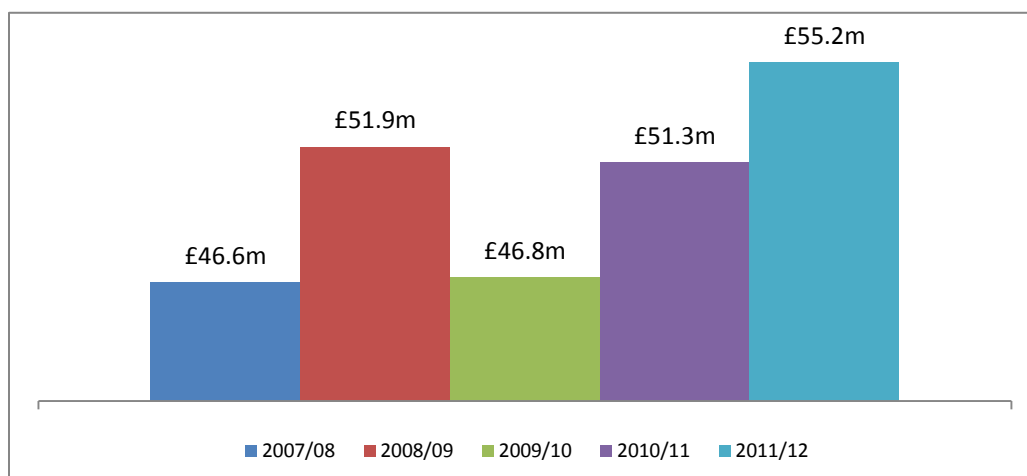
The increase in net asset value of the University was partially offset by an increase in the reported deficit on the defined benefit section of the University of Warwick Pension Scheme, from £4.3m to £14.7m. This increase in the deficit largely reverses improvements in investment performance in the previous year (to 31 July 2011). It is the result of a poorer than expected return on scheme assets during the financial year and a significant increase in the valuation of scheme liabilities at the balance sheet date as a result of historically low bond yields impacting on the discount rate that is required to be used in determining liabilities. To ensure long-term funding requirements are met, ongoing contribution levels are determined as part of the triennial full valuations of the Scheme. The next full valuation of the Scheme is due to take place as at the end of March 2013.

Universities' Superannuation Scheme (USS)

As a multi-employer scheme, assets and liabilities in respect of USS are not reported within the accounts of the University. The University does, however, incur substantial costs in respect of employee membership of USS.

Further details in respect of the funding position of both UWPS and USS, from the perspective of the scheme's board of trustees in the case of the latter, are included within these accounts at note 33.

Capital Investment



financial review

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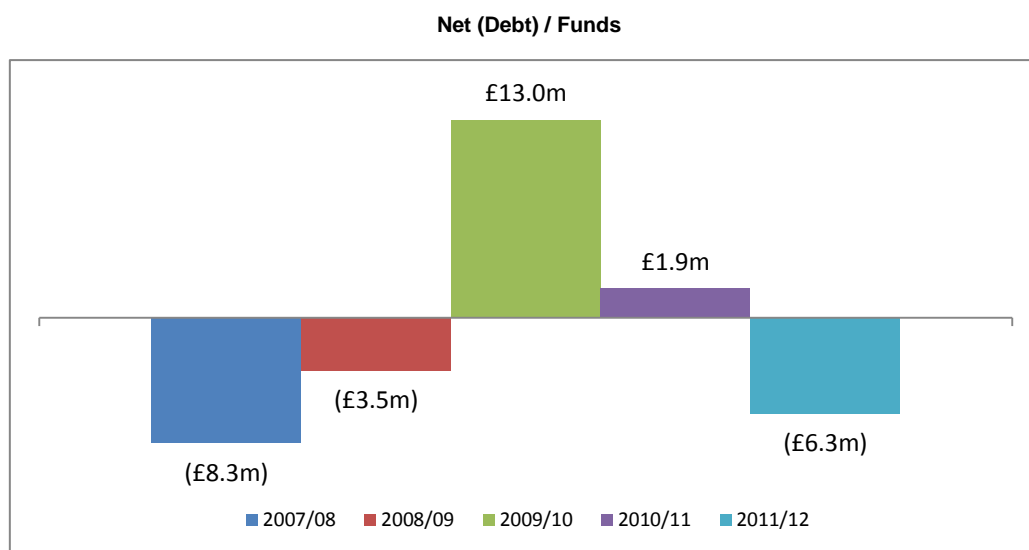
Cash inflows for the year of £41.0m (2010/11: £29.8m) from operations, capital grant receipts of £11.9m (2010/11: £13.4m) and new endowments received totalling £1.1m (2010/11: £1.2m) supported the University in maintaining another year of high capital expenditure, totalling £55.2m (2010/11: £51.3m).

Amongst the major capital schemes was completion work on the new “Bluebell” student residences and continuing work on a further student residential development, “Sherbourne”, occupied in October 2013. The new Material Analytical Sciences building was completed during the year and the International Institute for Product Service Innovation building, co-funded by the European Regional Development Fund (ERDF) was completed just after the year end. Many other capital developments and refurbishment works have continued across the campus throughout the year, including works for Life Sciences and the Medical School.

Looking to the future, the University will continue its ambitious investment programme, including buildings for Warwick Business School and Life Sciences, wireless networks, energy sustainability and efficiency schemes and sports development plans, the last of which is being supported by a Sports Development Coordinator funded through Sport England’s Active Universities funding round.

In October of this year, we received the welcome news that the University has succeeded in its bid to establish the “National Automotive Innovation Campus” (NAIC) at Warwick. The Government, Jaguar Land Rover (JLR) and Tata Motors European Technical Centre (TMETC) will invest £92 million in the creation and operation of NAIC at the University. JLR and TMETC, working closely with Warwick Manufacturing Group, envisage a 10 times return on investment through increased value added from exploitation of research outputs in new and improved products, processes and services.

The University’s “Vision 2015” strategy sets out Warwick’s intention to develop our campus on the principles of environmental sustainability and more details of the University’s environmental strategy and projects can be found on the University’s website.



The University’s ambitious capital programme, as described above, in addition to being financed by retained surpluses, is further supported by committed long term unsecured bank facilities on advantageous terms reflecting the quality of the University’s covenant. Swaps are in place to protect the University from future variations in interest rates. The above graph shows the effect of advance loan draw downs towards the end of the 2009/10 financial year, in addition to a further £50m of new borrowings, £25m in each of the last two financial years, which are now being largely utilised against spend on the major capital development projects noted above.

financial review

(continued)

In addition to committed borrowing arrangements, the University also has additional agreed long term facilities in place totalling £35m.

Banking facilities and borrowing arrangements are disclosed in more detail at note 19 of the accounts.

Students

The University benefits greatly from our diverse, talented and committed students. In addition to our continued and further planned investment in academic staff and facilities, the student offering at Warwick has been expanded through the continuous upgrading of the student IT network, additional student bed spaces that are being made available to meet the high level of student demand for quality, affordable on campus accommodation and continuing reviews and refreshment of the University's retail and catering offering.

The University recognises the value and contribution that international students make to Warwick from both a cultural and financial perspective and recognises the growing competition for the provision of higher education services. Warwick has a strong international student support network in place, which we will continue to develop. We are proud of the excellent reputation that Warwick continues to hold overseas, a reputation that is responsible for attracting such a large number of international students to Warwick and one that we aim to develop in the future, by continuing to differentiate Warwick in the overseas higher education market, alongside exciting new opportunities facilitated by strong alliances with universities across the world.

We are determined that education at Warwick will continue to be available to all those who can most benefit from and contribute to the University, irrespective of their economic, social or educational background. To this end, a substantial proportion of the income from fee paying home and European Union students will continue to be committed to bursaries and access awards. The University also encourages the widest range of students to consider studying at Warwick through a variety of activities, some further details of which are set out in the Public Benefit Statement on pages 10 to 13 of these financial statements.

Strategic risks

The Council, supported by a risk management framework and advised by Audit 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:

- the decline in the funding of universities from public sources, the impact of changes in the economy and the changes in student fees and support structure;
- any changes in the pattern of demand, especially in international student markets;
- the ability to maintain an internationally competitive position in respect of the quality and recognition of both teaching and research; and
- the recruitment and retention of 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; and
- engages in regular, frequent review of reward mechanisms and leadership and development training programmes.

financial review

(continued)

Prospects

We expect to continue to face a demanding financial environment in the immediate coming years, particularly in respect of government funding. The University recognises the role that excellence in teaching and research plays in helping the economy of the United Kingdom succeed in a global market and we believe that reductions in funding for teaching and research activities have the potential to be extremely damaging to the UK's longer term economic prospects and international competitiveness. The University also believes, however, that Warwick's position can be sustained within the government's policy of higher student fees in the context of non-means tested loans for these fees and the arrangements that we have in place in the form of bursaries and other arrangements for encouraging wider access.

The University will commit to ensure financial sustainability in spite of funding restrictions in this period of significant change within the sector. We remain confident that the financial outcome for the current year will be satisfactory. In the longer term, we remain committed to realising our ambition of becoming one of the top 50 universities in the world and to be a significant contributor to the growth of knowledge to the benefit of local, regional, national and international communities.

During the current year we will continue to progress major projects with respect to the expansion and refurbishment of academic facilities. The University is also firmly engaged in its planning processes for submission into the coming Research Excellence Framework and is committed to maintaining its excellent standing.

The University is also committed to the continued growth of the international perspective of its academic community and will continue to invest both time and resources into developing the appropriate facilities and opportunities to allow both students and scholars to be part of Warwick's strategic international vision.

Keith Bedell-Pearce, University Treasurer

23 November 2012

public benefit statement

Providing public benefit in a diverse range of ways is embedded in the way the University of Warwick sets and delivers its strategic goals and objectives. The University Council as the trustee body reviews annually the Charity Commission's guidance on public benefit and ensures that the University fulfils its mission in a compatible way.

The University's 1965 Charter states that "the objects of the University shall be the advancement of learning and knowledge by teaching and research and the provision of University education" and also sets out a number of powers granted to the University in order to fulfil this. The University's over-riding ambition is to become an undisputed world leader in research and scholarship while sustaining an exceptional and distinctive teaching and learning experience. The University's Vision 2015 strategy outlines a number of key goals underpinning this aim and updates as to how the strategy will be pursued are published regularly. (Published at: www.warwick.ac.uk)

The University's Council approves the University's strategy and governs the work of the University to ensure that students and potential students benefit from the excellent education that the University offers and that the general public benefits from the furtherance of knowledge and the long-term impact of the University's research.

The excellence of the University of Warwick's teaching and research is evidenced by being consistently ranked in the top ten universities in the UK in national league tables and Warwick performs strongly in externally validated assessments.

Education

Warwick aspires to offer a world class education to everyone with the ability to benefit, regardless of their economic circumstances. Courses are challenging and rigorous, guided and inspired by first class academic staff.

The University offers undergraduate and postgraduate programmes across a range of disciplines. To provide educational opportunities beyond the full-time undergraduate or postgraduate experience, there are also a large number of continuing professional development programmes including education, medicine, health, law, business and engineering. The University offers a number of '2+2' degree programmes which are also run in partnership with a number of local FE colleges. Warwick's Open Studies programme attracts thousands of registrations from the general public without a qualificatory requirement, predominately from the local region.

The University works to ensure that, wherever possible, financial circumstances do not become a barrier to studying at Warwick. We offer a substantial package of financial assistance to undergraduate home students at the point of entry and throughout their academic careers, to support both tuition and living costs. The University also seeks to offer a broad range of rent levels for accommodation on campus to enable students to make choices related to their economic circumstances. The University currently runs the Warwick Undergraduate Scholarships and Bursaries Programme, which offers students financial support to supplement government aid available for each year of their course. There are also a limited number of scholarships available to international students and postgraduate students. Information about funding is openly available and actively communicated to potential applicants and is highlighted to students from the most deprived backgrounds through the range of widening participation activities run by the University and actively at open days.

