



FINANCIAL STATEMENTS 2019-2020



Financial Statements

for the year ended 31 July 2020

Index of Contents	Page
Financial Highlights	2
Financial Review	3
Public Benefit Statement	12
Corporate Governance	22
Statement of Internal Control	27
Statement of Primary Responsibilities of the Council	30
Independent Auditor's Report	32
Consolidated and University Statement of Comprehensive Income.	34
Consolidated and University Statement of Changes in Reserves	35
Consolidated and University Statement of Financial Position.	36
Consolidated Cash Flow Statement	37
Notes to the Accounts	38
Indicators of Financial Health	73

financial highlights

for the year ended 31 July 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		2019/20	2018/19	Change
		£ million	£ million	
Tuition fees and educational contracts		360.1	344.5	4.5%
Funding body grants		66.4	61.4	8.1%
Research grants and contracts		131.7	137.8	(4.4%)
Other income		115.4	136.9	(15.7%)
Investment income		2.6	2.7	(3.7%)
Donations and endowments		3.7	5.3	(30.2%)
Total income		679.9	688.6	(1.3%)
Surplus for the financial year excluding USS pension provision movement		28.8	59.8	(51.8%)
Surplus / (deficit) for the financial year		119.1	(74.8)	(259.2%)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION		2020	2019	
		£ million	£ million	
Fixed assets		818.6	767.1	
Investments		7.7	28.6	
Net current assets		78.7	89.6	
		905.0	885.3	
Long term creditors and provisions		(571.8)	(664.6)	
Total net assets		333.2	220.7	51.0%
CAPITAL EXPENDITURE IN THE YEAR		2019/20	2018/19	
		£ million	£ million	
		100.9	119.6	(15.6%)
NET CASH INFLOW FROM OPERATING ACTIVITIES		2019/20	2018/19	
		£ million	£ million	
		90.3	90.8	(0.6%)
OTHER KEY STATISTICS		2019/20	2018/19	
		Number	Number	
Full Time Students:-	Home / EU undergraduates	13,277	13,038	1.8%
	Home / EU postgraduates	2,264	2,449	(7.6%)
	Overseas undergraduates	3,038	2,871	5.8%
	Overseas postgraduates	4,074	3,852	5.8%
Total number of students (Full Time Equivalent)		24,289	23,776	2.2%
Total staff numbers (Full Time Equivalent)		6,554	6,142	6.7%

financial review

Introduction

The year 2020 will be remembered for decades to come for the worldwide impact of Covid-19 on individual lives, on society and on the global economy. The University, as an organisation and as a community, has inevitably experienced the impact. Our financial year-end of 31 July 2020 has fallen relatively early in the pandemic timeline and so our financial statements do not capture the full extent of the impact on the University, which is primarily expected to affect the coming financial year. Consequently, we are pleased to be able to report an underlying surplus for the year of £28.8m, which is just short of our original budget although considerably short of our mid-year assessment. This underlying surplus is further enhanced by a favourable movement of £90.3m in respect of the Universities Superannuation Scheme (USS) pension deficit, thereby resulting in an overall University surplus for the year of £119.1m.

The favourable distortion of our surplus due to movements in USS valuation results comes in stark contrast to the large adverse movement experienced last year. USS is a multi-employer pension scheme and the University is required to report a deficit based on the present value of expected future deficit payment contributions to USS; increases (or decreases) in our reported deficit are disclosed as additional (or reduced) staff costs and so impact our surplus. Last year's financial statements reported an overall University deficit of £74.8m because of the impact of a £134.6m adverse movement relating to the deterioration in USS deficit between its 2014 and 2017 valuations. A more favourable 2018 USS valuation has resulted in this year's £90.3m positive adjustment to our surplus. It is expected that the 2020 USS valuation will result in a major adverse movement in next year's financial statements arising from a probable increase in contributions.

In March 2020, when the initial impact of Covid-19 was being experienced in the UK and the first 'lock-down' was enacted by Government, the University was able to respond from a position of financial strength reflecting our past good financial performance, sustainable financial planning and a favourable financial performance in the year to date. Nevertheless, the impact of lockdown and other Covid-19 mitigations has inevitably impacted our income streams, especially in respect of our commercial activities such as conferences and retail, and also our income from student residences. Had it not been for Covid-19 then based on our half-year results, the University's underlying surplus for the year might reasonably have been expected to reach £50m-£60m rather than the £28.8m achieved. This significant shortfall in surplus has occurred despite an immediate response to implement cost savings across the institution and additional income being received from the Government's Coronavirus Job Retention Scheme.

As mentioned, the fuller impact of Covid-19 on the University's finances is expected to be experienced in 2020/21. The University has developed a clear, robust strategy to navigate through this challenging period, with long-term financial sustainability being a key feature. Meeting our student recruitment targets and achieving good retention rates is a key driver for our financial performance. Our strategy sets the goal of continuing to deliver an outstanding learning experience for students using a blended approach of some face-to-face delivery with added emphasis on online resources. Our student recruitment for the 2020/21 academic year is above initial expectations in the summer and we have sought to build in appropriate levels of contingency into our planning to allow for potential setbacks during the year. The future outlook for the University is covered in great depth at the end of this report.

Additional investment has been made by the University to ensure that campus remains a safe environment, to embed blended learning arrangements and to enhance the student experience. For instance the University has set up its own Test and Trace service on campus and has invested in enhanced cleaning arrangements. We have switched to online Open Day events which have been very well received. Our Learning Design Consultancy Unit is providing staff with expertise and practical support in the design and delivery of online teaching, learning and assessment. We have redeployed staff from our conferences team to act as Student Experience Ambassadors and are embarking on a campus reactivation programme of events for students.

financial review

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In addition to our focus on teaching, learning and the student experience, the University maintains its commitment to research excellence. The benefits of university research to society have arguably never been more evident. Warwick researchers are playing their part in the international effort to combat Covid-19. Activities include research to identify optimal strategies for mechanical ventilation of patients and a clinical trial to find alternatives to ventilators to treat critically ill patients; collaboration with scientists from around the world to identify how coronavirus molecules are structured in blood; and developing a potential diagnostic tool for detecting Covid-19.

Amidst this turbulent period, Warwick's reputation has continued to hold up favourably, with the University scoring well in league table rankings. Warwick was once again named as one of the UK's top 10 universities in the Times and Sunday Times Good University Guide and the THE World University table for 2021 ranked Warwick in the world's top 100 and UK's top 10 universities.

We are going through unprecedented times and this brings inevitable uncertainty. The coming financial year will be extremely challenging and, despite cost saving measures, we are forecasting a small loss of c. £10m (before USS adjustments) – this compares with our pre-Covid-19 forecast of a £40m surplus. However, the University's finances are sufficiently robust to absorb this loss and we have made planning contingencies to help absorb further adverse impacts. Furthermore, the University's fundamental strengths remain intact, including its ability to deliver world-class teaching and research, its national and international reputation and its excellent students and staff. We therefore have a clear roadmap to recovery and will be working exceptionally hard to ensure that our passage through the coming year is completed in good order.

Lastly, I would like to record my thanks to our outgoing Treasurer, Keith Bedell-Pearce CBE. Keith has been an independent member of the University Council since August 2009 and became the University Treasurer in October 2011. His period of tenure has covered a time of significant change and growth for the Higher Education sector and Keith's oversight of a robust financial strategy has enabled Warwick to capitalise on the many opportunities that have arisen. A Warwick alumnus himself, Keith has been exceptionally generous in his time commitments to the University and Warwick will benefit from the fruits of his counsel for years to come.

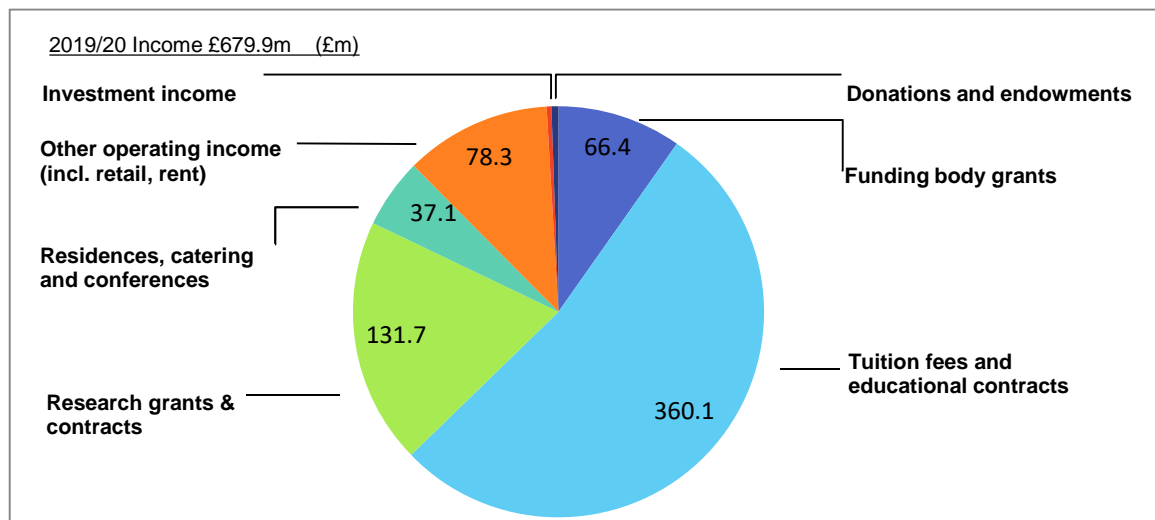
Financial Performance

In 2019/20 the University achieved a surplus for the year of £119.1m compared to the prior year deficit of £74.8m. As mentioned above, these surplus and deficit figures are significantly distorted by movements in the USS pension liability over the last couple of years, without which the University would have achieved a surplus of £28.8m in 2019/20 compared to the prior year underlying surplus of £59.8m.

The underlying surplus of £28.8m was significantly impacted by Covid-19, falling well short of mid-year forecasts of £50m-£60m and below recent years' surplus levels. However, it was more or less in line with our original, prudent budget and can be considered a good result in difficult circumstances. This underlying surplus of £28.8m delivered a margin on income of 4.2% (2018/19: 8.7%) which is significantly lower than the previous year and lower than our long term target of 7%. The Covid-19 pandemic most significantly impacted on our commercial operations, especially income from our retail and conference activities which were, and continue to be, significantly affected by the national and local lockdowns. Due to some of the expected impact of the crisis, the University has taken a number of proactive steps in an attempt to manage expenditure and protect cash over the course of the year and in anticipation of a challenging 2020/21 ahead. Capital programmes were reanalysed and operating expenditure was reviewed in detail to ensure the University's resources were deployed in as an effective manner as possible.

financial review

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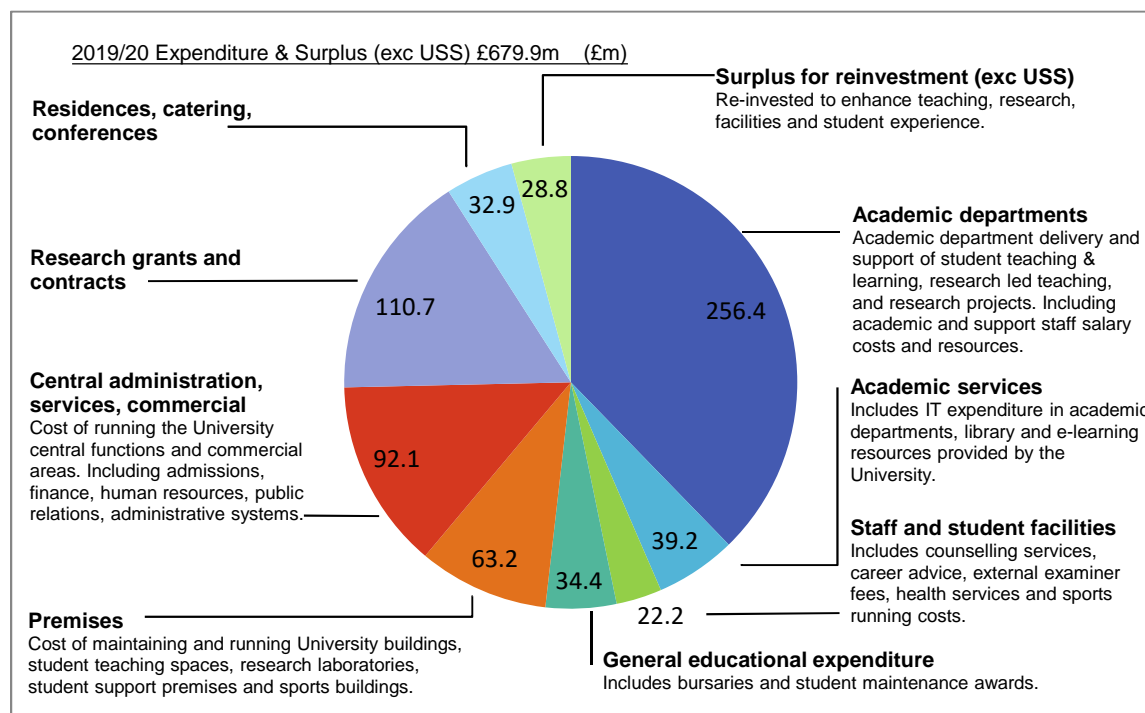
The University's total operating income decreased from £688.6m to £679.9m. With the pandemic arriving in the UK two thirds of the way through the academic year, tuition fee income was largely unaffected – indeed it increased over the prior year as a result of additional student numbers recruited at the start of the year. However, Covid-19 impacts led to falls in a number of other income streams. As mentioned, the conference trade was a significant casualty with Warwick's three training and conference centres being unable to open for much of the latter half of the year resulting in a reduction in income of 30%; retail outlets and operations were also heavily impacted. Income from our student residences also fell due to lower occupancy on campus during term three as a result of lockdown restrictions and students not returning to campus after the Easter vacation.

Research income also saw a small fall compared to the previous year moving from £137.8m to £131.7m, due to lockdowns slowing progress on research projects towards the end of the year. Despite the obvious challenges of the year, many departments still achieved positive results. In particular, Warwick Manufacturing Group delivered another exceptional performance underpinned by its enduring industry partnerships and world class facilities.

As a result of the USS pension adjustment the financial statements show a decrease in staff costs from £480.0m to £287.4m. After removing the impact of pension adjustments from both years, staff costs have increased from £346.7m to £381.9m. Staff costs (adjusted for pension movements) as a percentage of expenditure remained relatively constant at 58.6% (2018/19: 54.9%), the increase primarily as a result of the lower than expected overall spend. This is largely consistent with expectations and in line with sector norms.

financial review

(continued)



The accounts also show the University's total comprehensive income, which is composed of the reported surplus for the year, any actuarial movements on the University's own pension fund and movements in the market value of financial instruments. This year's result is a surplus of £112.5m, but after removing the impact of the £90.3m USS adjustment, the result becomes a surplus of £22.2m. Actuarial gains of £1.1m (2018/19: £15.4m) in respect of the University's own pension scheme were reported during the year, with an increase in scheme liabilities due to declining discount rates being offset by gains in asset values, reflecting the impact of the effective hedging strategy that has been adopted in recent years. In contrast, the market value movement on the valuation of the swaps used to hedge interest rates on the University loans was £7.7m adverse, reflecting falling interest rates during the year. The amounts included within comprehensive income do not impact cash so while the numbers are significant, they do not affect the ongoing operations of the University in a positive or negative way.

Financial Position

Despite the challenges experienced this year, the Balance Sheet remains strong. Our non-current assets have increased from £795.7m to £826.3m driven by investment to complete our major capital projects, although there has been a downward movement in our non-current investments as a result of selling a number of our investments in the interest of protecting our holdings and securing the cash position for the University. Total net assets increased from £220.7m to £333.2m. A significant proportion of this improvement is a result of the £90.3m non-cash movement on the USS pension scheme. The University has built up a strong financial position over a number of years which puts it in a good position to take appropriate and necessary steps to mitigate the impacts of the Covid-19 pandemic. Information supporting the going concern basis of preparation of the accounts is provided in note 1 on page 38.

Trade and other receivables decreased to £49.8m (2018/19: £64.8m), primarily as a result of lower other trade receivables at the end of 2019/20. The reduction is a result of the reduced activity occurring at the end of the year as a result of the slowdown caused by the global pandemic and also due to the previous year's figures being augmented by a number of large invoices in relation to research being raised just before the year end.

financial review

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Creditors falling due in less than one year increased, moving from £201.1m to £215.8m during the year. Deferred income saw the largest increase moving from £97.4m to £122.8m, most of this increase in relation to research receipts in advance where it has not been possible to complete work at the speed initially anticipated, therefore leaving a larger balance outstanding in advance at the year end. Trade payables, similar to the trade debtors noted above, decreased as the volume of activity reduced over the course of the year. The University proactively managed expenditure to preserve cash and this reduced expenditure resulted in lower than typical trade payables over the year end period. This careful management of expenditure will likely continue through the current year.

Creditors falling due after more than one year stayed relatively constant moving from £470.8m to £470.1m. Small reductions in the level of receipts in advance held and a reduction in loan balances due to repayments have been offset by a small increase in value of deferred capital grants and an increase in the liability in relation to the interest rate swaps the University holds reflecting the latest expectations around future interest rates.

