



WARWICK  
THE UNIVERSITY OF WARWICK

# Annual Review and Financial Statements

For the year ended 31 July 2023





# Contents

<b>4</b>	<b>Chair's foreword</b>
<b>6</b>	<b>Financial Highlights</b>
<b>8</b>	<b>Public Benefit Statement</b>
8	<i>Introduction</i>
9	<i>Teaching and Learning</i>
10	<i>Research</i>
11	<i>Inclusion</i>
12	<i>Innovation</i>
13	<i>Sustainability</i>
14	<i>Regional Leadership</i>
<b>16</b>	<b>Carbon Emissions</b>
<b>19</b>	<b>Corporate Governance Statement</b>
<b>24</b>	<b>Statement of Internal Control</b>
<b>27</b>	<b>Statement of Primary Responsibilities of the Council</b>
<b>29</b>	<b>Fundraising Statement</b>
<b>30</b>	<b>Responsible Investment</b>
<b>31</b>	<b>Financial Review</b>
31	<i>Introduction</i>
32	<i>Financial Performance</i>
34	<i>Financial Position</i>
35	<i>Liquidity and Borrowing</i>
37	<i>Capital projects</i>
37	<i>Risks</i>
39	<i>Future outlook</i>
<b>40</b>	<b>Independent Auditor's Report</b>
<b>43</b>	<b>Financial Statements</b>
44	<i>Consolidated and University statement of comprehensive income</i>
45	<i>Consolidated and University statement of changes in reserves</i>
46	<i>Consolidated and University statement of financial position</i>
47	<i>Consolidated cash flow statement</i>
48	<i>Notes to the accounts</i>
90	<i>Indicators of Financial Health</i>





## Chair's foreword

This has been another outstanding year for the University. As Chair of Council, I want to congratulate every member of staff and every student for the part they have played in keeping The University of Warwick firmly in the top rank of UK universities, renowned for the quality of its research and education.

Our 2030 Strategy, "Excellence with Purpose" committed us to being one of the world's exceptional universities, helping to transform our region, our country and world for the collective good. During the last 18 months we have reviewed our progress towards achieving that Strategy. We have renewed our commitments to widening participation, fostering innovation, contributing to the regional economy and growing further our partnerships, but we have also decided to make sustainability an even more central part of everything we do in teaching and research and in the way we run and develop our campus. Our revised Strategy for 2030, "Warwick 2030 - Reshape, Refresh, Renew", will be published in the coming months. We will report regularly on our progress.

**9<sup>th</sup>**  
in the UK

The Guardian, and The Times  
and Sunday Times University  
Guides 2024

**67<sup>th</sup>**  
in the world

QS World University Rankings 2024

The outstanding achievement of 2022/23 has been the University achieving an award of Gold overall in the "Teaching Excellence Framework" (TEF) 2023. This is the national benchmark against which the quality of University education in England is measured. Warwick was one of only four Russell Group universities to gain Gold in both the key measures: student experience and student outcomes. That is a remarkable achievement. It is the culmination of a seven-year quest for teaching excellence in the University and a testimony to the University staff's commitment, professionalism and dedication to providing students with an exceptional educational experience. It means that Warwick is now acknowledged - by independent adjudication - as one of the best places in the country to learn and study. We are particularly proud of the progress we have made to widen the diversity of our student population and to remove the barriers to a Warwick education for those from lower socio economic groups, ethnic minority communities and disabled students. Our Warwick Scholars programme, in particular, goes from strength to strength in providing talented students from our region with the support they need to benefit from our world-class education. But we know we have more to do. Inclusion and participation remain at the very centre of our 2030 strategy.

The good news is also that we are determined not to stand still. While waiting for the results of the TEF assessment, the University undertook its own institution wide review of the quality of teaching and learning, covering all levels of learning, all disciplines and relevant professional services.



**Sir David Normington, GCB**  
Chair of Council

Together with the feedback from TEF and from student surveys, the results will feed into a new Education Strategy in the coming year.

Great teaching at Warwick sits alongside and is enriched by great research. In the course of the year the University's Research Strategy was refreshed with renewed commitment to impact, purpose and public benefit and to creating a research culture in which great research and researchers can thrive. A key element is the quality of our research infrastructure. At its July 2023 meeting the Council signed off the business cases for two major capital developments of our science and engineering and social sciences estates. These are the biggest investments in infrastructure ever made by the University. They aim to transform our research and teaching facilities, to continue to attract some of the world's leading academics and to support innovation. They come on top of the investment we have already made in arts and humanities with the completion of our RIBA award winning Faculty of Arts Buildings - one of only a small number of universities investing in state of the art facilities for arts and humanities.

Interdisciplinarity is central to these investments. We want to encourage collaboration across disciplines and to widen the options for our students to study a range of subjects. We know that tackling the big global challenges increasingly requires outstanding academics from different subjects and disciplines to work together, pooling their expertise and passing on that expertise to the next generation. Our new investments are designed to encourage these collaborations.

We could not achieve our strategy without our regional, national and international partners, to whom I pay tribute for the challenge and support they give us. Our industrial and business partnerships have always been a distinctive feature of Warwick, particularly through the work of Warwick Manufacturing Group (WGM). We were pleased to have that acknowledged in the latest national Knowledge Exchange Framework assessment, which placed Warwick in the top 20 per cent of universities for business and community engagement.

We continue to make a major contribution to the regional economy through our education and research and are recognised as the top university in the West Midlands. Among our many collaborations we were proud in November 2022 to launch a new partnership with University College Birmingham aimed at opening up access to education in some of our region's most deprived communities, addressing skills gaps and supporting regional growth.

At international level the EUTOPIA alliance of European Universities, which Warwick helped to found post Brexit is growing in impact and maturity. We are increasingly looking to new collaborations beyond Europe, particularly this year in India, Africa and South East Asia. We responded to the war in Ukraine by signing a twinning agreement with Kharkiv National University of Radio Electronics, Ukraine as part of an international programme supporting Ukrainian universities during the war. In addition Sanctuary Scholarships and fellowships have enabled Ukrainian staff and students to study and work at the University; and we have developed an educational leadership programme for Ukrainian educational professionals. Our support for Ukrainian educators and students remains strong and deep.

None of what is described above would be possible without the underpinning of strong finances. Many people in the University contribute to that both through increasing income and reducing costs. We are, however, blessed with a particularly strong and talented central finance team, whose achievements are attested to in these financial statements. I am very grateful to them for their commitment and professionalism and for the advice they have provided to Council as we have discussed and agreed the major new investments, described above in STEM and in social sciences.

These are just a few of the highlights of the 2022/23 year. One of the joys of being Chair of the University is that, in the course of the year I come across many more, as I meet staff and students. I am constantly surprised and delighted by their innovation and enterprise and by the way they are seeking to tackle real world problems with care and compassion. Those real world problems and challenges have continued in the past year to multiply at home and overseas. As a Council we have, therefore, given a lot of attention over the last two years to the University's excellent work to strengthen its support for the well being of students and staff, particularly in the aftermath of the Covid crisis. Warwick is also a very international community and, as tensions and conflicts grow in many parts of the world, we are only too conscious of the impact they can have, often very directly, on some of our staff and students. As a University, we will continue to do everything we can to support and care for those suffering distress and anxiety. We are determined to promote an environment where there is respect for different views and where staff and students can continue to pursue their studies and research.



# Financial Highlights

## for the year ended 31 July 2023

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>			
	2022/23 £ million	2021/22 £ million	Change
Tuition fees and educational contracts	453.8	429.6	5.6%
Funding body grants	74.4	68.7	8.3%
Research grants and contracts	144.1	139.9	3.0%
Other income	148.5	135.4	9.7%
Investment income	14.6	2.0	630.0%
Donations and endowments	4.0	3.4	17.6%
<b>Total income</b>	<b>839.4</b>	<b>779.0</b>	7.8%
<b>Surplus for the financial year excluding USS pension provision movement</b>	<b>73.5</b>	<b>85.1</b>	(13.6%)
<b>Surplus / (deficit) for the financial year</b>	<b>105.0</b>	<b>(93.2)</b>	(212.7%)
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>			
	2023 £ million	2022 £ million	
Fixed assets	840.5	849.7	
Investments	117.2	33.0	
Net current assets	156.7	171.7	
	1,114.4	1,054.4	
Long term creditors and provisions	(632.8)	(692.7)	
<b>Total net assets</b>	<b>481.6</b>	<b>361.7</b>	33.1%
<b>CAPITAL EXPENDITURE IN THE YEAR</b>			
	2022/23 £ million	2021/22 £ million	
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>83.8</b>	<b>125.0</b>	(33.0%)
<b>OTHER KEY STATISTICS</b>			
	2022/23 Number	2021/22 Number	
Full Time Students:-			
Home undergraduates	12,227	12,332	(0.9%)
Home postgraduates	2,216	1,772	25.1%
Overseas (incl EU) undergraduates	5,406	5,526	(2.2%)
Overseas (incl EU) postgraduates	5,175	5,054	2.4%
Total number of students (Full Time Equivalent)	27,293	26,495	3.0%
Total staff numbers (Full Time Equivalent)	6,897	6,456	6.8%



# Public Benefit Statement

## Introduction

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, "Warwick 2030 - Reshape, Refresh, Renew", has been refreshed through 2022/23 to articulate our purpose, that of making the world a better place, and how we intend to do that in the coming decade. It is underpinned by a commitment to our duty to the public interest through the impact of our teaching and research and a core set of cultural values which express our expectations of how we behave as individuals and an institution. 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. They are committed to working in partnership with students and staff to maintain and further enhance the distinctiveness of education and research at Warwick.

# Gold. Together.



## Teaching and Learning

Since inviting our first 450 undergraduates onto campus in 1965, our mission has never wavered: aspire to excellence; be led by research and foster a culture of curiosity; listen to, and learn from, our students - all our students. Whether from UK or overseas, well-to-do home lives or disadvantaged backgrounds, full-time or part-time, we encourage all our student voices to be heard.

Our approach gets the best out of our scholars. We're proud of the confidence, capability and adaptability shown by our 28,000 students and 270,000 graduates in the community and in the global workplace.

Warwick graduates are flourishing across the world, with no boundaries to their reach. This reflects what is at the crux of our teaching: the willingness to traverse outside of established lines and learn beyond boundaries to provide a transformational experience for our students.

And although our alumni are spread across different places all over the world, together they're part of a global network making the world a better place. One community, made from many communities. A community like no other.

