

# statement of accounts

for the year ended 31 July 2015

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# financial highlights

for the year ended 31 July 2015

<b>CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT</b>		2014/15 £ million	2013/14 £ million	Change
Funding Council Grants		59.1	64.7	(8.7%)
Academic Fees and Support Grants		240.1	213.2	12.6%
Research Grants and Contracts		100.8	90.1	11.9%
Other Operating Income		111.0	110.9	0.1%
Endowment Income and Interest Receivable		1.8	1.6	12.5%
<b>Total Income</b>		<b>512.8</b>	<b>480.5</b>	6.7%
<b>Surplus for the Financial Year</b>		<b>19.4</b>	<b>12.4</b>	56.5%
<b>CONSOLIDATED BALANCE SHEET</b>		2015 £ million	2014 £ million	
Fixed Assets		461.6	428.1	
Endowment Asset Investments		8.9	8.6	
Net Current Assets		50.2	42.4	
		520.7	479.1	
Long Term Creditors and Provisions		(144.3)	(130.1)	
<b>Total Net Assets, excluding Pension Liability</b>		<b>376.4</b>	<b>349.0</b>	7.9%
Pension Liability		(23.2)	(21.9)	
<b>Total Net Assets, including Pension Liability</b>		<b>353.2</b>	<b>327.1</b>	8.0%
<b>CAPITAL EXPENDITURE IN THE YEAR</b>		2014/15 £ million	2013/14 £ million	
		<b>61.6</b>	<b>49.7</b>	23.9%
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		2014/15 £ million	2013/14 £ million	
		<b>63.5</b>	<b>39.3</b>	61.6%
<b>OTHER KEY STATISTICS</b>		2014/15 Number	2013/14 Number	
Full Time Students:-	Home / EU Undergraduates	10,349	10,187	1.6%
	Home / EU Postgraduates	2,218	2,334	(5.0%)
	Overseas Undergraduates	2,503	2,489	0.6%
	Overseas Postgraduates	2,722	2,744	(0.8%)
Total number of students (full time equivalent)		18,759	18,421	1.8%
Total staff numbers (full time equivalent)		5,221	4,932	5.9%

## financial review

### Warwick's 50<sup>th</sup> Year

2015 marks the University's 50<sup>th</sup> anniversary. It has been a year of celebration and reflection on all that has been achieved in that time, with a series of special academic, cultural and social events taking place to commemorate the occasion. The University has grown rapidly during its short history and has established a formidable reputation for research and teaching excellence on the national and international stage as well as becoming renowned for its entrepreneurial and commercial acumen. The 2014/15 year has added further success to this proud history with a number of notable accomplishments being recorded.

Warwick has consistently appeared within the top ranking of higher education institutions and for 2014/15, received the Times and Sunday Times University of the Year Award. With the accolade of being "a powerhouse of teaching excellence", this award reflects our determination and drive to offer an excellent university experience for all our students.

The University received its Research Excellence Framework (REF) results in December 2014. The University was ranked firmly within the top 10 research institutions in the UK with 87% of Warwick's research being classed as 'world-leading' or 'internationally excellent'. This builds on previous successes and maintains the University's strong position in an environment that remains fiercely competitive. Warwick's recent research achievements are further demonstrated by the fact that the University's research grant income increased to beyond £100m for the first time in its history.

The University has been selected to become a founding member of the prestigious Alan Turing Institute (ATI). ATI is a venture between Warwick, the Engineering and Physical Sciences Research Council (EPSRC) and four other leading UK universities to undertake data science research at the intersection of computer science, mathematics, statistics and systems engineering. Based at its headquarters in the British Library, ATI is expected to act as a magnet for leaders in academia and industry from around the world to engage with the UK in data science and its applications. Warwick's participation in this high profile programme is a reflection of the excellent reputation that the University has in this field and the outstanding performance of our mathematical science departments.

The University has invested heavily in projects across campus ranging from the National Automotive Innovation Centre (NAIC), the new Teaching and Learning Building and the Warwick Business School extension. The University has managed to leverage both national and local support for projects meaning the impact the University has and will have on local communities is significant.

### Looking Forward – Our University Strategy

The University strategy builds upon Warwick's core strengths whilst recognising the significant challenges facing our sector. Our vision is to maintain our position as a world-class university, one with a dynamic, enterprising approach to solving global challenges; one that enables students to create their place in the world and one that defines the university of tomorrow.

To achieve the full ambition of the University strategy, the University will aim 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.

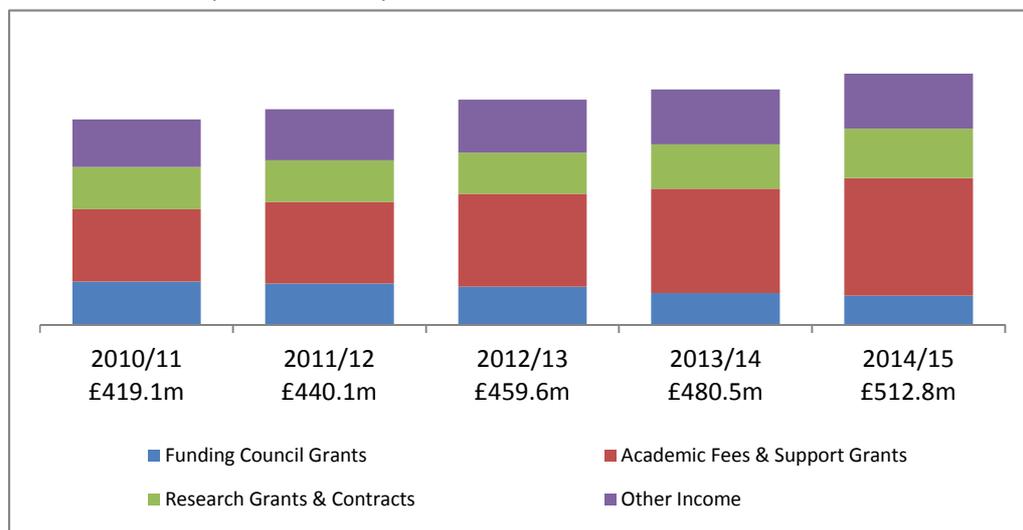
The University uses a range of both financial and non-financial indicators to monitor its performance. These indicators, which include student, research and divisional performance data and appropriate risk measurements, are reviewed by Council.

## financial review

(continued)

### Income

Income of the University has increased by 6.7% to £512.8m.



#### *Funding Council Grants*

In the third year of the changes to the student funding regime, the University has continued to incur its proportionate share of the government's ongoing funding cuts and has seen a sixth consecutive year of reductions in HEFCE funding of teaching in real terms, which is down £6.1m (28.5%) year on year.

Reductions in grant funding from government continue to run contrary to the overall increase in the scale of the University's teaching and research operations over recent years and, taken together with further reductions in future government funding that have already been announced, 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 fee levels, including the ongoing impact of higher regulated undergraduate fees, which increased to £9,000 for 2012 entrants. Where eligible undergraduate students elect to take a fee loan from the Student Loans Company, this income is recognised in full, less any fee waivers provided. The University continues to make and plan for substantial investment in academic facilities and student access support, as we also continue to assess how we can develop the high quality of academic and social experience for students; this is referred to in more detail later in this review. A breakdown of academic fee income can be seen at note 2 of the accounts.

#### *Research Income*

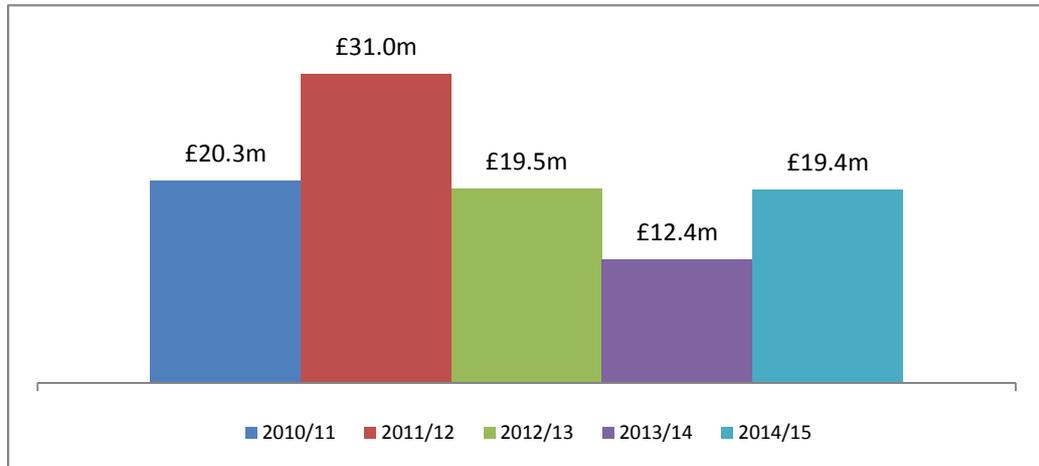
Despite ongoing funding pressures faced by many grant awarding bodies, the University has increased its income from research activity by £10.7m (11.9%), to £100.8m, marking a significant milestone for the University. The University's recent investment in academic posts is also expected to further strengthen the University's research portfolio and reputation over the coming years.

The University has continued to grow its volume of research activities undertaken for industrial partners and those supported by EU funding. By investing in the relevant academic areas, together with such initiatives as Warwick's Global Priorities Programmes, the University expects to further enhance its underlying research capabilities.

## financial review

(continued)

### Surplus



The surplus for the year was £19.4million (3.8% of turnover). This compares with a corresponding surplus for the previous year of £12.4 million (2.6% of turnover).

The surplus levels shown in the above graph are all after exceptional items. The University has recognised a relatively consistent surplus over the last five financial years, around a peak in 2011/12, indicating a stable overall financial outturn on its underlying operations. The increased surplus in 2014/15 was planned for and expected and is a result on the return on strategic investment that has taken place over the last few years. There are financial plans in place for this surplus to grow again over the coming years, aiming for surpluses of 5-7% of turnover in order to provide sufficient funds for investment in infrastructure.

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, The School of Economics and Warwick Manufacturing Group reported particularly successful financial years, reflecting the student demand arising from an outstanding academic profile and international reputation for high quality research. The University's online recruitment business, Jobs.ac.uk, also continued to grow its financial contribution to the University.

The University plans to invest the bulk of its surpluses in the coming years in academic investment programmes and the student experience; surpluses are therefore essential in supporting the University's continuing financial and operational sustainability, particularly in the light of the uncertain economic times and threats to a number of core funding streams.

## financial review

(continued)

### Net Assets

The University's net assets have increased by 8.0% year on year, from £327.1 million to £353.2 million.

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

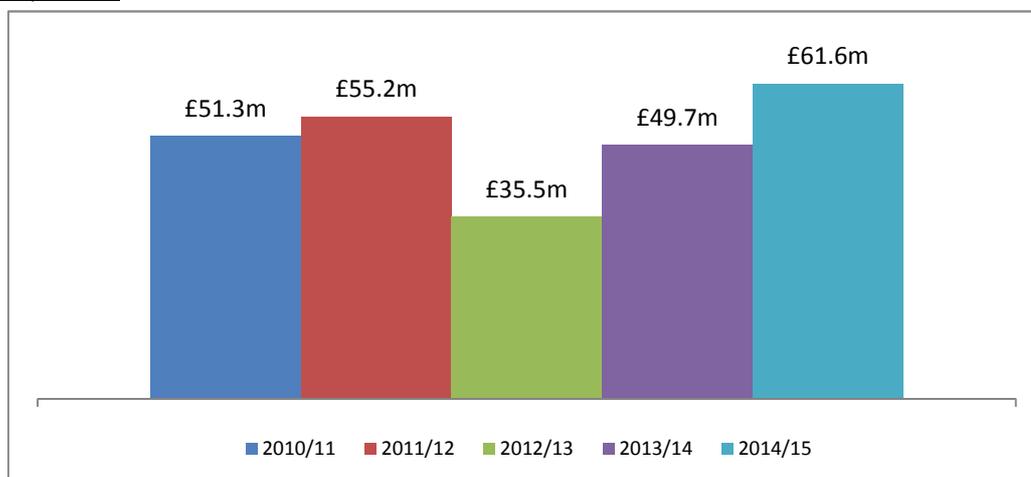
The defined benefit section of the University of Warwick Pension Scheme has seen a small increase in the deficit from £21.9 m to £23.2m; benefits arising from the stronger performance on investments in the year having partially offset the increase in valuation of scheme liabilities at the balance sheet date. Increasing scheme liabilities are a result of historically low bond yields impacting on the discount rate that is used in determining liabilities, together with assumptions of increasing longevity. To ensure long-term funding requirements are met, ongoing contribution levels are determined as part of the triennial full valuations of the Scheme. Results were received in the year from the last full valuation of the Scheme that was undertaken as at the end of March 2013 and showed an improvement in funding level to 93% (March 2010: 91%).