The pension provision, which relates entirely to the USS, reduced significantly as expected from £197.5 to £107.2m. This reduction is a consequence of the outcome of the 2018 USS valuation, which requires a lower level of deficit recovery payments from universities and for a shorter duration than was required under the 2017 valuation. This favourable movement, which was in line with planning expectations, is a non-cash transaction and while it has no immediate impact on the University's underlying operating surpluses or cash levels, decisions on the future funding model for the USS could have significant financial implications for all universities. The 2020 scheme valuation is expected to result in a significantly adverse outcome compared with 2018 and this is likely to impact on next year's University financial statements. Whilst movements in the pension liability should be viewed with caution because of their sensitivity to relatively minor movements in variables, further increases in contribution rates could impact the University's ability to fund other strategic projects.

In contrast to USS, the defined benefit section of the University of Warwick Pension Scheme (UWPS) remains in surplus, with the net asset increasing from £6.8m to £8.6m. Whilst being able to report an asset should be seen as a positive outcome, it is important to note that the accounting methodology adopts less prudent assumptions than required for the triennial scheme valuation, which remains in deficit. The University is therefore in the unusual position of reporting an accounting surplus yet being required to continue to pay deficit contributions to the scheme.

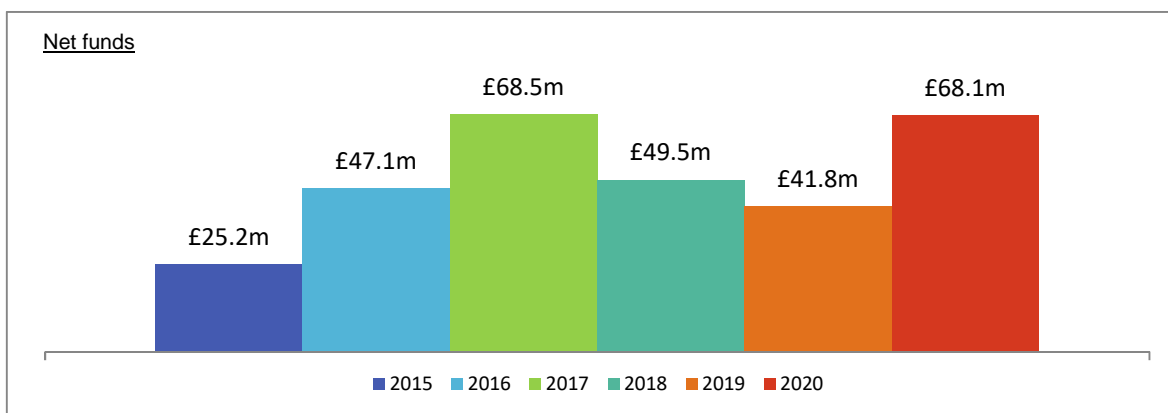
Liquidity and Borrowing

The University has seen the total of its cash and cash equivalents and its current asset investment balance increase slightly from £225.1m to £244.0m. The loan balance decreased from £183.3m to £175.9m as a result of capital repayments during the year. Net cash flow from operating activities for 2019/20 was £90.3m and the University must continue to generate sufficient cash balances from its operations to enable it to invest in both its capital infrastructure and other strategic priorities.

The University continually ensures that it maintains minimum cash levels for working capital purposes. In previous years this has been relatively straight forward and the University has had excess cash to invest back into the University. In a typical year, the University would plan to invest such surplus cash in capital projects and programmes that enhance the student or staff experience. However, the impact of the Covid-19 pandemic has put pressure on the University's planned cash resources. Whilst the University has worked hard to build up a good level of cash balance, significant elements of this are committed to the completion of existing capital projects and cash balances are forecast to reduce further because of the need to plan a small loss in 2020/21 as the University implements Covid mitigation plans and operates on reduced income streams. The University has entered into discussions with a number of banks with regard to taking out additional short term finance, probably in the form of a revolver loan for 3-5 years with a value of up to £50m. The exact terms and details of the loan are in the process of being finalised.

financial review

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Net funds are comprised of the following:

	2015	2016	2017	2018	2019	2020
	£ million	£ million	£ million	£ million	£ million	£ million
Short term deposits	69.0	70.0	89.0	38.5	81.5	25.0
Cash and cash equivalents	82.9	100.0	98.7	126.6	143.6	219.0
Unsecured loans	(126.7)	(122.9)	(119.2)	(115.6)	(183.3)	(175.9)
	25.2	47.1	68.5	49.5	41.8	68.1

The University cash balances are invested across a range of approved financial institutions, principally in short term deposit accounts of up to two years in length and to a maximum value of £55m per financial institution. The University investment policy maintains at its core the principal aim of protecting the charitable assets of the University and, as such, cash balances are currently restricted to UK clearing banks and the largest UK building societies. The University also maintains an investment portfolio, managed by Rathbones (see note 15 of the accounts), principally with a view to holding for the longer term and as an instrument for repaying bullet loan commitments. All cash and investment funds are held in accordance with the University's socially responsible investment policy.

Capital projects

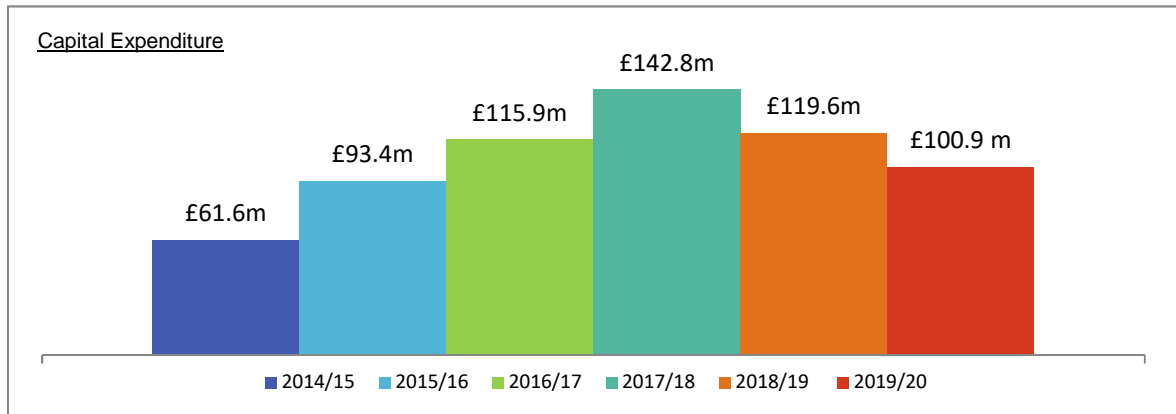
The University has continued to deliver an extensive capital programme during 2019/20 spending £100.9m (2018/19: £119.6m). This is the fourth consecutive year we have invested in excess of £100m, which is a significant achievement in the current circumstances. The University has worked closely with its contractors to ensure that work has been able to continue across the campus while keeping staff, students and contractors safe. Evidence of the scale of investment in our facilities is clearly visible around campus, ensuring the best possible environment for our staff and students.

The first phase of the Cryfield Village student residences opened in September welcoming over 300 new students to the University. These are exciting new residences offering an alternative style to most of the other residences on campus – a mixture of townhouse-style apartments and studios with a village hall at its heart providing a laundrette, a post room, student social areas and offices. Further phases are underway with the expectation that the whole project will be complete and ready for students for the start of next academic year.

The WMG Degree Apprenticeship Centre (DAC) also opened up at the start of the year. The DAC will provide training programmes up to Level 8 (Engineering Doctorate level) with an initial capacity for 1,000 students at any one time. It will provide flexible teaching and lab space, and an environment for technology-enhanced learning as well as advice and support for apprentices and organisations.

financial review

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The University also completed work renovating our old sports centre into our new Junction building. Junction provides a new location for a number of different services on campus, including a new examinations hub, a relocation of the PostGrad Hub and new innovation space for staff and students.

Work has also continued on three other key projects, which are expected to be completed in the coming year: the Interdisciplinary Biomedical Research Building (IBRB), the new Faculty of Arts Building and the Warwick Arts Centre extension. Once available these excellent facilities will all play a key role in the reinvigoration of campus as we move beyond the pandemic, as well as further enhancing the University's competitiveness.

With a view to preserving cash, a review of Warwick's capital plan was undertaken at the outset of the pandemic and most uncommitted and uncontracted works were paused. The University's latest financial plan envisages that capital investment from its own resources will be able to gradually recommence in the medium term before returning to more normal levels of investment over a five-year period. The University also has a good track record of attracting external funding, such as for the National Automotive Innovation Centre, and is preparing 'spade ready' development plans which can commence as soon as internal or external funding becomes available.

Risks

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

Inevitably, the current and future adverse impacts of the Covid-19 pandemic have taken centre stage in University risk planning and mitigation. We have established a Business Continuity and Recovery Group, reporting to the University Executive Board, to manage the many complex and overlapping issues arising from Covid-19 and the associated lockdowns. It is, of course, also important not to lose sight of other potential risks, of which there are many.

The following list illustrates some of the key risks currently on the University's radar, in addition to navigating the pandemic:

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

financial review

(continued)

- Failure to recruit and retain internationally recognised scholars in a highly competitive market; and
- The potential for Brexit to impact on the above, including but not limited to: the ability to recruit students from the EU, ability to recruit and retain high-calibre staff, government grant funding policy changes, and the ability to continue to be involved in research of the highest quality with our peers across the EU.

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

- plans prudently with respect to income assumptions, continually reviews the need for efficiency savings and monitors student feedback and surveys to most effectively direct available resources;
- plans conservatively for student demand and focuses on building and developing overseas networks with other organisations, representatives and alumni communities;
- is, alongside investing in the best staff and facilities and pursuing international excellence in all aspects of its operations, continuously growing its academic links and collaborative working relationships with overseas education partners and international businesses; and
- engages in regular, frequent review of recognition and reward mechanisms and leadership and development training programmes.

Warwick has undertaken extensive modelling for a number of different outcomes in relation to Covid-19 and Brexit, including stress testing different scenarios. The University has a good track record of making prudent planning assumptions and consequently over-achieving its forecast surplus levels. We have effective governance of financial decision-making to ensure that a high standard is maintained in the ongoing stewardship of our assets. This cautious and diligent approach to the management of the University's finances has ensured that Warwick has been able to respond to the adverse impacts of the pandemic from a position of financial strength.

Future outlook

Uncertainty over the full impact and timeline of the Covid-19 pandemic has made the development of financial plans for the future understandably difficult at this moment in time. Nevertheless, the University has sought to develop a financial plan that is realistic based on latest student recruitment and enrolment data and taking account of the potential ongoing disruption to conference and retail activities. Whilst tuition fee income forecasts are currently exceeding our earlier expectations we are under no illusions as to the likelihood of further adverse impacts on income throughout the coming year. We have consequently embedded a number of sizeable planning contingencies into our financial plan.

Adapting to the prospect of significant ongoing reductions in some of our key income streams has meant that cost reductions have inevitably had to be made. The University has implemented a Voluntary Leavers Scheme which has been successful in reducing headcount; an associated scheme aimed at reducing costs by enabling staff to buy additional leave, reduce hours or take career breaks has also been successful. We have also implemented measures to freeze vacant posts wherever possible, we will not run the scheme for senior pay increases and other merit pay awards, and will restrict non-pay budgets over the coming year to business-critical items only. The University has also paused planned capital investment except for projects already underway, small-scale, urgent initiatives and essential maintenance.

As mentioned earlier in the report we anticipate incurring a manageable deficit in 2020/21 and thereafter are forecasting a steady recovery, with a modest surplus in 2021/22 before returning to more normal levels of performance in later years of our five year plan. We are assuming that there will be continuing shortfalls in international tuition fee income in 2021/22 compared with past norms but thereafter a return to full recruitment levels. Predicting the timeline for recovery of our commercial activities is difficult, though we would expect revenues to regenerate well as our campus returns to normal life as we come out of the pandemic. We are anticipating that throughout the coming years that Government-funded income streams, such as our teaching and research block grants and research awards funded through UKRI remain stable and reliable.

financial review

(continued)

As we look beyond 2020/21 the University has much to be positive about. In the coming months we will be opening two major buildings on campus: our new Faculty of Arts building and the Interdisciplinary Biomedical Research Building (IBRB). Both will add exciting impetus to our post-Covid recovery and the IBRB in particular will be opening at a time when interest and investment in biomedical science is very much centre stage. We will also be opening our redesigned and refurbished Arts Centre, which will be a further catalyst for re-energising our campus as we celebrate Coventry 2021 City of Culture. As our surplus levels recover we will recommence normal levels of capital investment in our campus and in anticipation are developing plans that will transform our science capabilities.

Whilst this bright future is within reach, beyond the immediate disruption of the pandemic, there are a number of other key risks that the sector will need to navigate in coming years. In particular, a no-deal Brexit would risk a loss of access to EU funding and European research partnerships and indirect exposure to negative shocks to the wider UK economy. The University will continue to take steps to mitigate the most damaging impacts and our involvement in the EUTOPIA partnership (an alliance of six European universities with the aim of creating a connected and inclusive academic community across the continent) is a key feature of this. The University has also already taken steps to introduce a new international scholarships scheme to ensure that we remain an attractive destination for the brightest overseas students as we transition to new tuition fee arrangements for EU students from 2021/22.

The outcome of the 2020 USS pension valuation presents a further challenge for the sector. Preliminary results suggest that a significant increase in the deficit and future contribution levels are a real possibility and managing a resolution that is acceptable to all stakeholders will be far from straight forward. The sector is also still waiting to see whether there will be a formal response to the Augar Report on post-18 education and funding, which might yet result in significant changes to the higher education tuition fee regime. It is not possible to predict accurately the outcome of every potential risk but the University seeks to take a prudent approach to its planning assumptions, embedding contingency provisions where appropriate and acting swiftly to take mitigation action when required. This approach has stood the University in good stead in the current challenging environment, demonstrating financial resilience that can withstand stress testing.

Universities, with their mission to advance the boundaries of knowledge, to identify solutions to as yet unsolved problems and to educate the next generation to face tomorrow's challenges, are in a unique position to contribute to the regional, national and international recovery from the global pandemic. It is therefore anticipated that the demand for the services provided by the sector will remain high, with institutions that are capable of adapting to change being especially sought after. Warwick has an exceptional track record in this regard and, underpinned by a resilient financial strategy, we remain confident of our ability to prosper.

Neil Sachdev, University Treasurer

18 November 2020

public benefit statement

We provide public benefit principally by pursuing our core objects, as set out in our Charter: 'the advancement of learning and knowledge by teaching and research and the provision of University education'. Members of the University Council, as charity trustees, have complied with their responsibility to have due regard to the Charity Commission's guidance on public benefit in exercising their powers and duties.

Our strategy, Excellence with Purpose, has been in place since September 2018. We continue to strive for excellence whilst rejecting intolerance in all of our activity. Our strategy continues to be underpinned by a core set of values that address our duty to the public interest through the impact of our teaching and research. Extensive work was carried out in 2019, in consultation with our community, to give life to these values and a set of five guiding principles was published in July 2019. They represent our expectations of how we behave as individuals and an institution and are embedded across all our activities, serving as a positive example to our community and beyond.

The University Council and Senate have continued to seek assurance that our education, research and knowledge generation are at the forefront of excellence in national and international agendas, and are committed to continuing to work in partnership with our students and staff to maintain and further enhance the distinctiveness of education and research at Warwick.

Teaching and Learning

We are committed to providing the highest standard of educational experience for all students, enabling the achievement of outstanding academic and career outcomes. For over 50 years, our mission has been to equip our students with the knowledge and skills required to succeed in a global society. We enable them to work creatively and flexibly within and across disciplinary boundaries and to achieve their full potential in employability and career progression.

Widening participation and social inclusion continue to remain core to our mission. Our commitment to provide a transformative educational experience for all students means our graduates can demonstrate sector leading academic attainment and career outcomes. The Council approved the Widening Participation Strategy (WP) along with the Access and Participation Plan (APP) in July 2019. Core to both is our vision to have the greatest impact on social mobility, through our ability to recognise, inspire, and enrich talented students from socially and economically disadvantaged backgrounds.

We have made concerted progress in many of our institutional targets reportable to the Office for Students for example students from a Black and Ethnic background have increased from 26.4% to 37.6% in 2019-20.

Over time we have shifted our emphasis from access, to a whole lifecycle approach, supporting students throughout their time at Warwick, with a focus on ensuring equality of opportunity to the range of student experience and achieving parity of outcomes at degree level and beyond. More information about our work and approach can be found on our web pages <https://warwick.ac.uk/study/outreach/>.

We seek to ensure that, wherever possible, financial circumstances are not 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 postgraduate students.

The Warwick Scholars access programme, launched in 2019, has already supported 183 post-16 widening participation students in the region capable of gaining a place at Warwick. In 2020 Warwick Scholars joining us as undergraduates from this access programme will receive tuition fee reductions and bursaries alongside enhanced access to opportunities such as study abroad experiences (where possible currently), careers and skills development, work experience and internships. <https://warwick.ac.uk/study/outreach/whatweoffer/warwickscholarsug>

public benefit statement

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We undertook a study into the impact of Covid on year 13 students engaged in our post-16 programmes that informed our response to supporting them over the summer and into the next academic year. We moved our events online, working with The Sutton Trust, providing a four day summer school for year 12 students ensuring all had access to the internet and IT equipment in order to take part.