The quality of the teaching our students receive has been recognised by our Gold award, in all categories, in the government's latest Teaching Excellence Framework (TEF) rankings. TEF, first introduced in 2017, is the system through which universities' teaching quality is assessed and rated.

In the 2023 TEF ratings, Warwick was given the highest award available across the different aspects of student experience and student outcomes, as well as overall. Warwick was one of only four institutions in the Russell Group institutions to be ranked gold across all possible categories.

The TEF panel of assessors found that most student experience and student outcomes were of "outstanding quality", including for students from underrepresented backgrounds.

We have continued to receive positive feedback from our students in the most recent National Student Survey (NSS), underlining that our students enjoy the boundary-crossing challenge provided by Warwick. The results for 2022-2023 found that 83% of students at the University of Warwick said they would recommend their University to future students. The University of Warwick ranks in the top three in the Russell Group across all question groupings.

# Public Benefit Statement continued

## Research

At Warwick, we undertake truly amazing research, which is internationally leading, impactful, and provocative. The excellence and originality of our research, and dedication of our researchers, defines our community. Together, we have helped improve lives locally, nationally and internationally. Research is central to all that we do at the University, and marks us out as an organisation which is world-class.

Our status as one of the UK's leading research universities was confirmed by the Research Excellence Framework 2021, the national assessment of research quality in the UK's higher education institutions. The results were released in May 2022 and expert panels assessed that 92% of Warwick's research was 'world-leading or excellent.' 50% of our submitted research to REF was awarded the highest possible rating of 'world leading'. We were also rated as 7th overall in the UK by REF 2021 for 'outputs', reflecting the consistently high quality of our published academic work. Four academic disciplines, Economics (2nd), Classics (3rd), Computer Science (4th), and Business & Management (5th) featured in the UK's Top five institutions, according to the Times Higher Education (THE) analysis of the REF assessment, with a further five in the Top 10.

The results recognised an increase in the economic and societal impact of the University's research, highlighting the real-world benefit of what we do. In the Science, Engineering and Medicine faculty, its research has made significant advances in development of ground-breaking interventions for recurrent miscarriage and persistent reproductive failure and in creating varieties of haricot beans adapted for growth in the UK by British farmers to result in reduced imports and therefore contribute towards achieving climate goals in the food sector.

In the Social Sciences faculty, our academics have advised governments across the world on how to adapt to a new age of 'big data' and the fast-changing world of intelligence. And in our Arts faculty, our researchers have shone a light on topics as diverse as building resilience and agency through Caribbean art heritage in the UK, through to using literature to understand and improve wellbeing in older age.



Across the University, researchers are contributing to a more sustainable world for everyone. Our work is tackling the future of mobility, working practices, sustainable transport, automotive innovation, enabling fairer food systems and sustainable agriculture.

The University's updated Research Strategy, relaunched in June 2023, sets out how we will continue to explore new ways to create a better world and to share our knowledge. This will be delivered through six strategic research priorities focusing on building disciplinary and interdisciplinary excellence with real-world impact, developing research culture, communications and partnerships while keeping innovation and sustainability at the heart of what we do. On the 25 July 2023, we launched the National Centre for Research Culture, the first of its kind in the UK. It aims to improve research culture in higher education, offering a hub for networking, knowledge curation, training, and innovative research. The Centre held its first inaugural International Research Culture Conference in September, with over 350 participants across 14 different countries.

Also key to our research is our commitment to pursuing knowledge beyond boundaries. This interdisciplinary ethos is represented by the work of our Global Research Priorities (GRP), which see our researchers across disciplines unite to tackle the world's most pressing challenges. We want to go further and are launching a programme of new interdisciplinary structures to support cross faculty work to flourish.

## Inclusion

The University is fully committed to widening participation and social mobility, with inclusion and equity at the heart of everything we do. Our policy and practice continue to support access and participation in higher education, with thousands of people across the UK benefiting.

Our initiatives have made a demonstrable difference, from our educational partnerships with social mobility charities like IntoUniversity to our own pioneering Warwick Scholars Programme. We have an unwavering focus on inclusivity and are making a difference in our communities, our University and more widely in society.

The University's contribution to social mobility has been recognised nationally in the 2023 UK Social Mobility Awards in which Warwick was shortlisted for University of the Year and in the 2022 English Social Mobility Index, which ranked Warwick 20th out of 101 institutions overall.

Each year, the Student Social Mobility Awards are organised by upReach to showcase the achievements of undergraduate students alongside the contributions of organisations and individuals striving to improve social mobility across the UK. The awards have recognised several Warwick students who have excelled in their studies and beyond.

In 2022, Warwick's Jasmine Brittan (BEng Engineering), became the first individual to receive three awards in one night at the upReach Student Social Mobility Awards, namely: the Sector Award for Science & Engineering, the upReach Ten Award and the most prestigious award of the night, the Outstanding Achievement Award.

Warwick's ongoing commitment to broadening access to higher education is also exemplified by our relationship with University College Birmingham (UCB). The two academic institutions have entered the next phase in their ambitious partnership to support regional development and boost businesses in the West Midlands.

The partnership is borne out of more than two years of work between Warwick and UCB, aiming to broaden participation and access to education, and creating skills pathways led by regional business needs. <https://www.ucb.ac.uk/about-us/news/university-of-warwick-partnership-to-open-up-opportunities-for-young-people-and-strengthen-economic-recovery/>

The collaboration sets out to deliver these goals, inspiring young people by providing technical training partnerships and degree apprenticeships, as well as supporting young entrepreneurs.

We also offer a range of scholarships, making it easier for gifted, ambitious learners to pursue their academic interests at one of the UK's most prestigious universities.

A notable example is our Warwick Undergraduate Global Excellence Scholarship (WUGES). Students from around 40 countries have received WUGES awards, with a total value in 2022/23 of over £3m.

The University continues to see the fruits of the Social Inclusion Strategy, introduced in 2019 with the purpose of removing economic, social and cultural barriers preventing people from working, studying and succeeding at Warwick. Our senior level recruitment of women, and of black, Asian and minority ethnic staff, has seen growth between 2018/19 and 2022/23.

Warwick's partnership with the EY Foundation also continues to gain ground. The Beyond Your Limits and Smart Futures programmes continued throughout 2022/23, with funding approved for further years to 2025. The initiatives see 10 young people per programme taking part in an employability skills programme and a work experience project.

Two years ago, in partnership with a number of other universities, we launched the National Scientific Thinking Challenge. This is an online science challenge for 14-15 year olds, designed to provide a way for children to demonstrate their skill in science beyond standardised tests and gain confidence in their abilities. In the first year 29 schools and 1629 children took part, in the second year 70 schools and 4544 children and this year 227 schools and 13,652 children.



# Public Benefit Statement continued

## Innovation

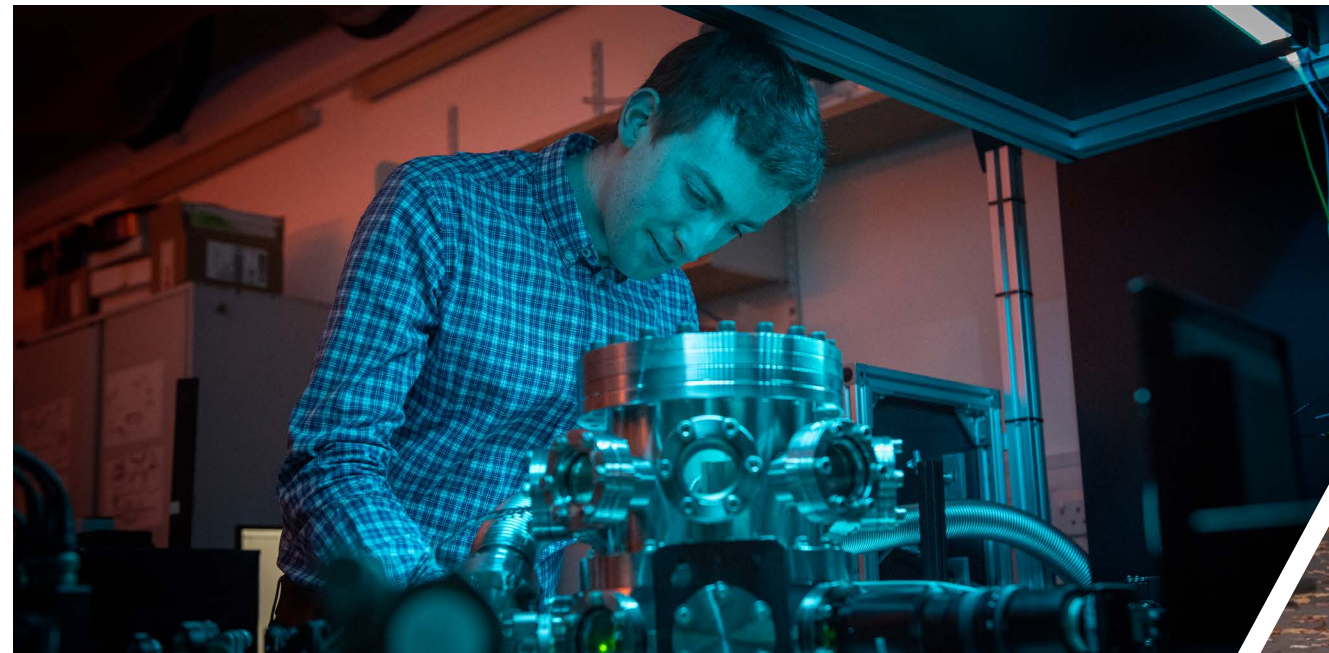
Innovation, creativity and entrepreneurial energy have always been pivotal in helping Warwick to stand out from the crowd. The ambition of Warwick Innovation District (WID) is to deliver successful programmes supporting innovation-led businesses to apply research, to give every student the opportunity to engage with innovation and to support the regional ecosystem of start-ups and scale-ups.

During the year, we enabled more than 20,000 participants to attend innovation activities of inspiration, education and incubation held across the region and beyond. There were 1,030 business impacts through incubation and acceleration events and more than £50m investment and grant funding secured. For start-ups, WID offers an end-to-end service for innovation-led businesses. Among the successes is Px3, an independent sustainability consultancy which focuses on the removal of the equivalent greenhouse gas (GHG) impact of driving 100,000 cars every year from our atmosphere by 2050 via the diffusion of sustainable IT.