A new Access Agreement has been approved by the Office for Fair Access and the University has committed to a generous new financial support framework, with associated targets, for students from 2012 entry. These targets aim to further increase accessibility of the most able to the University, building on the most recently published Higher Education Statistics Agency Performance Indicators which show that in 2011 Warwick admitted onto its full-time undergraduate courses 1,965 young entrants from state schools (75.2% of the total intake), 385 young entrants from the lowest socio-economic backgrounds (17.1% of the total intake) and 130 students from low participation neighbourhoods (4.39% of the total intake).

public benefit statement

(continued)

The University of Warwick has a long history of supporting widening participation to ensure access to higher education to the general public at large and to inspire potential students from backgrounds less represented in Higher Education with the ability to succeed in the excellent and challenging educational environment that Warwick offers. Current activities include: the GOAL programme (a national scheme supporting over 700 disadvantaged gifted and talented students aged 14-18 in achieving their potential and entering 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, including work shadowing and mentoring) and the Student Progression Team – a collaborative scheme run in partnership with Coventry University which sees twenty students from each institution engaging regularly with pupils from nine schools in Coventry and Warwickshire. The University is a member of the Realising Opportunities Scheme, whereby twelve 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 from applicants from any of the partner institutions in recognition of their engagement with the programme. The programme seeks to recruit an additional 400 students each year. Aspiration and participation raising activity previously delivered by the University under the AimHigher programme has been replaced by the Access for All initiative, which in 2011/12 engaged with learners from 36 state secondary schools in Coventry and Warwickshire. Additionally, the University’s International Gateway for Gifted Youth (IGGY) continues to proactively target its activities to a very diverse cohort, offering sponsored membership to students from economically disadvantaged backgrounds. IGGY has also linked with Warwick in Africa to facilitate provision for children from extremely deprived backgrounds in South Africa, Ghana, Tanzania and Botswana.

At Warwick, students’ personal, academic and professional development, in preparation for long-term employability, are essential elements in our courses. The University’s Centre for Student Careers and Skills supports students in a number of ways from skills workshops, careers appointments and information resources, to employer presentations, careers fairs and job vacancies, as well as Warwick Volunteers activities, and works proactively with employers to identify and support their expectations.

Warwick regularly monitors its targets against benchmarks for widening participation and its outcomes in the National Student Survey, Destinations of Leavers of Higher Education Survey, and through a number of other surveys conducted at the University to ensure that the education provided is continuously enhanced and meeting the University’s objectives. In 2011, a full review of the University’s teaching and learning provision was undertaken on an institution-wide basis with a range of strands of continued improvement being identified and pursued with a view to a progress check formally to be undertaken in November 2012.

Research

Excellence, innovation and ambition fuel the cutting-edge, world leading research which defines Warwick.

In the 2008 Research Assessment Exercise, Warwick was ranked seventh in the UK, with 65% of the University’s research rated as 4* (world-leading) or 3* (internationally excellent). Among departments achieving very high ranking in their units of assessment were: Film Studies (1st), Warwick HRI (1st), History (2nd), Pure Mathematics (2nd), French (2nd), Economics (3rd), and Italian (3rd). An indicator of the high quality of the University’s research is our extremely high success rate in applying for research funding from Research Councils in the UK and the EU.

public benefit statement

(continued)

The University's research benefits the broader public at large through the furtherance and transfer of knowledge, charities, industry, and also our own postgraduate and undergraduate students. To ensure the outstanding breadth and quality of Warwick's internationally renowned research and expertise translates to user communities, business, industry, and beyond, the University undertakes and is involved with many initiatives which seek to transfer technology, knowledge and experience to the wider community. While a range of University's academic disciplines are directly involved in such activity, those particularly facilitating such engagement include the Department of Chemistry, the School of Engineering, the School of Life Sciences, the Department of Physics, the Warwick Manufacturing Group and the Warwick Medical School. Many departments have also introduced formal apprenticeship schemes for young people, primarily through a combination of work and training at local apprenticeship providers. The University is also facilitating growing opportunities for paid internships for Warwick students both in research and administration which is developing and providing real personal and career experience.

In 2007, the University established the Warwick Commission to work to influence public policy and offer potential solutions to major global issues. The first Warwick Commission examined the global trading system, drawing together international expertise as well as initiating wider public debate. In 2009, the second Warwick Commission's report, *International Financial Reform: Beyond Architecture, Towards Building Consensus*, was launched in New Delhi, receiving significant international coverage. Since, a number of other events and activities have been held to disseminate the Commission's findings and facilitate further discussion. As a number of cities in England prepare for referenda on elected Mayors in 2012 a third Warwick Commission on *Electing Mayors and City Leadership* made its recommendations in March 2012. Warwick is developing a small number of Global Research Priorities as strategic initiatives for the coordination of research activities across the University designed to focus on areas of global priority for governments and the public at large. These areas cover: Food Security, Connecting Cultures, Energy, Global Governance, Sustainable Cities, Innovative Manufacturing, Individual Behaviour, Digital Change, Science & Technology for Health, and International Development. The GRPs will also provide a focus for the wider engagement with our research stakeholders and as a vehicle for dissemination of the outputs of our research in order to maximise its impact and public benefit – details available at <http://www2.warwick.ac.uk/research/priorities> .

The University is committed to expanding access to its research. The University has a free online repository service to collect, house and provide access to the University's written research output (including journal articles and PhD theses), the Warwick Research Archive Project (WRAP) - available at <http://wrap.warwick.ac.uk/> . There are other unique repositories held by the University, particularly the Modern Records Centre (MRC), which has been designated an Outstanding Collection by the Museums, Libraries and Archives Council and holds nationally important archives for the study of social, economic and political history, mainly from the mid-19th century onwards.

Additionally, the University has developed a major new initiative called *The Knowledge Centre* which aims to establish Warwick as a 'lifetime academy'. It provides interested stakeholders, including alumni and friends of the University, with access to world class research, learning materials and leading experts, and provides specially commissioned videos and podcasts, news analysis, archive material and online learning resources.

The wholly-owned subsidiary, Warwick Ventures Ltd., operates the University's technology transfer and commercialisation function. Over the last twelve years it has launched over 70 knowledge-based companies, 32 of which are active with a combined annual turnover of more than £4 million and employing over 170 staff. Warwick Ventures also licenses the University's intellectual property to other companies in a wide range of industries.

public benefit statement

(continued)

In 2011, the University established an Intellectual Property Committee to oversee IP policy and the management of its developing IP portfolio. The Policy emphasises that our collaborative research activities must always be conducted in accordance with the University's charitable status, that the outputs of our research should be publically available, and that any intellectual property developed through our research must continue to benefit our research and teaching activities.

Community engagement and corporate social responsibility

The University is committed to continuing to support local and community engagement of its staff and students and to its wider corporate social responsibility and sustainability.

The University has built many fruitful relationships with local schools and community organisations. During 2011/12, a total of 2,491 staff and students became members of the University's 'Warwick Volunteers' programme, participating in local projects such as painting murals in local community centres and providing structured programmes of classroom support in local schools. The University also participated in the national *vinspired* students' research project to form relationships between student volunteers and Children's University, which promotes out-of-school-hours learning for 7-14 year olds.

The University holds regular liaison meetings with its local authorities and plays a prominent role in several local strategic partnerships, including the Coventry and Warwickshire local Enterprise Partnership (LEP) and the Coventry Partnership. The University is actively involved in the Westwood Academy/University Collaboration project, an initiative set up to support the University's relationship with the nearest secondary school to campus (and one of our Trust Schools), and to improve community cohesion in the nearby Canley and Tile Hill communities. Several parts of the University – including the Arts Centre, the Chaplaincy, the Department of Chemistry and Warwick Volunteers - have been involved in events aimed at raising the aspirations of pupils of Westwood and its feeder primary schools, and to encourage young people and their parents to better understand different faith and ethnic groups.

In addition to the Westwood project, the University is active in, and has links with, literally hundreds of primary and secondary schools in the region. Our 'Access for All' programme has helped fill the vacuum in regional outreach programmes following the closing of the AimHigher scheme, working to raise aspirations and attainment of young people across Coventry and Warwickshire. The University also provides support for community initiatives run by local organisations. For example, in the last year the University has sponsored the Coventry Telegraph's Business Awards and the Kenilworth Business and Retail Fair. The University has also lent its support to initiatives aimed at improving the economic and social reputation of the sub-region – for example, we are key partner in the 'Coventry and Warwickshire Champions' initiative; using our global connections to act as an advocate for our local area.

Not only does the University's research envelop a significant number of aspects of sustainability from global hunger and energy to the profitability of 'green' business, the University has made considerable strides towards the sustainability of its own operations. For instance, in 2010, the University committed to a significant reduction in carbon emissions by 2020 – a 34% reduction against 1990 levels.

The University also strongly values its staff and has been successful in achieving two further Athena SWAN awards to complement the existing Institutional Bronze award, and two silver awards for Physics and Chemistry. In 2012, the Warwick Medical School became the first UK Medical School to achieve an Athena Bronze award, which has been described by the Equality Challenge Unit as a 'landmark achievement'. The University has also become a Stonewall Diversity Champion.

The University takes seriously its corporate social responsibility and how this benefits the wider public and the specific beneficiaries of the University.

corporate governance

- 1 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 which has been provided by the HEFCE and the Committee of University Chairs in the *Guide for Members of Governing Bodies in the UK*, except where, in a small number of cases, the Council has determined it is not in the best interests of the University. The University is also mindful of its charitable purpose and its strategy aims to encompass its public benefit role.
- 2 The University is an exempt charity whose principal regulator is the Higher Education Funding Council for England. 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.
- 3 Until 2009, the Charter and Statutes required the University to have three separate bodies. The University received formal approval in October 2009 from the Privy Council to abolish the Court. The Council and Senate remain as the two key University bodies: each with clearly defined functions and responsibilities, to oversee and manage its activities.
 - **The 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 lay members), from whom its Chair and Honorary University Treasurer are drawn. Also included in its membership are representatives of the staff of the University and the student body. None of the lay members receive any payment, apart from the reimbursement of reasonable expenses, for the work that they do for the University. The University Council approves annually its Code of Corporate Governance and Statement of Primary Responsibilities. A copy of the Code of Corporate Governance can be obtained from the University's website and the Responsibilities of Council are set out on pages 18 and 19 of these accounts. The Council has due regard for the Charity Commission's guidance on the public benefit, which is reviewed on an annual basis.

The total number of members of the Council for 2011/12 was 33 and, therefore, the size of Council is the only area where the University is not currently fully aligned with the advice given in the voluntary Governance Code of Practice, as included in the *Guide for Members of Governing Bodies in the UK*. The Council is currently undertaking an effectiveness review which is actively considering its size and composition. For the financial year ended 31 July 2012 and for the subsequent period to when these financial statements were signed as approved, the following individuals were members of Council: Sir George Cox (Pro-Chancellor and Chair), Mr K Bedell-Pearce (Acting Treasurer), Dame Fiona Caldicott, Dr R Chung, Ms V Cooke, Mr P Dunne (to 31 July 2012), Mrs P Egan (to 31 July 2012), Ms T Elliott, Ms V Heywood, Mr J Higgins, Mr G Howells, Dr G Lyons (to 31 July 2012), Sir David Normington (from September 2011), Mr N Sanders, Sir John Temple, Mr M Temple, Professor N Thrift (Vice-Chancellor), Professor M Smith (to 1 December 2011), Professor A Caesar, Professor S Croft, Professor M Finn (to June 2012), Mr A Rivett (to 31 July 2012), Professor J Labbe, Professor K Lamberts, Professor S Hand, Professor T Jones, Professor A Muthoo, Professor M Taylor, Professor P Winstanley (to 31 July 2012), Mr L Boe (to July 2012) and Mr G Whitworth (to July 2012); for the subsequent period from 1 August 2012 to the approval of these financial statements: Mr N Swain and Mr C March.