The IntoUniversity centre in Coventry continues to thrive. Our higher education presence in the local community provides a range of long term programmes working with young people aged 7-18. Since the partnership began in 2018, nearly 1,000 students have received support through the centre. <https://intouniversity.org/content/intouniversity-coventry>

We are leading the OfS funded National Collaborative Outreach Programme (NCOP) consortium in partnership with Coventry University, Warwickshire County Council and local Further Education colleges. It is a highly targeted programme primarily focused on nine 'hub' schools in Rugby, Nuneaton and Bedworth and North Warwickshire areas.

Our partnership with the social mobility charity upReach provides opportunities for Warwick students to have access to intensive career support and top employers for internships and future employment.

We continue to be a partner in the University Schools Trust (UST) focusing on schools in East London. The UST comprises a unique partnership of like-minded universities, companies and community organisations, which work with the member schools to ensure the highest possible educational outcomes for young people from some of the most deprived communities in the UK. <https://www.ust.london/about-us/welcome>

We sponsor two University Technical Colleges, the WMG Academies for Young Engineers based in Coventry and Solihull, building on their expertise in this area providing education for 14-19-year-olds through an applied, problem-based curriculum. The University has worked in partnership with local employers to develop a bespoke learning experience that is delivering both technical and academic education, and employability skills that will maintain manufacturing knowledge and excellence within the West Midlands region and beyond. The Coventry Academy was rated as 'Good' following its Ofsted 2017 inspection as was the Solihull Academy in February 2019.

Warwick Business School (WBS) offers a BSc (with Foundation Year) in Accounting and Finance, and a BSc (with Foundation Year) in Management. The Foundation Year aims to equip students with the skills and knowledge they will need for successful progression to year one of the existing three-year BSc degrees. The Foundation Year targets students from WP groups who have the potential to succeed on the WBS undergraduate programme. The University saw its second set of graduates in summer 2020.

Through degree apprenticeships, we have diversified our educational offer in order to align ourselves with key national government policy changes and respond to the changing external landscape, ensuring that we contribute to regional and national employment needs. The University has launched thirteen degree apprenticeships and has a fourteenth in development, aiming to enhance access to undergraduate and postgraduate education through flexible, industry-orientated study.

We continue to build on the evidence developed through the Postgraduate Support Schemes in prioritising resource to support the progression to postgraduate study for underrepresented groups. In recognition of some of the barriers to PG study, the University has committed up to £500k per year in continuing the Warwick Taught Master's Scholarship Scheme (WTMSS) which provides targeted students with an up to £10k in tuition fee scholarship. The University launched two financial support schemes in 2020, the Graduate Award Scheme, offering 30-50% fee reduction, and the Alumni Discount scheme offering a 10% fee reduction to students returning to Warwick for Masters level studies.

Our Centre for Lifelong Learning provides opportunities for adults seeking to return to learning or wishing to pursue studies in HE through offerings such as its foundation, part-time and 2+2 degree and the innovative Gateway to HE and degree apprenticeship programmes.

Education and Research Achievements


Ranked **62nd**
in the world by the
**QS World University
Rankings**

Ranked **77th**
in the world by the
*Times Higher Education
Rankings*

**Distance
learning MBA**
from WBS ranked

#1

in the world by
Financial Times.



OVER
5,700
finalists graduated
in July 2020

Ranked
7TH in the **UK**, with
87%
of the University's research rated as
"world leading" or
"internationally excellent"
Research Excellence Framework (REF 2014)

Ranked
1st
in the West
Midlands by
The Times

Ranked
8th
in the UK by
*The
Guardian*

"I would like to say a heartfelt 'thank you' for your generosity and for giving students like me the opportunity to study at Warwick. The scholarship programme has been a huge part of my university experience, and I hope that future students will be able to have the experiences that I have had."
Warwick Scholar participant now in 3rd year of Modern Languages degree



University of Warwick ranks
**1st among all
Midlands Universities**
for producing
entrepreneurs and managers

public benefit statement

(continued)

Research

As one of the UK's leading research universities, we continue to have a commitment to research that is both nationally and internationally recognised, with impact and purpose. We have an ambitious vision for the future, one in which our research will transform the way in which we understand the world, creating lives that are healthier, safer, more resilient, just and fulfilled. We are inspired by fundamental questions led by own intellectual curiosity. We strive to inspire curiosity in others, being challenged by our public, private and charitable partners.
<https://warwick.ac.uk/research/partnerships/>

Our academics are supported to deliver curiosity driven, provocative research within and across our research themes (<https://warwick.ac.uk/research/#themes>). Making links between disciplines is vital as evidenced by our GRP Programme (<https://warwick.ac.uk/research/priorities#global>) and network of Research Centres (<https://warwick.ac.uk/departments/research/>), uniting our researchers to tackle some of the world's most pressing challenges (<https://warwick.ac.uk/research/impact/qcrf/>).

We have sustained our world-class research during the period of the Covid-19 pandemic and have made a wide-ranging contribution with our research activity. <https://warwick.ac.uk/research/covid-19-research/>

Warwick has been instrumental in providing expert input, advice and comment during the Covid-19 pandemic on a variety of subjects, on ways in which Covid-19 has impacted life, including: ways of working, sleep, mental health, the UK supply chain, creative industries, the aviation industry, the use of plastic, digital healthcare and mobile consulting. In addition we have contributed to medical developments using a state-of-the-art computational simulator, members of Warwick's Zeeman Institute have supported the Scientific Pandemic Influenza Group and have led on research that continues to inform government real time decision making.

Highlights this year include:

- Warwick has been successful in securing a large number of research fellowships (195 independent fellowships), many of which have helped to further the careers of our younger researchers, who will be key to the UK's future world-leading research.
- Our Computer Science department has been working in partnership with University Hospitals Coventry & Warwickshire to establish a national centre of excellence in the use of AI for pathology, exploring ways of using artificial intelligence to diagnose cancer early and enable personalised treatments.
- Our Business School has become the Midlands hub of the government's Productivity Institute, which will make long-term policy recommendations to improve the UK's productivity, especially as the economy recovers from Covid-19.
- WMG together with our Psychology department, our Medical School, our Business School and our Institute for Employment Research have been working with regional partners to study mental health at workplaces and links to productivity.
- The University has engaged with the Coventry City of Culture research theme (<https://warwick.ac.uk/about/cityofculture/our-research/>), and has to date worked with partners to support over 50 small research projects spanning themes such as Coventry Eats, Transforming the City, Coventry Communities, Coventry Stories, Improving Health and Wellbeing and Connected Coventry. 'Coventry Creates' has matched researchers from the universities of Coventry and Warwick with local Coventry based artists; the result is a series of innovative and unique artistic responses to pieces of University research.
- The challenge of changing our food system for the better: our Interdisciplinary Food Systems Teaching and Learning (IFSTAL) held its first virtual summer school. The three day programme, in which Warwick collaborated with four other institutions, aimed to provide multi disciplinary skills and develop systems thinking. <https://warwick.ac.uk/research/priorities/food>

COVID-19 Related Contributions

DONATIONS OF PPE

Engineering researchers supplied the following to a local NHS Trust (UHCW)



March 2020

WIDE RANGING CONTRIBUTION



WMG researchers helping develop an alternative model of ventilator

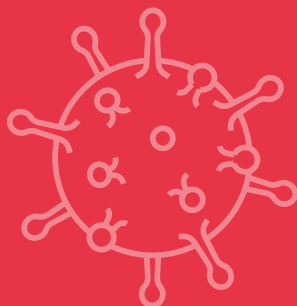
WMS students providing support to staff in NHS hospitals

Engineering researchers helping the WHO to manufacture PPE and medical devices

Warwick Conferences donating food and toiletries to local charities

Evaluation of policy response on consumer and small business finance

EPIDEMIC PREPAREDNESS



COVID-19 funding for modelling work with the Kenyan Government

SIGNIFICANT STEPS TAKEN TO DEVELOP A DIAGNOSTIC TOOL FOR RAPID DETECTION OF COVID-19



NATIONAL CLINICAL TRIAL



RECOVERY - RESPIRATORY SUPPORT

Aims to identify treatments that may be beneficial for adults hospitalised with suspected or confirmed COVID-19



120 MEDICAL STUDENTS
working in NHS Trust roles

public benefit statement

(continued)

Corporate social responsibility

Warwick continues to play an anchor institution role within our region. Our regional and community engagement strategy is guided by the University's 2030 vision to be one of the world's exceptional universities, helping to transform our region, country and world for the collective good. Our partnerships ensure we have a real and positive impact on our local area, and that the community benefits from our teaching, research, facilities and other activities.

We are influential in steering local economic policy, particularly through the Coventry and Warwickshire Local Enterprise Partnership and West Midlands Combined Authority (WMCA). In 2019 the West Midlands Local Industrial Strategy (WMLIS) was agreed with government and dedicated to the life and achievements of Professor Lord Bhattacharyya, founder of WMG. Warwick is committed to delivering the WMLIS with industry and public sector partners. Our role in the UK Battery Industrialisation Centre, which will accelerate the UK capability for battery manufacture, is a key example of this commitment.

The University of Warwick Science Park (UWSP) continues to offer office and laboratory space to companies, including start-ups, in four locations across the West Midlands. It is a supportive environment with access to research and resources from the University and has an experienced in-house business support team. UWSP is now home to 168 tenants and a recognised regional centre of Access to Finance excellence - running a range of programmes and operating the largest syndicate based business angel investment activity in the UK (Minerva Business Angels). As companies were forced to send their staff to work from home during Covid-19, much of this vital support has been made available online.

Warwick delivers the Innovate UK funded "Innovation to Commercialisation of University Research" (ICURe) programme across the Midlands region. By March 2020 we had 18 teams complete the ICURe process, resulting in the creation of 14 spin-out companies which attracted £8.6m of funding.

Regional investment in Warwick's facilities has enabled co-location of strategic partners (Jaguar Land Rover, Tata Motors UK, Tata Steel - approximately 1,000 staff working across design, engineering and research) and numerous Tier One suppliers (e.g. Lear Corporation, AVL Powertrains, Bosch, ZF Motorsports) facilitating collaborative R&D in many regional priority areas.

Warwick's innovation and growth programmes have had huge impact across the region - the High Value Manufacturing programme has resulted in 789 SME interventions, 5 start-ups and £55m value added to the West Midlands Economy over seven years.

The University is a partner for the Midlands Future Mobility programme (<https://midlandsfuturemobility.co.uk/>), which is developing the environment that will play a crucial role in shaping the transport sector. Our campus is part of a network of over 50 miles of roads in Coventry, Warwickshire, and Birmingham that will be used to gather useful data, measure public interaction, and monitor the technology in action.

Community and local need was at the core of our response to the Covid-19 pandemic. We sat on the Major Incident Community Leadership Team convened by Coventry City Council and directly reached out to provide support. We have provided resources for example, printing PPE face shields and producing hand sanitiser and testing reagents, had student and staff volunteering in the local community and shared our knowledge and expertise. 155 final year medical students and graduates worked as associate junior doctors at University Hospital Coventry & Warwickshire. WMG supported businesses through the crisis supporting industry to address PPE supply shortages. Warwick researchers made significant contributions to understanding various aspects of Covid-19 – including advising government, mathematical modelling to allow real-time decision-making, optimising mechanical ventilation as well as looking at the

public benefit statement

(continued)

economic and social impact of the pandemic. We were a key part of the WMCA/Midlands Engine Thrive at Home programme which provided wellbeing information to 400 organisations (nearly 235,000 employees) across the Midlands.

As one of the founding Principal Partners, Warwick is working in close partnership with Coventry University, the City Council and the City of Culture Trust to ensure that Coventry's tenure as UK City of Culture contributes to the Cultural, Social, Economic and Health and Wellbeing targets of the city. We funded over 50 collaborative research projects to allow academics to work closely with local community groups to ensure our research benefits the region. In response to the Covid-19 pandemic we launched a new funding call for local artists to respond to research and take part in a digital exhibition.

Warwick Sport continues to provide a broad range of opportunities for students, staff and the external community. Prior to lockdown over 2,000 community users had signed up to take advantage of our incredible Sport and Wellness Hub. During lockdown our work continued, providing regular online classes and support to encourage people to keep active at home.

Our strong drive on extra-curricular activity is demonstrated through a high level of student engagement in volunteering, as well as involvement in clubs and societies. Over the last 3 years 2,800 Warwick Volunteers students volunteered 35,473 hours within the communities surrounding the University.

As part of our social responsibility to its local community, the Regional and Community Engagement Team ensures that the University is a 'good citizen' in the way we engage and behave with those communities where it has a major physical, student or staff footprint. The team proactively develops strategic place-making programmes which deliver transformational impact. During 2019–2020 the Community Engagement Team have worked with over 650 Canley residents, using a professional community consultation approach (Planning for Real) to develop a community plan. 1,500 suggestions were received on community issues and priorities across 8 themes, in partnership with a range of city organisations.

A Family Day (<https://warwick.ac.uk/about/community/warwickfamilydays/>) was held in December 2019 to bring families onto campus. Organised by Warwick Arts Centre, the day was open to anyone to attend and attracted around 2,500-3,000 visitors. The programmes included over 40 events and activities which were largely free. Whilst a physical Family Day couldn't take place in 2020 we provided free activities and resources for children and families home schooling during lockdown which have received over 1,600 views (<https://warwick.ac.uk/about/community/projects/educationresources>). Warwick Arts Centre also hosted their Young Producers RECLAIMED festival and had 3,000 views.

Warwick hosted the British Science Festival in 2019, with our world class research at the centre of it. The programme included 128 events over 4 days (88% of which took place on campus) and featuring 221 speakers (35% from Warwick Academics). We saw 16,910 visits over the week and a broad mix of visitors attending from a variety of economic, social and racial backgrounds with varying existing interest in science. For a full breakdown see the BSF evaluation report (<https://www.britishecienceassociation.org/Handlers/Download.ashx?IDMF=029adcfa-2171-497e-8bc0-d364a244a28e>).

The Regional Public Engagement and Community (<https://warwick.ac.uk/about/community>) webpages share and promote the University's regional and community activities. Twice a year we share our latest news via our *CommUnity* newsletter, which is delivered to 26,000 households in Coventry, Kenilworth and Leamington Spa, and is also circulated to around 4,000 other partners, organisations and individuals. During Covid-19 we have been sending regular community e-newsletters with useful resources and expert comment addressing pertinent issues (<https://warwick.ac.uk/about/community/newsandevents/communitynewsletter/emailarchive/>).

public benefit statement

(continued)

Social Inclusion

Social Inclusion is one of the four strategic priorities that underpin the University 2030 strategy. The purpose of this strategy is to remove economic, social and cultural barriers that have prevented people from working, studying and succeeding at Warwick. To achieve this we have three overarching objectives:

- Increase the diversity of staff to maximise innovation and creativity
- Develop a culture that supports our students and staff to achieve their potential
- Become an internationally recognised leader in inclusion

Warwick continues to build on the strong foundations of our achievements that include:

- HR Excellence in Research Award
- Institutional Silver Athena Award with an additional six silver and eleven bronze Athena Department Awards
- Stonewall Workplace Equality Index top 150

To achieve our objectives we are engaged in the following activities:

<https://warwick.ac.uk/services/equalops/learnmore/chartermarks/stonewallworkplaceindex>

We value the difference of thought that our diverse students and staff bring to the work of the University and while we have an international community, we are working towards reflecting better the diversity of our regional populations. We are proud to have a gender balance of 50% women on our senior team and we are working hard to increase the ethnicity diversity through initiatives to develop our talent pool and ensuring that our recruitment and promotion processes are fair and transparent. One of our early successes has been revising our academic promotions process, which has seen significant increases in the number of women and Black, Asian and other minority ethnic professors able to progress. Through our widening participation work, we continue to welcome a greater diversity of students, including those who have been in care, refugees and students from economically disadvantaged backgrounds.

An inclusive culture that supports our students and staff to achieve their potential is a key goal and we are engaged in a number of activities to help us to achieve this. This includes our determination to eliminate any academic attainment gaps for our students by working in partnership with them to ensure teaching practices are inclusive and that curriculums reflect the diversity of students and staff. We are facilitating peer mentoring for Black, Asian and other minority ethnic students which is helping to accelerate our progress. We are also working with organisations such as the Business Disability Forum to better understand the needs of students and staff.

In 2019/20 we began working towards a Race Equality Charter Mark, the Thrive at Work Wellbeing Charter Mark and the Business Disability Forum Standards. We have committed and pledged our support for the Business in the Community Race at Work Charter and also subscribe to the UK Carers Platform to ensure support and resources are available for those in our community with caring responsibilities.

We have a number of Taskforces (Gender, Race, Disability, LGBTUA+ and Religion & Belief), whose membership has representation from both academic, professional services staff and the student body. Each Taskforce has responsibility for championing and overseeing the advancement, implementation, and development of their respective initiatives to ensure equality of opportunity at Warwick. Each Taskforce is represented at the Social Inclusion Committee (Chaired by the Provost), which meets 3 times per year and is a joint committee of the Senate and Council.