Students and alumni who are interested in entrepreneurship are encouraged to engage with Warwick Enterprise. This year Warwick Enterprise has hosted major events including the Careers of the Future Fair in London and the Enactus Hackathon, which aimed at building social enterprises focused on sustainable consumption problems and quality education.

Innovation programmes have supported health care trusts across the region for real health related challenges with SME and other business solutions while the Deep Tech innovation programme has built on previous years to welcome 2 new cohorts in year. The Creative Futures programme also continues to grow, supporting students, staff and businesses in the creative and digital sector in the region.

Warwick also guides innovators among our own academic staff throughout the process of generating impact and a commercial return from their research. Examples of the commercialisation of our world-leading research includes NanoSyrinx Ltd, a company spun out from Warwick Medical School. This intracellular medicine company is built around technology that was developed during the PhD of Dr Joe Healy, looking at how the administration of medicine can be revolutionised.



## Sustainability

Warwick is committed to playing its part in tackling the climate emergency. Building on our existing research and education programmes, and our connections to industry and society, we're focusing on *The Way to Sustainable* - taking on the challenge of realising the real-life implications of creating a sustainable future and the practical challenges of getting there.

Highlights of our renewed approach can be seen in the purchase of 100% of our electricity being derived from green sources since October 2021. In 2022/23 our solar PV panels generated enough power to supply approximately 200 homes (based on 3,900kWh/household annually). The panels have an area equivalent to approximately 1,000 parking spaces. In 2022/23, we planted over 400 new trees, and sowed over 5,800m<sup>2</sup> of wildflower meadows.

We've also adjusted heating, cooling and ventilation set points across over 100 buildings and expect to achieve in the order of 1,000 tonnes of carbon savings per annum from the change, assuming equivalent future temperature and weather conditions to the baseline year, and we are working with more and more stakeholders to ensure these savings are maintained year on year.



# Public Benefit Statement continued

## Regional Leadership

Warwick is proud to have been established in the West Midlands. We couldn't have achieved our successes without being richly connected with our region.

Our mission is to be a regional driving force for good, working together with our communities, partners and major industry, we're creating a fairer, better world for all.

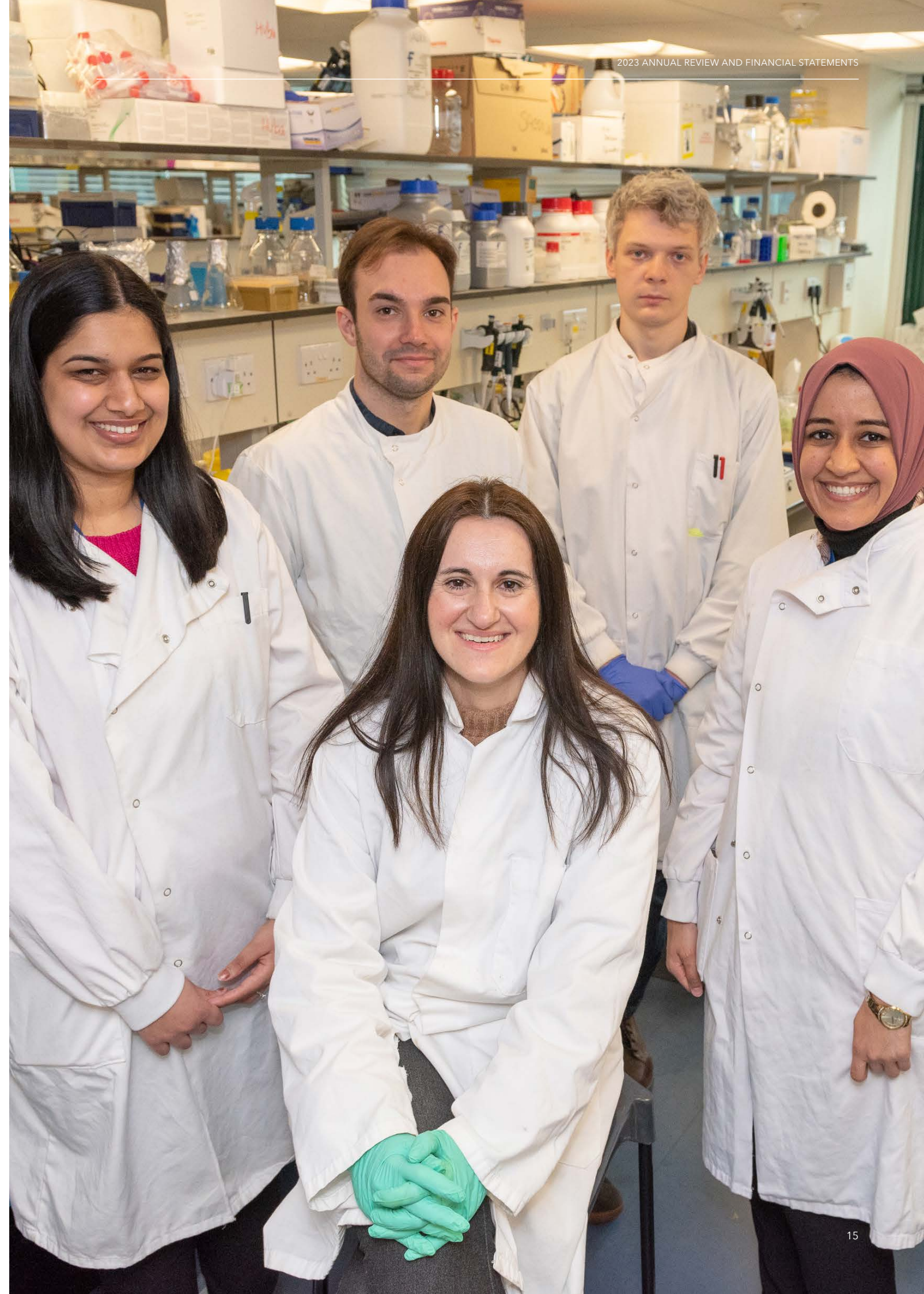
We generate over £1.15 billion for the local economy through direct spending with local firms, the money spent locally by our students, and the productivity and output growth we help generate in local businesses through our education and advice. Additionally, the University supports nearly 10,000 jobs.

Working in partnership with regional business and industry, we're developing incubators and accelerators to support emerging and early-stage businesses. We're directly supporting major growth industries and creating new insights through our cutting-edge education and research activities.

Aside from our UCB partnership, we're also impacting on the opportunities for young people in the West Midlands through our work with regional schools through our various outreach programmes and our gateways into Higher Education for adults. Alongside regional employers, we're also delivering a range of degree apprenticeships from Engineering and Digital Technologies to Health, Social Care, Business and Administration.

Warwick launched the Warwick Institute for Engagement in 2021. The Institute continues to support engagement with public and community audiences in a range of ways from Christmas lectures to the 'Big Read'. In the last year, Warwick Institute for Engagement has engaged with a total of 11,140 people through its events programme, involving work by 130 staff and 242 students. It has also built new relationships with Cheylesmore Community Centre, CV Life (Coventry Museums) and Grapevine.

The University also supports our local communities through student volunteering and student societies. Activities such as the Playing Out in Canley project run by Warwick Arts Centre has worked with community groups in our local neighbourhood in Coventry to run creative workshops and events such as the Canley Parade.





# Carbon Emissions

	2022/23	2021/22
<b>Energy consumption used to calculate emissions (kWh)</b>		
Gas <sup>1</sup>	163,068,678	172,834,233
Grid Electricity	34,955,223	33,513,471
Petrol and Diesel	435,167	460,627
LPG for heating	38,753	35,697
	<b>198,497,821</b>	<b>206,844,028</b>
<b>Scope 1 emissions (tCO2e)</b>		
Gas	29,830	31,549
Petrol and Diesel	104	111
LPG	8	8
	<b>29,942</b>	<b>31,668</b>
<b>Location Based Scope 2 emissions (tCO2e)</b>		
Grid Electricity	7,238	6,481
	<b>7,238</b>	<b>6,481</b>
<b>Total Location Based Scope 1 and 2 emissions from University activities (tCO2e)</b>	<b>37,180</b>	<b>38,149</b>
Less: Scope 2 emissions re electricity procured from accredited renewable sources (tCO2e)	(6,843)	(4,869)
	<b>30,337</b>	<b>33,280</b>
<b>Total Market Based Scope 1 and 2 emissions from University activities (tCO2e)</b>	<b>30,337</b>	<b>33,280</b>
Less: estimated carbon capture sequestration on campus	(181)	(64)
	<b>30,156</b>	<b>33,216</b>
<b>Net Market Based Scope 1 and 2 emissions created by University activities (tCO2e), including gas burned in energy centres for supplying heat and electricity to 3rd parties<sup>3</sup></b>	<b>30,156</b>	<b>33,216</b>
Less: scope 1 emissions arising from gas burnt in in energy centres for the supply of heat and electricity to third parties. Associated emissions (tCO2e)	(1,520)	(1,400)
	<b>28,636</b>	<b>31,816</b>
<b>Net Market Based Scope 1 and 2 emissions created by University activities (tCO2e), excluding gas burned in energy centres for supplying heat and electricity to 3rd parties</b>	<b>28,636</b>	<b>31,816</b>
<sup>1</sup> Gas energy consumption includes gas burnt in energy centres for the supply of heat and electricity to third parties. Energy consumed for this purpose (kWh)	8,311,476	7,668,207
<b>Intensity ratios<sup>3</sup></b>		
tCO2e/student FTE	1.10	1.25
tCO2e/research £'000	0.21	0.24
tCO2e/staff FTE	4.37	5.14

<sup>2</sup> Scope 1 emissions include those arising from gas burnt in in energy centres for the supply of heat and electricity to third parties.

<sup>3</sup> Ratios calculated using Net Market Based Scope 1 and 2 emissions created by University activities (tCO2e) including gas burned in energy centres for supplying heat and electricity to 3rd parties.

## Basis of calculation

Whilst the disclosure of emissions is currently voluntary for the Higher Education sector, the University believes it is good practice to disclose its emissions. This disclosure has been prepared to align with the 2019 HM Government Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard.

Energy consumption is mostly taken from meter readings. Where no meter readings are available, industry body benchmarks have been applied (e.g. consumption per building floor area). The related carbon emissions are then determined by using 2022 and 2023 Conversion Factors published by the UK Government for greenhouse gas reporting <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

Location-based scope 1 and 2 emissions are reported gross and also net of emissions relating to electricity procured from accredited renewable sources. Only certified energy suppliers with 100% renewable fuel mix which are passed through to customers are reflected in this adjustment, with emissions from other electricity supply being reflected in line with UK grid average emissions. Where the University procures electricity it now uses solely 100% renewable sources.