#### *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. The University's contribution for members into the scheme will increase from 16% to 18% in April 2016. Following review, the final Salary scheme will close on the 31<sup>st</sup> March 2016.

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 30.

### Capital expenditure



Cash inflows for the year of £63.5m (2013/14: £39.3m) from operations, capital grant receipts of £20.1m (2013/14: £15.2m) and new endowments received totalling £1.0m (2013/14: £1.1m) supported the University in making £61.6m of capital expenditure (2013/14: £49.7m), in addition to ongoing levels of refurbishment work expensed to the Income and Expenditure Account in year.

Major capital schemes occurring during the year include a further expansion to the Warwick Business School (Phase 3b), the Cryfield Energy Centre and important infrastructure activity on large areas of campus, including Benefactors Place and works on the roads around the University. These infrastructure activities will significantly improve the campus experience for all staff, students and visitors. The Cryfield Energy Centre is a key development for the University to reduce and manage its carbon footprint and to put the University on an increasingly sustainable environmental footing.

## financial review

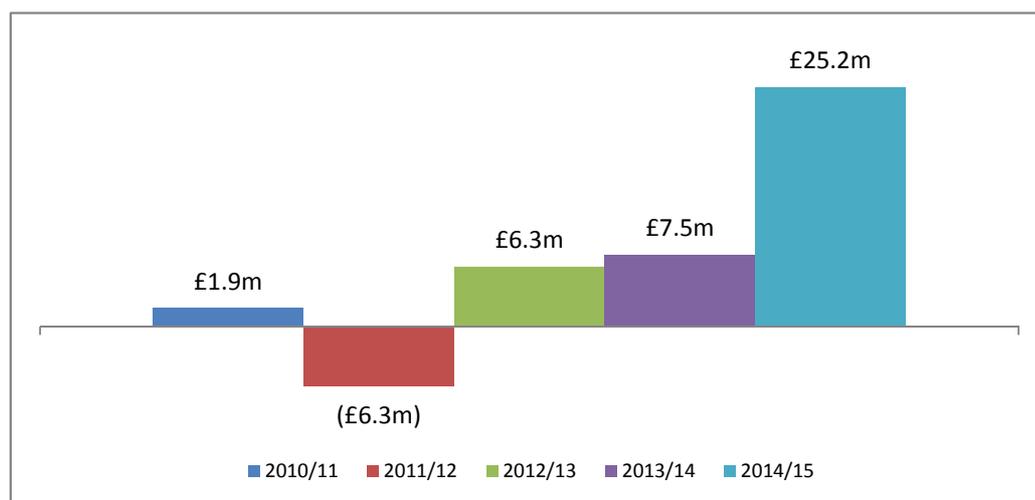
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The University is making good progress with the “National Automotive Innovation Centre” (NAIC) at Warwick, funded by HEFCE under the UK Research Partnership Investment Fund (UKRPIF) initiative with Jaguar Land Rover (JLR) and Tata Motors European Technical Centre (TMETC), who are investing £150 million in the development. The University is also in the process of building our new Teaching and Learning Building which will further enhance the experience of our students.

Looking to the future, the University is planning further developments to improve and expand the teaching facilities, replace older buildings, expand lab facilities, build a new sports centre and additional student residences, as well as further improvements to roads, car parks and infrastructure items across campus. The scale of the planned level of future capital investment is highlighted at note 24 of these accounts, and shows further investment totalling over £350m over the next few years.

The University's 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.

### Net Funds / (Debt)



The University's ambitious capital programme, 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 graph of capital expenditure shows that the University is constantly reinvesting its surpluses and loan drawdowns in major capital developments with relatively consistent and low levels of net funds shown over the five years. While the University appears to have higher levels of cash and investment balances as at the year-end, these cash balances are largely committed to future capital projects as noted above.

Banking facilities and borrowing arrangements are disclosed in more detail at note 17 of the accounts.

The University's cash balances are invested across a range of approved financial institutions, principally on a range of short term deposit accounts, up to one year in maximum length and to a maximum value of £40m per financial institution. The University investment policy maintains at its core the principal aim to protect the charitable assets of the University and, as such, cash balances are currently restricted to UK clearing banks and the largest UK building societies. The University also holds some investment balances within Rathbones (see note 11 of the accounts), principally with a view to holding for the longer term and offsetting bullet loan repayment commitments. All cash and investment funds are held in accordance with the University's socially responsible investment policy.

## financial review

(continued)

### 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 rooms in halls of residence that are planned to be built to meet the high level of student demand for quality, affordable on-campus accommodation and continuing reviews and upgrading of the University's residences, retail and catering operations.

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

The enhancement of student learning opportunities at Warwick was "commended" following a Quality Assurance Agency (QAA) institutional audit in March 2013 and the review team identified a number of areas of good practice, including the integrated work of the library, the Institute for Advanced Teaching and Learning, the Learning and Development Centre in facilitating innovation in teaching and learning and the Student Careers and Skills Service. With the announcement from the government to introduce a Teaching Excellence Framework to assess and reward institutions for excellent teaching, Warwick is determined to maintain its performance in this area and show our commitment to providing an engaging and rewarding experience for all our students.

We remain 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 continues 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 15 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;

## financial review

(continued)

- 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 recognition and reward mechanisms and leadership and development training programmes.

### Prospects

The University is committed to ensuring financial sustainability in spite of funding restrictions in this period of increasing challenge and competition within the sector. We remain confident that the financial outcome for 2015/16 will be on target following recent high levels of academic investment and that, in the longer term, this investment will further support our ambition of becoming one of the top 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 to maintain the University's excellent standing for teaching and research.

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 students and scholars to be part of Warwick's strategic international vision.

Warwick's 50<sup>th</sup> anniversary was another successful year with many positive stories. As we move past this important milestone, the foundations that the University has built in this time are strong, allowing the University to move forward with high expectations and confidence. Professor Sir Nigel Thrift steps down as Vice-Chancellor and President at the beginning of 2016 and our current Provost, Professor Stuart Croft will succeed him. There are some significant changes ahead for Warwick as it implements its strategy, but I firmly believe the University is extremely well placed and equipped to deal with the challenges of the future.

Keith Bedell-Pearce, University Treasurer

25 November 2015

## public benefit statement

The University Council, as the trustee body, has regard to the Charity Commission's guidance on public benefit. The University of Warwick provides public benefit principally through the pursuit of its core objects, as set out in its Charter; these being: "the advancement of learning and knowledge by teaching and research and the provision of University education."

The University Council approves the University 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 generation 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 ranked consistently amongst the top universities in the UK in national league tables, and is further validated by external assessments of teaching and research quality:

- Warwick was named the Times' and Sunday Times' University of the Year 2014/15 and was declared campus university of the year in 2015;
- The University has been identified as the fastest rising young university in the UK, and third in the world by the Times Higher Education Young Universities Summit, and the fastest rising university in the UK, thanks to the influence that our research has on the rest of the world, the extent to which companies are working with academics and applying their research to the real-world, and our international outlook;
- In the 2014 Research Excellence Framework, Warwick was ranked seventh in the UK, on grade point average with 87% of the University's research rated as "world-leading" (4\*) or "internationally excellent" (3\*);
- In 2013 the Quality Assurance Agency undertook a review of Warwick's Teaching and Learning, and confirmed that the University's academic standards, the quality of its student learning opportunities, and the quality of its information about learning opportunities all meet UK expectations.

The University's "Looking Forward" Strategy (available at <http://www2.warwick.ac.uk/about/strategy>), which was approved by the University Council in July 2014, defines the values and goals of the organisation. Public benefit is explicit in our values: we aim to make a difference by delivering a service, solving problems and providing sustainability for the community and global society. We take a global perspective in our quest for relevance and world-class impact. We see ourselves as an accessible community; we have always believed in widening participation. Our independence, enterprising approach, ambition and drive serve our pursuit of excellence in support of our vision to be a world-class university.

Our strategy goals are aligned to the continued provision of public benefit, in line with our core objects.

### **Goal 1: Enable our students to succeed**

#### **Looking forward**

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

#### **Highlights**

- Continuing professional development programmes provide educational opportunities beyond the full time undergraduate or postgraduate experience, in disciplines such as education, medicine, health, law,

## public benefit statement

(continued)

- business and engineering. The University provides foundation and 2+2 degree programmes and has recently introduced two new Gateway to HE programmes. Each year, Warwick's certificate and short course programme attracts over a thousand registrations from the general public, predominantly from the local region.
- We prepare our students to contribute to society and in the workplace. Our graduates are in high demand: in 2014 Warwick was ranked as one of the top ten most targeted universities by the UK's leading graduate employers. We have developed innovative programmes in partnership with local employers (for example in the automotive industry), and we offer flexible and distance learning solutions to facilitate participation in life-long learning.
  - We seek to ensure that, wherever possible, financial circumstances do not become a barrier to studying at Warwick. We offer means-tested packages of support for UK undergraduate students. Rent levels are set with reference to affordability, and scholarships are available for international and postgraduate students.
  - In 2013 the University launched its Widening Participation Strategy, which is driven by our vision of becoming a recognised global leader in enhancing social diversity and participation in higher education. Current activities include: the UniTracks (formerly 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 new Warwick Business School Foundation Year programme, which provides an entry route to management and accountancy courses for students from less advantaged backgrounds and has recruited its first cohort of 25 Students. The University is a member of the Realising Opportunities Scheme, whereby fifteen leading universities agree to work locally with the 'most able, least likely' Year 12 and 13 pupils to raise aspiration, awareness and achievement, and to then give additional consideration to applicants from any of the partner institutions in recognition of their engagement with the programme. The programme seeks to recruit an additional 800 students nationally each year.
  - The University has strengthened its provision to support local students through activities to raise aspiration and attainment levels, engaging with learners from 30 targeted state secondary schools in Coventry and Warwickshire. In 2013 an intensive programme was developed and launched with the RSA Family of Academies, offering a suite of activities supporting the learner journey to higher education.
  - The WMG Academy for Young Engineers opened in Coventry in September 2014. A second WMG Academy for Young Engineers in Solihull is scheduled to open in September 2016. The University has worked in partnership with local employers to develop a bespoke learning experience that is delivering technical, employability and business skills that will maintain manufacturing knowledge and excellence within the West Midlands region.
  - Since 2013 the University has partnered with National Grid on the GetSkilled programme which provides employability training to young people in Coventry and Warwickshire who are not in education, employment or training.
  - In spring 2015, the University launched the Warwick International Higher Education Academy, a new professional association for academic staff that aims to transform our students' experience through partnership and collaboration between educators and students. The Academy will seek to provide wider benefit by fostering collaboration between educators and students at Warwick, in the UK and internationally, to enrich professional practice in student engagement and evolving pedagogies.