Academic departments have nominated staff who are ED&I Wellbeing Champions and we also have over 500 staff who are committed LGBTUA+ supporters.

public benefit statement

(continued)

We want to share the good practice that we have developed and to learn from our partners by engaging with and contributing to regional, national and international work on social inclusion. Two of our key projects in this area are working with regional partners, Coventry City Council and Warwickshire and Coventry LEP to engage regional employers on inclusive leadership and working with European Universities through Eutopia and The Guild of European Universities.

Responsible Investment

Our investments are managed in line with our Socially Responsible Investment Policy (available at https://warwick.ac.uk/services/finance/corporate_information/socially_responsible_investment_policy/). We promote and monitor compliance with the highest standards of research ethics as embodied in UK regulation and practice. We carefully consider the nature of any funding we are offered from an ethical perspective.

Environmental Sustainability

We are firmly committed to sustainability and work in partnership with our staff and students to promote environmental sustainability. Our 2030 Strategy identifies developing sustainable transport, energy and a green campus to enhance the environmental sustainability of our University as a key priority. Our Environmental Policy is available at: <https://warwick.ac.uk/about/environment/warwick/policies>

In September 2019 the University confirmed its target to achieve net-carbon neutrality from energy use in 2030, and from all activities in 2050 in line with UK government and COP21 Paris Climate Change agreement.

<https://warwick.ac.uk/about/environment/performance/carbon/>

https://warwick.ac.uk/newsandevents/pressreleases/university_of_warwick_climate_emergency_declaration1/

Our Environment and Sustainability Work

ACCESSIBILITY




The Estates Accessibility and Inclusion Initiatives

WINNER

AUDE UNIVERSITY IMPACT INITIATIVE OF THE YEAR AWARD


RESEARCH INTO ENVIRONMENTAL EFFECTS OF COVID




School of Life Sciences reviewed the impact of Covid-19 on the environment, from transport, noise and aerial pollutants

ENVIRONMENTAL SUSTAINABILITY


In September 2019 the University confirmed its target to achieve net-carbon neutrality from energy use in 2030, and from all activities in 2050 in line with UK Government and COP21 Paris Climate Change agreement.




UniDrive
is a carpooling app that makes students' commute from cities to campus much easier




University of Warwick declares a state of Climate Emergency November 2019




Solar panels on university buildings have a total generating capacity of **728kWp.**




Work begins on autonomous vehicle trial route




We generated **46%** of our own electricity in 2019/20



The University has invested **£11.9m** in projects to reduce carbon emissions since 2009



Carbon emissions by unit of income **reduced by 50.5%** between 2005 and 2019



24 student societies involved in promoting sustainability.

Students are encouraged to engage with sustainability issues through teaching, research and student society projects, including the provision of optional modules, such as the Global Sustainable Development degree or an MSc in Sustainable Energy Technologies.

corporate governance

The University

1. The University has charitable status as one of the exempt charities listed in Schedule 3 to the Charities Act 2011. It is therefore exempt from certain requirements of that Act, including the need to register with the Charity Commission. Since 1 April 2018 the Office for Students (OfS) replaced the Higher Education Funding Council for England (HEFCE) as the “principal regulator” for charity law purposes of those English universities which are exempt charities and the new regulatory framework came fully into effect on 1 August 2019. 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, which were modernised with effect from 13 February 2019, following a review of the University’s Governing Instruments in 2018/19.
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 had been provided by the OfS and the Committee of University Chairs (CUC) in the Higher Education Code of Governance. A ‘fit and proper’ test for all members of the University Council has been adopted. The University is mindful of its charitable purpose and its strategy aims to encompass its public benefit role.

The University Council

3. The University Council is the executive governing body, responsible for the finance, property, investments and general business of the University, and for setting the general strategic direction of the institution. It has a majority of members from outside the University (described as independent members), from whom the Chair, Vice-Chair and the Treasurer are drawn. Also included in its membership are representatives of the staff of the University and the student body. None of the independent members receive any payment, apart from the reimbursement of reasonable expenses, for the work that they do for the University.
4. The Terms of Reference for the University Council and each of its Committees are publicly available on the University’s website (<https://warwick.ac.uk/services/gov/committees/>), as well as a diagrammatic representation of the University’s Committee structures (<https://warwick.ac.uk/services/gov/committees/diagram/>). The University makes redacted minutes of each University Council meeting publicly available via its website, alongside the full agenda (<https://warwick.ac.uk/services/gov/committees/council/minutes/>). Papers that are not confidential are readily available from the Modern Records Centre (<https://warwick.ac.uk/services/library/mrc/>). The Scheme of Delegation, developed during 2018/19 and approved by the University Council in October 2019, is also available on the University’s website (<https://warwick.ac.uk/services/gov/calendar/schemeofdelegation/>). The Scheme is reviewed annually over the summer and presented to the University Council for approval each October.
5. The University Council has, during the academic year 2019/20, undertaken an external effectiveness review to consider the adequacy and effectiveness of arrangements for corporate governance, including the University Council’s oversight of risk management and of statutory and regulatory responsibilities. The University Council consistently works in conjunction with the Senate to monitor compliance with the OfS’s ongoing conditions of registration, any terms and conditions of funding, as well as any other relevant regulatory responsibilities. The University Council will receive information explicitly describing the ways in which the organisation has complied with these terms and conditions, at the same time as it receives information required for submission for the OfS’s Annual Accountability Return.

corporate governance

(continued)

6. The University Council approves its Code of Practice on Corporate Governance and Statement of Primary Responsibilities annually. A copy of the Code of Practice on Corporate Governance can be obtained from the University's website. The Responsibilities of the University Council are set out on pages 30 and 31 of these accounts.
7. The University Council normally meets at least five times each academic year. The University Council is supported by a number of sub Committees, as outlined in its Code of Practice on Corporate Governance. Reports from each Committee, as well as from the Senate, inform the work of the University Council.
8. There were 26 members of the University Council in 2019/20. During the financial year ending 31 July 2020 (and continuing except where indicated), the following individuals were members of the University Council: D Normington (Chair), L Ainsworth, Y Akinola (from 1 February 2020), Professor J Angouri (to 31 July 2020), K Bedell-Pearce (Treasurer to 31 July 2020, term as member to end 31 December 2020), A Bhalla (Vice-Chair from 1 February 2020), A Chambers (to 31 July 2020), B Claire, V Cooke (Vice-Chair to 31 January 2020), Professor S Croft (Vice-Chancellor and President), Professor C Ennew, Dr J Ferrie, C French (to 9 May 2020), Professor C Hughes (to 14 October 2020), Professor S Jacka, Dr D Keith, M Last (as Democracy and Development Officer from 1 August 2019 to 31 July 2020), Professor D Leadley, Professor A Lockett, B Newsham (as Students' Union President from 1 August 2019 to 31 July 2020), J Nickalls (from 1 November 2019), A Penfold, N Sachdev (Treasurer from 1 August 2020), Professor M Shipman (to 14 October 2020), Professor P Thomas (to 14 October 2020), G Tucker.

For the subsequent period, 1 August 2020 onwards, to the approval of these financial statements (and beyond): G Bennett (from 1 September 2020), L Mephram (as Students' Union President from 1 August 2020), Professor R Moseley (from 1 August 2020), A Sefah (as Democracy and Development Officer from 1 August 2020).

At its meeting on 14 October 2020, the Council approved a change to its constitution, beginning 15 October 2020, reducing from 26 to 21 members. Professor C Hughes, Professor M Shipman and Professor P Thomas are no longer members, but now attendees, of the Council. In addition, the number of independent members has reduced from 14 to 12.

9. The University maintains a Register of Interests of members of the University Council which may be consulted by arrangement with the Secretary to Council. An anonymised version of the Register of Interests will be made available on the University website from November 2020. All members of the University Council, and sub Committees, are requested to declare any conflicts of interest in relation to the agenda of each meeting.
10. The Secretary to Council plays a key role in the operation and conduct of Council business, and provides advice to the Chair of Council on all matters of procedure and in respect of any matters where conflict, potential or real, may occur. All members of the governing body have access to the services of the Council Secretariat.

corporate governance

(continued)

The Audit and Risk Committee

11. There is ongoing oversight of risk management, control and governance by the Council's Audit and Risk Committee (A&RC), which seeks assurance from a number of sources, including: the University's internal audit service; the University's external auditors; reports from external funding and quality assurance bodies; reports from the University's Operational Risk Management Group; management representations, and deep dive reviews of areas of particular significance. The Chair of the A&RC reports to the University Council at every meeting.

Finances and Public Funds

12. Under the terms and conditions of OfS funding, the University Council is responsible for the University's use of public funds. Acting on behalf of the University Council, the Vice-Chancellor and President, as the Accountable Officer, has overall responsibility for ensuring that all public funds are properly used and the University achieves value for money. The Vice-Chancellor and President is supported in this regard by the Executive Team, who manage various related processes and systems.
13. The University's system of internal controls and governance structures ensure regularity and propriety in the use of funds, including all public funds, via the following.
14. Processes:
 - a) As detailed in the Statement of Internal Control (page 27), the University Council is responsible for maintaining a sound system of internal control that safeguards the public and other funds and assets for which it has responsibility.
 - b) The University maintains a comprehensive suite of Financial Regulations and Procedures, giving control over the totality of the University's resources and providing an appropriate financial regulatory framework which ensures that resources are used with due regard to propriety, regularity and value for money, in the context of the achievement of the University's strategic plan. Anyone with a contractual relationship with the University (including all employees and honorary staff) is required to abide by the Financial Regulations and Procedures.
 - c) The University is required to adhere to key funder rules, in addition to the requirements of its own Financial Regulations and Procedures, and operates various controls to do this.
 - d) The University's Internal Audit function provides assurance to management and the A&RC. Internal Audit makes recommendations for improvement in key management processes. It particularly aims to ensure that key risks are being appropriately managed, including those in relation to the use of funds and value for money.
15. Reporting and Planning:
 - a) The University produces departmental financial reports throughout the year, as part of quarterly financial performance reporting for the University as a whole, enabling departmental heads and the University Executive team to understand and manage the financial position.
 - b) Financial performance and updated forecasts are provided to the University Executive Board (UEB) and the Finance and General Purpose Committee (FGPC). The Group Finance Director and the Chair of the FGPC report at each University Council meeting on matters that the FGPC has discussed since the last Council meeting, and on anything that requires Council approval or note.
 - c) The University Council annually approves the financial statements providing the out turn for the year ended 31 July and the Financial Plan covering future years, as required by the OfS. The Financial Plan supports the University in delivery of its strategy whilst protecting its future financial viability and sustainability.
 - d) The University has in place an Access and Participation Plan, approved by the OfS.

corporate governance

(continued)

16. Committees.

- a) The following Committees support the University Council in various financial aspects.
- b) The University Council has delegated responsibility for the close monitoring of finances to the FGPC.
The role of the FGPC includes:
 - i. Advising and making recommendations to the University Council regarding the financial management of the University within the context of the University Financial Plan. This includes monitoring the implementation of the University's financial strategy; overseeing the University's strategic financial planning; recommending to the Council the University's annual capital and revenue budget and financial plan, and approving release of resources in line with budget and plan; monitoring of financial performance against budget; review and approval of the University's financial regulations and procedures.
 - ii. Monitoring the economy, efficiency and effectiveness of the deployment of the University's resources, liaising with the A&RC as appropriate.
- c) The Financial Plan Sub Committee (FPSC), a sub Committee of the FGPC, has responsibility for detailed review of the Financial Plan, including the authority to approve new expenditure up to defined limits, and also reports to the FGPC on its approval of Transparent Approach to Costing (TRAC) and TRAC(T) returns to the OfS, on behalf of the University Council.

The Remuneration Committee

17. The University Council has delegated the following authority to the Remuneration Committee:

- a) The determination of the remuneration of senior members of the University staff whom it is deemed appropriate, including but not exclusive to:
 - Vice-Chancellor and President;
 - Provost;
 - Registrar;
 - Pro-Vice-Chancellors;
 - Vice-Presidents;
 - Group Finance Director;
 - Commercial Director;
 - Secretary to Council;
 - Chairs of Faculty;
 - Executive Chair of Warwick Manufacturing Group;
 - Executive Dean of Warwick Business School;
 - Executive Dean of Warwick Medical School; and
- b) The determination of the level of severance pay to be awarded to those members of staff whose salary exceeds £100,000.

The University Council appoints members of the Remuneration Committee who have expertise in leadership and/or senior remuneration in other sectors. The constitution of the Remuneration Committee during 2019/20 was as follows: Chair of the Council (Chair), Treasurer, three independent members of the University Council, with expertise in leadership and/or senior remuneration (Dr J Ferrie, C French (to 9 May 2020), Dr D Keith) one independent member external to the Council, with expertise in leadership and/or senior remuneration (J Furse). The Remuneration Committee meets four times each year. It reports annually to the Council on the work of the Committee, including decisions taken under delegated authority. The Remuneration Committee exercises its delegated authority on behalf of the University Council within an agreed remuneration policy framework. Any matters in relation to remuneration or severance pay that do not fall within the approved remuneration policy framework or the delegated authority of the Committee are referred to the University Council for approval.

corporate governance

(continued)

In proposing and applying the framework, the Remuneration Committee had regard to 'Guidance on decisions taken about severance payments in HEIs' published by the CUC, as required by the OfS. The framework for University Senior Remuneration 2019/20 has been approved by the University Council and is published online: <https://warwick.ac.uk/services/gov/committees/rc/rcframework18>. In addition, the Remuneration Committee approves annually the operating framework within which the Vice-Chancellor shall exercise his authority to determine senior remuneration, and receives an annual report on the work of the University Executive Board (Remuneration). The constitution and terms of reference of the Remuneration Committee are available in the Code of Practice on Corporate Governance. In terms of all recruitment to the University we provide a welcoming and inclusive working and learning environment, recognising and respecting all individuals' differences. We therefore welcome applications from people who identify with any of the Protected Characteristics, such as race/ethnicity, disability, sexual orientation, or gender identity/expression.

The Senate

18. 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 University Council and the Senate have clearly defined functions and responsibilities, there is active consultation and interaction between the two bodies.

The Vice-Chancellor

19. The principal academic and administrative officer of the University is the Vice-Chancellor and President who has a general responsibility to the University Council for maintaining and promoting the efficiency and good order of the University. Under the Regulatory Framework for Higher Education in England between the University and the OfS, 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.
20. 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 University Executive Board.

Other

21. Any enquiries about the constitution and governance of the University should be addressed to the Secretary to Council.
22. This statement relates to the period covered by these financial statements, and the period up to the date of approval of these audited financial statements.

statement of internal control

The Council is responsible for maintaining a sound system of internal control which identifies and manages risk linked to 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 identify, evaluate and mitigate risk to a reasonable level rather than to eliminate all risk, and therefore can only provide reasonable and not absolute assurance of effectiveness. This is particularly pertinent this year with the impact that Coronavirus has had on the University and the Higher Education (HE) sector, in the context of the wider global impact of the pandemic.

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 professional services and student representation.
- Monitoring the performance of the University through the annual consideration by the Council and other relevant Committees of Key Performance Indicators and Transformational Milestones.
- 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, procedures and internal controls, primarily based on an agreed audit plan, but also in response to the identification of emerging risks or in response to actual issues.

The Audit and Risk Committee, whose membership is entirely external, plays a key role in providing the Council with objective assurance that its system of internal control is effective. The Audit and Risk Committee provides reports to the Council at each of its meetings, 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, the Office for Students (OfS) and other bodies in its Annual Report to the Council.

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

statement of internal control

(continued)

- Representatives from the University's External Auditors attend the meetings of the Audit and Risk Committee, providing various reports on developments in the sector, as well as their External Audit Strategy and Planning Memorandum in May, and their Management Letter relating to the Financial Accounts for the year in November. The Management Letter provides the Committee with assurance as to the effectiveness of the University's controls in preparing the Financial Accounts, and compliance with accounting and regulatory guidance.
- The Audit and Risk Committee meets on an annual basis with Internal Audit as well as External Audit without University management being present.
- The Audit and Risk Committee also receives periodic reports on the management of the University's significant risks and on specific areas of internal control. Additionally, this year the Audit and Risk Committee has received detailed reports from the Business Continuity and Recovery Programme (BCRP) related to the University's response to the Coronavirus pandemic.

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

- The University operates a system of risk management designed to identify the significant risks to the achievement of the University's strategy, to evaluate the nature and extent of those risks and to manage them effectively.
- The Council holds ultimate responsibility for ensuring the effective and efficient management of institutional risk. The Council monitors formally the institutional risk profile twice a year and is ultimately responsible for the University's key risks. A broader sector-wide discussion is on an annual basis.
- The Senate maintains an oversight of all academic risks facing the institution. The Senate undertakes strategic planning activities in relation to academic risk identification.
- The University Executive Board (UEB) 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. It undertakes regular strategic planning activities in relation to strategic risk identification.
- The Academic Resourcing Committee, 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 UEB and Steering Committee through its responsibility for operational and compliance risk identification, analysis, evaluation and monitoring. The ORMG encourages the adoption of the principles of business continuity plans and monitors the University's insurance portfolio. The Audit and Risk Committee also receives periodic reports on the management of the University's significant risks and on specific areas of internal control. Additionally, this year the Audit and Risk Committee has received detailed reports from the Chief Information and Digital Officer related to the ICO audit and the Business Continuity and Recovery Programme (BCRP) related to the University's response to the Coronavirus pandemic.
- During 2019/20, and in response to the Coronavirus pandemic, the Business Continuity and Recovery Programme (BCRP) supports the UEB through its responsibility for operational and compliance with government guidelines risk identification, analysis, evaluation and monitoring.
- 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 internal control

(continued)

Risk Management

The University has a Risk Management Policy which is approved by the Council. The policy sets out the approach to risk management and is a guide for individuals and committees whose responsibilities include some or all of the elements of risk management or oversight.