This disclosure reflects University Group Activities and excludes all emissions from third parties operating in University buildings. This follows the methodology of the 2019 HM Environmental Reporting Guidelines to report on units within the organisation's financial and operational boundaries.

An estimate of total CO2e sequestered on campus by the University's trees is provided based on an updated estimate of tree numbers. The University will continue to grow its carbon offset potential through an ongoing tree planting programme and other natural asset initiatives on University grounds, in 22/23 more than 400 trees, 190 metres of hedgerows and over 5,800 square metres of wildflowers were planted.

## Intensity Ratios

The chosen intensity measurement ratios are net Scope 1 & 2 carbon dioxide equivalent emissions in metric tonnes (tCO2e) per student FTE, per £'000 of research income and per staff FTE, reflecting the combination of teaching, research and supporting activities that the University undertakes.

## Movement between 21/22 and 22/23

Total location-based scope 1 and 2 emissions from University activities reduced by 2.5% between the reporting years due to a mix of factors. A reduction in gas consumption contributed to an overall reduction in Scope 1 emissions of 5.4% and was a result of reduced utilisation of the University's substantial gas fired combined heat and power (CHP) installations (3% year on year reduction in electrical output) and, despite colder weather<sup>1</sup>, a reduction in gas consumed for heating.

Most petrol and diesel consumption relates to grounds maintenance, portering, shuttle buses, and agricultural vehicles at the Wellesbourne campus. Combined petrol and diesel related Scope 1 carbon emissions reduced by 6% between the reporting years as a result, in part, of an increase in the proportion of electric vehicles in the University fleet.

Higher grid electricity consumption was recorded following a reduction in onsite CHP electricity generation and an increase in total electrical demand, the Scope 2 carbon impact of this increase was compounded by an increase in the grid average electricity carbon factor which increased by 7% between years. The overall increase in Scope 2 emissions was, however, more than offset by savings in Scope 1 emissions.

LPG is used for heating and hot water in a mixed-use building at the University. This property is used intermittently and an increase in occupancy and colder weather in the 2022/23 reporting year resulted in an increase in LPG related carbon emission.

Carbon emission movements for Scope 1 follow year on year variances in the volumes of fuels consumed and the carbon emissions factors for each fuel.

<sup>1</sup> Heating degree days increased from 1,858 in 2021/22 to 1,943 in 2022/23.



## Carbon Emissions continued

Net Market Based Scope 1 and 2 emissions from University activities, excluding gas burned in energy centres for supplying heat and electricity to 3rd parties, decreased by 10% between the reporting years principally due to changes in grid electricity suppliers and reductions in gas consumption. The University continues to procure electricity from certificated renewable sources and is committed to renewable purchases for all future electricity contracts.

### University climate emergency statement, measures taken to improve energy efficiency

In 2019 the University announced its target to reach net zero carbon from our direct emissions (scope 1 and 2) and the energy we buy by 2030.

Continuous efforts to reduce energy use by adjusting heating, cooling and ventilation set points in line with a newly published energy policy<sup>2</sup> have shown to be effective in reducing thermal energy demands. Higher energy performance standards are in place for new builds alongside the requirement for zero carbon fuel sources. As noted above, all purchased grid electricity has been from renewable sources.

The University also continues to put in place initiatives to significantly reduce its emissions with the aim of achieving net zero carbon for both direct and indirect emissions (scope 1, 2 and 3) by 2050. New low carbon electricity sources are being installed on campus alongside detailed investigations into alternative, low carbon, heat sources. Ambitious embodied carbon targets are in place for new builds and the travel policy continues to encourage lower carbon travel. More information is available via the link <https://warwick.ac.uk/sustainability>.

The University has a Socially Responsible Investment policy available via the link below [https://warwick.ac.uk/services/finance/corporate\\_information/socially\\_responsible\\_investment\\_policy](https://warwick.ac.uk/services/finance/corporate_information/socially_responsible_investment_policy).



<sup>2</sup> [https://warwick.ac.uk/sustainability/what-we-are-doing/strategy/policies/energy\\_usage\\_policy\\_and\\_guidance\\_version\\_1.pdf](https://warwick.ac.uk/sustainability/what-we-are-doing/strategy/policies/energy_usage_policy_and_guidance_version_1.pdf)

## Corporate Governance Statement

### 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. The Office for Students (OfS) is the "principal regulator" for charity law purposes of those English universities which are exempt charities and the current regulatory framework has been in effect since 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 of Delegation was substantially reviewed during 2022/23 and was approved by Council in October 2023.

5. The University Council has continued to work 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.
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 27 to 28 of these accounts.
7. The University Council normally meets formally 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 sub Committee, as well as from the Senate, inform the work of the University Council.
8. During the financial year ending 31 July 2023 (and continuing except where indicated), the following individuals were members of the University Council: D Normington (Chair), L Ainsworth, Y Akinola, J Bajwa (from 1 May 2023), G Bennett (to 31 July 2023), A Bhalla (Vice-Chair to 31 December 2022), W Brewer (as Students' Union President from 1 August 2022 to 31 July 2023), B Claire, Professor S Croft (Vice-Chancellor and President), Professor C Ennew (Provost, to 31 August 2023), Professor L Frigerio (from 1 August 2022 to 31 July 2023), J Furse, R Hyde, Professor A Lockett, Professor R Moseley (to 31 July 2023), J Nickalls (Vice-Chair from 1 January 2023),



# Corporate Governance Statement continued

A Penfold, M Prabhu (from 1 May 2023), N Sachdev (Treasurer), J Sperry (as Students' Union Vice President, Democracy and Development from 1 August 2022 to 31 July 2023) G Tucker (to 31 July 2023) and Professor N Waltham-Smith (from 1 August 2022 to 31 July 2023). For the subsequent period, 1 August 2023 onwards, to the approval of these financial statements (and beyond): Professor E Flynn (Provost, from 15 August 2023), A Taylor (as Students' Union President from 1 August 2023), Professor D Davies (from 1 August 2023), Professor N-A Lawrence (from 1 August 2023), Professor M Newton (from 1 August 2023) and S Clark (as Students' Union Vice-President, Democracy and Development from 1 August 2023).

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 was made available on the University website from November 2022. 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.

## 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 Risk and Resilience team and Strategic Risk Advisory Board (to February 2023); management representations, and deep dive reviews of areas of particular significance. From October 2023 the A&RC approves the process of producing the Transparent Approach to Costing (TRAC) returns to the OfS, on behalf of the University Council. 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:
- As detailed in the Statement of Internal Control, 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.
  - 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.
  - 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.
  - 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:

- 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.
- Financial performance and updated forecasts are provided to the University Executive Board (UEB) and the Finance and General Purposes 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.
- 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.
- The University has in place an Access and Participation Plan, approved by the OfS.

16. Committees.

The following Committees support the University Council in various financial aspects.

- The University Council has delegated responsibility for the close monitoring of finances to the FGPC. The role of the FGPC includes:
  - 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 and Financial Plan; 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.



# Corporate Governance Statement continued

- ii. Monitoring the economy, efficiency and effectiveness of the deployment of the University's resources, liaising with the A&RC as appropriate.

From October 2023, the role of the FGPC includes the alignment and utilisation of resources to achieve the University's strategic objectives.

- b) The Financial Plan Sub Committee (FPSC), a sub Committee of the FGPC, had responsibility for detailed review of the Financial Plan, including the authority to approve new expenditure up to defined limits, and reported 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. From October 2023, the responsibilities of the FPSC have moved to a newly established Financial Plan Committee, a sub-committee of the University Executive Board, with the exception of the approval of the process of producing the TRAC returns to the OfS, which has moved to the A&RC (see para 11) and the approval of the TRAC returns themselves, which has moved to the TRAC Steering Group.

## 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;
  - Chief Information and Transformation Officer;
  - Chief Communications and Marketing Officer;
  - Secretary to Council;
  - Executive Chair of Warwick Manufacturing Group;
  - Executive Dean of Warwick Business School;
  - Executive Dean of Warwick Medical School;
  - Initial appointment of staff where proposed salary is above £200,000 and
  - Any other senior role which has a significant influence over reward policy.
- 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 2022/23 was as follows: Chair of the Council (Chair, until 31 December 2022), Treasurer, three independent members appointed by the Council, with expertise in leadership and/or senior remuneration in other sectors, of whom a minimum of two will be serving independent members of the Council (Louise Ainsworth, James Furse (Chair, from 1 January 2023), Anne-Marie Headley, Lea Paterson). 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.

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 2022/23 has been approved by the University Council and is published online: <https://warwick.ac.uk/services/gov/committees/rc/rcframework22>. In addition, the Remuneration Committee approves annually the operating framework within which the Vice-Chancellor shall exercise their authority to determine senior remuneration, and receives an annual report on the work of the University Executive Board on remuneration matters. 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 senior executive team.

## 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

## for the 2022/23 Financial Statements

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.

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.
- A central repository of institutional compliance obligations.

- An institutional Compliance & Assurance Framework, designed to provide consistency in institutional compliance management across different areas, and reduce the risk of non-compliance through documenting and ensuring effective compliance processes, training, controls, reporting and remediation.

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 and the management and quality assurance of data submitted to 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 value for money as well as risk management, control and governance, in addition to a report summarising the data management and returns assurance processes.

- 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 annually in May, and their Management Letter relating to the Financial Accounts for the year annually 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, at minimum, an annual basis with Internal Audit as well as External Audit without University management being present.
- The Audit and Risk Committee also receives periodic reports on the management of the University's significant risks and on specific areas of internal control.