## public benefit statement

(continued)

In 2011 the Trustees of the University of Warwick Science Park Foundation awarded £450,000 to the University of Warwick to support Widening Participation of which £355,000 has been spent as at the 31<sup>st</sup> July 2015. The funds have supported programmes designed to stimulate public understanding of the importance and relevance of Science and Technology to the needs of industry and society. A number of projects have been supported across Coventry and Warwickshire working primarily with schools, teachers, parents and children, involving 59 schools, 899 pupils and 53 teachers. All projects have shown significant improvements in participation and achievement since the projects began.

### Goal 2: Deliver world-class research

#### Looking forward

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

#### Highlights

The scale and impact of our research is growing, as we collaborate effectively on a global scale. For example:

- Warwick is one of five universities leading the prestigious new Alan Turing Institute, an EPSRC coordinated initiative. The Institute will promote the development and use of advanced mathematics, computer science, algorithms and big data for human benefit.
- A government grant of £12 million has funded the creation of a new centre to develop advanced technologies in synthetic biology. This research will help drive advances in pharmaceuticals, high-value and commodity chemicals, innovative treatments for disease, environmental bioremediation, and food security.
- In July 2014, Warwick was selected as the location to host the hub of the new national Advanced Propulsion Centre (APC). This £1 billion initiative between government and industry is intended to position the UK as a global centre of excellence for low carbon powertrain development and production.
- Warwick is one of six Midlands universities partnering in the Energy Research Accelerator (ERA), a multimillion research hub which will deliver a step change in energy research in critical areas such as thermal energy and energy storage.
- The Department of Sociology was awarded €1.5 million in ERC funding for a project on Environmental Justice and the Global Petrochemical Industry. The research will form the basis of a new resource to address the problem of 'information poverty' with regard to environmental health hazards.
- Our Global Research Priorities programmes addresses some of the most challenging problems facing the world today, providing a platform for multidisciplinary research in 10 key areas of international significance, from food to sustainable cities, energy to innovative manufacturing (details available at <http://www2.warwick.ac.uk/research/priorities>).
- We are committed to improving public access to our research findings. The Warwick Research Archive Project (WRAP, available at <http://wrap.warwick.ac.uk/>) is a free online repository service to provide access to our written research output (including journal articles and PhD theses). The University holds unique repositories, for example our 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. The University's Knowledge Centre provides an on-line portal showcasing our research through articles and materials designed to be understood by interested members of the public, alumni and friends of the University.

## public benefit statement

(continued)

- Warwick Ventures Limited, a wholly owned subsidiary, oversees technology transfer and commercialisation of University research. Over the past 15 years it has launched 88 knowledge-based companies. Warwick's intellectual property is licensed to other companies in a wide range of industries.

### Goal 3: Secure our global position

#### Looking forward

*We will optimise the scale, scope and reach of all our activities. We will develop collaborative research and teaching opportunities that will create the openings for our students and staff to function and excel as global citizens. We will deliver increased benefit from the applied translation of our research, especially in Medicine.*

#### Highlights

- The Monash Warwick Alliance has enabled the development of research capacity in applied areas by bringing together the complementary strengths of the two institutions, including Polymer Chemistry and Healthcare improvement systems. In addition, the Alliance has enabled student exchanges to take place. To date, over 560 Monash and Warwick students have taken part in Alliance activities.
- Warwick in Africa is a well-established innovative, philanthropically funded programme, developed over nine years from a small student volunteering project to a multi-layered programme which supports learners and their teachers with Maths and English teaching in South Africa, Tanzania and Ghana. To date over 250,000 learners have benefitted from Warwick in Africa and over £2m has been raised in philanthropic income to support global outreach.
- Warwick in India provides tutorial support to approximately 300 Indian children per annum near Delhi in collaboration with the Laksh Foundation.
- Approximately 18% of Warwick students undertake work or study abroad and approximately 600 students per year come to Warwick on a full or partial exchange, enabling mobility, supporting employability and developing inter-cultural understanding.
- The Warwick Centre for Applied Health Research and Delivery (CAHRD) works in strategic partnership with the Liverpool School of Tropical Medicine (LSTM) to facilitate a global network which brings together individuals, disciplines and organisations to develop practical solutions to health needs. In particular CAHRD works with resource limited nations to transform health systems and improve the health of low income populations.
- The University is the only European academic partner in the Centre for Urban Science and Progress (CUSP) in New York. CUSP uses the City as its laboratory and classroom to help cities around the world become more productive, liveable, equitable and resilient.

### Goal 4: Engage our communities

#### Looking forward

*We'll continue to develop students as valued members of our community, as leaders in their own right, and as citizens with a significant part to play in the future economic and global society. We'll remain true to the principles of Equality and Diversity, and Dignity at Work and Study.*

#### Highlights

Working closely with our Students' Union, as a University community we strive to provide holistic support mechanisms for our staff and students. Our campus life provides many opportunities for development and

## public benefit statement

(continued)

enrichment. We promote equality and diversity, evidenced by our achievement of the HR Excellence in Research award; Athena SWAN awards, including an Institutional Silver Award making us one of only four institutions in the UK to hold this status; and our status as a Stonewall Diversity Champion.

- This year saw the launch of a set of initiatives to support the development and careers of women, to ensure even greater equality of experience and opportunity at Warwick.
- The Athena SWAN Charter recognises commitment to advancing women's careers in science, technology, engineering, maths and medicine (STEMM) employment in academia. This year, following the award of Bronze Athena status to Computer Science, all of our STEMM departments have an Athena award. Warwick Business School holds the Bronze Gender Equality Charter Mark.

### Goal 5: Champion social, cultural and economic growth

#### Looking forward

*We remain committed to driving social, cultural and economic growth through the quality of our graduates and the real difference they can make to their communities and sectors. We remain committed to working with local and national governments, and to working with other institutions to magnify our economic impact. Meanwhile, we'll keep supporting our students and staff in their volunteer work.*

#### Highlights

- The University has this year launched a Chancellor's Commission; an independent inquiry established to consider the future role of University of Warwick in Coventry, Warwickshire and the wider region.
- The latest Regional Impact Study looks at the economic, social and cultural contribution made by the University of Warwick to the local region ([http://www2.warwick.ac.uk/about/publications/regional\\_impact\\_regionfinal.pdf](http://www2.warwick.ac.uk/about/publications/regional_impact_regionfinal.pdf)). The study estimated that the University contributes around £520m annually to the West Midlands economy.
- We liaise with local authorities and community organisations to make sure that the university has a positive impact on our locality, and that the community at large benefits from our facilities.
- The University is represented on the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) at all levels, from the Board through to the individual Business Groups. The University has also seconded a member of staff part time to the CWLEP to support activities such as the refresh of the Strategic Economic Plan.
- The National Automotive Innovation Centre (NAIC) will provide a critical mass of research capability combining automotive expertise nationally and internationally. NAIC will provide a unique environment to foster collaboration, cohesion and cross-fertilisation of knowledge. Academic and industrial R&D teams will work together using state-of-the-art equipment and facilities to develop breakthrough designs, technologies and processes. NAIC will address the shortage of skilled R&D staff across the automotive supply chain, developing the talent required for the demands of emerging technologies and engaging future generations of engineers. £150 million is being invested in the NAIC capital building and its research activities through a long-term commitment between Jaguar Land Rover, Tata Motors European Technical Centre, WMG and the University of Warwick, along with an expanding network of supplier companies. The government (Higher Education Funding Council England) has also provided £15 million of funding to support the capital project
- The University of Warwick Science Park offers office and laboratory space to companies (including start-ups) in four locations across the West Midlands. It provides a supportive environment with access to research and resources from the University of Warwick and an experienced in-house business support team.
- The University's strategic emphasis on extra-curricular activity drives a high level of student engagement in volunteering, as well as clubs and societies. Our students give back to the community

## public benefit statement

(continued)

directly through volunteering, and develop skills and attitudes that will enable effective citizenship and social capital.

- We provide support to our staff and students to engage regularly in volunteering opportunities through [Warwick Volunteers \(http://www2.warwick.ac.uk/about/community/volunteers\)](http://www2.warwick.ac.uk/about/community/volunteers)
- The Warwick Arts Centre is an important cultural centre for the region which is visited by around 250,000 members of the local community each year.

### Goal 6: Secure our future sustainability

#### Looking forward

*As an organisation that manages its footprint and impact on the environment, we'll use this as a foundation to embed the broader principles of sustainability.*

#### Highlights

- Socially responsible investment - Our investments are managed in line with our Socially Responsible Investment Policy (SRIP, available at [http://www2.warwick.ac.uk/services/finance/corporate\\_information/socially\\_responsible\\_investment\\_policy](http://www2.warwick.ac.uk/services/finance/corporate_information/socially_responsible_investment_policy)). The Council has this year resolved that the University should review annually the availability, financial viability and appropriateness of fossil free index-related funds for its investments in equities. Should these conditions be met, the University would then commit to replace the existing funds with investments in fossil free index-related funds in line with SRIP criterion of corporate behaviour leading to environmental degradation.
- We work in partnership with our staff and students to promote environmental sustainability. We have committed to achieving a significant reduction in our carbon emissions by 2020 (a 34% reduction against our 1990 emissions). Our travel and transport strategy includes practical measures to reduce scope three carbon emissions, and we work with local authorities and public transport providers to manage the impact of travel flows to and from our campus, whilst ensuring that it remains accessible.
- Students are encouraged to engage with sustainability issues through teaching and learning, including via the provision of optional modules, the establishment of a new undergraduate Global Sustainable Development degree, the Global Energy MBA, or a MSc in Sustainable Energy Technologies.
- Green Steps is an award-winning environmental sustainability educational programme developed in collaboration with our partner institution in Australia, Monash University. The Programme combines training and real world experience, developing the skills and knowledge of our students to effect environmental change through a practical, hands-on approach.
- A major project has transformed the University's road infrastructure, improving the efficiency, safety and environmental impact of transport to and around the campus. Improvements to bus travel are intended to encourage staff and students to use public transport.
- The Warwick campus has been recognised as one of the region's top cycling locations, having been awarded Gold Top Cycle Location in recognition of our investment in cycling, and our commitment to cyclists on campus. Recent work on campus cycling has included working with Sustrans to connect and extend the cycle route through campus to facilitate and encourage cycle access to the campus.
- The University promotes and monitors compliance with the highest standards of research ethics as embodied in UK regulation and practice.
- The nature of any funding offered to the University is carefully considered from an ethical perspective.

The University of Warwick publication Essential Warwick (available at [http://www2.warwick.ac.uk/about/profile/essential\\_warwick\\_2015\\_web.pdf](http://www2.warwick.ac.uk/about/profile/essential_warwick_2015_web.pdf)) provides further information and case studies about our activities.