Full details of the Risk Management Policy are available here:

https://warwick.ac.uk/services/gov/riskmanagement/updated_risk_management_policy_approved_by_council_july_2018_without_ra.pdf

All senior managers and heads of departments are required to implement the Risk Management Policy and ensure colleagues are appropriately equipped to manage risk within their responsibilities.

Risk management operates across all levels of the University, from daily departmental activities and the management of projects, to formal bodies charged with institutional governance, decision-making and institutional strategy-setting. Irrespective of the level at which risk management is operating, the definition of risk used by the University is: 'The combination of the probability of an event and its consequence impacting upon the achievement of agreed objectives. Consequences can range from positive to negative'. The definition of risk management used by the University is: 'The process by which uncertainty is quantified (where possible), assessed, recorded and managed in order to enable innovation and support good, well-informed decision-making at all levels of the institution'.

Risk Management at the University adheres to five guiding principles. Risk management should be:

- **Proportionate** to the level of risk with the institution
- **Aligned** with other business activities
- **Comprehensive**, systematic and structured
- **Embedded** within the business processes of the institution
- **Dynamic** and responsive to emerging and changing risks.

The Risk Management policy and the guiding principles have been adopted by the Business Continuity Recovery Programme (BCRP) in their management of risks associated with the Coronavirus pandemic.

The University has a Risk Management Assurance Architecture and illustrates the coordination of the risk management activities that take place across all parts of the University. It shows how assurance is provided to the University Executive Board and the Council that the process of identification, management and reporting of risks is taking place effectively at all levels.

The Council is ultimately accountable for ensuring that effective risk management is undertaken by the University. The Council must be kept informed of the University's total risk portfolio when reaching its decisions as well as receiving appropriate assurance as to the effectiveness of the processes in place to monitor and assess the University's risks. The Council has delegated to the Audit and Risk Committee the responsibility for concluding on the adequacy and effectiveness of the processes in place for the management of risk. In forming its judgement on an annual basis, the Audit and Risk Committee takes into account the work of the Internal Audit function. Internal Audit undertakes an annual assessment of the institution's overall risk management capabilities using tools such as the HM Treasury Risk Management Toolkit and the CIIA Risk Maturity Model, as well as assessing the adequacy and effectiveness of local risk management processes as part of their audits of departments. The Council formally considers the strategic risk register no less than twice a year.

This statement relates to the period covered by these financial statements, and the period up to the date of approval of these audited financial statements. The system of internal control has operated as intended and there were no significant control failures during the period. The University continues to strengthen its control over its arrangements for data security and compliance in the light of the external environment.

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 (HE) Code of Governance published by the Chairs of University Committees (CUC) in September 2020, 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 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.
2. To approve and keep under review the University's long-term academic and strategic plans, including key performance indicators, and ensuring that these meet the interests of the University's stakeholders and beneficiaries, especially staff, students and alumni.
3. 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.
4. To delegate authority to the Vice-Chancellor and President for the effective academic, corporate, financial, estate and human resource management of the University.
5. 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.
6. To ensure the establishment and monitoring of systems of control and accountability, including transparent financial and operational controls and risk assessment, value for money arrangements and clear procedures for handling internal grievances and for managing conflicts of interest.
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 Vice-Chancellor and President as Chief Academic and Administrative Officer of the University and the Office for Students' Accountable Officer and to put in place suitable arrangements for monitoring their performance.
11. 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)

12. To be the employing authority for all staff in the University and to be accountable for ensuring that an appropriate human resources strategy is established for the University.
13. 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. The Council has to ensure that the going concern basis is appropriate for the preparation of the financial statements and to be satisfied that they give a true and fair view. The Council is required to prepare financial statements in accordance with the University Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other relevant accounting standards, as well as the Accounts Direction issued by the Office for Students.
14. 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.
15. To receive assurance that adequate provision has been made for the general welfare of students.
16. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
17. To determine regulations for the custody and use of the common seal of the University.
18. To be responsible for effective planning, ongoing control, monitoring and review of the University's health and safety management procedures.
19. 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.
20. To promote a culture which supports inclusivity and diversity across the University.
21. In partnership with the Senate, to maintain and protect the principles of academic freedom and freedom of speech legislation.
22. To ensure that all students and staff have opportunities to engage with the governance and management of the University by operating in an open, honest and accountable manner and allowing for a range of perspectives to have influence.

independent auditor's report

to the Council of the University of Warwick

report on the audit of the financial statements

opinion

We have audited the financial statements of the University of Warwick ("the University") for the year ended 31 July 2020 which comprise the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Changes in Reserves, the Consolidated and University Statement of Financial Position, the Consolidated Cash Flow Statement and related notes, including the Statement of Principal Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2020, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

basis for opinion

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

going concern

The Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Council's conclusions, we considered the inherent risks to the Group's business model, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

other information

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

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

independent auditor's report

to the Council of the University of Warwick (continued)

Council responsibilities

As explained more fully in their statement set out on page 30, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

report on other legal and regulatory requirements

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ("the Accounts Direction").

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes; and
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.

matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the University has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the University's expenditure on access and participation activities for the financial year disclosed in Note 11 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the University's grant and fee income, as disclosed in note 5 to the financial statements has been materially misstated.

We have nothing to report in these respects.

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

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

Mark Dawson
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

consolidated and university statement of comprehensive income

for the year ended 31 July 2020

	Note	Consolidated		University	
		2019/20 £ million	2018/19 £ million	2019/20 £ million	2018/19 £ million
Income					
Tuition fees and educational contracts	2	360.1	344.5	360.1	344.5
Funding body grants	3	66.4	61.4	66.4	61.4
Research grants and contracts	4	131.7	137.8	131.7	137.8
Other income	6	115.4	136.9	105.1	125.5
Investment income	7	2.6	2.7	2.5	2.5
Donations and endowments	8	3.7	5.3	3.6	5.2
Total income		679.9	688.6	669.4	676.9
Expenditure					
Staff costs	9	287.4	480.0	270.1	461.6
Other operating expenses		210.9	227.4	218.5	234.9
Depreciation	14	48.3	47.5	47.2	46.2
Interest and other finance costs	12	11.1	9.7	11.1	9.7
Total expenditure		557.7	764.6	546.9	752.4
Surplus / (deficit) before other gains or losses		122.2	(76.0)	122.5	(75.5)
(Loss) on disposal of non-current assets	13	(0.9)	0.0	(0.9)	0.0
(Loss) / gain on investments		(2.2)	1.2	(1.6)	1.1
Surplus / (deficit) before tax		119.1	(74.8)	120.0	(74.4)
Taxation		0.0	0.0	0.0	0.0
Surplus / (deficit) for the year		119.1	(74.8)	120.0	(74.4)
Actuarial gain in respect of pension schemes	23	1.1	15.4	1.1	15.4
Change in fair value of hedging financial instruments	21	(7.7)	(8.8)	(7.7)	(8.8)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR		112.5	(68.2)	113.4	(67.8)
Represented by:					
Endowment comprehensive income and expenditure for the year		(0.4)	0.5	0.1	0.4
Unrestricted comprehensive income and expenditure for the year		112.9	(68.7)	113.3	(68.2)
Attributable to the University		112.5	(68.2)	113.4	(67.8)

All items of income and expenditure relate to continuing activities.

The accompanying notes and policies on pages 38 to 72 form part of these financial statements.

consolidated and university statement of changes in reserves

for the year ended 31 July 2020

Consolidated	Income and expenditure account		Total
	Endowment £ million	Unrestricted £ million	£ million
Balance at 1 August 2018	11.5	277.4	288.9
Surplus / (deficit) from the income and expenditure statement	0.5	(75.3)	(74.8)
Other comprehensive income and expenditure	0.0	6.6	6.6
Total comprehensive income and expenditure for the year	0.5	(68.7)	(68.2)
Balance at 1 August 2019	12.0	208.7	220.7
(Deficit) / surplus from the income and expenditure statement	(0.4)	119.5	119.1
Other comprehensive income and expenditure	0.0	(6.6)	(6.6)
Total comprehensive income and expenditure for the year	(0.4)	112.9	112.5
Balance at 31 July 2020	11.6	321.6	333.2
University	Income and expenditure account		Total
	Endowment £ million	Unrestricted £ million	£ million
Balance at 1 August 2018	5.8	245.3	251.1
Surplus / (deficit) from the income and expenditure statement	0.4	(74.8)	(74.4)
Other comprehensive income and expenditure	0.0	6.6	6.6
Total comprehensive income and expenditure for the year	0.4	(68.2)	(67.8)
Balance at 1 August 2019	6.2	177.1	183.3
Surplus from the income and expenditure statement	0.1	119.9	120.0
Other comprehensive income and expenditure	0.0	(6.6)	(6.6)
Total comprehensive income and expenditure for the year	0.1	113.3	113.4
Balance at 31 July 2020	6.3	290.4	296.7

consolidated and university statement of financial position

as at 31 July 2020

		Consolidated		University	
	Note	2020 £ million	2019 £ million	2020 £ million	2019 £ million
Non-current assets					
Fixed assets	14	818.6	767.1	805.4	753.0
Investments	15	7.7	28.6	10.1	30.3
		826.3	795.7	815.5	783.3
Current assets					
Stock	16	0.7	0.8	0.7	0.7
Trade and other receivables	17	49.8	64.8	55.1	73.5
Investments	18	25.0	81.5	25.0	81.5
Cash and cash equivalents		219.0	143.6	216.2	140.8
		294.5	290.7	297.0	296.5
Less: Creditors : Amounts falling due within one year	20	(215.8)	(201.1)	(244.8)	(232.7)
Net current assets		78.7	89.6	52.2	63.8
Total assets less current liabilities		905.0	885.3	867.7	847.1
Creditors : Amounts falling due after more than one year	21	(470.1)	(470.8)	(469.3)	(470.0)
Provisions					
Pension provisions	23	(107.2)	(197.5)	(107.2)	(197.5)
Pension asset	23	8.6	6.8	8.6	6.8
Other provisions	24	(3.1)	(3.1)	(3.1)	(3.1)
TOTAL NET ASSETS		333.2	220.7	296.7	183.3
Restricted reserves					
Income and expenditure reserve - endowment reserve	25	11.6	12.0	6.3	6.2
Unrestricted reserves					
Income and expenditure reserve - unrestricted		321.6	208.7	290.4	177.1
TOTAL RESERVES		333.2	220.7	296.7	183.3

The financial statements on pages 34 to 72 were approved by the Council on 18 November 2020, and signed on its behalf by:
The accompanying notes and policies on pages 38 to 72 form part of these financial statements.

Professor Stuart Croft, Vice-Chancellor and President

Neil Sachdev, University Treasurer

consolidated cash flow statement

for the year ended 31 July 2020

	Note	2019/20 £ million	2018/19 £ million
Cash flow from operating activities			
Surplus / (deficit) for the year before and after tax		119.1	(74.8)
Adjustment for non-cash items			
Depreciation	14	48.3	47.5
Loss / (gain) on investments	15	2.2	(1.2)
Decrease in stock	16	0.1	0.1
Decrease / (increase) in debtors	17	15.0	(14.0)
Increase in creditors	20 & 21	10.7	15.8
(Decrease) / increase in pension provision	23	(91.0)	135.5
(Decrease) in other provisions	15 & 24	0.0	(0.1)
Adjustment for investing or financing activities			
Investment income	7	(2.6)	(2.7)
Interest payable	12	7.4	7.5
Endowment income	25	(1.4)	(1.4)
Loss on the sale of non-current assets	13	0.9	0.0
Capital grant income		(18.4)	(21.4)
Net cash inflow from operating activities		90.3	90.8
Cash flows from investing activities			
Proceeds from sales of fixed assets		0.1	0.0
Capital grants receipts		21.4	24.6
Disposal of non-current asset investments		18.9	0.1
Withdrawal of deposits		56.5	0.0
Investment income	7	2.6	2.7
Payments made to acquire fixed assets	14	(100.9)	(119.6)
New non-current asset investments	15	(0.1)	(0.2)
New current asset investments	18	0.0	(43.0)
		(1.5)	(135.4)
Cash flows from financing activities			
Interest paid	12	(7.4)	(7.5)
Endowment cash received	25	1.4	1.4
New unsecured loans		0.0	75.0
Repayments of amounts borrowed	22	(7.4)	(7.3)
		(13.4)	61.6
Increase in cash and cash equivalents in the year		75.4	17.0
Cash and cash equivalents at beginning of the year		143.6	126.6
Cash and cash equivalents at end of the year		219.0	143.6

The accompanying notes and policies on pages 38 to 72 form part of these financial statements.

notes to the accounts

1. PRINCIPAL ACCOUNTING POLICIES

1. Basis of preparation

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). They have also been prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the Higher Education and Research Act 2017 during the transition period to 31 July 2019, the Royal Charter, the Accounts Direction issued by the Office for Students (OfS), the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant.

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable UK laws and accounting standards. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of derivative financial instruments.

2. Going concern

The Group and parent University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Financial Review which also describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the University Council considers to be appropriate for the following reasons.

The Council have prepared cash flow forecasts for a 5 year period to the end of July 2025. After reviewing these forecasts the Council is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of Covid-19, the Group and parent University will have sufficient funds to meet their liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). The forecasts were approved in November 2020 and prepared using the latest available assumptions, including student recruitment and projected downturns on revenue from commercial activities. Recruitment data has been prudently moderated in arriving at the final estimates of student numbers and tuition fee income that have been included in the forecasts, in light of the uncertainty as to whether there will be higher levels of non-completions than in previous years. Sensitivity analysis is undertaken of future forecasts and used as a basis for the inclusion of planning contingencies against adverse impacts and further stress on our planning assumptions.

Additionally, the University has entered into discussions with a number of banks with regard to taking out additional short term finance, probably in the form of a revolver loan for 3-5 years with a value of up to £50m. The exact terms and details of the loan are in the process of being finalised. The forecasts also include scope to cut back some capital spend in all years of the plan to further enhance cash if the need were to arise. Our forecasts show that the University will remain compliant with all bank covenants over the planning period.

Consequently, the Council is confident that the Group and parent University will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

3. Basis of consolidation

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

notes to the accounts

(continued)

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. Income recognition

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

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

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

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

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

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

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

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

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

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

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

notes to the accounts

(continued)

4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

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

Investment income is credited to the Consolidated Statement of Comprehensive Income and Expenditure on a receivable basis.

5. Accounting for retirement benefits

Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the University therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

University of Warwick Pension Scheme (UWPS)

The Defined Benefit (DB) section of the University's own scheme, an exempt approved pension scheme, provides retirement benefits (based on final pensionable salary), lump sum and spouse's death-in-service benefits. The scheme is set up under trust and the assets are held in a separate trustee-administered fund. The University's net obligation for the scheme is calculated in accordance with the advice of a qualified actuary using the projected unit credit method. The rules of the scheme permit any surplus existing after all benefits have been extinguished to be returned to the University. The DB section of the scheme was closed to new recruits on 1 April 2010.

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

6. Employment benefits

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

7. Finance leases

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

notes to the accounts

(continued)

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

8. Operating leases

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

9. Foreign currency

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

10. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets. Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University. No depreciation is charged on assets in the course of construction.

Land and buildings

Land is not depreciated as it is considered to have an indefinite useful life. New buildings are depreciated in equal instalments over their expected useful lives of up to 50 years, car parks are depreciated over 35 years and laboratory and other major refurbishments over 10 to 20 years. Where an item of land and buildings comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement of components is capitalised as incurred. Where buildings are acquired with the aid of government and other specific grants they are capitalised and depreciated as above or over the life of the project if deemed more appropriate. The University has no inherited assets.

The Professor Lord Bhattacharyya Building, home to the National Automotive Innovation Centre (NAIC), has been built for the furtherance of the University's objectives while working closely with our industry partners. The primary aims of the NAIC with our partners are:

- to foster innovation in the British automotive industry;
- to connect academic research with leading manufacturers and attract the next generation of engineers;
- to create a collaborative environment that can encourage teamwork and innovation across disciplines;
- to be a showcase for forward thinking in British engineering and design.

It is a space for advanced research and learning, knowledge transfer and collaboration. The activities happening within the building are core to the main objectives and strategy of the University and as such, the building has been classified as a functional fixed asset within these financial statements.