- **The Senate** – is the academic authority of the University and draws its membership entirely from the academic staff and the students of the institution. Its role is to direct and regulate the teaching and research work of the University.

corporate governance

(continued)

- 4 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 Financial Memorandum between the University and the Higher Education Funding Council for England, the Vice-Chancellor 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.
- 5 The Council meets at least five times each academic year and at each meeting considers one main strategic discussion topic as well as a number of reports from its committees. Much of the detailed work of the Council is initially handled by committees, in particular the Finance and General Purposes Committee, the Building Committee, the Nominations Committee, the Remuneration Committee, the University Health and Safety Executive Committee (UHSEC), the Equality and Diversity Committee (EDC) and the Audit Committee.
- 6 These Committees are formally constituted as Committees of the Council (and in the case of UHSEC and EDC jointly with Senate) with approved terms of reference and specified constitutions and approved membership, all including lay membership (from whom the Chair typically will be selected).
- 7 As chief academic and administrative officer of the University, the Vice-Chancellor and President exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Deputy Vice-Chancellor, Pro-Vice-Chancellors, the Chairs of the Faculty Boards and the Board of Graduate Studies, and the senior administrative officers all contribute in various ways to this aspect of the work, but ultimate responsibility for what is done rests with the Vice-Chancellor and President.
- 8 The Registrar and Chief Operating Officer is Secretary to the Council and to all University bodies and committees and plays a key role in the operation and conduct of Council business. The Registrar is supported by the Deputy Registrar and they provide advice to the Chair of Council on all matters of procedure and in respect to any matters where conflict, potential or real, may occur.
- 9 The University maintains a Register of Interests of members of the Council which may be consulted by arrangement with the Registrar.
- 10 Any enquiries about the constitution and governance of the University should be addressed to the Registrar.

statement of internal control

The Council has responsibility for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives, primarily the University's Strategy, Vision 2015. In accordance with the requirements of the Charter and Statutes and the Financial Memorandum with the HEFCE (which includes the Accountability and Audit Code of Practice), the Council is also responsible for safeguarding the public and other funds and assets under the University's control.

The internal controls operated by the University are designed to manage, rather than eliminate, the risk of failure to achieve policies, aims and objectives; they can therefore only provide reasonable and not absolute assurance of effectiveness.

The Council has overall responsibility for reviewing the effectiveness of the University's system of internal control and is advised in this regard in particular by its Audit Committee.

The following internal control measures were in place for the year ended 31 July 2012:

- The Audit Committee, which met four times in 2011/12, received regular reports from the Head of Internal Audit which provided 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. The Audit 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 Committee meets on an annual basis with Internal Audit as well as External Audit without University management being present.
- The University operated a system of risk management designed to identify the significant risks to the achievement of the University Strategy, to evaluate the nature and extent of those risks and to manage them effectively.
- Responsibility for institutional risk identification, description and evaluation and monitoring processes on a regular basis is held by the Steering Committee, supported by University Risk Holders, senior managers and the Operational Risk Management Group. The Operational Risk Management Group brings together representatives from the full range of internal constituencies to identify, assess and monitor risk across the range of University operations including insurance, business continuity, estates, IT and health and safety. A number of the most relevant formal Senate and Council committees have become expressly engaged in horizon scanning and risk assessment. The embedding of risk management is being further developed in conjunction with the establishment of a University Risk Management Strategy and associated operating practices and procedures.
- The University Risk Register was updated on a termly basis and the Steering Committee reported to the Council typically the most significant ten to twelve strategic risks for their consideration. Regular reports on risk management, including reports from the Operational Risk Management Group and Steering Committee, were also periodically considered by the Audit Committee.
- In 2012, all academic and support departments and commercial activities were asked to submit their current risk assessments as part of the annual planning process and this informed the University's assessment of key risks and its allocation of resources. A summary of the returns, highlighting key issues, was formally considered by the Operational Risk Management Group, Academic Resourcing Committee and the Steering Committee.
- The Audit Committee also received periodic reports on the management of the University's significant risks and received a number of presentations from senior management on areas of specific internal control.

statement of internal control

(continued)

- Additionally, the Audit Committee considered a report from the Head of Internal Audit outlining key areas which supported Internal Audit's opinion that the University had adequate and effective arrangements for economy, efficiency and effectiveness (value for money) as well as risk management, control and governance in addition to a report summarising the data management and returns assurance processes.
- The Council met six times in the 2011/12 financial year, considering the plans and strategic direction of the University. A review of the effectiveness of the Council was also undertaken in 2012.
- The Council received termly reports summarising the key issues raised in the minutes of the Audit Committee, including consideration of the work of internal and external audit and of risk management.
- The Council also considered the Annual Report from the Audit Committee, which provides 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 management and quality assurance of data submitted to HESA and to HEFCE and other funding bodies.
- The Council considered termly reports of the status of the most significant key strategic risks of the University and the current status of those risks. These key strategic risks will continue to be monitored by the Council on a termly basis throughout the 2012/13 academic year.
- The Council also considered the annual report of the University's agreed key performance indicators in conjunction with the University's key risks at its November 2011 meeting prior to submitting the Annual Accounts and associated assurance documentation to the HEFCE.

The Council's review of the effectiveness of internal controls is primarily informed by the reports of the Audit Committee. It is also informed by the work of managers within the University, who have responsibility for the development and maintenance of controls and reporting on key risks, and by comments made by the external auditors, principally in their management letter, as well as from a range of reports from relevant sub-committees of the Council (e.g. Building Committee, Health and Safety Executive Committee).

The Council's consideration of these various reports, enabled it to carry out an assessment of internal control within the University for the 2011/12 financial year.

statement of primary responsibilities of the council

of the University of Warwick

This Statement is based on the Model Statement contained in the Governance Code of Practice published by the Committee of University Chairmen, 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 his/her 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 act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
15. To be responsible for effective planning, ongoing control, monitoring and review of the University's health and safety management procedures.
16. 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.

report of the independent auditors

to the Council of the University of Warwick

We have audited the Group and University financial statements (the “financial statements”) of the University of Warwick for the year ended 31 July 2012 which comprises of the accounting policies, the consolidated income and expenditure account, the consolidated and University balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Council, as a body, in accordance with the Charter and Statutes of the University. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it 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 Council for our audit work, for this report, or for the opinions we have formed.

respective responsibilities of the University’s Council and auditor

As explained more fully in the Statement of Primary Responsibilities of Council, set out on pages 18 and 19, the Council is responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements, in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group’s and University’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and the University as at 31 July 2012 and of the Group’s income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.

report of the independent auditors

to the Council of the University of Warwick

opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes; and
- funds provided by the Higher Education Funding Council for England have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the Statement of Internal Control is inconsistent with our knowledge of the University and Group.

Andy Argyle

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 Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with the 2007 Statement of Recommended Practice (SORP): Accounting for Further and Higher Education, and applicable Accounting Standards.

2 Acquisitions

Acquisitions have been accounted for using the acquisition method of accounting.

3 Basis of Consolidation

The consolidated financial statements include the financial statements of the University, its subsidiary undertakings, the University of Warwick Foundation and its subsidiary, and the University's share of associated undertakings. 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.

4 Recognition of Income

Income from government grants and other specific grants and research grants and contracts is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. Income from tuition fees is recognised in the period for which it is receivable and includes all fees chargeable to students or their sponsors, e.g. National Health Service. The cost of any fees waived by the University are included as expenditure. Income from other services rendered is included to the extent of completion of the contract or services concerned and is measured at the fair value of the consideration receivable.

Donations with restrictions are recognised when relevant conditions are met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the Statement of Total Recognised Gains and Losses and in endowments; other donations are recognised by inclusion as other income in the Income and Expenditure Account.

Endowment and investment income is credited to the Income and Expenditure Account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the Income and Expenditure Account to restricted endowments. Any realised gains and losses from dealing in the related assets are retained within the endowment in the balance sheet. Increases or decreases in value arising on the revaluation of endowment assets ie: the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the Statement of Total Recognised Gains and Losses.

5 Agency Arrangements

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

statement of principal accounting policies

(continued)

6 Pension Schemes

Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). 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 hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institution's employees and is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the Scheme as if it were a 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.

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. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for as a defined benefit scheme in accordance with FRS 17, on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services. The pension scheme surplus (to the extent that it is recoverable), or deficit, is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the Statement of Total Recognised Gains and Losses, actuarial gains and losses. 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, with members contracted in to the state 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.

7 Foreign Currencies

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.

8 Leases

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

statement of principal accounting policies

(continued)

9 Negative Goodwill

Negative goodwill arising on the acquisition of Horticulture Research International and on the full acquisition of the University of Warwick Science Park has been capitalised and separately disclosed on the face of the balance sheet in fixed assets. Negative goodwill is being released to reserves on a straight line basis, over a period that matches the term of acquired significant Horticulture Research International research contracts (8 years and 4 months) and Science Park backlog refurbishment plans (3 years and 6 months), respectively. The release of the negative goodwill arising on acquisition, therefore, partially offsets any deficits made on acquired contracts and refurbishment works.

10 Financial Instruments

The institution uses derivative financial instruments called interest rate swaps to reduce exposure to interest rate movements. Such derivative financial instruments are not held for speculative purposes and relate to actual assets or liabilities or to probable commitments, changing the nature of the interest rate by converting a fixed rate to a variable rate, or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

11 Fixed Assets

Land and buildings

Land and buildings are stated at cost. Land is not depreciated as it is considered to have an indefinite useful life. Buildings under construction are not depreciated until they are completed. Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of these assets. Buildings are depreciated in equal instalments over their expected useful lives of 50 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. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings. 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 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. Any related grants are treated as deferred capital grants and released to income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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.

12 Investments

Listed investments held as fixed assets or endowment assets are included in the Balance Sheet at market value, after any provision for impairment in their value. Current asset investments are stated at the lower of their cost and net realisable value.

statement of principal accounting policies

(continued)

12 Investments (continued)

Investments in subsidiary undertakings are shown at the lower of cost and net realisable value in the University's own accounts and investments in associates are shown in the consolidated balance sheet at attributable share of net assets.

Surpluses or deficits arising on the revaluation of the University's fixed asset investments are taken to the Revaluation Reserve (except for deficits which reduce the value of an investment to less than cost, which are charged to the Income and Expenditure Account). On the realisation of fixed asset investments any accumulated surplus is transferred from the Revaluation Reserve to the Income and Expenditure Account. Surpluses or deficits arising on the revaluation of endowment asset investments are added to or subtracted from the funds concerned.

13 Stocks

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.

Fixed assets in the process of sale and any associated capital grant balances are transferred to stock at the year end and are valued at the lower of book value at this point of transfer and net realisable value.

14 Provisions and Contingent Liabilities

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

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and arises in the case of three scenarios: possible rather than present obligation; possible rather than probable outflow of economic benefits; inability to measure the economic outflow.

15 Cash and Liquid Resources

Cash balances shown on the face of the balance sheet includes cash in hand, cash at bank and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise money on short-term deposit with a maturity date within one year of the balance sheet date.

16 Taxation Status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 to 488 of the Corporation Tax Act 2010 (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988) or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to 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 and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

statement of principal accounting policies

(continued)

16 Taxation Status (continued)

The University's subsidiary companies and associated undertakings are subject to corporation tax. Deferred tax within these subsidiaries is provided for 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 of tax. 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 the financial statements. Deferred tax assets are recognised to the extent that they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

17 Intra-group Transactions

Gains and losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

Balances between the University and its associates are not eliminated, with unsettled normal trading transactions included as current assets or liabilities. For any gains or losses that are included in the carrying amounts of assets of either entity, the part relating to the University's share is eliminated.

18 Accounting for Charitable Donations

Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received, or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Endowment funds

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these amounts are accounted for as endowments. There are three main types:

1. 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.
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income.
3. 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.

Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the Income and Expenditure Account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

Gifts in kind, including donated tangible fixed assets

Gifts in kind are included in "other income" or "deferred capital grants" as appropriate using a reasonable estimate of their gross value or the amount actually realised.

consolidated income and expenditure account

for the year ended 31 July 2012

	Note	2011/12 £ million	2010/11 £ million
INCOME			
Funding Council Grants	1	84.3	88.2
Academic Fees and Support Grants	2	166.1	147.5
Research Grants and Contracts	3	85.4	86.3
Other Operating Income	4	102.1	96.0
Endowment Income, Investment Income and Interest Receivable	5	2.2	1.1
Total Income		440.1	419.1
EXPENDITURE			
Staff Costs	6	213.7	205.2
Depreciation	12	26.6	25.9
Other Operating Expenses	8	165.1	164.6
Interest Payable and Similar Charges	7	4.6	4.0
Total Expenditure	8	410.0	399.7
SURPLUS ON CONTINUING OPERATIONS AFTER DEPRECIATION OF ASSETS AT COST AND BEFORE TAX		30.1	19.4
Taxation	9	0.5	0.0
Share of (losses) / profit after tax of Associates		(0.1)	0.2
SURPLUS BEFORE EXCEPTIONAL ITEMS		30.5	19.6
Surplus on disposal of Fixed Assets	10	0.0	0.2
SURPLUS ON CONTINUING OPERATIONS AFTER DEPRECIATION OF ASSETS AT COST, DISPOSAL OF ASSETS, TAX AND MINORITY INTEREST		30.5	19.8
Transfer from Accumulated Income within Endowment Funds		0.5	0.5
SURPLUS FOR THE FINANCIAL YEAR RETAINED WITHIN GENERAL RESERVES		31.0	20.3

statement of consolidated total recognised gains and losses

for the year ended 31 July 2012

	Note	2011/12 £ million	2010/11 £ million
Surplus on Continuing Operations after depreciation of assets at cost, disposal of assets, tax and minority interest		30.5	19.8
(Decrease) / Increase in market value of Endowment Asset Investments	22	(0.1)	0.1
Unrealised (Losses) / Gains on Other Equity Investments	24	(0.2)	0.4
New Endowments	22	1.1	1.2
Actuarial (Loss) / Gain in respect of pension scheme	33	(12.9)	8.4
Total Recognised Gain relating to the Year		18.4	29.9

There are no differences between the consolidated income and expenditure account and the result on an historical cost basis.

The consolidated income and expenditure of the University and all its subsidiaries relate wholly to continuing operations. The consolidated surplus includes a surplus of £29.6m (2010/11: surplus of £20.0m) that has been dealt with in the accounts of the University (note 23).

statement of reconciliation of reserves and endowments

for the year ended 31 July 2012

	Note	2011/12 £ million	2010/11 £ million
Opening Reserves and Endowments as at 1 August	22, 23 & 24	153.0	123.1
Total Recognised Gain for the Year		18.4	29.9
CLOSING RESERVES AND ENDOWMENTS AS AT 31 JULY		171.4	153.0

balance sheets

as at 31 July 2012

		Consolidated		University	
	Note	2012 £ million	2011 £ million	2012 £ million	2011 £ million
FIXED ASSETS					
Negative Intangible Assets	11	(4.0)	(0.5)	0.0	0.0
Intangible Assets	11	0.3	0.0	0.3	0.0
Tangible Assets	12	392.1	350.8	368.2	335.7
Investments	13	6.7	8.7	11.8	6.8
		395.1	359.0	380.3	342.5
ENDOWMENT ASSET INVESTMENTS					
	14	7.2	6.7	2.8	2.2
CURRENT ASSETS					
Stocks	15	1.0	1.0	1.0	0.9
Debtors	16	31.7	33.8	35.3	36.0
Short Term Deposits		54.0	27.5	54.0	27.5
Cash at Bank and in Hand		40.7	53.8	38.7	53.6
		127.4	116.1	129.0	118.0
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	17	(108.0)	(106.2)	(131.0)	(125.4)
NET CURRENT ASSETS / (LIABILITIES)					
		19.4	9.9	(2.0)	(7.4)
TOTAL ASSETS LESS CURRENT LIABILITIES					
		421.7	375.6	381.1	337.3
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	18	(100.9)	(78.8)	(100.9)	(78.8)
PROVISIONS FOR LIABILITIES AND CHARGES					
	21	(3.6)	(5.5)	(3.6)	(5.5)
TOTAL NET ASSETS, excluding Pension Liability					
		317.2	291.3	276.6	253.0
PENSION LIABILITY					
	33	(14.7)	(4.3)	(14.7)	(4.3)
TOTAL NET ASSETS, including Pension Liability					
		302.5	287.0	261.9	248.7
DEFERRED CAPITAL GRANTS					
	20	131.1	133.9	130.2	134.1
ENDOWMENTS:					
Permanent	22	3.4	3.3	0.9	0.7
Expendable	22	3.8	3.4	1.9	1.5
GENERAL RESERVES, including Pension Reserve					
	23	164.0	145.9	128.7	112.0
REVALUATION RESERVE					
	24	0.2	0.4	0.2	0.4
MINORITY INTEREST					
		0.0	0.1	0.0	0.0
TOTAL FUNDS					
		302.5	287.0	261.9	248.7

The financial statements on pages 27 to 59 were approved by the Council on 23 November 2012, and signed on its behalf by:

Professor Nigel Thrift, Vice-Chancellor and President

Keith Bedell-Pearce, University Treasurer

consolidated cash flow statement

for the year ended 31 July 2012

	Note	2011/12 £ million	2010/11 £ million
Net Cash Inflow from Operating Activities	28	41.0	29.8
Returns on Investments and Servicing of Finance	29	(3.3)	(2.9)
Taxation	9	0.5	0.0
Capital Expenditure and Financial Investment	30	(46.4)	(38.0)
Cash Outflow before Use of Liquid Resources and Financing		(8.2)	(11.1)
Management of Liquid Resources net contributions (to) / from short term investments	31	(27.1)	5.1
Financing	32	22.2	22.9
(Decrease) / Increase in Cash		(13.1)	16.9

reconciliation of net cash flow to movement in net (debt) / funds

for the year ended 31 July 2012

	Note	2011/12 £ million	2010/11 £ million
(Decrease) / Increase in Cash		(13.1)	16.9
Increase / (Decrease) in Liquid Resources	31	27.1	(5.1)
New Loans and Finance Leases	32	(25.4)	(25.8)
Repayment of Debt	32	3.2	2.9
Change in Net Funds		(8.2)	(11.1)
Net Funds at 1 August		1.9	13.0
Net (Debt) / Funds at 31 July	31	(6.3)	1.9

notes to the accounts

1. HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND & TEACHING AGENCY GRANTS	2011/12	2010/11
	£ million	£ million
Recurrent Grants:		
Higher Education Funding Council for England:		
Teaching	39.5	41.4
Research	33.0	32.7
Teaching Agency	2.0	2.6
Specific Grants:		
HE Innovations Fund	1.9	2.2
Capital Investment Funding	0.0	0.5
Teaching Agency Specific Grants	2.0	1.1
Matched Funding Scheme for Voluntary Giving	0.0	0.5
Others	0.0	0.5
Deferred Capital Grants Released in Year:		
Buildings (Note 20)	2.9	2.5
Equipment (Note 20)	3.0	4.2
	84.3	88.2
	84.3	88.2
2. ACADEMIC FEES AND SUPPORT GRANTS	2011/12	2010/11
	£ million	£ million
Accredited Course Fees From Home/EU Students	62.2	60.0
Accredited Course Fees From Overseas Students	83.1	68.2
Higher Education Foundation Programme Fees	3.8	3.8
Non-Accredited Short Course Fees	4.1	4.7
CASE Awards and Research Training Support Grants	11.8	9.8
Other Fees	1.1	1.0
	166.1	147.5
	166.1	147.5

notes to the accounts

(continued)

3. RESEARCH GRANTS AND CONTRACTS	2011/12	2010/11
	£ million	£ million
Income		
Research Councils	29.6	32.4
Central Government, Local Authorities and Public Corporations	32.8	33.5
UK Charitable Bodies	7.1	7.3
European Union	8.4	7.0
UK Industry and Commerce	4.1	3.2
Overseas	2.8	2.5
Others	0.6	0.4
	85.4	86.3
Direct Expenditure		
Research Councils	23.9	25.9
Central Government, Local Authorities and Public Corporations	27.9	28.0
UK Charitable Bodies	7.0	7.1
European Union	6.7	6.4
UK Industry and Commerce	3.0	2.6
Overseas	2.3	2.1
Others	0.4	0.3
	71.2	72.4

Income from Research Grants and Contracts includes £8.4m in respect of Deferred Capital Grants released in the year (2010/11: £7.0m).

4. OTHER OPERATING INCOME	2011/12	2010/11
	£ million	£ million
Residences, Catering and Conferences	36.2	31.1
Other Services Rendered	3.0	5.1
Released from Deferred Capital Grants	1.6	1.6
Retail Operations	26.9	23.0
Post-Experience Centres	9.7	9.1
Other Income	24.7	26.1
	102.1	96.0

Included within Other Income above is £1.2m (2010/11: £0.4m) relating to the release of negative goodwill arising on the acquisitions of Horticulture Research International and the University of Warwick Science Park (see note 11).

5. ENDOWMENT INCOME AND INTEREST RECEIVABLE	2011/12	2010/11
	£ million	£ million
Net return on University of Warwick Pension Scheme assets (note 33)	0.8	0.0
Income from Permanent Endowment investments	0.1	0.1
Income from Expendable Endowment investments	0.1	0.1
Other Interest Receivable	1.2	0.9
	2.2	1.1

notes to the accounts

(continued)

6. STAFF	2011/12 £ million	2010/11 £ million
Staff Costs: Wages and Salaries	173.5	169.8
Social Security Costs	14.6	14.3
Other Pension Costs	25.6	21.1
	213.7	205.2

The number of full time equivalent staff, by area of activity, can be summarised as:	2011/12 Number	2010/11 Number
Academic staff within academic departments	1,641	1,703
Other staff within academic departments	825	834
Academic services	291	277
Premises management and maintenance	331	330
Residences and catering	417	410
Other services and activities, including commercial operations	846	821
	4,351	4,375

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:

	2011/12 £000	2010/11 £000
Pension compensation (paid as salary)	13	0
Other emoluments of the Vice-Chancellor and President	275	238
	288	238
Total emoluments (excluding pension contributions but including benefits-in-kind)	288	238
Pension contributions in respect of the Vice-Chancellor and President	28	36
	316	274

The pension compensation paid as salary follows changes made to the Vice-Chancellor and President's pension arrangements as a result of changes in pension legislation.

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

	2011/12 Number	2010/11 Number
£300,000 - £309,999	1	0
£290,000 - £299,999	0	1
£250,000 - £259,999	1	0
£240,000 - £249,999	0	1
£230,000 - £239,999	1	1
£180,000 - £189,999	3	1
£170,000 - £179,999	1	3
£160,000 - £169,999	5	4
£150,000 - £159,999	6	5
£140,000 - £149,999	17	9
£130,000 - £139,999	10	12
£120,000 - £129,999	17	10
£110,000 - £119,999	21	20
£100,000 - £109,999	27	38

notes to the accounts

(continued)

6. STAFF - continued

Excluded from the previous list are higher paid employees who left during the year and were, therefore, no longer University employees at the year end. Payments in compensation for loss of office totalling £201,919 were paid to such higher paid employees, in addition to their emolument entitlement for the year.

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.