## corporate governance

1. 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.
2. The University conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to universities that has been provided by the HEFCE and the Committee of University Chairs (CUC) in the Higher Education Code of Governance. The University is mindful of its charitable purpose and its strategy aims to encompass its public benefit role.
3. Under the provisions of the University's Charter and Statutes, the University is governed by its Council, whilst the Senate has oversight of academic matters. 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 the University Treasurer are drawn. Also included in its membership are representatives of the staff of the University and the student body. None of the lay members receive any payment, apart from the reimbursement of reasonable expenses, for the work that they do for the University.
4. The University Council approves its Code of Corporate Governance and Statement of Primary Responsibilities annually. 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 20 and 21 of these accounts.
5. The Council meets at least five times each academic year. The Council is supported by a number of sub-committees, as outlined in its Code of Corporate Governance. Reports from each committee, as well as from the Senate, inform the work of the Council.
6. There were 25 members of the University Council in 2014/15. During the financial year ended 31 July 2015 (and continuing except where indicated), the following individuals were members of Council: Sir George Cox (Chair), Mr R Ankcorn (to 31 July 2015), Mr K Bedell-Pearce (Treasurer), Dame Fiona Caldicott, Ms V Cooke (Vice-Chair), Professor S Croft (Provost), Mr P Dunne (to 31 July 2015), Ms P Egan (to 31 July 2015), Ms T Elliott (to 31 July 2015), Dr J Ferrie, Mr J Higgins (to 31 July 2015), Mr G Howells, Professor Christina Hughes, Professor Christopher Hughes, Professor T Jones, Ms J MacNaughton (from 1 October 2014), Professor A Muthoo, Sir David Normington, Ms M Philbin (from 3 February 2015), Mr A Rivett, Mr M Temple, Professor P Thomas (to 31 July 2015), Professor Sir N Thrift (Vice-Chancellor and President), Ms C Turhan (to 31 July 2015), Professor P Winstanley; for the subsequent period from 1 August 2015 to the approval of these financial statements (and beyond): Dr N Bentley, Dr D Keith, Mr I Leigh and Mr O Rice.
7. The Senate is the academic authority of the University and draws its membership entirely from the staff and the students of the institution. Its role is to direct and regulate the teaching and research work of the university. Whilst the Council and the Senate have clearly defined functions and responsibilities, there is active consultation and interaction between the two bodies.
8. The principal academic and administrative officer of the University is the Vice-Chancellor and President who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the formal Memorandum of Assurance and Accountability between the University and the Higher Education Funding Council for England, the Vice-Chancellor and President is the accountable officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

## corporate governance

(continued)

9. As Chief Academic and Administrative Officer of the University, the Vice-Chancellor and President exercises considerable influence upon the development and implementation of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Vice-Chancellor and President is supported by the Provost, the Registrar and Chief Operating Officer, and the Group Finance Director. The Executive of the University is supported by the Deputy Registrar, Pro-Vice-Chancellors and senior administrative officers
10. 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 and Chief Operating Officer is supported by the Deputy Registrar and they provide advice to the Chair of Council on all matters of procedure and in respect of any matters where conflict, potential or real, may occur. All members of the governing body have access to the services of the Council Secretariat.
11. The University maintains a Register of Interests of members of the Council which may be consulted by arrangement with the Registrar and Chief Operating Officer. All members of the Council, and sub-committees, are requested to declare any conflicts of interest in relation to the agenda of each meeting.
12. Any enquiries about the constitution and governance of the University should be addressed to the Registrar and Chief Operating Officer.

## statement of internal control

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

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

- Approval of University strategy by the Council, whose membership includes a majority of external members, together with academic and non-academic representation.
- Monitoring the performance of the University through the annual consideration by the Council and other relevant committees of Key Performance Indicators.
- An annual and forward looking operating and capital planning process that combines top-down and bottom-up input, and is subject to challenge and scrutiny via a range of appropriately informed committees.
- Quarterly monitoring of financial performance and updates to forecast out-turns.
- Clearly defined requirements for control of expenditure, including the appointment of staff, investment and borrowings, together with comprehensive Financial Regulations and Procedures.

An Internal Audit function that undertakes investigative work to identify any areas of weakness in compliance with University policies and procedures, primarily based on an agreed audit plan, but also in response to the identification of emerging risks or in response to actual issues. The Head of Internal Audit also prepares an annual value for money report for consideration by the Audit Committee.

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

- The Audit 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 receives regular reports from the Head of Internal Audit that provide an overview of internal control matters (in the main as set out in the agreed Internal Audit Plan), including an opinion on the adequacy and effectiveness of the University's systems of internal control, together with recommendations for improvements.
- Additionally, the Audit Committee considers an annual report from the Head of Internal Audit that provides and evidences his/her opinion that the University has 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 Audit Committee meets on an annual basis with Internal Audit as well as External Audit without University management being present.
- The Audit Committee also receives periodic reports on the management of the University's significant risks and on specific areas of internal control.

## statement of internal control

(continued)

The Audit Committee has oversight of the University's risk management strategy and policy on behalf of the Council. A revised articulation of the University's Risk Management Policy was approved by the Council in February 2015. The revised policy better reflects current risk management practice, in a format that is intended to be more accessible to managers and leaders.

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

## statement of primary responsibilities of the council

of the University of Warwick

This Statement is based on the Model Statement contained in the Higher Education Code of Governance published by the Committee of University Chairs, 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.

# independent auditor's report

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 2015 which comprise the accounting policies, the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Council, in accordance with the Charters 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 20 and 21, the Council is responsible for the preparation of financial statements which 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 University as at 31 July 2015 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 with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE’s *Accounts direction to higher education institutions for 2014-15 financial statements*.

## independent auditor's report

to the Council of the University of Warwick (continued)

### 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 managed in accordance with relevant legislation;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements* have been met.

**Michael Rowley**

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

*Chartered Accountants*

One Snowhill

Snow Hill Queensway

Birmingham B4 6GH

## statement of principal accounting policies

### 1 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. Fee income is recognised net of fee waivers and the cost of any other fee discounts or bursaries made 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 Final Salary scheme will be closed on the 31<sup>st</sup> March 2016. 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 in respect of the Science Park was initially released to reserves on a straight line basis over a period that matched backlog refurbishment plans at the date of acquisition (3 year and 6 months). Following a review in 2013/14 the remaining goodwill was released back to the Income and Expenditure account at that point.

### 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 or over the life of the project if deemed more appropriate. 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.

### 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 2015

	Note	2014/15 £ million	2013/14 £ million
<b>INCOME</b>			
Funding Council Grants	1	59.1	64.7
Academic Fees and Support Grants	2	240.1	213.2
Research Grants and Contracts	3	100.8	90.1
Other Operating Income	4	111.0	110.9
Endowment Income, Investment Income and Interest Receivable	5	1.8	1.6
<b>Total Income</b>		<b>512.8</b>	<b>480.5</b>
<b>EXPENDITURE</b>			
Staff Costs	6	261.6	248.2
Depreciation	10	29.7	29.6
Other Operating Expenses	8	196.1	184.3
Interest Payable and Similar Charges	7	6.7	6.6
<b>Total Expenditure</b>	8	<b>494.1</b>	<b>468.7</b>
<b>SURPLUS ON CONTINUING OPERATIONS AFTER DEPRECIATION OF ASSETS AT COST AND BEFORE TAX</b>		<b>18.7</b>	<b>11.8</b>
Taxation		0.0	0.0
<b>SURPLUS ON CONTINUING OPERATIONS AFTER DEPRECIATION OF ASSETS AT COST, DISPOSAL OF ASSETS AND TAX</b>		<b>18.7</b>	<b>11.8</b>
Transfer from Accumulated Income within Endowment Funds		0.7	0.6
<b>SURPLUS FOR THE FINANCIAL YEAR RETAINED WITHIN GENERAL RESERVES</b>		<b>19.4</b>	<b>12.4</b>

## statement of consolidated total recognised gains and losses

for the year ended 31 July 2015

	Note	2014/15 £ million	2013/14 £ million
Surplus on Continuing Operations after depreciation of assets at cost, disposal of assets and tax		18.7	11.8
Unrealised Gains on Equity Investments	22	0.9	0.2
New Endowments	20	1.0	1.1
Actuarial loss in respect of pension scheme	30	(2.5)	(0.7)
<b>Total Recognised Gain relating to the Year</b>		<b>18.1</b>	<b>12.4</b>

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 £19.7m (2013/14: surplus of £12.1m) that has been dealt with in the accounts of the University (note 21).

## statement of reconciliation of reserves and endowments

for the year ended 31 July 2015

	Note	2014/15 £ million	2013/14 £ million
Opening Reserves and Endowments as at 1 August	20, 21 & 22	196.0	183.6
Total Recognised Gain for the Year		18.1	12.4
<b>CLOSING RESERVES AND ENDOWMENTS AS AT 31 JULY</b>		<b>214.1</b>	<b>196.0</b>

# consolidated and university balance sheets

as at 31 July 2015

		Consolidated		University	
	Note	2015 £ million	2014 £ million	2015 £ million	2014 £ million
<b>FIXED ASSETS</b>					
Tangible Assets	10	450.3	418.7	431.4	398.6
Investments	11	11.3	9.4	17.0	14.9
		<b>461.6</b>	<b>428.1</b>	<b>448.4</b>	<b>413.5</b>
<b>ENDOWMENT ASSET INVESTMENTS</b>	12	<b>8.9</b>	<b>8.6</b>	<b>3.9</b>	<b>3.6</b>
<b>CURRENT ASSETS</b>					
Stocks	13	0.9	0.9	0.5	0.5
Debtors	14	39.1	35.6	44.8	40.1
Short Term Deposits		87.0	90.3	87.0	90.3
Cash at Bank and in Hand		61.0	45.3	59.4	43.8
		<b>188.0</b>	<b>172.1</b>	<b>191.7</b>	<b>174.7</b>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	15	<b>(137.8)</b>	<b>(129.7)</b>	<b>(164.8)</b>	<b>(154.7)</b>
<b>NET CURRENT ASSETS</b>		<b>50.2</b>	<b>42.4</b>	<b>26.9</b>	<b>20.0</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>520.7</b>	<b>479.1</b>	<b>479.2</b>	<b>437.1</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	16	<b>(140.4)</b>	<b>(126.7)</b>	<b>(140.4)</b>	<b>(126.7)</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	19	<b>(3.9)</b>	<b>(3.4)</b>	<b>(3.9)</b>	<b>(3.4)</b>
<b>TOTAL NET ASSETS, excluding Pension Liability</b>		<b>376.4</b>	<b>349.0</b>	<b>334.9</b>	<b>307.0</b>
<b>PENSION LIABILITY</b>	30	<b>(23.2)</b>	<b>(21.9)</b>	<b>(23.2)</b>	<b>(21.9)</b>
<b>TOTAL NET ASSETS, including Pension Liability</b>		<b>353.2</b>	<b>327.1</b>	<b>311.7</b>	<b>285.1</b>
<b>DEFERRED CAPITAL GRANTS</b>	18	<b>139.1</b>	<b>131.1</b>	<b>138.7</b>	<b>130.5</b>
<b>ENDOWMENTS:</b>					
Permanent	20	4.4	4.2	1.5	1.4
Expendable	20	4.5	4.4	2.4	2.2
<b>GENERAL RESERVES, including Pension Reserve</b>	21	<b>202.8</b>	<b>185.9</b>	<b>166.7</b>	<b>149.5</b>
<b>REVALUATION RESERVE</b>	22	<b>2.4</b>	<b>1.5</b>	<b>2.4</b>	<b>1.5</b>
<b>TOTAL FUNDS</b>		<b>353.2</b>	<b>327.1</b>	<b>311.7</b>	<b>285.1</b>

The financial statements on pages 29 to 61 were approved by the Council on 25 November 2015, and signed on its behalf by:

Professor Sir Nigel Thrift, Vice-Chancellor and President

Keith Bedell-Pearce, University Treasurer

## consolidated cash flow statement

for the year ended 31 July 2015

	Note	2014/15 £ million	2013/14 £ million
Net Cash Inflow from Operating Activities	25	63.5	39.3
Returns on Investments and Servicing of Finance	26	(5.1)	(5.2)
Taxation		0.0	0.0
Capital Expenditure and Financial Investment	27	(40.7)	(32.9)
Cash Inflow before Use of Liquid Resources and Financing		17.7	1.2
Management of Liquid Resources net contributions to / (from) short term investments	28	3.0	(11.7)
Financing	29	(5.0)	10.4
<b>Increase / (Decrease) in Cash</b>		<b>15.7</b>	<b>(0.1)</b>

## reconciliation of net cash flow to movement in net funds

for the year ended 31 July 2015

	Note	2014/15 £ million	2013/14 £ million
Increase / (Decrease) in Cash		15.7	(0.1)
(Decrease) / Increase in Liquid Resources	28	(3.0)	11.7
New Loans and Finance Leases	29	0.0	(15.0)
Repayment of Debt	29	5.0	4.6
Change in Net Funds		17.7	1.2
Net Funds at 1 August		7.5	6.3
<b>Net Funds at 31 July</b>	28	<b>25.2</b>	<b>7.5</b>