A number of the Group's buildings are rented to third parties. This supports the transfer of University 'know-how' and research into industry, as well as providing accommodation for growing knowledge-based companies and as such are treated as tangible fixed assets. These activities further support the University by helping to enhance its reputation, and promoting the University's strategic priorities, in particular Regional Leadership and Innovation.

notes to the accounts

(continued)

Equipment

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

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

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

Borrowing costs

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

11. Investments

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

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

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

12. Stock

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

13. Cash and cash equivalents

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

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

14. Provisions, contingent liabilities and contingent assets

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

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

notes to the accounts

(continued)

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

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

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

15. Taxation

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

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

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

16. Basic financial instruments

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

17. Derivatives

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

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

notes to the accounts

(continued)

18. Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund as the University must hold the fund in perpetuity or as an expendable fund where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

19. Accounting estimates and judgements

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

Calculation of pension provisions:

- i. The calculation of the liability for the present value of recovery contributions to the USS scheme is made using assumptions about the future salary and numerical growth of members of the USS scheme. The estimates used for these variables are set out in note 30.
- ii. The calculation of the defined benefit pension asset/liability in the UWPS scheme is made using actuarial assumptions, as set out in note 30.

Short-term employment benefits:

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

notes to the accounts

(continued)

2. TUITION FEES AND EDUCATIONAL CONTRACTS

	Consolidated		University	
	2019/20 £ million	2018/19 £ million	2019/20 £ million	2018/19 £ million
Accredited course fees from home/EU students	162.5	156.1	162.5	156.1
Accredited course fees from overseas students	177.5	166.7	177.5	166.7
International foundation programme fees	4.7	3.5	4.7	3.5
Non-accredited short course fees	3.6	5.6	3.6	5.6
Research Training Support Grants	11.4	12.1	11.4	12.1
Other fees	0.4	0.5	0.4	0.5
	360.1	344.5	360.1	344.5

3. FUNDING BODY GRANTS

	Consolidated		University	
	2019/20 £ million	2018/19 £ million	2019/20 £ million	2018/19 £ million
Recurrent grants:				
Office for Students teaching grant	14.0	13.4	14.0	13.4
Research England research grant	41.7	37.4	41.7	37.4
Specific grants:				
HE Innovation Fund	4.3	4.3	4.3	4.3
Catalyst Fund	0.0	0.0	0.0	0.0
National Collaborative Outreach	0.5	0.3	0.5	0.3
Other specific grants	1.1	0.0	1.1	0.0
Capital grants released in year:				
Buildings	4.3	4.4	4.3	4.4
Equipment	0.5	1.6	0.5	1.6
	66.4	61.4	66.4	61.4

4. RESEARCH GRANTS AND CONTRACTS

	Consolidated		University	
	2019/20 £ million	2018/19 £ million	2019/20 £ million	2018/19 £ million
Research councils	36.1	39.2	36.1	39.2
Central government, local authorities and public corporations	58.4	53.9	58.4	53.9
UK charitable bodies	8.4	9.8	8.4	9.8
European Union	12.1	13.7	12.1	13.7
UK industry and commerce	6.1	8.5	6.1	8.5
Overseas	9.1	11.1	9.1	11.1
Others	1.5	1.6	1.5	1.6
	131.7	137.8	131.7	137.8

Income from research grants and contracts includes £11.5m in respect of capital grants released in the year (2018/19: £12.7m)

notes to the accounts

(continued)

5. GRANT AND FEE INCOME

	Consolidated		University	
	2019/20 £ million	2018/19 £ million	2019/20 £ million	2018/19 £ million
The source of grant and fee income included in notes 2 to 4 is as follows:				
Grant income from the Office for Students	14.6	13.8	14.6	13.8
Grant income from other bodies	183.5	185.4	183.5	185.4
Fee income for taught awards (exclusive of VAT)	326.6	310.6	326.6	310.6
Fee income for research awards (exclusive of VAT)	13.4	12.2	13.4	12.2
Fee income from non-qualifying courses (exclusive of VAT)	20.1	21.7	20.1	21.7
	558.2	543.7	558.2	543.7

6. OTHER INCOME

	Consolidated		University	
	2019/20 £ million	2018/19 £ million	2019/20 £ million	2018/19 £ million
Residences, catering and conferences	37.1	47.8	37.1	47.8
Other services rendered	1.7	3.7	1.7	3.7
Other capital grants	0.9	0.8	0.8	0.6
Retail operations	34.5	40.9	17.6	19.3
Post-experience centres	9.8	14.0	1.1	0.7
Other income	31.4	29.7	39.8	40.3
Covenant income	0.0	0.0	7.0	13.1
	115.4	136.9	105.1	125.5

Included within consolidated other income above is £3.3m of income from the Coronavirus Job Retention Scheme.

7. INVESTMENT INCOME

	Consolidated		University	
	2019/20 £ million	2018/19 £ million	2019/20 £ million	2018/19 £ million
Net return on University of Warwick Pension Scheme assets (note 30)	0.2	0.0	0.2	0.0
Restricted permanent endowment investment income (note 25)	0.2	0.1	0.1	0.0
Restricted expendable endowment investment income (note 25)	0.1	0.1	0.0	0.0
Other investment income	2.1	2.5	2.2	2.5
	2.6	2.7	2.5	2.5

8. DONATIONS AND ENDOWMENTS

	Consolidated		University	
	2019/20 £ million	2018/19 £ million	2019/20 £ million	2018/19 £ million
New endowments	1.5	1.4	1.4	1.4
Unrestricted donations	2.2	3.9	2.2	3.8
	3.7	5.3	3.6	5.2

notes to the accounts

(continued)

9. STAFF

	Consolidated		University	
	2019/20	2018/19	2019/20	2018/19
	£ million	£ million	£ million	£ million
Staff costs: Salaries and wages	302.3	276.5	286.6	259.7
Social Security costs	29.0	27.6	28.0	26.6
Other pension costs	(43.9)	175.9	(44.5)	175.3
	287.4	480.0	270.1	461.6

	Consolidated	
	2019/20	2018/19
	Number	Number
The number of full time equivalent staff, by area of activity, can be summarised as:		
Academic staff within academic departments	2,505	2,327
Other staff within academic departments	1,391	1,276
Academic services	395	408
Premises management and maintenance	574	528
Residences and catering	420	403
Other services and activities, including commercial operations	1,269	1,200
	6,554	6,142

Professor Stuart Croft is the Vice-Chancellor and President of the University and is its senior post-holder. The total costs of the University include payments to Professor Croft and benefits. These were as follows:

Professor Stuart Croft	2019/20	2018/19
	£000	£000
Basic salary	309	303
Salary in lieu of pension	40	40
Taxable benefit - accommodation	22	10
Total emoluments (including taxable benefits-in-kind) before pension contributions	371	353
Pension contributions in respect of the Vice-Chancellor and President	6	6
Total emoluments (including taxable benefits-in-kind)	377	359
Non-taxable benefits-in-kind - accommodation	0	11
Total emoluments (including taxable and non-taxable benefits-in-kind)	377	370

HMRC tax rules changed from 6 April 2019, whereby the Vice-Chancellor's use of the accommodation ceased to be non taxable – there are therefore no non-taxable benefits reported for the 2019/20 year, and all of the related taxable benefits for accommodation now include a full year for the first time.

Whilst the Vice-Chancellor's taxable benefit in respect of accommodation has increased this year, that is due to the change in the basis of taxation and the nature of the accommodation benefit provided to the Vice-Chancellor has not changed.

The Chair of Council conducts an annual review of the performance of the Vice-Chancellor and President against objectives, which are agreed at the start of the year. In advance of the review, the Chair seeks comments on the Vice-Chancellor's performance from all members of the University's Council, including the student representatives. The outcome is discussed at the Remuneration Committee and subsequently reported to the University Council. The Vice-Chancellor is not present at the Committee or Council during discussion of his performance. The Chair of Council does not chair the Remuneration Committee when the Vice-Chancellor's objectives or performance are being discussed.

notes to the accounts

(continued)

9. STAFF - continued

The Vice-Chancellor's long-term objective is to deliver the University's 2030 strategy, Excellence with Purpose. Overall progress towards the delivery of that strategy is assessed each year but in 2019/20 there were also specific objectives relating to communicating the strategy, developing a new campus masterplan and transport strategy, progressing international partnerships, preparing for the REF, enhancing the student experience, embedding the University's values and new student disciplinary framework, developing a long term financial strategy to support new investments and tackling a number of key leadership issues, including particularly securing new leadership for Warwick Manufacturing Group (WMG).

The achievement of these objectives was overshadowed in the final five months of the performance year by the onset of the Covid 19 pandemic. The Remuneration Committee agreed with the view of the Chair and Council members that the response of the Vice-Chancellor and his team had been exemplary. The University had moved very fast to set up a crisis response team, which, with the support of a specially constituted Council sub group, had acted quickly to secure the campus, look after the wellbeing of students and staff, move all teaching and assessment on line and safeguard the University's financial position. The Vice-Chancellor himself had set a clear and effective course from the outset, communicated well and shown exceptional and resilient leadership. The strength of the leadership response across the university was a measure of how successfully the leadership team has been developed over the past three years.

While not all the 2019/20 objectives could be completed there was significant progress in each priority area, including:

- The completion of a new campus masterplan and progress in developing a transport strategy and plans for the Wellesbourne campus.
- The establishment of a Climate Emergency Taskforce which has launched the Warwick Institute for Global Sustainable Development, Warwick's hub for trans - disciplinary research on global sustainable development.
- A number of important new appointments, particularly former Government Minister, Margot James as Executive Chair of WMG.
- Rapid progress in establishing the new student disciplinary framework and embedding the new values framework.
- Excellent preparation for the REF.
- A strong financial performance prior to the onset of the pandemic, enabling the university to weather the storm better than many of its competitors.

Areas identified for future development included further improvements in student satisfaction, more progress on sustainability of the campus, and a rapid response to the data issues identified by the ICO.

There was warm recognition of the Vice-Chancellor's strong engagement with key partners and stakeholders in the Coventry and Warwickshire and in the wider West Midlands region. It was also noted that the University of Warwick remained consistently in the top 10 in significant league tables published in the UK (notably ranked 8th and 10th in the 2021 Guardian University league tables and the 2021 Times Good University Guide respectively). It is also ranked 77th in the Times Higher Education World rankings, its highest ever position.

In comparison to the Russell Group Universities, using January 2020 data per the 2020 survey of Vice-Chancellor's Remuneration conducted by the Committee of University Chairs, the University of Warwick's Vice-Chancellor and President's base salary is positioned between the median and the mean. This reflects the top 10 league table position described above and the scale of the University's operations with total annual turnover of £680 million.

On the basis of his performance this year, the Remuneration Committee judged that, if this had been a normal year, the Vice-Chancellor would have been eligible for a significant bonus. However, he had already made it clear, in advance, that, as in previous years, he did not wish to receive a performance bonus; and in fact, in the light of the financial constraints following the onset of the pandemic, no member of the senior team has received a performance pay rise or bonus. The Vice-Chancellor has also chosen not to undertake any paid work outside of the University.

notes to the accounts

(continued)

9. STAFF - continued

The relationship between the Vice-Chancellor and President's remuneration, expressed as a multiple of other employees is set out below, for both basic salary and total remuneration. Multiples are shown for three groupings: excluding "atypical" staff (primarily temporary and agency workers), including "atypical" staff, and including "atypical" staff other than the University's Unitemps staff.

	2019/20 Number	2018/19 Number
Basic salary as a multiple of median basic salary of staff - excluding atypicals	8.9	8.9
Total remuneration as a multiple of median total remuneration of staff - excluding atypicals	8.7	9.1
Basic salary as a multiple of median basic salary of staff - including atypicals	10.9	11.5
Total remuneration as a multiple of median total remuneration of staff - including atypicals	11.0	11.6
Basic salary as a multiple of median basic salary of staff - including atypicals but excluding Unitemps	9.4	9.4
Total remuneration as a multiple of median total remuneration of staff - including atypicals but excluding Unitemps	9.3	9.7

The Vice-Chancellor and President's total remuneration in the above calculation includes taxable and non-taxable benefits. The calculation of the ratio is affected by the University's decision to normally employ directly its staff in support and ancillary services roles, including in its commercial businesses. This means that many more lower paid staff are included in the calculation than would be the case in institutions which have outsourced these services or have less significant commercial businesses.

The ratio of the Vice-Chancellor and President's basic salary to the median academic salary is 6.2 (2018/19: 6.2).

notes to the accounts

(continued)

9. STAFF - continued

Basic salary of other Higher Paid Staff:

	2019/20	2018/19
	FTE	FTE
£250,000 - £254,999	0.6	0.0
£235,000 - £239,999	1.0	1.0
£230,000 - £234,999	1.5	0.0
£225,000 - £229,999	0.8	2.3
£220,000 - £224,999	1.2	0.2
£215,000 - £219,999	0.0	1.0
£210,000 - £214,999	1.0	0.0
£205,000 - £209,999	0.0	1.0
£200,000 - £204,999	1.8	1.0
£195,000 - £199,999	1.8	0.0
£190,000 - £194,999	3.1	3.1
£185,000 - £189,999	3.3	4.1
£180,000 - £184,999	1.2	1.6
£175,000 - £179,999	5.2	3.8
£170,000 - £174,999	1.6	3.9
£165,000 - £169,999	3.7	0.7
£160,000 - £164,999	6.3	3.6
£155,000 - £159,999	4.6	4.9
£150,000 - £154,999	8.8	8.6
£145,000 - £149,999	7.2	3.1
£140,000 - £144,999	6.8	7.7
£135,000 - £139,999	8.1	6.0
£130,000 - £134,999	8.7	6.8
£125,000 - £129,999	14.2	9.4
£120,000 - £124,999	19.9	19.1
£115,000 - £119,999	21.0	16.1
£110,000 - £114,999	30.8	16.5
£105,000 - £109,999	25.5	27.9
£100,000 - £104,999	30.7	28.9

Excluded from the above list are staff who joined or left part-way through a year but who did not exceed the threshold during the financial year. Salary partly funded by another body is also excluded. Salary bands are stated on a full time equivalent basis.

£2,640k in compensation for loss of office and redundancy was paid to 215 employees at all salary levels, in addition to their emolument entitlement for the year. In 2018/19, 144 employees were paid £1,072k.

All severance payments including compensation for loss of office in respect of higher paid staff are approved by the University's Remuneration Committee. Amounts for compensation for loss of office and redundancy for all other staff are approved by University management in accordance with delegated authority.

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

	2019/20	2018/19
	£000	£000
Key management personnel	2,244	2,082

notes to the accounts

(continued)

10. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Consolidated		University	
	2019/20 Total £ million	2018/19 Total £ million	2019/20 Total £ million	2018/19 Total £ million
Academic departments	256.4	251.6	256.4	251.6
Research grants and contracts	110.7	111.1	110.7	111.1
Total teaching and research	367.1	362.7	367.1	362.7
Academic services	39.2	38.4	39.2	38.4
Central administration and services	39.6	34.3	39.7	34.0
General educational expenditure	34.4	34.5	34.3	34.3
Staff and student facilities	22.2	21.7	22.2	21.7
Premises	63.2	60.1	64.3	61.4
Residences, catering and conferences	32.9	35.1	33.7	36.2
Other services rendered	1.2	2.8	1.3	2.8
Retail operations	27.0	25.9	21.2	19.4
Post-experience centres	10.1	11.2	3.1	3.8
Other activities	11.1	3.3	11.0	3.1
USS pension provision movement	(90.3)	134.6	(90.2)	134.6
Total per income and expenditure account	557.7	764.6	546.9	752.4

Other operating expenses include:

	2019/20 £000	2018/19 £000
Auditor's remuneration for the University of Warwick Group (An amount of £55k (2018/19: £49k) relates to the Auditor's remuneration for the University)	106	98
Auditor's remuneration in respect of non-audit services appointed by the University	90	97
Grants to Warwick Students' Union	3,056	3,076

During the year the University made payments totalling £4,000 (rounded to the nearest £1,000) including reimbursement of expenses, on behalf of fourteen independent members of the Council (2018/19: nine members claimed a combined total of £8,000). This does not represent the total expenses individuals incurred, only what they claimed from the University. Additionally, the University provides members (not by way of expenses on an individual basis) with food and accommodation for the activities they attend on the University's campus. Members of the University's Council are the University's Trustees. The University does not remunerate independent members of the University Council. Reasonable travel and subsistence expenses incurred in attending meetings relating to the work of the Council and associated charitable events in members' official capacity are reimbursed upon request, as supported by appropriate evidence of expenditure. The salaries of members of the staff of the University who serve on the Council do not include any element specific to their trusteeship, but are determined following an agreed process.

notes to the accounts

(continued)

11. ACCESS AND PARTICIPATION EXPENDITURE

	Consolidated		University	
	2019/20 £ million	2018/19 £ million	2019/20 £ million	2018/19 £ million
Access investment	2.7	2.7	2.7	2.7
Financial support provided to students	6.1	6.1	6.1	6.1
Support for disabled students (i)	0.7	0.7	0.7	0.7
Research and evaluation of access and participation activities (ii)	0.1	0.1	0.1	0.1
	9.6	9.6	9.6	9.6

£1.9m of these costs are already included in the overall staff costs figures included in note 9.

The University's published access and participation plan is available at

https://apis.officeforstudents.org.uk/accessplansdownloads/1920/UniversityofWarwick_APP_2019-2020_V1_10007163.pdf

- (i) Disability support was included within Success and Progression in the University's 2019/20 access and participation plan.
- (ii) This is a new OfS reporting category. The investment commitments outlined in the University's 2019/20 access and participation plan relating to 'Access' would have incorporated Research and Evaluation investment, however this disclosure separates this out.
- (iii) The OfS guidance allows for the selection of different, but acceptable categorisation techniques which can result in different measurements of categories of eligible access and participation expenditure and can affect comparability with other institutions. The precision of different categorisation techniques may also vary.