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

- The University operates a system of risk management designed to identify the significant risks to the achievement of the University's strategy, to evaluate the nature and extent of those risks and to manage them effectively.
- The Council holds ultimate responsibility for ensuring the effective and efficient management of institutional risk. The Council monitors formally the institutional risk profile twice a year and is ultimately responsible for the University's key risks. A broader sector-wide discussion is held by the Council 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 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, Professional Services Group meetings, 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 Risk and Resilience Team support the UEB through reviewing risks from across the institution to ensure effective identification and escalation of risks to UEB for potential inclusion on the Strategic Risk Register. The Audit and Risk Committee also receives periodic reports on the management of the University's significant risks and on specific areas of internal control. The Audit and Risk Committee has received detailed reports from the Chief Information and Transformation Officer related to follow-up actions from the ICO audit, the Data Protection Officer related to the monitoring of data breaches and Freedom of Information Requests, the Secretary to Council on Whistleblowing enquiries.
- Heads of Department and individual risk owners, with support from the Risk and Resilience team, 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

## for the 2022/23 Financial Statements 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 that has been active through 2022/23 are available here: [https://warwick.ac.uk/services/gov/riskmanagement/risk\\_management\\_policy.pdf](https://warwick.ac.uk/services/gov/riskmanagement/risk_management_policy.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. The policy was updated and approved in 2022 to reflect changes to risk management processes that are being implemented across the University, including references to risk appetite statements.

Risk management operates across all levels of the University, from daily departmental activities and 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 University has a Risk Management Framework 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 by assessing the adequacy and effectiveness of local risk management processes as part of their programme of audits. The Risk Management Framework is included within the planning process, which results in either a full review or a review of specific elements of the framework guided by the level of change taking place. The Council formally considers the strategic risk register as part of its annual programme of business. The Council included a KPI for risk management in 2022 and this continues to be reviewed alongside the University's strategic KPIs.

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

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 wellbeing 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.
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.



# Statement of Primary Responsibilities of the Council continued

- 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 promote, 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.



# Fundraising Statement

The University is required by the Charities (Protection and Social Investment) Act 2016 to report on fundraising activities.

The University is registered with the Fundraising Regulator, the independent regulator of charitable fundraising in England, Wales, and Northern Ireland, and operates in line with the Code of Fundraising Practice.

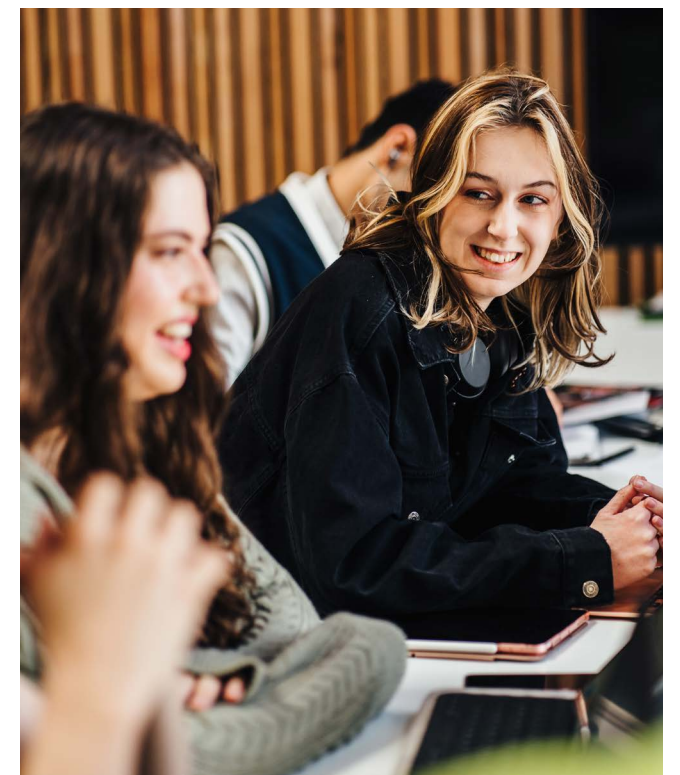
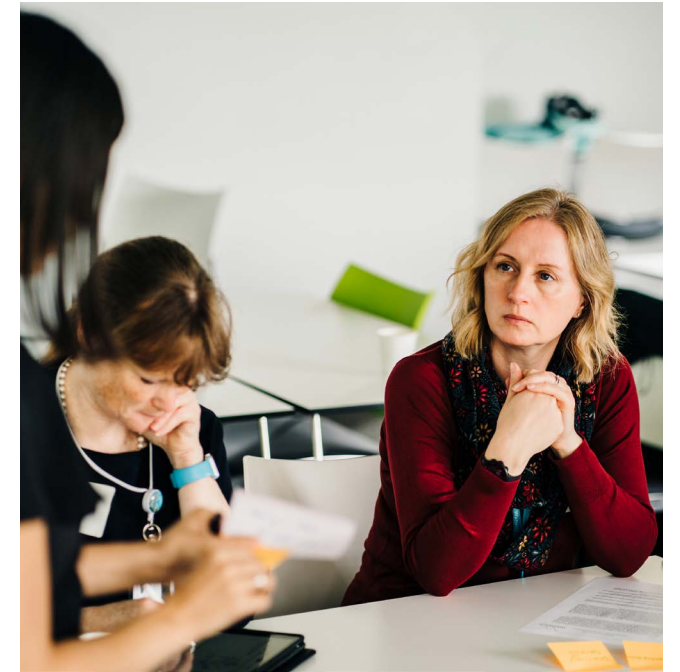
All fundraising activities are carried out by the Development and Alumni Engagement (DAE) office on behalf of the University. The University's Council has delegated authority to the Fundraising Ethics Committee (FEC) to oversee the institution's Policy on the Solicitation and Acceptance of Gifts.

DAE employs a team of internal fundraisers, as well as student telephone fundraisers. The University does not employ external fundraisers or commercial operators for fundraising purposes. We raise donations through a variety of means, including face-to-face meetings, corporate philanthropy, applications to charitable trusts, and the use of postal, email and telephone campaigns.

The University provides regular opportunities for alumni to support us, while ensuring that any fundraising approach protects people from unreasonable intrusion or feeling under undue pressure. We offer everyone the opportunity to opt out of some, or all, fundraising approaches. These preferences are recorded on the central database and implemented in all communications.

All fundraising activities are monitored through strict internal University procedures and recorded on a central database, which is managed in accordance with data protection legislation. We ensure our staff are trained and informed on all relevant regulations and follow best practice through annual Performance Development Reviews.

Of over 167,000 alumni contacted, we received 6 complaints about our fundraising activities during the year 2022-23.





# 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](https://warwick.ac.uk/services/finance/corporate_information/socially_responsible_investment_policy))

We consider that environmental, social and corporate governance (ESG) factors have a material impact on investment returns and therefore investment decisions informed by socially responsible and ethical considerations will produce the better overall returns in the long term. Investment decisions informed by socially responsible and ethical considerations will also take into account the Charity Commission position that trustees have a duty to maximise returns on investment for charitable benefit. Our University Investment Fund and Endowment Fund are invested in Cazenove's Charity Sustainable Multi-Asset Fund, designed to have a positive impact on people and the planet by avoiding harm through ESG integration and exclusions, benefiting stakeholders through responsible business activities and contributing to solutions through influence and investing for impact.

The University is committed to advancing and safeguarding the highest academic and ethical standards in all its research activities. The nature of any funding we are offered is carefully considered from an ethical perspective. We promote and monitor compliance with the highest standards of research ethics as embodied in UK regulation and practice.

# Financial Review

## Introduction

The University has continued to deliver strong financial performance despite facing the significant headwind of the highest levels of cost inflation in a generation. We are pleased to report an underlying surplus of £73.5m (£85.1m in 2021/22) – the overall reported surplus after adjusting for USS pension movements was £105.0m (deficit of £93.2m in 2021/22).

This excellent result was largely driven by a strong performance in our student recruitment. The University remains a highly popular destination for both home and international students, buoyed by continuing impressive rankings in league tables. The recent announcement that Warwick has been awarded gold in the Teaching Excellence Framework (TEF), coupled with last year's high ranking in the Research Excellence Framework, serves to illustrate why Warwick remains so popular with students.

This outstanding TEF outcome is illustrative of Warwick's hard work, dedication and commitment to our students and will further enhance the appeal of a Warwick education to future cohorts.

Income from research grants and contracts also continued to grow, achieving £144.1m up from £139.9m in the previous year. However, the going was harder in respect of commercial income with retail activities in particular suffering the legacy of the pandemic in terms of changed spending patterns and lower footfall; the impact of the cost-of-living crisis will also have been a factor in reducing spend at campus outlets. The financial result has benefitted though from the impact of increasing interest rates on cash and investments (£12.6m higher than prior year), whilst interest payable on loans was not adversely affected as our borrowings are either at fixed rates or have hedging in place.

Rising prices have hit the University's expenditure, most notably energy costs which doubled to over £24m. However, total expenditure was lower than planned because of continuing difficulties in filling staff vacancies and associated lags in project expenditure as well as prudent financial controls by all. Whilst such budget underspends boost surplus levels in the short-term the University strives to ensure that any barriers to the achievement of its operational goals are removed so that projects can progress.

As we move forward, inflation will continue to have a braking effect on financial performance, especially whilst home tuition fees remain fixed at £9,250. The impact of inflation on construction costs is also a key risk for the University in view of its forthcoming capital programme. Furthermore, following the recent publicity surrounding the use of reinforced autoclaved aerated concrete (RAAC) in buildings, the University has completed a full review of its use on campus and current estimates are that mitigations may cost in the region of £5m to £10m, which will be confirmed as the work progresses. There is more positive news anticipated in respect of the USS pension scheme which is now reported to be in surplus and it is likely that we will see a significant reduction in contribution rates, which may help mitigate other cost rises. Such favourable and adverse movements help to illustrate the ongoing financial uncertainty within the sector but Warwick remains in a good position to weather these fluctuations and this year's financial outcome further strengthens our underpinning foundation.





# Financial Review continued

## Financial Performance

The University has delivered another strong financial performance, reporting a surplus of £105.0m (including the USS pension adjustment) and cash generation of £83.8m. This provides a robust foundation for our ambitious future capital plans that will transform the campus with the development of a science precinct and a new social sciences quarter. These developments will deliver the University's aspirations for both sciences and social sciences, building on the successful opening of our new Faculty of Arts building last year.

Excluding the adjustment for the Universities Superannuation Scheme (USS) pension liability, the underlying financial performance for the year is a surplus of £73.5m compared with an underlying surplus of £85.1m in 2021/22. The results for 2021/22 were dominated by an adverse movement of £178.3m in the USS pension liability following the scheme's 2020 valuation, turning the underlying surplus into a reported deficit of £93.2m. In contrast, the 2022/23 movement in the USS liability was a positive £31.5m boosting the underlying surplus of £73.5m to a reported surplus of £105.0m. The USS pension adjustment is a non-cash movement and does not impact the University's day to day operations. The latest draft USS valuation is not reflected in these accounts but shows a large surplus.