## notes to the accounts

<b>1. HIGHER EDUCATION FUNDING COUNCIL FOR ENGLAND &amp; NATIONAL COLLEGE FOR TEACHING AND LEADERSHIP GRANTS</b>	<b>2014/15</b>	<b>2013/14</b>
	<b>£ million</b>	<b>£ million</b>
<b>Recurrent Grants:</b>		
Higher Education Funding Council for England:		
Teaching	15.3	21.4
Research	34.2	33.3
<b>Specific Grants:</b>		
HE Innovations Fund	3.0	3.1
HEFCE Catalyst Fund	0.8	0.7
National Scholarship Programme	0.3	0.8
Postgraduate Support Scheme	0.4	0.0
Other Specific Grants	0.1	0.1
<b>Deferred Capital Grants Released in Year:</b>		
Buildings (Note 18)	3.3	3.2
Equipment (Note 18)	1.7	2.1
	<b>59.1</b>	<b>64.7</b>
<b>2. ACADEMIC FEES AND SUPPORT GRANTS</b>	<b>2014/15</b>	<b>2013/14</b>
	<b>£ million</b>	<b>£ million</b>
Accredited Course Fees From Home/EU Students	111.5	94.6
Accredited Course Fees From Overseas Students	106.7	97.9
International Foundation Programme Fees	4.2	4.3
Non-Accredited Short Course Fees	3.6	3.5
CASE Awards and Research Training Support Grants	13.5	12.3
Other Fees	0.6	0.6
	<b>240.1</b>	<b>213.2</b>

## notes to the accounts

(continued)

<b>3. RESEARCH GRANTS AND CONTRACTS</b>	2014/15	2013/14
	£ million	£ million
<b>Income</b>		
Research Councils	37.0	33.9
Central Government, Local Authorities and Public Corporations	27.8	25.9
UK Charitable Bodies	6.7	5.2
European Union	14.3	12.7
UK Industry and Commerce	9.0	7.9
Overseas	5.1	4.0
Others	0.9	0.5
	<b>100.8</b>	<b>90.1</b>
<b>Direct Expenditure</b>		
Research Councils	29.9	27.6
Central Government, Local Authorities and Public Corporations	24.1	21.0
UK Charitable Bodies	6.5	5.1
European Union	11.9	10.4
UK Industry and Commerce	5.9	5.3
Overseas	3.5	3.1
Others	0.8	0.5
	<b>82.6</b>	<b>73.0</b>

Income from Research Grants and Contracts includes £5.7m in respect of Deferred Capital Grants released in the year (2013/14: £5.8m).

There are no amounts relating to Research and Development Expenditure Credit (RDEC) claims included in these accounts.

<b>4. OTHER OPERATING INCOME</b>	2014/15	2013/14
	£ million	£ million
Residences, Catering and Conferences	40.3	40.3
Other Services Rendered	2.7	1.5
Released from Deferred Capital Grants	1.5	1.7
Retail Operations	33.0	31.8
Post-Experience Centres	10.8	10.4
Other Income	22.7	25.2
	<b>111.0</b>	<b>110.9</b>

Included within Other Income above is £Nil (2013/14: £2.7m) relating to the release of negative goodwill arising on previous acquisitions (see note 9).

<b>5. ENDOWMENT INCOME AND INTEREST RECEIVABLE</b>	2014/15	2013/14
	£ million	£ million
Net return on University of Warwick Pension Scheme assets (note 30)	0.2	0.2
Income from Permanent Endowment investments	0.1	0.1
Income from Expendable Endowment investments	0.1	0.1
Other Interest Receivable	1.4	1.2
	<b>1.8</b>	<b>1.6</b>

## notes to the accounts

(continued)

### 6. STAFF

	2014/15 £ million	2013/14 £ million
Staff Costs: Wages and Salaries	215.6	204.5
Social Security Costs	17.7	16.9
Other Pension Costs	28.3	26.8
	<b>261.6</b>	<b>248.2</b>

The number of full time equivalent staff, by area of activity, can be summarised as:

	2014/15 Number	2013/14 Number
Academic staff within academic departments	2,111	1,920
Other staff within academic departments	978	949
Academic services	384	326
Premises management and maintenance	402	370
Residences and catering	442	440
Other services and activities, including commercial operations	904	927
	<b>5,221</b>	<b>4,932</b>

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

	2014/15 £000	2013/14 £000
Salary	290	290
Pension compensation (paid as salary)	46	46
Other taxable benefits	13	12
Total emoluments (including benefits-in-kind)	<b>349</b>	<b>348</b>

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:

	2014/15 Number	2013/14 Number
£370,000 - £379,999	0	1
£350,000 - £359,999	1	0
£310,000 - £319,999	0	1
£300,000 - £309,999	1	0
£240,000 - £249,999	1	1
£220,000 - £229,999	1	0
£210,000 - £219,999	2	3
£200,000 - £209,999	3	0
£190,000 - £199,999	2	4
£180,000 - £189,999	1	2
£170,000 - £179,999	8	6
£160,000 - £169,999	10	9
£150,000 - £159,999	11	16
£140,000 - £149,999	16	15
£130,000 - £139,999	14	18
£120,000 - £129,999	21	20
£110,000 - £119,999	26	28
£100,000 - £109,999	47	34

## notes to the accounts

(continued)

### 6. STAFF - continued

Excluded from the previous list are higher paid employees who started or left during the year and therefore were not university employees for the full financial year. £79,409 in compensation for loss of office (2013/14: £Nil) was paid in total to three 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

	2014/15 £ million	2013/14 £ million
Loans and finance leases wholly repayable within five years	0.0	0.1
Loans not wholly repayable within five years	6.7	6.5
	<b>6.7</b>	<b>6.6</b>

### 8. ANALYSIS OF 2014/15 EXPENDITURE BY ACTIVITY

	Staff Costs £ million	Depreciation £ million	Other Operating Expenses £ million	Interest Payable and Similar Charges £ million	2014/15 Total £ million	2013/14 Total £ million
Academic Departments	122.9	3.1	63.2	0.0	189.2	183.8
Research Grants and Contracts	50.1	6.4	26.1	0.0	82.6	73.0
Total Teaching and Research	173.0	9.5	89.3	0.0	271.8	256.8
Academic Services	13.4	3.1	17.6	0.0	34.1	34.4
Central Administration and Services	20.1	0.8	7.9	0.1	28.9	27.7
General Educational Expenditure	5.3	0.1	21.0	0.0	26.4	24.6
Staff and Student Facilities	8.1	0.2	6.0	0.0	14.3	12.8
Premises	12.3	11.3	25.4	0.0	49.0	41.5
Residences, Catering and Conferences	10.3	2.6	12.5	3.6	29.0	35.1
Other Services Rendered	2.0	0.0	1.2	0.0	3.2	2.1
Retail Operations	14.3	0.8	6.2	0.2	21.5	22.1
Post-Experience Centres	3.5	1.3	3.4	0.0	8.2	9.2
Other Activities	(0.7)	0.0	5.6	2.8	7.7	2.4
Total per Income and Expenditure Account	261.6	29.7	196.1	6.7	<b>494.1</b>	<b>468.7</b>

Staff costs, within "Other Activities", include:

	2014/15 £ million	2013/14 £ million
Excess of Contributions to Pension Scheme Against Service Costs (Note 30)	(1.0)	(1.1)

The depreciation charge has been funded by:

	2014/15 £ million	2013/14 £ million
Deferred Capital Grants Released (Note 18)	12.2	12.8
General Income	17.5	16.8
	<b>29.7</b>	<b>29.6</b>

## notes to the accounts

(continued)

### 8. ANALYSIS OF 2014/15 EXPENDITURE BY ACTIVITY - continued

Other operating expenses include:	2014/15 £000	2013/14 £000
Auditor's Remuneration for the University of Warwick Group (An amount of £41k (2013/14: £41k) relates to the Auditor's remuneration for the University)	80	77
Auditor's Remuneration in respect of Non-Audit Services appointed by the University	34	36
Grants to Warwick Students' Union	2,729	2,447

During the year the University made payments totalling £10,096 including reimbursement of expenses, on behalf of ten lay members of the Council (2013/14: nine members claimed a combined total of £5,701). 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.

## notes to the accounts

(continued)

### 9. INTANGIBLE FIXED ASSETS

	Consolidated		University	
	2015 £ million	2014 £ million	2015 £ million	2014 £ million
Negative goodwill arising on acquisition of				
- Horticulture Research International	(3.8)	(3.8)	(5.3)	(5.3)
- University of Warwick Science Park	(4.7)	(4.7)	0.0	0.0
Goodwill credited to Income and Expenditure Account				
- in previous years	8.5	5.8	5.3	5.3
- in this year	0.0	2.7	0.0	0.0
Net Negative Goodwill as at 31 July	0.0	0.0	0.0	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 was released to the Income and Expenditure Account over the period of 100 months (8 years 4 months), which matched 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, was recognised in the Group's balance sheet as a negative goodwill figure of £4.7m. The negative goodwill on acquisition of the Science Park was initially being released to the Income and Expenditure Account over a period of 42 months (3 years 6 months), which matched the anticipated period of backlog maintenance works to be undertaken on Science Park properties. During 2013/14 following a review the remaining goodwill was released back to the Income and Expenditure Account at this point.

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)

### 10. TANGIBLE FIXED ASSETS

#### CONSOLIDATED

	Total £ million	Land & Buildings £ million	Fixtures, Fittings & Equipment £ million	Assets under the Course of Construction £ million
<b>Cost</b>				
At 1 August 2014	699.6	515.9	162.1	21.6
Additions at Cost	61.6	7.1	14.3	40.2
Asset Transfers	0.0	16.3	4.1	(20.4)
Write Offs and Disposals at Cost	(4.5)	(1.5)	(3.0)	0.0
At 31 July 2015	756.7	537.8	177.5	41.4
<b>Depreciation</b>				
At 1 August 2014	280.9	153.5	127.4	0.0
Charge for the year	29.7	16.2	13.5	0.0
Eliminated on Write Offs and Disposals	(4.2)	(1.2)	(3.0)	0.0
At 31 July 2015	306.4	168.5	137.9	0.0
<b>Net Book Value at 31 July 2015</b>	<b>450.3</b>	369.3	39.6	41.4
Net Book Value at 31 July 2014	418.7	362.4	34.7	21.6

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 £3.9m (2013/14: £4.8m), that were purchased under a finance lease agreement with Cisco Systems Finance International and are, consequently, held as security against this loan (see note 17).