7. INTEREST PAYABLE

	2011/12 £ million	2010/11 £ million
Loans and finance leases wholly repayable within five years	0.1	0.2
Loans not wholly repayable within five years	4.5	3.8
	4.6	4.0

8. ANALYSIS OF 2011/12 EXPENDITURE BY ACTIVITY

	Staff Costs £ million	Depreciation £ million	Other Operating Expenses £ million	Interest Payable and Similar Charges £ million	2011/12 Total £ million	2010/11 Total £ million
Academic Departments	100.9	3.0	52.3	0.0	156.2	152.6
Research Grants and Contracts	35.4	8.4	27.4	0.0	71.2	72.4
Total Teaching and Research	136.3	11.4	79.7	0.0	227.4	225.0
Academic Services	12.1	2.1	17.0	0.0	31.2	29.6
Central Administration and Services	19.0	0.7	3.5	0.0	23.2	23.5
General Educational Expenditure	3.8	0.1	15.1	0.0	19.0	16.9
Staff and Student Facilities	5.7	0.1	4.6	0.0	10.4	9.3
Premises	10.0	9.0	17.3	0.0	36.3	35.4
Residences, Catering and Conferences	9.5	1.9	16.0	3.3	30.7	28.2
Other Services Rendered	2.0	0.0	2.8	0.0	4.8	4.9
Retail Operations	12.7	0.5	5.7	0.2	19.1	18.1
Post-Experience Centres	4.2	0.7	2.5	0.0	7.4	7.4
Other Activities	(1.6)	0.1	0.9	1.1	0.5	1.4
Total per Income and Expenditure Account	213.7	26.6	165.1	4.6	410.0	399.7

Staff costs, within "Other Activities", include:

	2011/12 £ million	2010/11 £ million
Excess of Contributions to Pension Scheme Against Service Costs (Note 33)	(1.7)	(2.5)

The depreciation charge has been funded by:

	2011/12 £ million	2010/11 £ million
Deferred Capital Grants Released (Note 20)	15.9	16.2
General Income	10.7	9.7
	26.6	25.9

notes to the accounts

(continued)

8. ANALYSIS OF 2011/12 EXPENDITURE BY ACTIVITY - continued

Other operating expenses include:	2011/12 £000	2010/11 £000
Auditors' Remuneration for the University of Warwick Group (An amount of £41k (2010/11: £40k) relates to the Auditors' remuneration for the University)	80	67
Auditors' Remuneration in respect of Non-Audit Services appointed by the University	100	131
Grants to Warwick Students' Union	2,151	1,948

During the year five lay members of the Council claimed a combined total of £4,566 in expenses (2010/11: six members claimed a combined total of £2,300). 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 its external 'lay' 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.

9. TAXATION

	2011/12 £ million	2010/11 £ million
Current Tax adjustment in respect of prior years' UK Corporation Tax	(0.3)	0.0
Deferred Tax adjustment in respect of prior years	(0.2)	0.0
Total tax recoverable for year	(0.5)	0.0

10. EXCEPTIONAL ITEMS

	2011/12 £ million	2010/11 £ million
Surplus on disposal of land and buildings	0.0	0.2

During 2010/11 the University sold its remaining interest in land and buildings at Kirton, an off-campus agricultural research site linked to Warwick HRI activities, for £0.4m. The net profit on disposal, after professional costs of sale, is shown by the comparative year figures above. The proceeds of the sale have been reinvested in the University's capital development programme for academic buildings.

notes to the accounts

(continued)

11. INTANGIBLE FIXED ASSETS	Consolidated		University	
	2012 £ million	2011 £ million	2012 £ million	2011 £ million
Negative Intangible Assets				
Negative goodwill arising on acquisition of				
- Horticulture Research International	(3.8)	(3.8)	(5.3)	(5.3)
- University of Warwick Science Park	(4.7)	0.0	0.0	0.0
Goodwill credited to Income and Expenditure Account				
- in previous years	3.3	2.9	5.3	5.3
- in this year	1.2	0.4	0.0	0.0
Net Negative Goodwill as at 31 July	(4.0)	(0.5)	0.0	0.0
Intangible Assets				
EU Emissions and Carbon Reduction Commitment Allowances	0.3	0.0	0.3	0.0

Horticulture Research International, Negative Goodwill

Consolidated

On 31 March 2004 the Group acquired control of Horticulture Research International, a company limited by guarantee, for a consideration of £1.

The shortfall in consideration paid, below the fair value of assets acquired, was initially shown in the Group's balance sheet as a negative goodwill figure of £3.8m. The negative goodwill on acquisition of Horticulture Research International has been released to the Income and Expenditure Account over the period of 100 months (8 years 4 months), which matches the term of acquired significant research contracts.

University

On 31 July 2005 the business and assets of Horticulture Research International were transferred to the University for a consideration of £1.

There were no differences between the book value and the fair value of the assets of Horticulture Research International as at 31 July 2005 and the shortfall in consideration paid, below the fair value of the net assets acquired (the negative goodwill on acquisition of the assets and liabilities of Horticulture Research International) was fully credited to the Income and Expenditure Account of the University at this date.

University of Warwick Science Park Limited, Negative Goodwill

On 1 February 2012 the University acquired the remaining shareholding of the University of Warwick Science Park Limited, for a consideration of £3.7m.

The shortfall in consideration paid, below the fair value of assets acquired, has been recognised in the Group's balance sheet as a negative goodwill figure of £4.7m. The negative goodwill on acquisition of the Science Park is to be released to the Income and Expenditure Account over a period of 42 months (3 years 6 months), which matches the anticipated period of backlog maintenance works to be undertaken on Science Park properties.

There were no differences between the book value and the fair value of the assets of the University of Warwick Science Park Limited as at 1 February 2012.

notes to the accounts

(continued)

11. INTANGIBLE FIXED ASSETS - continued

The assets and liabilities of the University of Warwick Science Park Limited as at the date of acquisition were:

Book and Fair Value as at 1 February 2012	£ million
Tangible Fixed Assets (note 12)	12.8
Deferred Capital Grants (note 20)	(1.2)
Fixed Asset Investments	0.4
Debtors	0.5
Cash	2.3
Creditors	(3.6)
Net Assets	11.2

The Science Park was acquired with cash of £2.3m and during the six months of trading, post-acquisition, contributed a reduction of £0.4m to the Group's net operating cash flow, expensed a net £1.0m in respect of servicing finance costs, received net incoming loans totalling £0.5m and paid out £0.1m for capital expenditure.

The net cash position of the Group was reduced by £2.4m at the end of the year as a result of the acquisition of the Company. External income and expenditure of the Science Park for the six month period post acquisition was £2.0m and £1.9m, respectively.

12. TANGIBLE FIXED ASSETS

CONSOLIDATED

	Total £ million	Land & Buildings £ million	Fixtures, Fittings & Equipment £ million	Assets under the Course of Construction £ million
Cost				
At 1 August 2011	551.7	373.7	129.2	48.8
Acquisition (note 11)	17.4	16.4	1.0	0.0
Additions at Cost	55.2	13.5	9.0	32.7
Asset Transfers	0.0	53.4	0.8	(54.2)
Write Offs and Disposals at Cost	(7.0)	(0.2)	(6.8)	0.0
At 31 July 2012	617.3	456.8	133.2	27.3
Depreciation				
At 1 August 2011	200.9	109.7	91.2	0.0
Acquisition (note 11)	4.6	3.6	1.0	0.0
Charge for the year	26.6	11.9	14.7	0.0
Eliminated on Write Offs and Disposals	(6.9)	(0.2)	(6.7)	0.0
At 31 July 2012	225.2	125.0	100.2	0.0
Net Book Value at 31 July 2012	392.1	331.8	33.0	27.3
Net Book Value at 31 July 2011	350.8	264.0	38.0	48.8

Included within fixtures, fittings and equipment of both the University and the consolidated group are assets with a cost of £9.4m (including irrecoverable VAT of £1.4m) and carried at a net book value of £7.5m, that were purchased under a finance lease agreement with Cisco Systems Finance International and are, consequently, held as security against this loan (see note 19).

notes to the accounts

(continued)

12. TANGIBLE FIXED ASSETS - continued

UNIVERSITY

	Total £ million	Land & Buildings £ million	Fixtures, Fittings & Equipment £ million	Assets under the Course of Construction £ million
Cost				
At 1 August 2011	523.7	352.6	122.3	48.8
Additions at Cost	58.1	16.1	9.3	32.7
Asset Transfers	0.0	53.4	0.8	(54.2)
Write Offs and Disposals at Cost	(2.0)	0.0	(2.0)	0.0
At 31 July 2012	579.8	422.1	130.4	27.3
Depreciation				
At 1 August 2011	188.0	103.2	84.8	0.0
Charge for the Year	25.6	10.9	14.7	0.0
Eliminated on Write Offs and Disposals	(2.0)	0.0	(2.0)	0.0
At 31 July 2012	211.6	114.1	97.5	0.0
Net Book Value at 31 July 2012	368.2	308.0	32.9	27.3
Net Book Value at 31 July 2011	335.7	249.4	37.5	48.8

13. INVESTMENTS

	Consolidated		University	
	2012 £ million	2011 £ million	2012 £ million	2011 £ million
Balance at 1 August	8.7	7.1	6.8	5.2
Net Additions in the year	0.5	0.9	5.7	1.1
Share of Associate's (Deficit) / Surplus for the year	(0.1)	0.2	0.0	0.0
(Decrease) / Increase in Market Value	(0.2)	0.4	(0.2)	0.4
(Increase) / Decrease in Provision for Diminution in Value	(2.2)	0.1	(0.5)	0.1
Balance at 31 July	6.7	8.7	11.8	6.8
Represented by:				
Group Undertakings	0.0	0.0	5.3	0.8
Associated Undertakings	1.7	2.7	0.7	0.0
Other Equity Investments	1.8	1.1	0.9	1.1
Cash held within Managed Funds	0.4	0.3	0.4	0.3
Bonds held within Managed Funds	0.4	0.3	0.4	0.3
Equity Investments held within Managed Funds	4.2	4.0	4.2	4.0
Alternative Investments held within Managed Funds	1.4	1.3	1.4	1.3
	9.9	9.7	13.3	7.8
Provision for Diminution in Value	(3.2)	(1.0)	(1.5)	(1.0)
	6.7	8.7	11.8	6.8

notes to the accounts

(continued)

13. INVESTMENTS - continued

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 2012 the University's full investment of £650k has been fully provided against within the accounts of the University.

University of Warwick Science Park

On 1 February 2012, the University acquired full ownership of the University of Warwick Science Park Limited. Prior to this date and as shown in the comparative year end Associated Undertaking investment figures, the University's 35% shareholding was treated as an associated undertaking within the consolidated group accounts. From the date of acquisition, the Science Park is 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 34).

Other Equity Investments includes:

CVCP Properties plc	50,766 ordinary shares of £1 each
BTG Management Services Limited	9,198 6% unsecured convertible loan notes

The University also holds investments in:

The Mercia Fund 1

This is a limited partnership between the Universities of Birmingham and Warwick and the General Partner, Mercia Fund Management Limited. The investment comprises of a 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 West Midlands Enterprise Limited.

The University has a commitment to invest a further £200k into Mercia Fund 1 over three years, the first tranche of £67k was called in September 2012, once matched funding was in place.

The Mercia Fund 2

This is a limited partnership between a number of partner institutions, including several universities, and the General Partner, Mercia Fund 2 Managers Limited. Warwick's investment comprises of a capital contribution of £40, being 6.4% of total capital contributions, and a loan of £400k. The Limited Partners, including Warwick, have invested a combined capital contribution of £500, with the Founder Partner, Mercia Fund 2 (CIV) LP, holding a further £125 (20%) capital investment.

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 30 active spin-out companies, all of which are incorporated in Great Britain and registered in England. In total these spin-out companies employ almost 200 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> or are available on written request to the Secretary of Warwick Ventures Limited.