The underlying surplus for 2022/23 represents 8.8% of income (2021/22 - 10.9%), with both years outperforming the University's targeted surplus of 5% to 7% of income per annum. Although the current year's surplus is lower than 2021/22, this is an excellent result given the cost pressures from rising prices, with utility costs nearly doubling to over £24m.

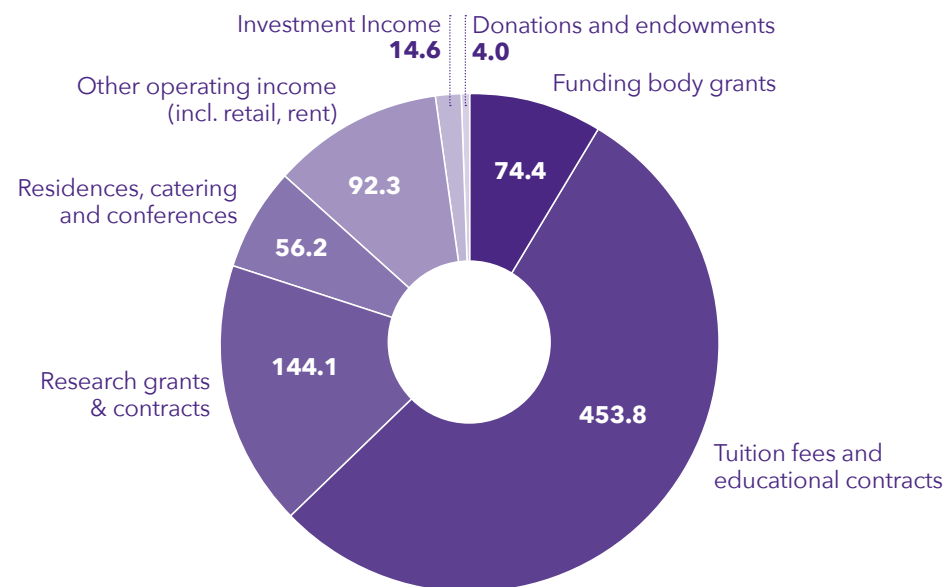
The University's total income has grown by £60.4m to £839.4m despite the home undergraduate fee continuing to remain at £9,250. This record level of income is primarily due to above-target student recruitment particularly of overseas students. Research grants and contracts income continues to grow achieving £144.1m, up from £139.9m in the previous year, with several departments posting excellent results, led by WMG reflecting its continuing strong relationships with industry partners.

Other income was £148.5m showing an increase of 10% from 2021/22, with levels of activity largely restored beyond pre-pandemic levels. During the year the University hosted competitors for the Commonwealth Games, the International Children's Games 2022 as well as hosting and participating in the 2023 UK Corporate Games. The University's income has also benefitted from rising interest rates with investment income of £14.6m up from £2m in 2021/22.

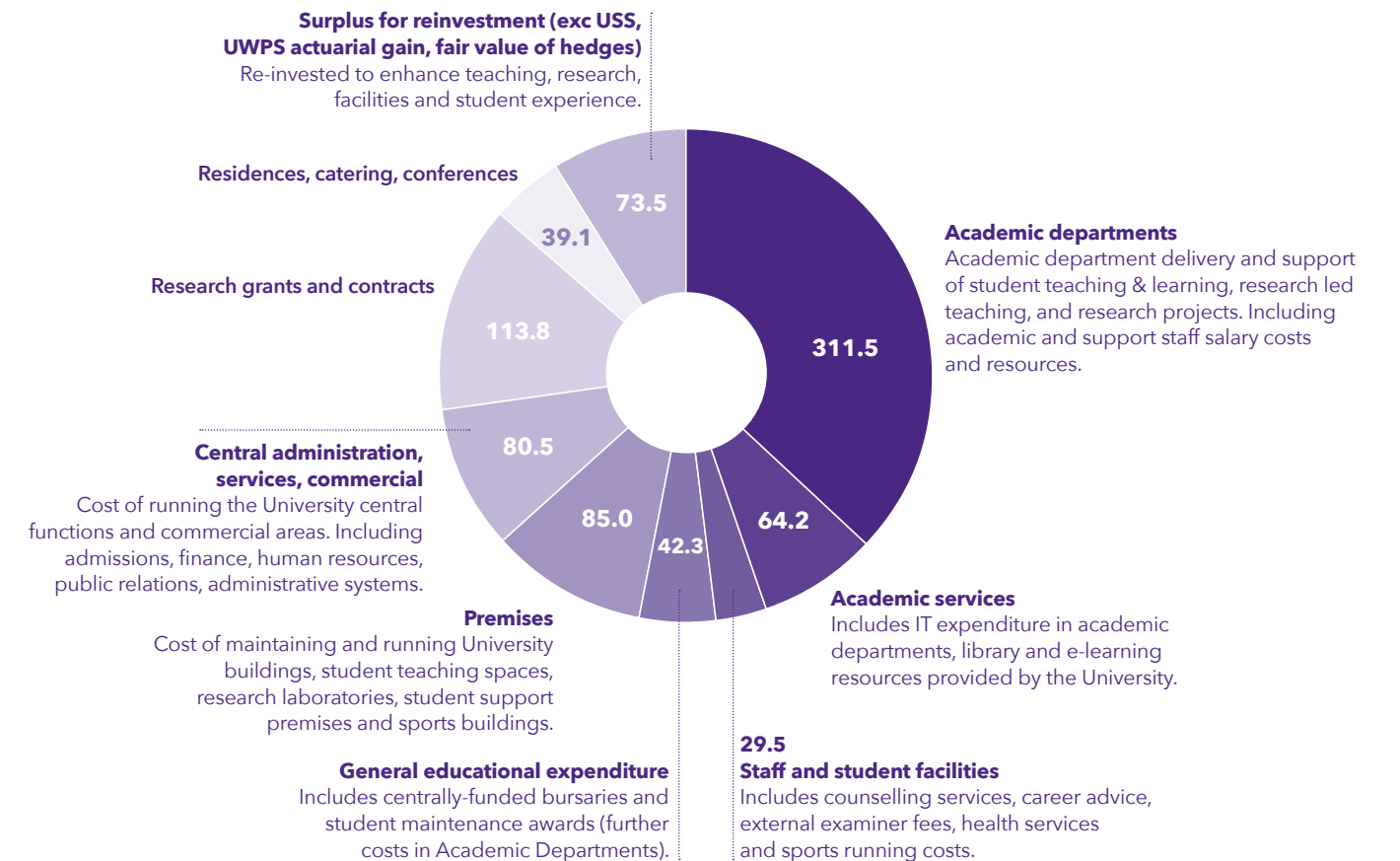
Reported staff costs are £398.1m compared with £569.6m in 2021/22. Staff costs continue to be distorted by the impact of pension cost movements, especially USS. On a more comparable basis by excluding the impact of the USS pension scheme adjustment, staff costs increased from £392.2m to £439.0m. The year-on-year movement reflects annual pay rises and increments, one off payments and increasing staff numbers. The pay award for 2023/24 was accelerated and in part paid early from February 2023. One off payments included a thank you payment as an additional reward for the achievements of staff in exceptional circumstances as we emerged from the pandemic and later in January a cost of living payment to assist staff on lower grades of £550 pro rata. Staff costs when adjusted to exclude USS movements as a percentage of expenditure increased to 57.5% (2021/22: 56.7%).

The University's total comprehensive income is composed of the reported surplus or deficit (2022/23: £105.0m reported surplus, £73.5m excluding USS), any actuarial movements on The University of Warwick Pension Scheme (UWPS) plus movements in the market value of financial instruments. This year's result is a surplus of £119.9m, but after removing the impact of the £31.5m USS movement, the adjusted surplus is £88.4m and £119.4m for 2021/22. UWPS made an actuarial loss of £7m compared with the surplus of £12.1m in 2021/22. The £7m loss is made up of £52.6m lower returns on scheme assets offset by £45.6m arising primarily from an increase in the discount rate compared with the assumptions last year.

2022/2023 Income £839.4m (£m)



2022/2023 Expenditure & Surplus (exec USS) £839.4m (£m)





## Financial Review continued

Rising interest rates in the year and the future outlook for interest rates resulted in another favourable movement to the valuation of the swaps used to hedge interest rates on our loan funding, £21.9m in 2022/23 and £22.2m in 2021/22. However, these amounts do not impact on cash balances and therefore do not affect the ongoing operations of the University. Excluding these items and the USS adjustment, the underlying surplus for the year is a healthy £73.5m (2021/22 £85.1m), matched with cash generation of £83.8m for future investment in the campus facilities.

### Financial Position

The University's financial position has further strengthened with its Total Comprehensive Income and Expenditure of £119.9m for the year enhancing its balance sheet, with total net assets increasing to £481.6m from £361.7m. In 2021/22 the University recognised a significant increase in its liability to fund the future deficit recovery costs of the USS. Whilst this has reduced in the current year due to changes in assumptions by £31.5m, the liability of £251.2m at July 2023 is expected to reduce to nil when the results of the recent valuation are incorporated.

There has been a significant increase in non-current assets from £882.7m to £957.7m as at 31 July 2023. With the University holding substantial cash balances ahead of the longer term capital investments on the campus, an initial investment of £100m has been made into a short-term corporate bond pool (split between current and non-current investments). By investing in corporate bonds, the University is looking to spread counterparty risk compared to holding deposits with bank and building societies, as well as improving returns.

Fixed assets have fallen by £9.2m with depreciation exceeding the relatively modest capital spend in the year. The ambitious plans for major investment in the University campus over the next decade will require drawing on the substantial cash and cash equivalents held by the University at July 2023 together with cash to be generated from future surpluses and new borrowings.

Trade and other receivables decreased to £61.0m (2021/22: £63.0m). This is due to lower student fees outstanding as at July 2023 compared with the previous year.

Creditors falling due in less than one year fell by £7m to £234.7m. The year-on-year movement was primarily due to lower receipts in advance in deferred income in relation to student and other educational related income and lower levels of advance payments from research sponsors. Creditors falling due after more than one year were also lower at £390.4m as at July 2023 compared with £419.2m at July 2022. £21.9m of the year-on-year movement related to a reduction in the fair value of the interest rates swaps liability, due to rising interest rates and market forecasts around their future direction. Loan balances and deferred income continue to unwind in line with expectations. No further loan financing has been entered into by the University.