## notes to the accounts

(continued)

### 10. TANGIBLE FIXED ASSETS - continued

#### UNIVERSITY

	Total £ million	Land & Buildings £ million	Fixtures, Fittings & Equipment £ million	Assets under the Course of Construction £ million
<b>Cost</b>				
At 1 August 2014	663.7	482.8	159.3	21.6
Additions at Cost	61.7	7.1	14.4	40.2
Asset Transfers	0.0	16.3	4.1	(20.4)
Write Offs and Disposals at Cost	(3.7)	(1.5)	(2.2)	0.0
At 31 July 2015	721.7	504.7	175.6	41.4
<b>Depreciation</b>				
At 1 August 2014	265.1	140.5	124.6	0.0
Charge for the Year	28.6	15.1	13.5	0.0
Eliminated on Write Offs and Disposals	(3.4)	(1.2)	(2.2)	0.0
At 31 July 2015	290.3	154.4	135.9	0.0
<b>Net Book Value at 31 July 2015</b>	<b>431.4</b>	<b>350.3</b>	<b>39.7</b>	<b>41.4</b>
Net Book Value at 31 July 2014	398.6	342.3	34.7	21.6

### 11. INVESTMENTS

	Consolidated		University	
	2015 £ million	2014 £ million	2015 £ million	2014 £ million
<b>Balance at 1 August</b>	<b>9.4</b>	<b>9.2</b>	<b>14.9</b>	<b>14.7</b>
Net Additions / (Disposals) in the year	0.3	(0.3)	0.8	0.1
Increase in Market Value	0.9	0.2	0.9	0.2
Decrease / (Increase) in Provision for Diminution in Value	0.7	0.3	0.4	(0.1)
<b>Balance at 31 July</b>	<b>11.3</b>	<b>9.4</b>	<b>17.0</b>	<b>14.9</b>
Represented by:				
Group Undertakings	0.0	0.0	6.0	5.8
Associated Undertakings	1.7	1.7	0.7	0.7
Other Equity Investments	1.0	1.6	0.8	1.2
Cash held within Managed Funds	0.3	0.1	0.3	0.0
Bonds held within Managed Funds	0.2	0.2	0.2	0.2
Equity Investments held within Managed Funds	10.0	7.2	10.0	7.2
Alternative Investments held within Managed Funds	0.4	1.6	0.4	1.6
	13.6	12.4	18.4	16.7
Provision for Diminution in Value	(2.3)	(3.0)	(1.4)	(1.8)
	<b>11.3</b>	<b>9.4</b>	<b>17.0</b>	<b>14.9</b>

## notes to the accounts

(continued)

### 11. INVESTMENTS - continued

Associated undertakings include:

#### Teaching Shakespeare LLP

In March 2012 the University acquired a 40% interest in Teaching Shakespeare LLP. The University's interest in the Partnership is shown within the Associated Undertakings figures in the consolidated group accounts. As at 31 July 2015 the University's full investment of £650k has been fully provided against within the accounts of the University.

#### University of Warwick Science Park Associates

On 1 February 2012, the University acquired full ownership of the University of Warwick Science Park Limited and its associated undertakings including the University of Warwick Science Park Business Innovation Centre Limited (UWSP BIC) and University of Warwick Science Park Innovation Centre Limited (UWSP IC). From the date of acquisition, the Science Park was treated as a group investment at cost within the University's figures and is accounted for as a fully consolidated subsidiary within the group accounts (see note 31). UWSP BIC and UWSP IC are not consolidated into the results of the University or the University of Warwick Science Park Limited on the grounds of control and materiality.

Other Equity Investments include:

#### CVCP Properties plc

50,766 ordinary shares of £1 each

#### The Mercia Fund 1

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

#### 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. The University disposed of its entire holding during the 2014/15 financial year.

#### 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 24 active spin-out companies, all of which are incorporated in Great Britain and registered in England. In total these spin-out companies employ almost 125 staff, mainly within the West Midlands.

Further details of the University's investment in spin-out companies can be found at <http://www2.warwick.ac.uk/services/ventures/spinout-companies/spin-out-companies-a-z-list> or are available on written request addressed 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 50.0%, all spin-out investments are carried within the University's consolidated group accounts at nil value, given the uncertain nature of any valuation or return. The results of these companies are not being consolidated in the accounts on the basis of materiality. This will be reviewed on an annual basis.

## notes to the accounts

(continued)

### 12. ENDOWMENT ASSET INVESTMENTS

	Consolidated		University	
	2015 £ million	2014 £ million	2015 £ million	2014 £ million
Balance at 1 August 2014	8.6	8.1	3.6	3.2
Increase in cash balances held for endowment funds	0.3	0.5	0.3	0.4
<b>Balance at 31 July 2015</b>	<b>8.9</b>	<b>8.6</b>	<b>3.9</b>	<b>3.6</b>
Composed of :-				
Securities	5.0	5.0	1.1	1.1
Cash at bank held for endowment funds	3.9	3.6	2.8	2.5
<b>Total Endowment Asset Investments</b>	<b>8.9</b>	<b>8.6</b>	<b>3.9</b>	<b>3.6</b>

### 13. STOCKS

	Consolidated		University	
	2015 £ million	2014 £ million	2015 £ million	2014 £ million
Raw materials and consumables	0.9	0.9	0.5	0.5

### 14. DEBTORS

	Consolidated		University	
	2015 £ million	2014 £ million	2015 £ million	2014 £ million
Amounts falling due within one year:				
Trade Debtors	18.0	17.1	16.0	14.9
Prepayments and accrued income	21.1	18.5	20.2	17.8
Amounts owed by group undertakings	0.0	0.0	8.6	7.4
<b>Total</b>	<b>39.1</b>	<b>35.6</b>	<b>44.8</b>	<b>40.1</b>

## notes to the accounts

(continued)

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

	Consolidated		University	
	2015 £ million	2014 £ million	2015 £ million	2014 £ million
Unsecured Loans (note 17)	3.8	3.9	3.8	3.9
Obligations under Finance Leases (note 17)	0.0	1.1	0.0	1.1
Payments Received in Advance	85.6	84.6	84.1	83.2
Trade Creditors	16.3	11.5	15.9	11.1
Social Security and Other Taxation Payable	6.8	7.2	6.0	6.5
Accruals	25.3	21.4	24.1	19.9
Amounts owed to group undertakings	0.0	0.0	30.9	29.0
	<b>137.8</b>	<b>129.7</b>	<b>164.8</b>	<b>154.7</b>

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

	Consolidated		University	
	2015 £ million	2014 £ million	2015 £ million	2014 £ million
Unsecured Loans (note 17)	122.9	126.7	122.9	126.7
Payments Received in Advance	13.5	0.0	13.5	0.0
Other Creditors	4.0	0.0	4.0	0.0
	<b>140.4</b>	<b>126.7</b>	<b>140.4</b>	<b>126.7</b>

### 17. FINANCIAL INSTRUMENTS AND BORROWINGS

Amounts on finance leases and bank balances as at 31 July 2015 fall due as follows:

	Consolidated		University	
	2015 £ million	2014 £ million	2015 £ million	2014 £ million
Within one year (note 15)	3.8	5.0	3.8	5.0
Between one and two years (note 16)	3.7	3.8	3.7	3.8
Between two and five years (note 16)	10.8	10.8	10.8	10.8
Greater than five years (note 16)	108.4	112.1	108.4	112.1
	<b>126.7</b>	<b>131.7</b>	<b>126.7</b>	<b>131.7</b>

## notes to the accounts

(continued)

### 17. 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 2015:

	Total original facility £ million	Outstanding 31 July 2015 £ million	Effective Fixed rate
<b>Drawn facilities - all variable rate</b>			
Amortising loan, drawn July 2007, repayable July 2037	40.0	29.0	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, March 2013 and December 2013, repayable December 2040	60.0	56.7	5.19%
	<b>140.0</b>	<b>125.7</b>	

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. £0.2m remains outstanding as at 31 July 2015.
2. 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. The final capital repayments ranged from December 2014 to April 2015 and been fully repaid in the year.
3. 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.
4. Loans totalling £1.1m from Salix Finance Ltd, as part of the Energy Efficient Loans Scheme, specifically for the purpose of funding energy saving projects. The loans are at a 0% rate of interest and are repayable between March 2011 and September 2016. £0.1m remains outstanding as at 31 July 2015.
5. A loan of £0.4m from HEFCE, as part of HEFCE's partnership with Salix Finance Ltd. This loan is at a 0% rate of interest and is repayable in eight equal instalments from May 2013 to November 2016. £0.2m remains outstanding as at 31 July 2015.

## notes to the accounts

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### 18. DEFERRED CAPITAL GRANTS

	Consolidated			University		
	Total £ million	Funding Council £ million	Other Grants & Benefactions £ million	Total £ million	Funding Council £ million	Other Grants & Benefactions £ million
<b>At 1 August 2014:</b>						
Buildings	113.7	71.0	42.7	113.1	71.0	42.1
Equipment	17.4	6.1	11.3	17.4	6.1	11.3
<b>Total</b>	<b>131.1</b>	<b>77.1</b>	<b>54.0</b>	<b>130.5</b>	<b>77.1</b>	<b>53.4</b>
<b>Add: Cash Received:</b>						
Buildings	11.5	10.8	0.7	11.4	10.7	0.7
Equipment	8.7	0.8	7.9	8.7	0.8	7.9
<b>Total</b>	<b>20.2</b>	<b>11.6</b>	<b>8.6</b>	<b>20.1</b>	<b>11.5</b>	<b>8.6</b>
<b>Less: Released to Income &amp; Expenditure:</b>						
Buildings (Notes 1, 3 & 4)	5.4	3.3	2.1	5.1	3.2	1.9
Equipment (Notes 1, 3 & 4)	6.8	1.7	5.1	6.8	1.7	5.1
<b>Total (Note 8)</b>	<b>12.2</b>	<b>5.0</b>	<b>7.2</b>	<b>11.9</b>	<b>4.9</b>	<b>7.0</b>
<b>At 31 July 2015:</b>						
Buildings	119.8	78.5	41.3	119.4	78.5	40.9
Equipment	19.3	5.2	14.1	19.3	5.2	14.1
<b>Total</b>	<b>139.1</b>	<b>83.7</b>	<b>55.4</b>	<b>138.7</b>	<b>83.7</b>	<b>55.0</b>

## notes to the accounts

(continued)

### 19. PROVISIONS FOR LIABILITIES AND CHARGES

	Consolidated	University
	£ million	£ million
Early leavers and retirements provision		
At 1 August 2014	0.0	0.0
New Provisions in Year	0.5	0.5
<b>At 31 July 2015</b>	<b>0.5</b>	<b>0.5</b>
Life Sciences restructuring provision		
At 1 August 2014	3.4	3.4
Utilised in Year	0.0	0.0
<b>At 31 July 2015</b>	<b>3.4</b>	<b>3.4</b>
Total of above provisions carried forward at 31 July 2015	<b>3.9</b>	<b>3.9</b>

### 20. ENDOWMENTS

#### CONSOLIDATED

	Restricted Permanent £ million	Restricted Expendable £ million	2015 Total £ million	2014 Total £ million
Opening balances at 1 August				
Capital	3.9	4.3	8.2	7.7
Accumulated Income	0.3	0.1	0.4	0.4
	4.2	4.4	8.6	8.1
New endowments	0.1	0.9	1.0	1.1
Investment Income	0.1	0.1	0.2	0.2
Expenditure	0.0	(0.9)	(0.9)	(0.8)
	0.1	(0.8)	(0.7)	(0.6)
<b>Closing balances at 31 July</b>	<b>4.4</b>	<b>4.5</b>	<b>8.9</b>	<b>8.6</b>
Represented by:				
Capital	4.0	4.4	8.4	8.2
Accumulated Income	0.4	0.1	0.5	0.4
<b>Total</b>	<b>4.4</b>	<b>4.5</b>	<b>8.9</b>	<b>8.6</b>
Analysis of endowment funds by type and purpose				
Chairs and lectureships	1.7	0.8	2.5	2.4
Scholarships and bursaries	1.6	1.6	3.2	3.1
Prize funds	1.0	0.2	1.2	1.0
General	0.1	1.5	1.6	1.8
Research Support	0.0	0.4	0.4	0.3
<b>Total</b>	<b>4.4</b>	<b>4.5</b>	<b>8.9</b>	<b>8.6</b>

## notes to the accounts

(continued)

### 20. ENDOWMENTS - continued

#### UNIVERSITY

	Restricted Permanent £ million	Restricted Expendable £ million	2015 Total £ million	2014 Total £ million
Opening balances at 1 August				
Capital	1.4	2.2	3.6	3.2
Accumulated Income	0.0	0.0	0.0	0.0
	<b>1.4</b>	<b>2.2</b>	<b>3.6</b>	<b>3.2</b>
New endowments	0.1	0.9	1.0	1.0
Investment Income	0.0	0.0	0.0	0.0
Expenditure	0.0	(0.7)	(0.7)	(0.6)
	<b>0.0</b>	<b>(0.7)</b>	<b>(0.7)</b>	<b>(0.6)</b>
Closing balances at 31 July	<b>1.5</b>	<b>2.4</b>	<b>3.9</b>	<b>3.6</b>
Represented by:				
Capital	1.5	2.4	3.9	3.6
Accumulated Income	0.0	0.0	0.0	0.0
<b>Total</b>	<b>1.5</b>	<b>2.4</b>	<b>3.9</b>	<b>3.6</b>