The University provides for investment in spin-out companies immediately upon acquisition and, whilst shareholdings vary in range, up to 33.3%, 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.

notes to the accounts

(continued)

14. ENDOWMENT ASSET INVESTMENTS

	Consolidated		University	
	2012 £ million	2011 £ million	2012 £ million	2011 £ million
Balance at 1 August 2011	6.7	5.9	2.2	1.2
New endowments invested	0.0	0.8	0.0	0.5
(Decrease) / Increase in market value of investments	(0.1)	0.1	0.0	0.0
Increase / (Decrease) in cash balances held for endowment funds	0.6	(0.1)	0.6	0.5
Balance at 31 July 2012	7.2	6.7	2.8	2.2
Composed of :-				
Securities	4.0	4.1	0.5	0.5
Cash at bank held for endowment funds	3.2	2.6	2.3	1.7
Total Endowment Asset Investments	7.2	6.7	2.8	2.2

15. STOCKS

	Consolidated		University	
	2012 £ million	2011 £ million	2012 £ million	2011 £ million
Raw materials and consumables	1.0	1.0	1.0	0.9

16. DEBTORS

	Consolidated		University	
	2012 £ million	2011 £ million	2012 £ million	2011 £ million
Amounts falling due within one year:				
Trade Debtors	15.2	12.2	13.1	10.9
VAT and Other Taxes	0.2	0.9	0.0	0.0
Amounts owed by group undertakings	0.0	0.0	6.3	4.6
Amounts owed by associated undertaking	0.0	0.1	0.0	0.1
Prepayments and accrued income	16.3	20.6	15.9	20.4
Total	31.7	33.8	35.3	36.0

notes to the accounts

(continued)

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2012 £ million	2011 £ million	2012 £ million	2011 £ million
Unsecured Loans (note 19)	1.7	1.6	1.7	1.6
Obligations under Finance Leases (note 19)	1.6	1.6	1.6	1.6
Payments Received in Advance	61.0	60.9	60.0	60.5
Trade Creditors	14.5	11.0	14.2	10.8
Social Security and Other Taxation Payable	7.8	11.3	7.4	10.9
Accruals	21.4	19.8	21.0	17.8
Amounts owed to group undertakings	0.0	0.0	25.1	22.2
	108.0	106.2	131.0	125.4

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

	Consolidated		University	
	2012 £ million	2011 £ million	2012 £ million	2011 £ million
Unsecured Loans (note 19)	98.1	74.4	98.1	74.4
Obligations under Finance Leases (note 19)	2.8	4.4	2.8	4.4
	100.9	78.8	100.9	78.8

19. FINANCIAL INSTRUMENTS AND BORROWINGS

At 31 July 2012 the consolidated leases and bank borrowings are analysed as follows, by expected date of final capital repayment:

	Totally Repayable		
	Total £ million	Between two and five years £ million	After five years £ million
Amounts falling due within one year (note 17):	3.3	1.9	1.4
Amounts falling due after more than one year (note 18):	100.9	3.5	97.4
	104.2	5.4	98.8

notes to the accounts

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19. FINANCIAL INSTRUMENTS AND BORROWINGS - 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 effective fixed rate borrowing over the life of the loans as shown below.

Bank loan arrangements for the University as at 31 July 2012:

	Total original facility	Outstanding 31 July 2012	Effective Fixed rate
	£ million	£ million	
Drawn facilities - all variable rate			
Amortising loan, drawn July 2007, repayable July 2037	40.0	33.0	5.38%
Bullet loan, drawn July 2008, repayable July 2037	10.0	10.0	4.83%
Bullet loan, drawn July 2009, repayable July 2037	5.0	5.0	4.93%
Bullet loan, drawn October 2010, repayable July 2037	15.0	15.0	4.93%
Bullet loan, drawn October 2010, repayable July 2037	10.0	10.0	4.85%
Amortising loan, drawn March 2012, repayable December 2040 (item 5, below)	25.0	25.0	5.19%
	105.0	98.0	
Additional available facilities - all variable rate			Effective Fixed rate
	£ million		
Amortising loan, repayable December 2040 (item 5, below)	35.0		5.19%
	35.0		

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

Throughout 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. £0.3 remains outstanding as at 31 July 2012.
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. Finance leases from Cisco Systems Finance International, totalling £8.0m, for the purchase of information technology products associated with the upgrade of the University's network systems. These leases are all repayable in equal instalments over five years, with expected dates of final capital repayment ranging from December 2014 to April 2015.

As at 31 July 2012 balances of £4.0m remained outstanding at an effective fixed rate of borrowing of 3% and £0.4m remains outstanding at an effective fixed rate of 0%, with all finance lease borrowings secured against the equipment purchased (see note 12).

4. Loans totalling £0.8m from Salix Finance Ltd, as part of the Energy Efficient Loans Scheme, specifically for the purpose of funding energy saving projects. The loans are at a 0% rate of interest and are repayable in eight equal instalments, from March 2011 to September 2014. £0.5m remains outstanding as at 31 July 2012
5. A forward dated amortising swap for £25m, rising to £45m in December 2012 and to £60m in December 2013. The University has an agreed £60m loan facility covering these swaps, £25m drawn down in March 2012, as noted in the table above.

notes to the accounts

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19. FINANCIAL INSTRUMENTS AND BORROWINGS - continued

During the year the University entered into the following new borrowing arrangements:

6. A further loan of £0.2m was received from Salix Finance Ltd, as part of the Energy Efficient Loans Scheme. The loan is at 0% rate of interest and is repayable in eight equal instalments from March 2012 to September 2015.
7. A further loan of £0.2m was received from HEFCE, as part of HEFCE's partnership with Salix Finance Ltd. This loan is at 0% rate of interest and is repayable in eight equal instalments from May 2013 to November 2016.

20. DEFERRED CAPITAL GRANTS

	Consolidated			University		
	Total £ million	Funding Council £ million	Other Grants & Benefactions £ million	Total £ million	Funding Council £ million	Other Grants & Benefactions £ million
At 1 August 2011:						
Buildings	106.3	65.4	40.9	106.5	65.4	41.1
Equipment	27.6	11.2	16.4	27.6	11.2	16.4
Total	133.9	76.6	57.3	134.1	76.6	57.5
Add: On Acquisition (note 11):						
Buildings	1.2	0.0	1.2	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Total	1.2	0.0	1.2	0.0	0.0	0.0
Add: Cash Received:						
Buildings	7.1	3.6	3.5	7.1	3.6	3.5
Equipment	4.8	0.9	3.9	4.8	0.9	3.9
Total	11.9	4.5	7.4	11.9	4.5	7.4
Less: Released to Income & Expenditure:						
Buildings (Notes 1, 3 & 4)	4.7	2.9	1.8	4.6	2.9	1.7
Equipment (Notes 1, 3 & 4)	11.2	3.0	8.2	11.2	3.0	8.2
Total (Note 8)	15.9	5.9	10.0	15.8	5.9	9.9
At 31 July 2012:						
Buildings	109.9	66.1	43.8	109.0	66.1	42.9
Equipment	21.2	9.1	12.1	21.2	9.1	12.1
Total	131.1	75.2	55.9	130.2	75.2	55.0

notes to the accounts

(continued)

21. PROVISIONS FOR LIABILITIES AND CHARGES

	Consolidated	University
	£ million	£ million
Early leavers and retirements provision		
At 1 August 2011	1.3	1.3
Utilised in Year	(1.3)	(1.3)
At 31 July 2012	0.0	0.0
Life Sciences restructuring provision		
At 1 August 2011	4.2	4.2
Utilised in Year	(0.6)	(0.6)
At 31 July 2012	3.6	3.6
Total of above provisions carried forward at 31 July 2012	3.6	3.6

22. ENDOWMENTS

CONSOLIDATED

	Restricted Permanent £ million	Restricted Expendable £ million	2012 Total £ million	2011 Total £ million
Opening balances at 1 August				
Capital	3.1	3.3	6.4	5.7
Accumulated Income	0.2	0.1	0.3	0.2
	3.3	3.4	6.7	5.9
New endowments	0.2	0.9	1.1	1.2
Investment Income	0.1	0.1	0.2	0.2
Expenditure	(0.1)	(0.6)	(0.7)	(0.7)
	0.0	(0.5)	(0.5)	(0.5)
(Decrease) / Increase in market value of investments	(0.1)	0.0	(0.1)	0.1
Closing balances at 31 July	3.4	3.8	7.2	6.7
Represented by:				
Capital	3.2	3.7	6.9	6.4
Accumulated Income	0.2	0.1	0.3	0.3
Total	3.4	3.8	7.2	6.7
Analysis of endowment funds by type and purpose				
Chairs and lectureships	1.5	0.6	2.1	2.2
Scholarships and bursaries	1.4	1.1	2.5	2.2
Prize funds	0.4	0.1	0.5	0.4
General	0.1	1.7	1.8	1.6
Research Support	0.0	0.3	0.3	0.3
Total	3.4	3.8	7.2	6.7

notes to the accounts

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22. ENDOWMENTS - continued

UNIVERSITY

	Restricted Permanent £ million	Restricted Expendable £ million	2012 Total £ million	2011 Total £ million
Opening balances at 1 August				
Capital	0.7	1.5	2.2	1.2
Accumulated Income	0.0	0.0	0.0	0.0
	0.7	1.5	2.2	1.2
New endowments	0.2	0.8	1.0	1.2
Investment Income	0.0	0.0	0.0	0.0
Expenditure	0.0	(0.4)	(0.4)	(0.2)
	0.0	(0.4)	(0.4)	(0.2)
Increase in market value of investments	0.0	0.0	0.0	0.0
Closing balances at 31 July	0.9	1.9	2.8	2.2
Represented by:				
Capital	0.9	1.9	2.8	2.2
Accumulated Income	0.0	0.0	0.0	0.0
Total	0.9	1.9	2.8	2.2

23. GENERAL RESERVES

	Consolidated £ million	University £ million
Balance at 1 August 2011	145.9	112.0
Surplus for the Financial Year	31.0	29.6
Actuarial Loss on Pension Liability (note 33)	(12.9)	(12.9)
Balance at 31 July 2012	164.0	128.7
General Reserves excluding Pension Liability (note 25)	178.7	143.4
Pension Reserve (note 33)	(14.7)	(14.7)
General Reserves including Pension Liability	164.0	128.7

24. REVALUATION RESERVE

	Consolidated £ million	University £ million
Balance at 1 August 2011	0.4	0.4
Decrease in market value of equity investments in year (note 13)	(0.2)	(0.2)
Balance at 31 July 2012	0.2	0.2

notes to the accounts

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25. CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT RESERVES	2012	2011
	£ million	£ million
General Reserves - Associate Investment	0.0	2.7
Other Reserves	178.7	147.4
	178.7	150.1

26. LEASE OBLIGATIONS	Consolidated		University	
	2012	2011	2012	2011
	£ million	£ million	£ million	£ million
Operating lease commitments in respect of buildings and equipment on leases expiring:				
Within one year	0.1	1.4	0.1	0.1
Between one and five years	0.7	0.6	0.7	0.6
Over five years	1.3	1.2	1.3	1.2
	2.1	3.2	2.1	1.9

27. CAPITAL COMMITMENTS	Consolidated		University	
	2012	2011	2012	2011
	£ million	£ million	£ million	£ million
Commitments contracted at 31 July	24.9	26.2	24.9	26.2
Authorised but not contracted at 31 July	122.1	86.0	118.1	86.0
	147.0	112.2	143.0	112.2

28. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2011/12	2010/11
	£ million	£ million
Surplus on Ordinary Activities Before Tax	30.1	19.4
Surplus relating to Exceptional Items (Note 10)	0.0	0.2
Depreciation (Note 12)	26.6	25.9
Excess of Contributions to Pension Scheme Against Service Costs (Note 33)	(1.7)	(2.5)
Credit of Goodwill (Note 11)	(1.2)	(0.4)
Movement on valuation of EU Emissions and Carbon Reduction Commitment allocations	(0.3)	0.0
Surplus on Write Off and Disposal of Tangible Fixed Assets	0.0	(0.2)
Deferred Capital Grants Released to Income (Note 20)	(15.9)	(16.2)
Deferred Capital Grant adjustments in respect of asset disposals	0.0	0.1
Endowment Income and Interest Receivable (Note 5)	(2.2)	(1.1)
Interest Payable (Note 7)	4.6	4.0
Transfer of Fixed Assets in the process of sale from Stock	0.0	(0.2)
Decrease in Stocks	0.0	0.2
Decrease / (Increase) in Debtors	2.6	(0.2)
(Decrease) / Increase in Creditors	(1.9)	6.2
Decrease in Provisions (Note 21)	(1.9)	(5.3)
Increase / (Decrease) in Investments' Provisions (Note 13)	2.2	(0.1)
	41.0	29.8

notes to the accounts

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29. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011/12 £ million	2010/11 £ million
Income from Endowments (Note 5)	0.2	0.2
Other Interest Receivable (Note 5)	1.2	0.9
Interest Payable (Note 7)	(4.6)	(4.0)
Deed of Covenant payment to Minority Interests	(0.1)	0.0
	(3.3)	(2.9)

30. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2011/12 £ million	2010/11 £ million
Tangible Assets Acquired (Note 12)	(55.2)	(51.3)
Investments Acquired (Note 13)	(0.5)	(0.9)
Endowment Asset Investments Acquired (Note 14)	0.0	(0.8)
Net Proceeds on Disposal of Tangible Assets	0.0	0.4
Consideration paid on acquisition of Science Park business (Note 11)	(3.7)	0.0
Deferred Capital Grants Received (Note 20)	11.9	13.4
Endowments Received (Note 22)	1.1	1.2
	(46.4)	(38.0)

31. ANALYSIS OF CHANGES IN NET FUNDS / (DEBT)

	At 1 August 2011 £ million	Other Changes £ million	Cash Flows £ million	At 31 July 2012 £ million
Cash at Bank and in Hand	53.8	0.0	(13.1)	40.7
Short Term Deposits	27.5	0.0	26.5	54.0
Endowment Assets (Note 14)	2.6	0.0	0.6	3.2
Debt due within one year (Note 17)	(3.2)	(3.2)	3.1	(3.3)
Debt due after one year (Note 18)	(78.8)	3.2	(25.3)	(100.9)
Net Funds / (Debt)	1.9	0.0	(8.2)	(6.3)

32. ANALYSIS OF CHANGES IN CONSOLIDATED FINANCING

	Loans and Leases £ million	£ million
Balances at 1 August 2010		59.1
New Loans	25.8	
Capital Repayments	(2.9)	
Net New Loans in Year		22.9
Balances at 31 July 2011		82.0
New Loans	25.4	
Capital Repayments	(3.2)	
Net New Loans in Year		22.2
Balances at 31 July 2012 (Note 19)		104.2

notes to the accounts

(continued)

33. PENSION SCHEMES

Universities Superannuation Scheme (USS)

The University participates in the USS, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. USS has over 145,000 active members (2011: 142,000+) and the University had 2,514 active members participating in the scheme as at 31 July 2012 (2011: 2,418).

The main results of the most recent full triennial valuation of the USS and the assumptions used in this valuation that have the most significant effect on the result of the valuation are shown below. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI, which corresponds broadly to 2.75% for RPI per annum).

Latest actuarial valuation date for which information is available	31 March 2011
Valuation method	Projected Unit
Value of scheme assets	£32,433.5m
Value of technical provisions	£35,343.7m
Net pension deficit	£2,910.2m
Funding level from accrued benefits	92.0%
Rate of return on investments	6.1%
Salary scale increases per annum	4.4% *
Pension increases per annum	3.4% for three years following valuation, then 2.6%

- * includes short-term general pay growth at 3.65% per annum, plus an additional allowance for increases in salaries due to age and promotion reflecting Scheme experience, with a further cautionary reserve on top for past service liabilities

Standard PA92 MC YoB mortality tables were used, 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 but also provides an element of conservatism to allow for further improvements in mortality rates, the CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65:	23.7 (25.6) years
Males (females) currently aged 45:	25.5 (27.6) years

The valuation at 31 March 2011 was the second valuation for USS under the new 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. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 93% funded. On a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company. Using the FRS 17 formula as if USS was a single employer scheme, using an AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

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33. PENSION SCHEMES - continued

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions, except that the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included in addition, on account of the variability mentioned above. A 0.25% increase in the rate of salary growth assumption would have increased scheme liabilities by approximately £0.6 billion.

As at the valuation date the scheme was still a fully final salary scheme for future accruals and the employer contribution rate was 16% of pensionable salaries.

Following UK government legislation, from 2011 statutory pension increases and revaluations are based on the Consumer Prices Index measure of inflation. Historically these increases have been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme, although these became effective from October 2011. These include:

- New entrants, other than in specific, limited circumstances, now being provided with a Career Revalued Benefits (CRB) basis, rather than a Final Salary (FS) basis;
- Normal pension age being increased for future service and new entrants, to age 65;
- Flexible retirement options being introduced;
- Member contributions being increased to 7.5% per annum and 6.5% per annum for FS Section and CRB Section members, respectively;
- Cost sharing for total contributions in excess of 23.5% of salaries being introduced, whereby the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions; and
- A pension increase cap being introduced for service derived after 30 September 2011, whereby USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Since March 2011 global investment markets have continued to fluctuate and, following its peak in September 2011, inflation declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011, allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimate.

On the FRS 17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on an historic gilts basis at that date was approximately 56%.

notes to the accounts

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33. PENSION SCHEMES - continued

Surpluses or deficits which arise at future valuations may impact on the institution'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.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

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 FRS 17 disclosure relates to this ongoing DBS. Under FRS 17, 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 Income and Expenditure Account of the University. Other changes in the forecast scheme liability recorded on the Balance Sheet, as a result of changes in assumptions, are recorded in the Statement of Total Recognised Gains and Losses. 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 2012 by a qualified independent actuary, for calculating FRS 17 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 2010
Valuation method		Projected Unit
Value of notional assets		£111.8m
Funding level from accrued benefits		91%
Investment return per annum	- pre-retirement	6.35%
	- post-retirement	4.85%
Salary scale increases per annum		4.25%
Pension increases per annum (subject to limited price indexation)		3.00%

As at 31 July 2012 there were 906 members of staff actively contributing to the DBS of the Scheme (2011: 1,019), with a further 227 staff being active members of the DCS (2011: 109).

In line with the agreed deficit recovery plan, the University paid an increased contribution rate of 24% into the DBS of the Scheme up to 1 April 2012, before reducing to 23.5% for the remainder of the year ending 31 July 2012. The University expects to continue at a 23.5% contribution rate through the year ending 31 July 2013 and the estimated contribution for the year ending 31 July 2013 is £4.7 million, including salary sacrifice 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 scheme, which are between 6% and 10% of pensionable salary, dependent upon the level of employee contributions chosen by the scheme member, are recognised through the Income and Expenditure Account as paid over to the external scheme provider.

notes to the accounts

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33. PENSION SCHEMES - continued

The major FRS 17 assumptions used by the actuary (in nominal terms) for the latest updates were:

	2012	2011	2010	2009	2008
Rate of increase in salaries	3.55%	4.25%	4.45%	4.65%	4.75%
Discount rate	4.70%	5.40%	5.50%	6.00%	5.80%
Inflation assumption (RPI)	2.80%	3.50%	3.20%	3.40%	3.50%
Inflation assumption (CPI) *	1.80%	2.50%	n/a	n/a	n/a
Return on equity investments **	7.30%	7.60%	7.80%	8.50%	7.90%
Return on bond investments **	4.00%	4.40%	4.40%	4.64%	4.90%

* 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 (equities) 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. This resulted in the selection of a 6.64% assumption for returns in the year ending 31 July 2012 (10/11: 6.77%). Non-investment expenses incurred in the year have been offset within the final disclosures of expected returns on assets shown on the next page.

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

	Years	Years	Years	Years	Years
Male member aged 45	23.4	23.2	22.4	22.4	22.4
Female member aged 45	25.9	25.7	25.7	25.7	25.7
Male member aged 65	21.5	21.3	20.6	20.6	20.6
Female member aged 65	24.1	23.9	23.7	23.7	23.7

The assets in the Scheme were:

	2012	2011	2010	2009	2008
	£ million	£ million	£ million	£ million	£ million
Value of assets					
- Equities	84.9	86.0	74.6	72.7	72.0
- Bonds and cash	42.7	38.1	32.0	20.5	24.0
Total market value of assets	127.6	124.1	106.6	93.2	96.0
Value of liabilities	(142.3)	(128.4)	(121.8)	(111.2)	(108.2)
Net pension deficit	(14.7)	(4.3)	(15.2)	(18.0)	(12.2)

Including FRS 17 valuations, the University Group's net assets and revenue reserves can be shown as follows:

	2012	2011	2010	2009	2008
	£ million	£ million	£ million	£ million	£ million
Net assets excluding pension liability	317.2	291.3	275.1	254.8	232.8
Pension liability	(14.7)	(4.3)	(15.2)	(18.0)	(12.2)
Net assets including pension liability	302.5	287.0	259.9	236.8	220.6
	2012	2011	2010	2009	2008
	£ million	£ million	£ million	£ million	£ million
Income and expenditure reserve excluding pension liability	178.7	150.1	132.3	124.5	122.0
Pension reserve	(14.7)	(4.3)	(15.2)	(18.0)	(12.2)
Income and expenditure reserve including pension liability	164.0	145.8	117.1	106.5	109.8

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33. PENSION SCHEMES - continued

Analysis of movement in the market value of scheme assets	2011/12 £ million	2010/11 £ million
Fair value of plan assets at beginning of the year	124.1	106.6
Expected rate of return on scheme assets	7.7	6.7
Actuarial (losses) / gains	(3.9)	9.3
Contribution paid by the employer	4.9	5.8
Contributions by scheme participants	0.1	0.1
Benefits paid	(5.3)	(4.4)
	<hr/>	
Fair value of plan assets at end of the year	<u>127.6</u>	<u>124.1</u>
Analysis of movement in the present value of scheme liabilities	2011/12 £ million	2010/11 £ million
Benefit obligation at beginning of the year	128.4	121.8
Current service costs	3.2	3.3
Interest cost	6.9	6.7
Contributions by scheme participants	0.1	0.1
Actuarial losses	9.0	0.9
Benefits paid	(5.3)	(4.4)
	<hr/>	
Benefit obligation at end of the year	<u>142.3</u>	<u>128.4</u>
Analysis of amount recognised in Statement of Total Recognised Gains and Losses	2011/12 £ million	2010/11 £ million
Actual gain on scheme assets	3.8	16.0
Expected return on assets	(7.7)	(6.7)
Experienced gains and losses on liabilities	(2.7)	1.3
Changes in assumptions	(6.3)	(2.2)
	<hr/>	
Net actuarial gain recognised in the Statement of Total Recognised Gains and Losses	<u>(12.9)</u>	<u>8.4</u>
Summary of movement in net liability during the year	2011/12 £ million	2010/11 £ million
Current service cost	(3.2)	(3.3)
Contributions	4.9	5.8
Net return on assets	0.8	0.0
	<hr/>	
Net credit to Income and Expenditure Account	2.5	2.5
Actuarial (loss) / gain recognised in the Statement of Total Recognised Gains and Losses	(12.9)	8.4
Deficit in scheme at 1 August	(4.3)	(15.2)
	<hr/>	
Deficit in scheme at 31 July	<u>(14.7)</u>	<u>(4.3)</u>

notes to the accounts

(continued)

33. PENSION SCHEMES - continued

History of experience of gains and losses	2011/12 £ million	2010/11 £ million	2009/10 £ million	2008/09 £ million	2007/08 £ million
Actual return less expected return on scheme assets	(3.9)	9.3	6.5	(11.6)	(13.7)
% of scheme assets:	(3.1%)	7.5%	6.1%	(12.4%)	(14.3%)
Experience of gains and losses on liabilities	(2.7)	1.3	2.0	0.0	2.7
% of scheme liabilities:	(1.9%)	1.0%	1.6%	0.0%	2.5%
Changes in assumptions	(6.3)	(2.2)	(7.1)	5.6	8.4
Total amount recognised in Statement of Total Recognised Gains and Losses	(12.9)	8.4	1.4	(6.0)	(2.6)
% of scheme liabilities:	(9.1%)	6.5%	1.1%	(5.4%)	(2.4%)

Cumulative actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses are:

	2012 £ million	2011 £ million
Loss as at 31 July	(29.7)	(16.8)

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

	2011/12 £ million	2010/11 £ million
Universities Superannuation Scheme (USS)	18.1	17.6
University of Warwick Pension Scheme (UWPS) Defined Benefit Section	4.1	5.1
University of Warwick Pension Scheme (UWPS) Defined Contribution Section	0.3	0.1
Other schemes	4.8	0.8
	27.3	23.6
FRS 17 adjustment to pension charge for year	(1.7)	(2.5)
Pension cost for year (note 6)	25.6	21.1

The NHSPA is a multi-employer scheme where the institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a 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.