The pension provision, which relates entirely to the USS, has fallen by £31.5m to £251.2m reflecting progression of the current deficit recovery plan and updates to forecast, future staff assumptions and the discount rate. However, the liability should be viewed with caution because of the sensitivity of the valuation to relatively minor movements in variables, such that a positive or negative movement of 0.5%, in either full time staff numbers, pay inflation or the discount rate, results in a change of circa £9m in the provision. The latest expectations are for the next valuation of the USS to show no deficit contributions from members. Due to the strength of its balance sheet, Warwick is well positioned to meet fluctuations in its USS pension commitments and current contributions levels are fully factored into its financial planning.

The pension asset relates to the defined benefit section of the University of Warwick Pension Scheme (UWPS). The asset has decreased by £4.9m to £12.1m over the course of the year.

Whilst the value of the scheme liabilities has fallen over the year due to the higher discount rate, there is a larger fall in asset values. As the accounting methodology for the financial statements adopts less prudent assumptions than those required for the triennial scheme valuation, the University is in the contradictory position of reporting an accounting surplus yet being required to continue paying deficit contributions to the scheme.



### Liquidity and Borrowing

The strong performance of the University is reflected in its holdings of cash and cash equivalents and current asset investments which total £328.3m at July 2023. In addition, the bond portfolio included in non-current asset investments of £83.5m is considered part of the University's accessible cash reserves as it can be liquidated quickly, bringing the total comparable assets to £411.8m (2022: £349.3m). The positive net cash flow from operating activities was £83.8m compared with £125.0m for 2021/22. After investment in the campus infrastructure, plant and equipment together with adding to the University's investment portfolio and the annual repayment of the loan financing, accessible cash reserves have increased by £62.5m. The loan balance decreased as a result of capital repayments in the year from £161.3m to £154.0m. It is essential for the University to continue to generate sufficient cash balances from its operations to enable it to invest in both its capital infrastructure and other strategic priorities.

These strong cash and investment balances will enable the University to deliver on its plans for the enhanced academic facilities through development of the campus with the new science precinct and Social Sciences quarter. As our capital expenditure plans are expected to reduce these balances over the forthcoming years, the University is mindful of the need to ensure it maintains an adequate level of working capital for day-to-day operations as well as cash to meet unforeseen circumstances. For planning purposes, this level has been set by the Council at 50 days of expenditure which is in excess of the minimum cash requirements set by the OfS. This will allow the University to meet the challenges of uncertain economic conditions with volatile prices and static home undergraduate fees. Based on this secure financial position, together with robust future financial forecasts and cash flow forecasts, which have been stress tested using severe but plausible downsides on key assumptions and the inclusion of appropriate contingency provisions, the University Council is satisfied that the accounts can be prepared on a going concern basis.



## Financial Review continued

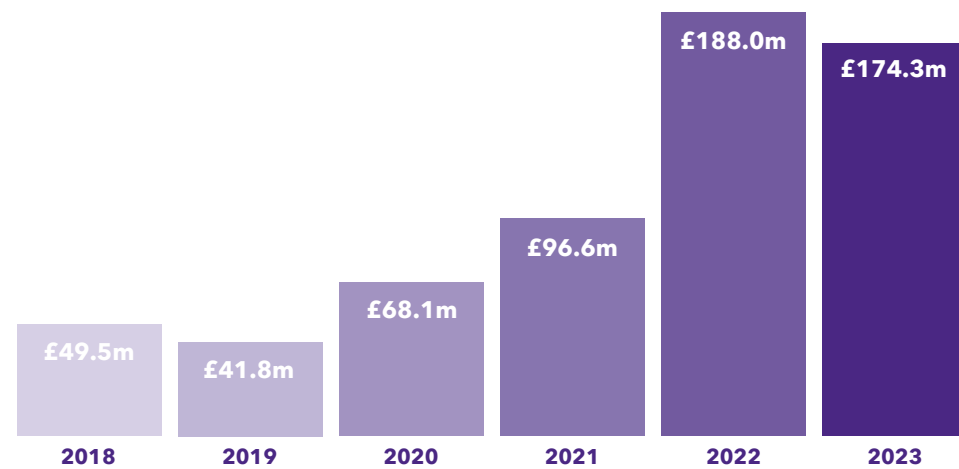
The University's cash balances are invested across a range of approved financial institutions, principally in short-term deposits and notice accounts and to a maximum value of £60m per financial institution. The University's treasury management policy maintains at its core the principal aim of protecting the charitable assets of the University and, as such, cash balances are currently restricted to UK clearing banks, the larger UK building societies and money market funds.

Whilst cash reserves are at relatively high levels, in order to diversify counterparty risk and improve returns £100m has been invested in a short-term bond fund, protecting the short-term value of such investments so that funds are available for capital projects as they progress. These funds are being invested in bonds issued by supra-national or quasi-governmental organisations, being financially conservative bodies with a focus on promoting economic development and stability. It is the University's intention to hold the bonds to maturity, so the only risk to the capital value is if the Bond issuer becomes insolvent. The bonds have all been issued with high credit ratings, providing external validation of the creditworthiness of each issuer.

The bonds are included at mark to market representing the fair value at the year end with an unrealised loss of £1.4m being recognised during the year. As the intention is to hold the bonds to maturity over the period 2024 to 2027, the bonds will be repaid in full and the loss will be reversed.

The University also maintains an investment portfolio, principally with a view to holding for the longer term, to produce the best sustainable returns 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, being invested in a sustainable multi-asset fund designed to have a positive impact on people and the planet by avoiding harm through ESG (Environmental Social Governance) integration and exclusions.

### Net Funds



### Net funds are comprised of the following:

	2018 £ million	2019 £ million	2020 £ million	2021 £ million	2022 £ million	2023 £ million
Short term deposits	38.5	81.5	25.0	49.0	161.8	<b>162.2</b>
Cash and cash equivalents	126.6	143.6	219.0	216.2	187.5	<b>166.1</b>
Unsecured loans	(115.6)	(183.3)	(175.9)	(168.6)	(161.3)	<b>(154.0)</b>
	<b>49.5</b>	<b>41.8</b>	<b>68.1</b>	<b>96.6</b>	<b>188.0</b>	<b>174.3</b>

### Capital projects

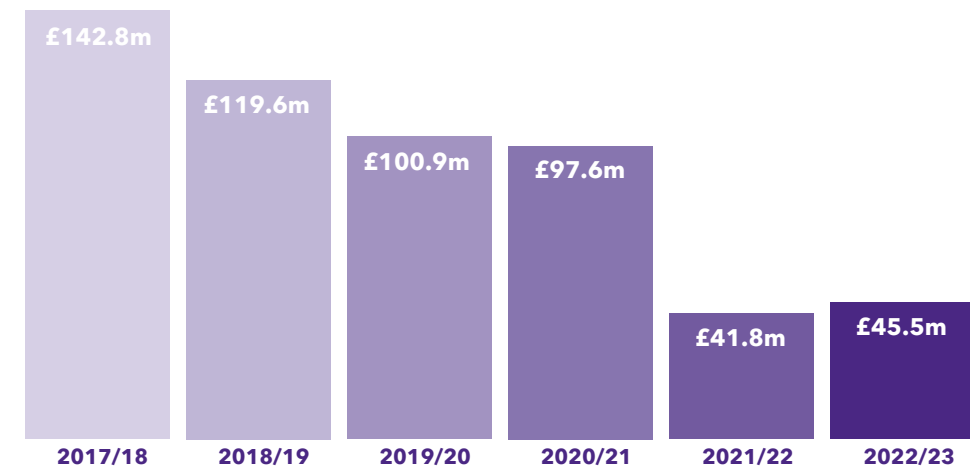
Capital expenditure during the year was relatively modest at £45.5m, with over £25m being funded by capital grants from the OfS, Research England and other research partners. Over the previous five years annual capital expenditure has typically been closer to £100m and the lower expenditure this year reflects the University having entered a period of intense planning in advance of a decade of scheduled major investment. Expenditure during 2022/23 includes the cost of initial planning and design phases of the science precinct and social sciences quarter as well as work on a new anatomy and clinical skills unit, enhancements to various teaching and learning environments and the acquisition of research equipment.

Our future capital expenditure plans also support the ambitions of the University to achieve net zero carbon emissions by 2030 by more energy efficient buildings and investment in strategic initiatives such as the solar photovoltaic panel project which will renewably generate electricity on campus and help to mitigate utility cost fluctuations.

### Risks

Efficient and effective risk management is necessary to support the University's core functions and activities, to ensure compliance with legal and regulatory requirements and for the effective management of the University. The Council has approved the Risk Management Policy which sets the framework for the monitoring and reporting of risks. 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. The University Executive Board identifies emerging areas of risk and makes changes to the risk profiles on the Strategic Risk Register as required. Departments undertake risk assessment as an integral part of the Strategic Planning Process and will escalate risks that may have a significant institutional impact.

### Capital Expenditure





## Financial Review continued

The following list illustrates some of the key areas currently on the University's risk register:

Key Risks	Mitigation
The need to maintain effective cyber security measures.	Appropriate levels of investment in digital infrastructure and cyber security, maintaining a focus on assurance and compliance, with regular staff training and awareness updates.
Failure to recruit and retain staff of appropriate ability and experience in a highly competitive market.	Development of Reward Strategy. Benchmarking of remuneration packages. Implementation of recognition and reward schemes. Payment of cost of living supplements. Use of market supplements where required. Staff development through training programmes and other support measures.
University is unable to maintain financial sustainability and so cannot deliver its strategy.	Approved Financial Strategy in place. Robust Financial Planning process including sensitivity analysis of key variables. Long term capital plan has been developed. Quarterly reporting on University Financial Performance. Effective control environment with Financial Regulations and Procedures.
Failure to recruit and retain a strategically desirable number, quality and diversity of students, particularly international students in a competitive and global market.	Development and implementation of recruitment strategies. Brand building in key markets. Maintaining and developing overseas networks with other organisations, representatives and alumni communities. Marketing of competitive scholarship schemes.
Failure to maintain quality of teaching and research resulting in decline in reputation and international recognition.	Investment in excellent staff and facilities. Regular benchmarking of performance. Responsiveness to feedback including NSS. Effective review mechanisms including Institutional Teaching and Learning Review. Growth of academic links and collaborative working relationships with overseas education partners and international businesses to improve performance and develop best practice.
Maintaining reliable, sustainable and ethical supply chains (including energy supplies) that deliver value for money.	Active management of supply chain, entering longer term agreements where appropriate to ensure continuity of supply and to lock in value when market cycles permit.
Failure to meet energy and sustainability targets.	Investment in renewable sources of energy including solar photovoltaic panels. Bought in electricity comes from renewable sources. Establishment of Energy Action Group to fast-track the implementation of energy efficiency opportunities. New buildings are designed to BREEAM excellent standards.
Failure to ensure legal and regulatory obligations are met.	Institutional Compliance & Assurance Framework established to provide consistency in compliance management. Professional teams in estates, legal and finance maintain oversight of key risk areas. Strong financial control environment with appropriate regulations and procedures. Three lines of defence in place including Internal Audit and Financial Assurance Team. Compulsory staff training where appropriate.