### 21. GENERAL RESERVES

	Consolidated £ million	University £ million
Balance at 1 August 2014	185.9	149.5
Surplus for the Financial Year	19.4	19.7
Actuarial Loss on Pension Liability (note 30)	(2.5)	(2.5)
Balance at 31 July 2015	<b>202.8</b>	<b>166.7</b>
General Reserves excluding Pension Liability	226.0	189.9
Pension Reserve (note 30)	(23.2)	(23.2)
General Reserves including Pension Liability	<b>202.8</b>	<b>166.7</b>

### 22. REVALUATION RESERVE

	Consolidated £ million	University £ million
Unrealised gains on equity investments as at 1 August 2014	1.5	1.5
Increase in market value of equity investments in year (note 11)	0.9	0.9
Unrealised gains on equity investments as at 31 July 2015	<b>2.4</b>	<b>2.4</b>

## notes to the accounts

(continued)

### 23. LEASE OBLIGATIONS

	Consolidated		University	
	2015 £ million	2014 £ million	2015 £ million	2014 £ million
Operating lease commitments in respect of buildings and equipment on leases expiring:				
Within one year	5.0	3.4	5.0	3.4
Between one and five years	3.1	3.7	3.1	3.7
Over five years	1.9	1.8	1.9	1.8
	<b>10.0</b>	<b>8.9</b>	<b>10.0</b>	<b>8.9</b>

### 24. CAPITAL COMMITMENTS

	Consolidated		University	
	2015 £ million	2014 £ million	2015 £ million	2014 £ million
Commitments contracted at 31 July	114.1	21.2	114.1	21.2
Authorised but not contracted at 31 July	262.9	299.5	264.3	293.7
	<b>377.0</b>	<b>320.7</b>	<b>378.4</b>	<b>314.9</b>

### 25. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014/15 £ million	2013/14 £ million
Surplus on Ordinary Activities Before Tax	18.7	11.8
Depreciation (Note 10)	29.7	29.6
Excess of Contributions to Pension Scheme Against Service Costs (Note 30)	(1.0)	(1.1)
Credit of Goodwill (Note 9)	0.0	(2.7)
Surplus / (Deficit) on Write Off and Disposal of Tangible Fixed Assets	0.2	(0.1)
Deferred Capital Grants Released to Income (Note 18)	(12.2)	(12.8)
Deferred Capital Grant adjustments in respect of asset disposals	0.1	0.1
Endowment Income and Interest Receivable (Note 5)	(1.8)	(1.6)
Interest Payable (Note 7)	6.7	6.6
Increase in Debtors	(3.5)	(2.0)
Increase in Creditors	26.8	12.4
Increase / (Decrease) in Provisions (Note 19)	0.5	(0.6)
(Decrease) in Investments' Provisions (Note 11)	(0.7)	(0.3)
	<b>63.5</b>	<b>39.3</b>

## notes to the accounts

(continued)

### 26. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2014/15 £ million	2013/14 £ million
Income from Endowments (Note 5)	0.2	0.2
Other Interest Receivable (Note 5)	1.4	1.2
Interest Payable (Note 7)	(6.7)	(6.6)
	<b>(5.1)</b>	<b>(5.2)</b>

### 27. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2014/15 £ million	2013/14 £ million
Tangible Assets Acquired (Note 10)	(61.6)	(49.7)
Investments (Acquired) / Disposed (Note 11)	(0.3)	0.3
Proceeds on Disposal of Tangible Assets	0.0	0.2
Deferred Capital Grants Received (Note 18)	20.2	15.2
Endowments Received (Note 20)	1.0	1.1
	<b>(40.7)</b>	<b>(32.9)</b>

### 28. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2014 £ million	Other Changes £ million	Cash Flows £ million	At 31 July 2015 £ million
Cash at Bank and in Hand	45.3	0.0	15.7	61.0
Short Term Deposits	90.3	0.0	(3.3)	87.0
Endowment Assets (Note 12)	3.6	0.0	0.3	3.9
Debt due within one year (Note 15)	(5.0)	(3.8)	5.0	(3.8)
Debt due after one year (Note 16)	(126.7)	3.8	0.0	(122.9)
Net Funds	<b>7.5</b>	<b>0.0</b>	<b>17.7</b>	<b>25.2</b>

### 29. ANALYSIS OF CHANGES IN CONSOLIDATED FINANCING

	Loans and Leases £ million	£ million
<b>Balances at 1 August 2013</b>		121.3
New Loans	15.0	
Capital Repayments	(4.6)	
Net New Loans in Year		10.4
<b>Balances at 31 July 2014</b>		131.7
New Loans	0.0	
Capital Repayments	(5.0)	
Net New Loans in Year		(5.0)
<b>Balances at 31 July 2015 (Note 17)</b>		<b>126.7</b>

## notes to the accounts

(continued)

### 30. 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 147,000 active members (2014: 162,000+) and the University had 3,535 active members participating in the scheme as at 31 July 2015 (2014: 3,376).

The University 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.

A contingent liability exists in relation to the pension valuation recovery plan, since the University is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of reimbursement of the University's expenditure is similarly not recognised.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("The valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase from 16% to 18% from 1 April 2016.

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

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

FRS 17 Liability numbers have been produced using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable Salary growth	3.5% for the first year, 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

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. To allow for further improvements in mortality rates, the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% females. The current assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65:	24.2 (26.3) years
Males (females) currently aged 45:	26.2 (28.6) years

## notes to the accounts

(continued)

### 30. PENSION SCHEMES - continued

The FRS 17 exiting position is as follows:	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 Liabilities	£67.6bn	£55.5bn
FRS 17 Deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

Surpluses or deficits which arise at future valuations may impact on the University's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

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 2015 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 2013
Valuation method	Projected Unit
Value of notional assets	£141.6m
Funding level from accrued benefits	93%
Discount rates per annum	- short term 5.45%
	- long term 3.25%
Salary scale increases per annum	3.65%
Pension increases per annum (subject to limited price indexation)	3.00%

## notes to the accounts

(continued)

### 30. PENSION SCHEMES - continued

As at 31 July 2015 there were 679 members of staff actively contributing to the DBS of the Scheme (2014: 761), with a further 1,151 staff being active members of the DCS (2014: 1092).

Following the Scheme's March 2013 actuarial valuation, the University will maintain an overall contribution rate of 23.5% into the DBS of the Scheme, inclusive of deficit recovery contributions. With effect from 30 June 2014, the University's 23.5% DBS contribution is made up 14.3% ordinary annual contributions and 9.2% deficit recovery contributions (previously 13.4% and 10.1% respectively); the deficit recovery contributions will be subject to a minimum annual payment of £1.25 million for pension scheme years ending on and after 31 March 2017.

The University expects to continue at a 23.5% contribution rate through the year ending 31 July 2016 and the estimated contribution for the year ending 31 July 2016 is £3.7 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 2% 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.

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

	2015	2014	2013	2012	2011
Rate of increase in salaries	3.25%	3.30%	3.40%	3.55%	4.25%
Discount rate	3.80%	4.30%	4.60%	4.70%	5.40%
Inflation assumption (RPI)	3.25%	3.30%	3.40%	2.80%	3.50%
Inflation assumption (CPI) *	2.25%	2.30%	2.40%	1.80%	2.50%
Return on equity investments **	6.50%	7.30%	7.40%	7.30%	7.60%
Return on other growth assets **	5.15%	5.75%	5.85%	n/a	n/a
Return on bond investments **	3.80%	4.30%	5.20%	4.00%	4.40%

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

\*\* to develop the expected long-term rate of return on assets assumption, the University considered the current level of expected returns on risk free investments (government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested (including equities, property, liability driven investments (LDI), infrastructure, commodities and reinsurance) and the expectations for future returns on each asset class. The expected return for each asset class was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of a 5.41% assumption for returns in the year ending 31 July 2015 (13/14: 5.92%).

## notes to the accounts

(continued)

### 30. PENSION SCHEMES - continued

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

	2015 Years	2014 Years	2013 Years	2012 Years	2011 Years
Male member aged 45	23.1	23.0	23.5	23.4	23.2
Female member aged 45	26.9	26.8	26.0	25.9	25.7
Male member aged 65	20.9	20.8	21.6	21.5	21.3
Female member aged 65	24.6	24.5	24.2	24.1	23.9

The assets in the Scheme were:

	2015 £ million	2014 £ million	2013 £ million	2012 £ million	2011 £ million
Value of assets					
- Equities	53.3	41.0	34.3	84.9	86.0
- Other growth assets	55.0	42.5	34.3	0.0	0.0
- Bonds and other	58.7	63.0	68.5	42.7	38.1
Total market value of assets	<u>167.0</u>	<u>146.5</u>	<u>137.1</u>	<u>127.6</u>	<u>124.1</u>
Value of liabilities	<u>(190.2)</u>	<u>(168.4)</u>	<u>(159.6)</u>	<u>(142.3)</u>	<u>(128.4)</u>
Net pension deficit	<u>(23.2)</u>	<u>(21.9)</u>	<u>(22.5)</u>	<u>(14.7)</u>	<u>(4.3)</u>

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

	2015 £ million	2014 £ million	2013 £ million	2012 £ million	2011 £ million
Net assets excluding pension liability	376.4	349.0	334.8	317.2	291.3
Pension liability	(23.2)	(21.9)	(22.5)	(14.7)	(4.3)
Net assets including pension liability	<u>353.2</u>	<u>327.1</u>	<u>312.3</u>	<u>302.5</u>	<u>287.0</u>

	2015 £ million	2014 £ million	2013 £ million	2012 £ million	2011 £ million
Income and expenditure reserve excluding pension liability	226.0	207.8	196.7	178.7	150.1
Pension reserve	(23.2)	(21.9)	(22.5)	(14.7)	(4.3)
Income and expenditure reserve including pension liability	<u>202.8</u>	<u>185.9</u>	<u>174.2</u>	<u>164.0</u>	<u>145.8</u>

Analysis of movement in the market value of scheme assets

	2014/15 £ million	2013/14 £ million
Fair value of plan assets at beginning of the year	146.5	137.1
Expected rate of return on scheme assets *	7.3	7.4
Actuarial gains	14.7	3.5
Contribution paid by the employer	3.8	4.1
Contributions by scheme participants	0.1	0.1
Benefits paid	(5.4)	(5.7)
Fair value of plan assets at end of the year	<u>167.0</u>	<u>146.5</u>

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

## notes to the accounts

(continued)

### 30. PENSION SCHEMES - continued

Analysis of movement in the present value of scheme liabilities	2014/15 £ million	2013/14 £ million
Benefit obligation at beginning of the year	168.4	159.6
Current service costs	2.8	3.0
Interest cost	7.1	7.2
Contributions by scheme participants	0.1	0.1
Actuarial losses	17.2	4.2
Benefits paid	(5.4)	(5.7)
Benefit obligation at end of the year	<u>190.2</u>	<u>168.4</u>

Analysis of amount recognised in Statement of Total Recognised Gains and Losses	2014/15 £ million	2013/14 £ million
Actual gain on scheme assets	22.0	10.9
Expected return on assets	(7.3)	(7.4)
Experienced gains and losses on liabilities	0.0	0.1
Changes in assumptions	(17.2)	(4.3)
Net actuarial loss recognised in the Statement of Total Recognised Gains and Losses	<u>(2.5)</u>	<u>(0.7)</u>