Due to the low value of contributions and small number of participants in defined benefit schemes other than the University's own scheme (UWPS), as shown above, no disclosures have been made under FRS17 on the grounds of materiality.

notes to the accounts

(continued)

34. 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	100,004
Warwick University Services Limited	125,000
Warwick University Enterprises Limited	20,000
Research-TV Limited (Dormant)	3
Warwick Conferences Limited (Dormant)	2
The University of Warwick Press Limited (Dormant)	2
Warwick Learning Limited (Dormant)	200
Jobs for the Academic Community Limited (Dormant)	1
World First Racing Limited (Dormant)	100
Warwick Ventures Limited	50,000
WMG-Tech Limited (incorporated 18 August 2011 and dormant)	1
University of Warwick Science Park Limited (fully acquired 1 February 2012 - note 13)	27,997

[Horticulture Research International \(HRI\)](#)

The University is the sole member of HRI, a private company limited by guarantee and an exempt charity. This company and its 100% owned subsidiary, HRI Limited, have been dormant throughout the year.

[University of Warwick Foundation](#)

In addition, the consolidated accounts include the accounts of The University of Warwick Foundation, an exempt Charity, and its wholly owned subsidiary UW Construction Limited. 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 35 of these accounts.

[Warwick Advertising Limited](#)

On 13 July 2012 an application was made to strike off Warwick Advertising Limited (previously AdsFab Limited) at Companies House. Up to its dissolution the University held 51.0% of voting shares and 50.5% of non-voting shares in Warwick Advertising Limited, being 153,000 £1 ordinary 'C' shares (non-voting) and 51 £1 ordinary 'A' shares (voting). The consolidated accounts include the results of Warwick Advertising Limited, though there was no activity undertaken within this company that is regarded as material to the group during the two years ended 31 July 2012.

[Teaching Shakespeare LLP \(Note 12\)](#)

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. The Partnership did not actively trade during the financial year, though the University has invested £650k into systems and course development, which has been fully provided against within the University's accounts.

[University of Warwick Science Park \(Note 13\)](#)

Prior to the full consolidation of the University of Warwick Science Park on 1 February 2012, when the remaining shares of the company were acquired by the University, the University group of companies made purchases from the Science Park of £0.1m (2010/11: £0.2m) and the University recharged costs to the Science Park of £0.5m (2010/11: £1.3m), mainly in relation to salaries.

[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

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35. 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, and along with its wholly owned subsidiary company, UW Construction Limited, the purposes of the Foundation are to:

- (a) hold endowments and other donations received for the development of the University of Warwick;
- (b) provide funding for the development of buildings at the University of Warwick; and
- (c) supply heat and power services to the University of Warwick.

The activities of the Foundation, a financial summary of which is shown below, is consolidated into the University's group accounts, as described in note 34.

Consolidated results	2011/12 £ million	2010/11 £ million
Opening Net Assets, as at 1 August	37.6	38.0
Income	3.9	3.7
Expenditure	(4.1)	(4.3)
New endowments and movement in market value of endowments	(0.1)	0.2
Closing Net Assets, as at 31 July	37.3	37.6

Endowment Funds	Restricted Permanent £ million	Restricted Expendable £ million	2011/12 Total £ million	2010/11 Total £ million
Opening balances as at 1 August	2.5	2.1	4.6	4.7
Income	0.1	0.1	0.2	0.1
Expenditure	(0.1)	(0.2)	(0.3)	(0.4)
New endowments and movement in market value	(0.1)	0.0	(0.1)	0.2
Closing balances as at 31 July	2.4	2.0	4.4	4.6

notes to the accounts

(continued)

36. 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 at note 8.

Dame Fiona Caldicott, appointed as a lay member of Council, is also a Council Member of the United Nations University. During the year, the University of Warwick purchased research services from the United Nations University to the value of £0.1m (2010/11: £0.3m).

Dr Roy Chung, an appointed lay member of Council, is also Court Chairman of the Hong Kong Polytechnic University. During the last financial year, the University of Warwick provided academic services to the Hong Kong Polytechnic University to the value of £0.4m (2010/11: £0.3m).

Ms Vikki Heywood, an appointed lay member of Council, is also an Executive Director of the Royal Shakespeare Company (RSC). During the last financial year the University entered into a new collaborative venture with the RSC, Teaching Shakespeare LLP, as described at notes 13 and 34 of these accounts.

Mr Ken Sloan, the University's Registrar and Secretary to Council, was provided with a £30k staff loan from the University upon his appointment in February 2012, on commercial terms, of which £23k remained outstanding as at 31 July 2012.

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:

	2011/12 £ million	2010/11 £ million
Neurosolutions Limited (100% owned subsidiary of Sevco 5023)	0.1	0.1

notes to the accounts

(continued)

37. CONTINGENT LIABILITIES

Clawback on freehold land:-

On 31 March 2004 the University acquired the freehold land and buildings at Wellesbourne and Kirton, on which Warwick Horticulture Research International is 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.

During the year ended 31 July 2011 the University disposed of the remainder of its interest in land and buildings at the Kirton site. No clawback was due as a result of the disposal.

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	Value recognised to date	Clawback period expires
Wellesbourne land and property	£20.4m	£nil	2019

38. 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.

39. ACCESS FUNDS

	2011/12 £000	2010/11 £000
Opening fund balance	27	74
Funding Council grants received in year	172	135
	<hr/>	<hr/>
Disbursed to Students	(182)	(182)
	<hr/>	<hr/>
Balance Unspent at 31 July	17	27

Funding Council grants are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

notes to the accounts

(continued)

40. TEACHING AGENCY

(a) Student Bursaries	2011/12	2010/11
	£000	£000
Opening fund balance	130	11
Net Teaching Agency grants received in year	614	2,574
	<hr/> 744	<hr/> 2,585
Disbursed to students	(721)	(2,407)
Administration fee	(17)	(48)
	<hr/> 6	<hr/> 130
Balance Unspent at 31 July owing to the Teaching Agency		
	<hr/> <hr/> 6	<hr/> <hr/> 130
(b) Student Associate Scheme	2011/12	2010/11
	£000	£000
Opening fund balance	5	12
Net Teaching Agency grants (reimbursed) / received in year	(5)	183
	<hr/> 0	<hr/> 195
Disbursed to students	0	(82)
Support Payments to Schools	0	(29)
Administration	0	(79)
	<hr/> 0	<hr/> 5
Balance Unspent at 31 July owing to the Teaching Agency		
	<hr/> <hr/> 0	<hr/> <hr/> 5

Teaching Agency grants are available solely for students or schools for student support and the University acts only as paying agent in administering these Agency grants. The grants and related disbursements are therefore excluded from the Income and Expenditure Account. Funds provided by the Agency were used only in accordance with the provisions of the Education Act 1994 (as amended by the Education Act 2005), the grant agreement and all other terms and conditions that the Agency has set.

notes to the accounts

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41. CONSOLIDATED FIVE YEAR RESULTS

	2011/12	2010/11	2009/10	2008/09	2007/08
	£ million	£ million	£ million	£ million	£ million
Income					
Funding Council Grants	84.3	88.2	89.8	86.8	85.5
Academic Fees & Support Grants	166.1	147.5	133.2	115.9	100.0
Research Grants & Contracts	85.4	86.3	79.8	73.0	61.7
Other Operating Income	102.1	96.0	104.9	98.2	99.4
Endowment Income & Interest Receivable	2.2	1.1	0.8	1.8	3.6
Total Income	440.1	419.1	408.5	375.7	350.2
Expenditure					
Staff Costs	213.7	205.2	206.1	203.9	189.6
Depreciation	26.6	25.9	29.4	19.8	17.8
Other Operating Expenses	165.1	164.6	150.1	149.0	139.7
Interest Payable	4.6	4.0	3.3	1.7	1.9
Total Expenditure	410.0	399.7	388.9	374.4	349.0
Surplus on Continuing Operations					
	30.1	19.4	19.6	1.3	1.2
Taxation	0.5	0.0	0.0	0.0	0.0
Share of profit after tax of Associates	(0.1)	0.2	0.2	0.3	0.2
Equity Minority Interest	0.0	0.0	0.1	(0.1)	0.0
Exceptional Items	0.0	0.2	(11.3)	0.7	1.3
Transfer from Accumulated Income within Specific Endowments	0.5	0.5	0.7	0.4	0.2
Retained Earnings for the Financial Year	31.0	20.3	9.3	2.6	2.9
Surplus excluding FRS 17 adjustments	28.5	17.8	7.9	2.5	2.6
Assets					
Fixed Assets	395.1	359.0	331.7	312.0	279.8
Endowment Asset Investments	7.2	6.7	5.9	4.9	5.2
Current Assets	127.4	116.1	104.2	96.5	74.1
Liabilities					
Current Liabilities	108.0	106.2	99.7	90.5	77.7
Long Term Liabilities	100.9	78.8	56.2	66.3	47.3
Provisions	3.6	5.5	10.8	1.8	1.3
Net Assets, excluding Pension Liability	317.2	291.3	275.1	254.8	232.8
Pension Liability	(14.7)	(4.3)	(15.2)	(18.0)	(12.1)
Net Assets, including Pension Liability	302.5	287.0	259.9	236.8	220.7
Capital Expenditure					
Land and Buildings	46.2	43.8	20.0	33.1	32.7
Plant, Machinery & Equipment	9.0	7.5	26.8	18.8	13.9
Total Capital Expenditure	55.2	51.3	46.8	51.9	46.6

indicators of financial health

	2011/12	2010/11	2009/10	2008/09	2007/08
(a) % Ratio of Total HEFCE & TA Grants to Total Income	19.2%	21.1%	22.0%	23.1%	24.4%
(b) % Ratio of Total Fees from Home & EU Students to Total Income	14.1%	14.3%	14.0%	14.0%	12.9%
(c) % Ratio of Total Fees from Overseas Students to Total Income	18.9%	16.3%	14.7%	12.6%	11.4%
(d) % Ratio of Total Research Grant and Contract Income to Total Income	19.4%	20.6%	19.5%	19.4%	17.6%
(e) % Ratio of Total Other Services Rendered Income to Total Income	0.7%	1.2%	1.6%	1.6%	2.3%
(f) % Ratio of Total Residences and Catering Income to Total Income	8.2%	7.4%	7.7%	7.9%	8.1%
(g) % Ratio of Total all Other Income to Total Income	19.5%	19.1%	20.5%	21.4%	23.3%
(h) % Ratio of Staff Costs to Total Income	48.6%	49.0%	50.5%	54.3%	54.1%
(i) % Ratio of Surplus to Total Income	7.0%	4.8%	2.3%	0.7%	0.8%
(j) % Ratio of Long Term Liabilities and Provisions* to Total General Funds*	58.5%	56.2%	50.6%	54.7%	39.8%
(k) Ratio of Liquid Assets to Current Liabilities	0.88	0.77	0.70	0.69	0.49
(l) Ratio of Current Assets to Current Liabilities	1.18	1.09	1.05	1.07	0.95
(m) Days of Total Income represented by Debtors	26.3	29.4	30.0	32.4	36.1
(n) Days of Total Expenditure represented by Creditors due within one year	96.1	97.0	93.6	88.2	81.3

* excluding Pension Liability/Reserve

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