12. INTEREST AND OTHER FINANCE COSTS

	Consolidated		University	
	2019/20 £ million	2018/19 £ million	2019/20 £ million	2018/19 £ million
Loan interest	7.4	7.5	7.4	7.5
Net charge on the University of Warwick Pension Scheme	0.0	0.2	0.0	0.2
Administration costs paid from scheme assets	0.6	0.6	0.6	0.6
Net charge on USS pension scheme	3.1	1.4	3.1	1.4
	11.1	9.7	11.1	9.7

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

13. DISPOSAL OF NON-CURRENT ASSETS

	Consolidated		University	
	2019/20 £ million	2018/19 £ million	2019/20 £ million	2018/19 £ million
Profit on disposal of non-current investments	0.1	0.0	0.1	0.0
Loss on disposal of fixed assets	(1.0)	0.0	(1.0)	0.0
	(0.9)	0.0	(0.9)	0.0

notes to the accounts

(continued)

14. FIXED ASSETS

CONSOLIDATED

	Total £ million	Land & Buildings £ million	Fixtures, Fittings & Equipment £ million	Assets under the Course of Construction £ million
Cost				
At 1 August 2019	1,223.1	875.2	255.5	92.4
Additions at cost	100.9	29.4	20.4	51.1
Asset transfers	0.0	20.9	2.5	(23.4)
Write offs and disposals at cost	(3.7)	(0.7)	(2.8)	(0.2)
At 31 July 2020	1,320.3	924.8	275.6	119.9
Depreciation				
At 1 August 2019	456.0	251.2	204.8	0.0
Charge for the year	48.3	28.4	19.9	0.0
Eliminated on write offs and disposals	(2.6)	(0.7)	(1.9)	0.0
At 31 July 2020	501.7	278.9	222.8	0.0
Net Book Value at 31 July 2020	818.6	645.9	52.8	119.9
Net Book Value at 31 July 2019	767.1	624.0	50.7	92.4

UNIVERSITY

	Total £ million	Land & Buildings £ million	Fixtures, Fittings & Equipment £ million	Assets under the Course of Construction £ million
Cost				
At 1 August 2019	1,188.2	842.2	253.6	92.4
Additions at cost	100.7	29.5	20.4	50.8
Asset transfers	0.0	20.8	2.5	(23.3)
Write offs and disposals at cost	(3.7)	(0.7)	(2.8)	(0.2)
At 31 July 2020	1,285.2	891.8	273.7	119.7
Depreciation				
At 1 August 2019	435.2	232.2	203.0	0.0
Charge for the year	47.2	27.4	19.8	0.0
Eliminated on write offs and disposals	(2.6)	(0.7)	(1.9)	0.0
At 31 July 2020	479.8	258.9	220.9	0.0
Net book value at 31 July 2020	805.4	632.9	52.8	119.7
Net book value at 31 July 2019	753.0	610.0	50.6	92.4

notes to the accounts

(continued)

15. NON-CURRENT INVESTMENTS

	Consolidated		University	
	2020 £ million	2019 £ million	2020 £ million	2019 £ million
Balance at 1 August	28.6	27.3	30.3	29.1
Net (disposals) / additions in the year	(18.7)	0.1	(17.8)	0.2
Share of Associate's Surplus / (Deficit) for the year	0.0	0.0	0.0	0.0
(Decrease) / increase in market value	(2.2)	1.2	(1.6)	1.1
Decrease / (increase) in provision for diminution in value	0.0	0.0	(0.8)	(0.1)
Balance at 31 July	7.7	28.6	10.1	30.3
Represented by:				
Group undertakings	0.0	0.0	7.7	6.8
Associated undertakings	1.1	1.1	0.0	0.0
Other equity investments	0.7	0.6	0.6	0.5
Cash held within managed funds	0.0	0.7	0.0	0.5
Bonds held within managed funds	1.0	0.8	0.4	0.3
Equity investments held within managed funds	5.4	25.4	2.2	21.5
Alternative investments held within managed funds	0.8	1.3	0.5	1.2
	9.0	29.9	11.4	30.8
Provision for diminution in value	(1.3)	(1.3)	(1.3)	(0.5)
	7.7	28.6	10.1	30.3

Associated undertakings include:

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 28). UWSP BIC and UWSP IC are not consolidated into the results of the University nor the University of Warwick Science Park Limited on the grounds of materiality.

Other Equity Investments include:

CVCP Properties plc

50,766 ordinary shares of £1 each

The Mercia Fund 1

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

notes to the accounts

(continued)

15. NON-CURRENT INVESTMENTS - continued

Investment in spin-out companies

The University holds a range of shareholdings in a number of spin-out companies, set up to maximise the return on intellectual property that is the result of the University's previous research activities. The University currently holds investments in 39 active spin-out companies, all of which are incorporated in Great Britain and registered in England. In total these spin-out companies employ 200 staff, mainly within the West Midlands.

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

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

The University provides for investment in spin-out companies immediately upon acquisition and, whilst shareholdings vary in range, up to 55.0%, 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.

16. STOCK

	Consolidated		University	
	2020 £ million	2019 £ million	2020 £ million	2019 £ million
Consumables and goods for resale	0.7	0.8	0.7	0.7

17. TRADE AND OTHER RECEIVABLES

	Consolidated		University	
	2020 £ million	2019 £ million	2020 £ million	2019 £ million
Amounts falling due within one year:				
Other trade receivables	14.1	30.0	13.2	25.8
Prepayments and accrued income	35.7	34.8	34.5	34.1
Amounts owed by group undertakings	0.0	0.0	7.4	13.6
	49.8	64.8	55.1	73.5

18. CURRENT INVESTMENTS

	Consolidated		University	
	2020 £ million	2019 £ million	2020 £ million	2019 £ million
Short term deposits	25.0	81.5	25.0	81.5

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

notes to the accounts

(continued)

19. CONSOLIDATED RECONCILIATION OF NET FUNDS

	Consolidated	University
	2019/20	2019/20
	£ million	£ million
Net funds at 1 August 2019	41.8	39.0
Movement in cash and cash equivalents	75.4	75.4
Movement in current investments	(56.5)	(56.5)
Movement in unsecured loans	7.4	7.4
Net funds at 31 July 2020	68.1	65.3
Change in net funds	26.3	26.3

	Consolidated		University	
	2020	2019	2020	2019
	£ million	£ million	£ million	£ million
Analysis of net funds				
Cash and cash equivalents	219.0	143.6	216.2	140.8
Current investments	25.0	81.5	25.0	81.5
Borrowings: amounts falling due within one year				
Unsecured loans	(7.3)	(7.3)	(7.3)	(7.3)
	(7.3)	(7.3)	(7.3)	(7.3)
Borrowings: amounts falling due after more than one year				
Unsecured loans	(168.6)	(176.0)	(168.6)	(176.0)
	(168.6)	(176.0)	(168.6)	(176.0)
Net funds	68.1	41.8	65.3	39.0

notes to the accounts

(continued)

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2020 £ million	2019 £ million	2020 £ million	2019 £ million
Unsecured loans (note 22)	7.3	7.3	7.3	7.3
Deferred income	122.8	97.4	120.6	94.9
Deferred capital grants	17.2	18.2	17.2	18.1
Trade payables	10.1	19.6	10.0	19.1
Social security and other taxation payable	9.3	10.4	8.8	9.3
Accruals	49.1	48.2	47.7	46.4
Amounts owed to group undertakings	0.0	0.0	33.2	37.6
	215.8	201.1	244.8	232.7

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

	Consolidated		University	
	2020 £ million	2019 £ million	2020 £ million	2019 £ million
Derivatives	60.2	52.5	60.2	52.5
Unsecured loans (note 22)	168.6	176.0	168.6	176.0
Deferred income	82.1	87.1	82.0	87.1
Deferred capital grants	159.2	155.2	158.5	154.4
	470.1	470.8	469.3	470.0

The University holds derivative instruments (interest rate swaps) on its borrowings to convert its floating rate debt to fixed rate in order to hedge against the interest-rate risk arising. The fair value of the derivative instruments (hedging instruments) at 31 July 2020 was £60.2m (2018/19: £52.5m). The change in fair value of the hedging instruments during the financial year of £7.7m adverse (2018/19: £8.8m adverse) is shown within the Consolidated Statement of Comprehensive Income.

22. ANALYSIS OF UNSECURED LOANS

Amounts owing on unsecured loans as at 31 July 2020 fall due as follows:

	Consolidated		University	
	2020 £ million	2019 £ million	2020 £ million	2019 £ million
Due within one year or on demand (note 20)	7.3	7.3	7.3	7.3
Due between one and two years (note 21)	7.3	7.3	7.3	7.3
Due between two and five years (note 21)	21.9	21.9	21.9	21.9
Due in five years or more (note 21)	139.4	146.8	139.4	146.8
	175.9	183.3	175.9	183.3

notes to the accounts

(continued)

22. ANALYSIS OF UNSECURED LOANS - continued

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

Bank loan arrangements for the University as at 31 July 2020:

	Total original facility £ million	Outstanding 31 July 2020 £ million	Effective Interest rate
Drawn facilities			
Amortising loan, drawn July 2007, repayable July 2037	40.0	22.3	5.37%
Bullet loan, drawn July 2008, repayable July 2037	10.0	10.0	4.82%
Bullet loan, drawn July 2009, repayable July 2037	5.0	5.0	4.92%
Bullet loan, drawn October 2010, repayable July 2037	15.0	15.0	4.92%
Bullet loan, drawn October 2010, repayable July 2037	10.0	10.0	4.84%
Amortising loan, drawn March 2012, March 2013 and December 2013, repayable December 2040	60.0	45.6	5.19%
Amortising loan, drawn August 2018, repayable July 2038	75.0	67.5	2.49%
	215.0	175.4	

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

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

1. A £0.4m loan from the Lawn Tennis Association, amortising over 13 years from September 2008, at a 0% rate of interest, specifically for the purpose of building an indoor tennis centre. £0.05m remains outstanding as at 31 July 2020.
2. A £0.5m loan received from HEFCE, as part of HEFCE's partnership with Salix Finance Ltd, specifically for the purpose of funding energy efficiency and low carbon technology. The loan is at a 0% rate of interest and is repayable in greater than five years, being the period during which compliant projects have already been planned.

notes to the accounts

(continued)

23. PENSION PROVISIONS AND PENSION ASSET	Consolidated	University
	£ million	£ million
Obligation to fund deficit on USS Pension (Note 30)		
Provision at 1 August 2019	197.5	197.5
Unwinding of discount factor	3.1	3.1
Deficit contributions paid	(3.5)	(3.5)
Reduction in provision in year	(89.9)	(89.9)
	(90.3)	(90.3)
Provision at 31 July 2020	107.2	107.2
	Consolidated	University
	£ million	£ million
Defined benefit obligations for University of Warwick Pension Scheme (UWPS) (Note 30)		
Asset at 1 August 2019	(6.8)	(6.8)
Net service cost contributions	(1.1)	(1.1)
Net return on assets	(0.2)	(0.2)
Administrative expenses	0.6	0.6
Actuarial gain	(1.1)	(1.1)
	(8.6)	(8.6)
Asset at 31 July 2020	(8.6)	(8.6)
Total of above pension provisions carried forward at 31 July 2020	98.6	98.6
	Consolidated	University
	£ million	£ million
Life Sciences restructuring provision		
At 1 August 2019	3.1	3.1
Utilised in year	0.0	0.0
	3.1	3.1
At 31 July 2020	3.1	3.1

notes to the accounts

(continued)

25. ENDOWMENTS

CONSOLIDATED

	Restricted Permanent £ million	Restricted Expendable £ million	2020 Total £ million	2019 Total £ million
As at 1 August				
Capital	5.7	5.7	11.4	10.8
Accumulated income	0.5	0.1	0.6	0.7
	6.2	5.8	12.0	11.5
New endowments	0.1	1.3	1.4	1.4
Investment income	0.2	0.1	0.3	0.2
Expenditure	(0.1)	(1.2)	(1.3)	(1.2)
(Decrease) / increase in market value of investments	(0.6)	(0.2)	(0.8)	0.1
As at 31 July	5.8	5.8	11.6	12.0

	Restricted Permanent £ million	Restricted Expendable £ million	2020 Total £ million	2019 Total £ million
Represented by:				
Capital	5.2	5.6	10.8	11.4
Accumulated income	0.6	0.2	0.8	0.6
Total	5.8	5.8	11.6	12.0

Analysis of endowment funds by type and purpose

Chairs and lectureships	1.7	0.9	2.6	3.2
Scholarships and bursaries	2.2	2.5	4.7	4.3
Prize funds	1.7	0.2	1.9	1.9
General	0.2	1.9	2.1	2.2
Research support	0.0	0.3	0.3	0.4
Total	5.8	5.8	11.6	12.0

	Consolidated		University	
	2020 £ million	2019 £ million	2020 £ million	2019 £ million
Analysis by asset				
Current and non-current asset investments	6.5	7.2	2.3	2.5
Cash and cash equivalents	5.1	4.8	4.0	3.7
Total endowment asset investments	11.6	12.0	6.3	6.2

notes to the accounts

(continued)

25. ENDOWMENTS - continued

UNIVERSITY

	Restricted Permanent £ million	Restricted Expendable £ million	2020 Total £ million	2019 Total £ million
As at 1 August				
Capital	2.6	3.4	6.0	5.6
Accumulated Income	0.2	0.0	0.2	0.2
	2.8	3.4	6.2	5.8
New endowments	0.1	1.3	1.4	1.4
Investment income	0.1	0.0	0.1	0.0
Expenditure	0.0	(1.1)	(1.1)	(1.0)
Decrease in market value of investments	(0.3)	0.0	(0.3)	0.0
As at 31 July	2.7	3.6	6.3	6.2

	Restricted Permanent £ million	Restricted Expendable £ million	2020 Total £ million	2019 Total £ million
Represented by:				
Capital	2.4	3.6	6.0	6.0
Accumulated income	0.3	0.0	0.3	0.2
Total	2.7	3.6	6.3	6.2

26. CAPITAL COMMITMENTS

	Consolidated		University	
	2020 £ million	2019 £ million	2020 £ million	2019 £ million
Commitments contracted at 31 July	69.0	118.0	68.9	118.0

27. LEASE OBLIGATIONS

	Consolidated		University	
	2020 £ million	2019 £ million	2020 £ million	2019 £ million
Operating lease commitments in respect of buildings and equipment on leases:				
Within one year	11.0	11.5	11.0	11.3
Between one and five years	17.6	20.8	17.6	20.8
Over five years	34.6	37.2	34.6	37.2
	63.2	69.5	63.2	69.3

notes to the accounts

(continued)

28. SUBSIDIARY COMPANIES AND ASSOCIATED BODIES

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

	<u>No. of £1 Ordinary Shares</u>
Warwick University Training Limited	600,004
Warwick University Services Limited	125,000
Warwick University Enterprises Limited	170,000
Warwick Learning Limited	2,200
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
Warwick Ventures Company Limited (to 12 October 2018: WMG-Tech Limited) (Dormant)	1
Warwick Innovation Network Limited (Dormant)	1
Warwick Event Solutions Limited (Dormant)	1
UWSP Connect Limited (Dormant)	1
HRI Limited (Dormant)	3
UPS Pension Trustee Limited (Dormant)	1
Horticulture Research International (Dormant)	Limited by guarantee

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

	<u>No. of \$1(Aus) Ordinary Shares</u>
Warwick University Enterprises (Australia) Pty Ltd	1,380,000

University of Warwick Foundation

In addition, the consolidated accounts include the accounts of the University of Warwick Foundation, an exempt Charity. The Foundation is a linked charity as defined under paragraph 28 of the Charities Act 2011 and, as such more information is disclosed in respect of the Foundation at note 29 of these accounts.

WMG Academy for Young Engineers (WMG Academy)

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

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)

29. CONNECTED CHARITABLE INSTITUTIONS

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

University of Warwick Foundation

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

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

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

The activities of the Foundation, a financial summary of which is shown below, are consolidated into the University's group accounts, as described in note 28.

Consolidated results	2019/20 £ million	2018/19 £ million
Net assets		
As at 1 August	34.3	34.4
Income	0.8	0.8
Expenditure	(1.3)	(1.0)
(Loss) / gain on investments	(0.5)	0.1
	33.3	34.3

Endowment Funds	Restricted Permanent £ million	Restricted Expendable £ million	2019/20 Total £ million	2018/19 Total £ million
As at 1 August	3.4	2.4	5.8	5.7
Income	0.1	0.0	0.1	0.2
Expenditure	(0.1)	(0.1)	(0.2)	(0.2)
(Loss) / gain on investments	(0.3)	(0.2)	(0.5)	0.1
	3.1	2.1	5.2	5.8

notes to the accounts

(continued)

30. PENSION SCHEMES

Universities Superannuation Scheme (USS)

The total net income to the income and expenditure account is £90.3m (2018/19: net cost £134.6m) as shown in note 23. Deficit recovery contributions due within one year for the institution are £4.5m (prior year: £3.5m).