Summary of movement in net liability during the year	2014/15 £ million	2013/14 £ million
Current service cost	(2.8)	(3.0)
Contributions	3.8	4.1
Net return on assets	<u>0.2</u>	<u>0.2</u>
Net credit to Income and Expenditure Account	1.2	1.3
Actuarial loss recognised in the Statement of Total Recognised Gains and Losses	(2.5)	(0.7)
Deficit in scheme at 1 August	<u>(21.9)</u>	<u>(22.5)</u>
Deficit in scheme at 31 July	<u>(23.2)</u>	<u>(21.9)</u>

History of experience of gains and losses	2014/15 £ million	2013/14 £ million	2012/13 £ million	2011/12 £ million	2010/11 £ million
Actual return less expected return on scheme assets	14.7	3.5	3.0	(3.9)	9.3
% of scheme assets:	<u>8.8%</u>	2.4%	2.2%	(3.1%)	7.5%
Experience of gains and losses on liabilities	0.0	0.1	0.0	(2.7)	1.3
% of scheme liabilities:	<u>0.0%</u>	0.1%	0.0%	(1.9%)	1.0%
Changes in assumptions	(17.2)	(4.3)	(12.3)	(6.3)	(2.2)
Total amount recognised in Statement of Total Recognised Gains and Losses	<u>(2.5)</u>	<u>(0.7)</u>	<u>(9.3)</u>	<u>(12.9)</u>	<u>8.4</u>
% of scheme liabilities:	<u>(1.3%)</u>	<u>(0.4%)</u>	<u>(5.8%)</u>	<u>(9.1%)</u>	<u>6.5%</u>

## notes to the accounts

(continued)

### 30. PENSION SCHEMES - continued

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

	2015 £ million	2014 £ million
Loss as at 31 July	(42.2)	(39.7)

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

	2014/15 £ million	2013/14 £ million
Universities Superannuation Scheme (USS)	24.2	22.8
University of Warwick Pension Scheme (UWPS) Defined Benefit Section	3.1	3.3
University of Warwick Pension Scheme (UWPS) Defined Contribution Section	1.3	1.1
Other schemes	0.7	0.7
	29.3	27.9
FRS 17 adjustment to pension charge for year	(1.0)	(1.1)
Pension cost for year (note 6)	28.3	26.8

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)

### 31. 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
Warwick Learning Limited	200
Warwick Ventures Limited	20,000
University of Warwick Science Park Limited	27,997
Research-TV Limited (Dormant)	3
Warwick Conferences Limited (Dormant)	2
The University of Warwick Press Limited (Dormant)	2
Jobs for the Academic Community Limited (Dormant)	1
World First Racing Limited (Dormant)	100
WMG-Tech Limited (Dormant)	1
Warwick Innovation Network Limited (Dormant)	1
Warwick Event Solutions Limited (Dormant)	1
UPS Pension Trustee Limited (Dormant)	1

#### University of Warwick Foundation

In addition, the consolidated accounts include the accounts of The University of Warwick Foundation, an exempt Charity. The Foundation is a linked charity as defined under paragraph 28 of the Charities Act 2011 and, as such, more information is disclosed in respect of the Foundation at note 32 of these accounts.

#### Teaching Shakespeare LLP (Note 11)

As of March 2012, the University entered into an education partnership with the Royal Shakespeare Company to deliver high quality professional development to teachers of Shakespeare. The University owns 40% of Teaching Shakespeare LLP, a partnership originally incorporated on 24 October 2011 and began trading in August 2012. The University has invested £650k into systems and course development, which has been fully provided against within the University's accounts.

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

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

#### Other Associated Bodies

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

## notes to the accounts

(continued)

### 32. CONNECTED CHARITABLE INSTITUTIONS

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

#### University of Warwick Foundation

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

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

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

The activities of the Foundation, a financial summary of which is shown below, is consolidated into the University's group accounts, as described in note 31.

Consolidated results	2014/15 £ million	2013/14 £ million
Opening Net Assets, as at 1 August	37.2	37.6
Income	0.9	0.9
Expenditure	(3.3)	(1.4)
New endowments and movement in market value of endowments	0.1	0.1
	<hr/>	<hr/>
Closing Net Assets, as at 31 July	34.9	37.2

Endowment Funds	Restricted Permanent £ million	Restricted Expendable £ million	2014/15 Total £ million	2013/14 Total £ million
Opening balances as at 1 August	2.9	2.1	5.0	4.9
Income	0.1	0.1	0.2	0.2
Expenditure	0.0	(0.3)	(0.3)	(0.2)
New endowments and movement in market value	0.0	0.1	0.1	0.1
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balances as at 31 July	3.0	2.0	5.0	5.0

## notes to the accounts

(continued)

### 33. 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.

Professor Peter Winstanley, an appointed academic member of Council, is also a non-executive director at University Hospital Coventry and Warwickshire (UHCW). During the financial year, income of £6.3m (2013/14: £6.3m) and expenditure of £2.3m (2013/14: £2.7m) for various academic and research services was incurred by the University with UHCW.

Professor Sir Nigel Thrift, the Vice-Chancellor and President of the University, is also the Co-Chairman of the University Development Foundation (UDF) (formally the University Development Trust), a body incorporated in the United States of America. The UDF is working with the University of Warwick to look to develop a campus in California. During the year ended 2014/15, invoices were raised from the University to UDF for the value of £22k. Work will be ongoing to develop this project in the future and further transactions between the parties will take place.

#### 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 11). 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:

	2014/15 £ million	2013/14 £ million
Warwick Effect Polymers Limited	0.0	0.1
Allinea Software Limited	0.1	0.0
Sarissa Biomedical	0.1	0.0

## notes to the accounts

(continued)

### 34. CONTINGENT LIABILITIES

#### Clawback on freehold land:-

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

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

### 35. 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.

### 36. ACCESS FUNDS

	2014/15 £000	2013/14 £000
Opening fund balance	19	15
Funding Council grants received in year	0	171
	<hr/>	<hr/>
	19	186
Disbursed to Students	(19)	(167)
	<hr/>	<hr/>
Balance Unspent at 31 July	0	19

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)

### 37. NATIONAL COLLEGE FOR TEACHING AND LEADERSHIP (NCTL)

<b>Student Bursaries</b>	2014/15 £000	2013/14 £000
Opening fund balance	178	82
Net NCTL grants received in year	1,644	1,734
	<hr/>	<hr/>
	1,822	1,816
Disbursed to students	(1,576)	(1,638)
	<hr/>	<hr/>
<b>Balance Unspent at 31 July owing to the NCTL</b>	<b>246</b>	<b>178</b>

National College for Teaching and Leadership grants are available solely for students or schools for student support and the University acts only as paying agent in administering these grants. The grants and related disbursements are therefore excluded from the Income and Expenditure Account. Funds provided by the National College for Teaching and Leadership are 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 National College for Teaching and Leadership has set.

## notes to the accounts

(continued)

### 38. CONSOLIDATED FIVE YEAR RESULTS

	2014/15 £ million	2013/14 £ million	2012/13 £ million	2011/12 £ million	2010/11 £ million
<b>Income</b>					
Funding Council Grants	59.1	64.7	77.4	84.3	88.2
Academic Fees & Support Grants	240.1	213.2	190.0	166.1	147.5
Research Grants & Contracts	100.8	90.1	83.7	85.4	86.3
Other Operating Income	111.0	110.9	106.4	102.1	96.0
Endowment Income & Interest Receivable	1.8	1.6	2.1	2.2	1.1
<b>Total Income</b>	<b>512.8</b>	<b>480.5</b>	<b>459.6</b>	<b>440.1</b>	<b>419.1</b>
<b>Expenditure</b>					
Staff Costs	261.6	248.2	224.8	213.7	205.2
Depreciation	29.7	29.6	28.7	26.6	25.9
Other Operating Expenses	196.1	184.3	181.2	165.1	164.6
Interest Payable	6.7	6.6	5.8	4.6	4.0
<b>Total Expenditure</b>	<b>494.1</b>	<b>468.7</b>	<b>440.5</b>	<b>410.0</b>	<b>399.7</b>
<b>Surplus on Continuing Operations</b>					
	<b>18.7</b>	<b>11.8</b>	<b>19.1</b>	<b>30.1</b>	<b>19.4</b>
Taxation	0.0	0.0	0.0	0.5	0.0
Share of profit / (loss) after tax of Associates	0.0	0.0	0.0	(0.1)	0.2
Exceptional Items	0.0	0.0	0.0	0.0	0.2
Transfer from Accumulated Income within Specific Endowments	0.7	0.6	0.4	0.5	0.5
<b>Retained Earnings for the Financial Year</b>	<b>19.4</b>	<b>12.4</b>	<b>19.5</b>	<b>31.0</b>	<b>20.3</b>
<b>Assets</b>					
Fixed Assets	461.6	428.1	405.3	395.1	359.0
Endowment Asset Investments	8.9	8.6	8.1	7.2	6.7
Current Assets	188.0	172.1	159.0	127.4	116.1
<b>Liabilities</b>					
Current Liabilities	137.8	129.7	116.9	108.0	106.2
Long Term Liabilities	140.4	126.7	116.7	100.9	78.8
Provisions	3.9	3.4	4.0	3.6	5.5
<b>Net Assets, excluding Pension Liability</b>	<b>376.4</b>	<b>349.0</b>	<b>334.8</b>	<b>317.2</b>	<b>291.3</b>
Pension Liability	(23.2)	(21.9)	(22.5)	(14.7)	(4.3)
<b>Net Assets, including Pension Liability</b>	<b>353.2</b>	<b>327.1</b>	<b>312.3</b>	<b>302.5</b>	<b>287.0</b>
<b>Capital Expenditure</b>					
Land and Buildings	47.3	37.2	21.9	46.2	43.8
Plant, Machinery & Equipment	14.3	12.5	13.6	9.0	7.5
	<b>61.6</b>	<b>49.7</b>	<b>35.5</b>	<b>55.2</b>	<b>51.3</b>
<b>Net Funds / (Debt)</b>	<b>25.2</b>	<b>7.5</b>	<b>6.3</b>	<b>(6.3)</b>	<b>1.9</b>

## indicators of financial health

	2014/15	2013/14	2012/13	2011/12	2010/11
(a) % Ratio of Total HEFCE & NCTL Grants to Total Income	11.5%	13.5%	16.8%	19.2%	21.1%
(b) % Ratio of Total Fees from Home & EU Students to Total Income	21.7%	19.7%	17.7%	14.1%	14.3%
(c) % Ratio of Total Fees from Overseas Students to Total Income	20.8%	20.4%	19.5%	18.9%	16.3%
(d) % Ratio of Total Research Grant and Contract Income to Total Income	19.7%	18.8%	18.2%	19.4%	20.6%
(e) % Ratio of Total Other Services Rendered Income to Total Income	0.5%	0.3%	0.5%	0.7%	1.2%
(f) % Ratio of Total Residences and Catering Income to Total Income	7.9%	8.4%	8.4%	8.2%	7.4%
(g) % Ratio of Total all Other Income to Total Income	17.9%	19.0%	19.0%	19.5%	19.1%
(h) % Ratio of Staff Costs to Total Income	51.0%	51.7%	48.9%	48.6%	49.0%
(i) % Ratio of Surplus to Total Income	3.8%	2.6%	4.2%	7.0%	4.8%
(j) % Ratio of Long Term Liabilities and Provisions* to Total General Funds*	63.8%	62.6%	61.4%	58.5%	56.2%
(k) Ratio of Liquid Assets to Current Liabilities	1.07	1.05	1.07	0.88	0.77
(l) Ratio of Current Assets to Current Liabilities	1.36	1.33	1.36	1.18	1.09
(m) Days of Total Income represented by Debtors	27.8	27.0	26.7	26.3	29.4
(n) Days of Total Expenditure represented by Creditors due within one year	101.8	101.0	96.9	96.1	97.0

\* excluding Pension Liability/Reserve

## University address and key advisors

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