The University participates in the USS. With effect from 1 October 2016, the scheme changed from a defined benefit only scheme to a hybrid pension scheme, providing defined benefits (for all members) as well as defined contribution benefits. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. At 31 March 2020 USS had over 204,000 active members (2019: 202,000+) and the University had 4,861 active members participating in the scheme as at 31 July 2020 (2019: 4,657).

As at the year end the latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme was at 31 March 2018 (the valuation date), which was carried out using the projected unit method. As at the year end a valuation as at 31 March 2020 was underway but not yet complete.

Since the University cannot identify its share of USS Retirement Income Builder Section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2018 valuation was the fifth 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.

Actuarial valuation date	31 March 2018
Valuation method	Projected Unit
Value of scheme assets	£63.7bn
Value of technical provisions	£67.3bn
Net pension deficit	£3.6bn
Funding level from accrued benefits	95.0%

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in the Statement of Funding Principles:

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI+0.14% reducing linearly to CPI-0.73%
	Years 11-20: CPI+2.52% reducing linearly to CPI+1.55% by year 21
	Years 21+: CPI+1.55%

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

	2020	2019
Discount rate	2.59%	2.44%
Pensionable salary growth	4.20%	2.11%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. Mortality is assumed to be in line with the Continuous Mortality Investigation's (CMI) tables: for pre-retirement, 71% of AMC00 (duration 0) is used for males, and 112% of AFC00 (duration 0) for females. For post retirement, 97.6% of SAPS S1NMA "light" is used for males and 102.7% of RFV00 for females. Use of these mortality tables reasonably reflects the actual USS experience. To allow for future improvements in mortality rates, the CMI 2017 projections with a smoothing parameter of 8.5 and long term improvement rates of 1.8% pa for males and 1.6% pa for females were also adopted. The current life expectancies on retirement at age 65 are:

Males (females) currently aged 65:	24.4 (25.9) years
Males (females) currently aged 45:	26.3 (27.7) years

notes to the accounts

(continued)

30. PENSION SCHEMES - continued

The existing position is as follows:	2020	2019
Scheme assets	£66.5bn	£67.4bn
Total scheme liabilities	£79.4bn	£79.2bn
FRS 102 total scheme deficit	£12.9bn	£11.8bn
FRS 102 total funding level	84%	85%

Surpluses or deficits which arise at future valuations may impact on the University's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. In accordance with the requirements of the SORP, the University currently recognises a provision for its obligation to fund past deficits arising within the USS. The recovery plan in the 2018 actuarial valuation requires employers to contribute 2.0% of salaries towards repairing the deficit over the period 1 October 2019 to 31 September 2021 at which point the rate will increase to 6%. The 2020 deficit recovery liability reflects this plan. Details of this provision, which has been discounted at a rate of 0.73% as at 31 July 2020, are included in note 23 to the financial statements. The University has provided £107.2m in the current year (2018/19: £197.5m).

The University's liability calculation assumes a salary inflation rate growing to 4.7%, an annual increase in staff FTE in line with the University five-year plan and 0.5% beyond and a discount rate of 0.73%. A change in the assumption for salary inflation by +/- 0.5% would increase the obligation to fund the USS deficit by +£2.6m/-£2.5m. Similarly changes to the assumptions to the increase in staff FTE numbers by +/-0.5% would impact the provision by +/-£2.6m as at 31 July 2020.

Sensitivity analysis:

The results of the recent valuations show the potentially significant impact on the year end provision that may arise from any future changes in deficit contribution rate and duration of payments. Based on the inputs to the calculation, the following sensitivity analysis outlines the potential impact on the liability at the year end of £107.2m (per the 2018 valuation assumptions, with the same discount rate of 0.73%) were employer deficit repair contributions and duration to increase:

Duration	Employer deficit repair contributions		
	3.0%	6.0%	9.0%
	£ million	£ million	£ million
Base	56.2	107.2	158.3
+3 years	85.1	165.0	244.9
+6 years	118.1	230.9	343.8

notes to the accounts

(continued)

30. PENSION SCHEMES - continued

University of Warwick Pension Scheme (UWPS)

As of 1 April 2010 the University introduced changes to the benefit structure for existing members of UWPS and introduced a new Defined Contribution Section (DCS) to the scheme for new hires from this date. The University closed the Defined Benefit Section (DBS) of the scheme to new hires from 1 April 2010, but continues to operate this DBS in the UK for eligible members at the point of closure and the following disclosure relates to this ongoing DBS. Under FRS 102, the current service costs arising from employee service for the current period (less contributions paid into the scheme), expected interest costs on the scheme liabilities and the expected rate of return on scheme assets are charged and credited to the Consolidated Statement of Comprehensive Income and Expenditure of the University. Other changes in the forecast scheme asset / liability recorded on the Balance Sheet, as a result of changes in assumptions, are also recorded in the Consolidated Statement of Comprehensive Income and Expenditure. 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 2020 by a qualified independent actuary, for calculating FRS 102 accounting entries. The main results and assumptions of the most recently available full valuation figures of the UWPS are as follows:

Latest actuarial valuation date		31 March 2019
Valuation method		Projected Unit
Value of notional assets		£221.7m
Funding level from accrued benefits		92%
Discount rates per annum	- short term	2.50%
	- long term	1.70%
Salary scale increases per annum		2.55%
Pension increases per annum (subject to limited price indexation) *		3.00%

* re pre 6 April 1997 benefits. Different increases are payable on other tranches of pension.

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

As at 31 July 2020 there were 420 members of staff actively contributing to the DBS of the scheme (2019: 461), with a further 1,679 staff being active members of the DCS (2019: 1,619).

Following the scheme's March 2019 actuarial valuation, the University will maintain an overall flat contribution rate of £3.29m per annum into the DBS of the scheme, inclusive of deficit recovery contributions. With effect from 1 June 2020, the University's £3.29m per annum DBS contribution is made up of 25.6% ordinary annual contributions and the balance in deficit recovery contributions. From 1 April 2017 to 31 May 2020, the University's £3.29m per annum DBS contribution is made up 20.4% ordinary annual contributions and the balance in deficit recovery contributions.

The DCS of the scheme is treated and accounted for as a normal and separate defined contribution scheme. The University's contributions to the Heritage section, are between 6% and 10% of pensionable salary, dependent upon the level of employee contributions chosen by the scheme member. The University's contributions to the Enterprise section are based on the statutory minimum basis. Contributions to both sections are recognised through expenditure in the Consolidated Statement of Comprehensive Income as paid over to the external scheme provider.

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

	2020	2019	2018	2017	2016
Rate of increase in salaries	2.00%	2.25%	2.15%	3.15%	2.70%
Discount rate	1.45%	2.05%	2.55%	2.60%	2.55%
Inflation assumption (RPI)	2.90%	3.25%	3.15%	3.15%	2.70%
Inflation assumption (CPI) *	2.00%	2.25%	2.15%	2.15%	1.70%

* CPI used for revaluation of deferred pensions where appropriate.

notes to the accounts

(continued)

30. PENSION SCHEMES - continued

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.

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

	2020 Years	2019 Years	2018 Years	2017 Years	2016 Years
Male member aged 45	22.2	22.1	23.3	23.2	23.2
Female member aged 45	25.5	25.3	27.0	27.0	27.0
Male member aged 65	20.9	20.8	21.1	21.1	21.0
Female member aged 65	24.1	23.9	24.7	24.6	24.7

The assets in the Scheme were:

	2020 £ million	2019 £ million	2018 £ million	2017 £ million	2016 £ million
Value of assets					
- Equities	22.6	33.0	47.8	59.0	53.4
- Other growth assets	79.2	88.1	77.6	69.7	79.8
- Bonds and other	154.2	116.6	85.2	75.5	66.8
Total market value of assets	256.0	237.7	210.6	204.2	200.0
Value of liabilities	(247.4)	(230.9)	(218.3)	(224.7)	(238.5)
Net pension surplus / (deficit)	8.6	6.8	(7.7)	(20.5)	(38.5)

Analysis of movement in the market value of scheme assets

	2019/20 £ million	2018/19 £ million
Fair value of plan assets at beginning of the year	237.7	210.6
Expected rate of return on scheme assets *	4.9	5.3
Actuarial gains	17.1	24.3
Contribution paid by the employer	3.7	3.8
Contributions by scheme participants	0.1	0.0
Benefits paid	(6.9)	(5.7)
Administrative expenses paid from plan assets	(0.6)	(0.6)
Fair value of plan assets at end of the year	256.0	237.7

* 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	2019/20 £ million	2018/19 £ million
Benefit obligation at beginning of the year	230.9	218.3
Current service costs	2.6	3.3
Interest cost	4.7	5.5
Contributions by scheme participants	0.1	0.0
Actuarial loss	16.0	8.9
Benefits paid	(6.9)	(5.7)
Past service cost	0.0	0.6
	247.4	230.9

Analysis of amount recognised in Other Comprehensive Income	2019/20 £ million	2018/19 £ million
Actual gain on scheme assets	22.0	29.6
Expected return on assets	(4.9)	(5.3)
Experience of gains and losses on liabilities	(2.4)	0.7
Changes in assumptions	(13.6)	(9.6)
	1.1	15.4

Summary of movement in net asset / (liability) during the year	2019/20 £ million	2018/19 £ million
Current service cost	(2.6)	(3.3)
Contributions	3.7	3.8
Past service costs	0.0	(0.6)
Net return on assets	0.2	(0.2)
Administrative expenses	(0.6)	(0.6)
	0.7	(0.9)
Actuarial gain recognised in Other Comprehensive Income	1.1	15.4
Surplus / (deficit) in scheme at 1 August	6.8	(7.7)
	8.6	6.8

History of experience of gains and losses	2019/20 £ million	2018/19 £ million	2017/18 £ million	2016/17 £ million
Actual return less expected return on scheme assets	17.1	24.3	3.2	1.6
% of scheme assets:	6.7%	10.2%	1.5%	0.8%
Experience of gains and losses on liabilities	(2.4)	0.7	2.6	24.2
% of scheme liabilities:	(1.0%)	0.3%	1.2%	10.8%
Changes in assumptions	(13.6)	(9.6)	7.7	(6.3)
Total amount recognised in Total Comprehensive Income	1.1	15.4	13.5	19.5
% of scheme liabilities:	0.4%	6.7%	6.2%	8.7%

Sensitivity analysis: variation of assumptions would have the following potential impact on the UWPS pension asset at the year end of £8.6m. Discount rate 0.1% lower, pension asset £4.0m. Inflation rate (RPI) 0.1% higher, pension asset £6.6m. Inflation rate (CPI) 0.1% higher, pension asset £7.5m.

notes to the accounts

(continued)

30. PENSION SCHEMES - continued

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

	2019/20 £ million	2018/19 £ million
Universities Superannuation Scheme (USS)	44.3	36.8
University of Warwick Pension Scheme (UWPS) Defined Benefit Section	3.3	3.3
University of Warwick Pension Scheme (UWPS) Defined Contribution Section	2.3	1.9
Other schemes	0.7	0.6
	<hr/>	<hr/>
	50.6	42.6
(Decrease) / increase in pension provision for staff costs	(94.5)	133.3
	<hr/>	<hr/>
Pension cost for year (note 9)	(43.9)	175.9

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

In addition to the amounts shown above are pension payments of £0.4m in relation to temporary staff.

Guaranteed Minimum Pension benefits equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The University is working with the Trustee of The University of Warwick Pension Scheme to understand the extent to which the judgment crystallises additional liabilities for the scheme. The extent to which the judgment will increase the liabilities in The University of Warwick Pension Scheme has been estimated at 0.25% of the total pensions liability at this point. The actual cost of GMP equalisation will be reflected after the benefits have been equalised. For the University's other significant defined benefit scheme, the USS, the provision included within the financial statements at note 23 will only be impacted to the extent the change in benefits increases cash financing.

notes to the accounts

(continued)

31. RELATED PARTIES

Members of Council

Due to the nature of the University's operations and the composition of the University's Council (being drawn from local, public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. Total expenses paid direct to members of the University's Council, who are also the University's Trustees, are shown in note 10.

The President of the Union of Students and another student elected by the Union of Students are members of the University's Council. During the year ended July 2020, payments were made to the Warwick Students' Union for the value of £3.5m (2018/19: £3.3m), invoices were raised from the University for the value of £0.7m (2018/19: £0.8m). There were balances of £6k and £4k (2018/19: £59k and £11k) outstanding in debtors and creditors at the year end.

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 15). 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 £100k for the reported financial year, is summarised below:

	2019/20 £ million	2018/19 £ million
Virion Biotherapeutics Limited	0.0	0.3

notes to the accounts

(continued)

32. 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.

33. EVENTS AFTER THE REPORTING PERIOD

In September 2020, the Trustee of the USS Pension Scheme (USS) launched a consultation with Universities UK on key aspects of the scheme's 2020 valuation. The scope of this exercise covers a wide range of potential outcomes - reflecting issues still to be resolved on employer support as well as uncertainties for the higher education sector and financial markets in general - but, based on the proposals put forward, the Trustees have indicated that the fund's deficit at 31 March 2020 could range from between £9.8bn and £17.9bn.

This would represent a significant deterioration from the £3.6bn deficit established under the 2018 valuation (and against which the current recovery plan is set) and a return to the levels of shortfall experienced under the previous 2017 valuation (£11.8bn).

At this stage, an outcome is far from agreed and the USS Trustee has until 30 June 2021 to conclude the valuation. As an early indication of the scale of impact though, it has been estimated that the cost of continuing to offer current benefits in this context could reach between 40.8% to 67.9% of payroll. However, this range is purely an illustration and is before any other measures are considered to reduce the deficit and is still being widely debated across the sector and by the Trustee of the Pension Scheme. For the 2019-20 financial year however, this is considered a non-adjusting event.

notes to the accounts

(continued)

34. CONSOLIDATED FIVE YEAR RESULTS

	2019/20 £ million	2018/19 £ million	2017/18 £ million	2016/17 £ million	2015/16 £ million
Income					
Tuition fees and educational contracts	360.1	344.5	316.6	287.5	275.2
Funding body grants	66.4	61.4	59.6	58.4	57.9
Research grants and contracts	131.7	137.8	126.5	120.3	117.1
Other income	115.4	136.9	123.0	120.3	117.0
Investment income	2.6	2.7	1.7	1.6	1.6
Donations and endowments	3.7	5.3	4.1	2.9	4.8
Total income	679.9	688.6	631.5	591.0	573.6
Expenditure					
Staff costs	287.4	480.0	321.1	298.0	280.0
Other operating expenses	210.9	227.4	208.4	210.7	195.2
Depreciation	48.3	47.5	38.4	35.6	32.4
Interest and other finance costs	11.1	9.7	8.4	8.8	10.1
Total expenditure	557.7	764.6	576.3	553.1	517.7
Surplus / (deficit) before other gains or losses	122.2	(76.0)	55.2	37.9	55.9
(Loss) / gain on disposal of non-current assets	(0.9)	0.0	(0.8)	1.2	(0.9)
(Loss) / gain on investments	(2.2)	1.2	1.6	2.4	1.1
Taxation	0.0	0.0	0.0	0.0	(1.9)
Actuarial gain / (loss) in respect of pension schemes	1.1	15.4	13.5	19.5	(14.5)
Change in fair value of hedging financial instruments	(7.7)	(8.8)	6.3	14.6	(21.2)
Total comprehensive income and expenditure for the year	112.5	(68.2)	75.8	75.6	18.5
Assets					
Fixed Assets	818.6	767.1	695.0	590.7	510.5
Investments	7.7	28.6	27.3	24.1	19.7
Current assets	294.5	290.7	216.8	236.7	216.8
Liabilities					
Creditors : Amounts falling due within one year	(215.8)	(201.1)	(178.7)	(160.5)	(146.5)
Creditors : Amounts falling due after more than one year	(470.1)	(470.8)	(397.7)	(389.2)	(358.8)
Other provisions	(3.1)	(3.1)	(3.2)	(3.4)	(3.7)
Net assets, excluding pension provisions	431.8	411.4	359.5	298.4	238.0
Pension provisions	(107.2)	(197.5)	(70.6)	(85.3)	(100.5)
Pension asset	8.6	6.8	0.0	0.0	0.0
Net assets	333.2	220.7	288.9	213.1	137.5
Capital expenditure					
Land and buildings	80.5	102.1	126.3	99.2	79.5
Fixtures, Fittings and Equipment	20.4	17.5	16.5	16.7	13.9
Total capital expenditure	100.9	119.6	142.8	115.9	93.4

indicators of financial health

	2019/20	2018/19	2017/18	2016/17	2015/16
(a) Net cash flow as % of total income	13.3	13.2	15.7	18.8	16.2
(b) External borrowing as % of total income	25.9	26.6	18.3	20.2	21.4
(c) Total assets ÷ total liabilities	1.4	1.3	1.4	1.3	1.2
(d) Net liquidity / (total expenditure – depreciation) (days)	175	115	112	132	128
(e) Surplus / (deficit) as % of total income	18.0	(11.0)	8.7	6.4	9.7
(f) Unrestricted reserves as % of total income	47.3	30.3	43.9	34.3	22.3