### Future outlook

The recent excellent outcomes in the Research and Teaching Excellence Frameworks are the strongest indicators yet that the University is on course to deliver its strategic goal of being one of the world's exceptional universities, helping to transform our region, country and world for the collective good. The next stages of strategy implementation include significant capital investment in both science and social science. The scale of investment will inevitably be financially stretching with both increased borrowing and lower cash levels being planned. The University continues to build contingencies into its planning assumptions and major projects will have break points to ensure that the ability to flex with emerging events is maintained.

Inflation is likely to remain a key concern over the coming year, or longer, with its potential both to undermine surplus levels and increase construction costs. The ongoing policy of holding the regulated tuition fee for home undergraduate students at £9,250 is increasing the impact of inflation on University finances. The primary mitigation against flat tuition fees continues to be the recruitment of sufficient numbers of international students. Whilst Warwick remains in an excellent position to be a market leader in international student recruitment, geopolitical events could destabilise markets. It will therefore remain important to continue to diversify the student intake to avoid over-reliance on specific geographic regions, and to more generally diversify the University's income streams.

With a general election on the horizon in 2024 it is not yet clear what will feature in the leading parties' manifestos in respect of Higher Education. There appears to be general consensus around the importance of investing in STEM and it is to be hoped that this, coupled with the recent readmission to Horizon Europe, will ensure a good future pipeline of research funding. However, there remains uncertainty around the funding model for home undergraduate education and with public finances already stretched finding a solution that appropriately funds the sector but is also acceptable to future student cohorts looks extremely challenging.

As always, Warwick seeks to retain control of its own destiny through a combination of maintaining, and enhancing, its excellent global reputation, effective investment in key assets that drive performance and/or generate financial returns and the delivery of sufficient surplus levels to fund future investment. This year's strong financial performance further consolidates this approach and is key to the University being able to begin its ambitious investments in science and social science despite the future uncertainties.



**Nilesch (Neil) Sachdev MBE**

University Treasurer  
22 November 2023



# Independent Auditor's Report

## 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 2023 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 of the University's affairs as at 31 July 2023, and of the Group's and of 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; and
- 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.

### 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 it does not intend to liquidate the Group or the University or to cease their operations, and as it has concluded that the Group and the University's financial position means that this is realistic. It has 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").

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 University's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Council's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the University's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Group or the University will continue in operation.

### Fraud and breaches of laws and regulations - ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Council, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Council, Audit & Risk Committee and Finance & General Purposes Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants and performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that research grant income is inappropriately recognised due to either incorrect overhead recovery or non-compliance with terms and conditions of the grant, the risk that tuition fees for courses that run across the year end is inappropriately recognised and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. This included postings made to unusual accounts including revenue, cash and borrowings, journals posted by senior finance staff and journals containing specific words within the descriptions.
- Assessing significant accounting estimates for bias.

### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Council and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Council and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, charities legislation, pensions legislation and specific disclosures required by higher education and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions.

We identified the following areas as those most likely to have such an effect: compliance with the regulatory framework of the Office for Students, recognising the regulated nature of the Group's activities.

Auditing standards limit the required audit procedures to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on the University's use of funds in the section of our audit report dealing with other legal and regulatory requirements.

### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### Other information

The Council is responsible for the other information, which comprises the information included in the Annual Review and Financial Statements other than the financial statements and our auditor's report thereon. 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 continued

## Council responsibilities

As explained more fully in its statement set out on pages 27 to 28, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters 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;
- 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; and
- the financial statements meet the requirements of the Accounts Direction.

## 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 University. 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

# Financial Statements





# Consolidated and University statement of comprehensive income

for the year ended 31 July 2023

	Note	Consolidated		University	
		2022/23 £ million	2021/22 £ million	2022/23 £ million	2021/22 £ million
<b>Income</b>					
Tuition fees and educational contracts	2	453.8	429.6	453.8	429.6
Funding body grants	3	74.4	68.7	74.4	68.7
Research grants and contracts	4	144.1	139.9	144.1	139.9
Other income	6	148.5	135.4	137.5	127.1
Investment income	7	14.6	2.0	14.5	1.9
Donations and endowments	8	4.0	3.4	3.9	3.4
<b>Total income</b>		<b>839.4</b>	<b>779.0</b>	<b>828.2</b>	<b>770.6</b>
<b>Expenditure</b>					
Staff costs	9	398.1	569.6	378.8	553.6
Other operating expenses		264.5	237.6	274.8	245.5
Depreciation	14	53.0	54.6	52.1	53.4
Interest and other finance costs	12	16.4	8.3	16.4	8.3
<b>Total expenditure</b>		<b>732.0</b>	<b>870.1</b>	<b>722.1</b>	<b>860.8</b>
<b>Surplus / (deficit) before other gains or losses</b>		<b>107.4</b>	<b>(91.1)</b>	<b>106.1</b>	<b>(90.2)</b>
Loss on disposal of non-current assets	13	(0.7)	(0.1)	(0.7)	(0.1)
Loss on investments		(1.7)	(2.0)	(1.7)	(2.0)
<b>Surplus / (deficit) before tax</b>		<b>105.0</b>	<b>(93.2)</b>	<b>103.7</b>	<b>(92.3)</b>
Taxation		0.0	0.0	0.0	0.0
<b>Surplus / (deficit) for the year</b>		<b>105.0</b>	<b>(93.2)</b>	<b>103.7</b>	<b>(92.3)</b>
Actuarial (loss) / gain in respect of pension schemes	23	(7.0)	12.1	(7.0)	12.1
Change in fair value of hedging financial instruments	21	21.9	22.2	21.9	22.2
<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR</b>		<b>119.9</b>	<b>(58.9)</b>	<b>118.6</b>	<b>(58.0)</b>
<b>Represented by:</b>					
Endowment comprehensive income and expenditure for the year		(0.2)	(0.1)	(0.2)	(0.1)
Restricted comprehensive income for the year		0.3	0.0	0.3	0.0
Unrestricted comprehensive income and expenditure for the year		119.8	(58.8)	118.5	(57.9)
<b>Attributable to the University</b>		<b>119.9</b>	<b>(58.9)</b>	<b>118.6</b>	<b>(58.0)</b>

All items of income and expenditure relate to continuing activities.  
The accompanying notes and policies on pages 48 to 89 form part of these financial statements.

# Consolidated and University statement of changes in reserves

for the year ended 31 July 2023

Consolidated	Income and expenditure account			Total
	Endowment £ million	Restricted £ million	Unrestricted £ million	
<b>Balance at 1 August 2021</b>	12.9	0.0	407.7	420.6
Deficit from the income and expenditure statement	(0.1)	0.0	(93.1)	(93.2)
Other comprehensive income and expenditure	0.0	0.0	34.3	34.3
<b>Total comprehensive income and expenditure for the year</b>	<b>(0.1)</b>	<b>0.0</b>	<b>(58.8)</b>	<b>(58.9)</b>
<b>Balance at 1 August 2022</b>	<b>12.8</b>	<b>0.0</b>	<b>348.9</b>	<b>361.7</b>
(Deficit) / surplus from the income and expenditure statement	(0.2)	0.3	104.9	105.0
Other comprehensive income and expenditure	0.0	0.0	14.9	14.9
<b>Total comprehensive income and expenditure for the year</b>	<b>(0.2)</b>	<b>0.3</b>	<b>119.8</b>	<b>119.9</b>
<b>Balance at 31 July 2023</b>	<b>12.6</b>	<b>0.3</b>	<b>468.7</b>	<b>481.6</b>
<b>University</b>				
	Income and expenditure account			Total
	Endowment £ million	Restricted £ million	Unrestricted £ million	£ million
<b>Balance at 1 August 2021</b>	7.0	0.0	377.1	384.1
Deficit from the income and expenditure statement	(0.1)	0.0	(92.2)	(92.3)
Other comprehensive income and expenditure	0.0	0.0	34.3	34.3
<b>Total comprehensive income and expenditure for the year</b>	<b>(0.1)</b>	<b>0.0</b>	<b>(57.9)</b>	<b>(58.0)</b>
<b>Balance at 1 August 2022</b>	<b>6.9</b>	<b>0.0</b>	<b>319.2</b>	<b>326.1</b>
(Deficit) / surplus from the income and expenditure statement	(0.2)	0.3	103.6	103.7
Other comprehensive income and expenditure	0.0	0.0	14.9	14.9
<b>Total comprehensive income and expenditure for the year</b>	<b>(0.2)</b>	<b>0.3</b>	<b>118.5</b>	<b>118.6</b>
<b>Balance at 31 July 2023</b>	<b>6.7</b>	<b>0.3</b>	<b>437.7</b>	<b>444.7</b>



# Consolidated and University statement of financial position for the year ended 31 July 2023

	Note	Consolidated		University	
		2023 £ million	2022 £ million	2023 £ million	2022 £ million
<b>Non-current assets</b>					
Fixed assets	14	840.5	849.7	829.9	838.7
Investments	15	117.2	33.0	118.9	34.7
		<b>957.7</b>	<b>882.7</b>	<b>948.8</b>	<b>873.4</b>
<b>Current assets</b>					
Stock	16	2.1	1.1	2.0	1.0
Trade and other receivables	17	61.0	63.0	71.4	72.1
Investments	18	162.2	161.8	162.2	161.8
Cash and cash equivalents		166.1	187.5	163.0	175.9
		<b>391.4</b>	<b>413.4</b>	<b>398.6</b>	<b>410.8</b>
Less: Creditors : Amounts falling due within one year	20	(234.7)	(241.7)	(269.9)	(266.1)
<b>Net current assets</b>		<b>156.7</b>	<b>171.7</b>	<b>128.7</b>	<b>144.7</b>
<b>Total assets less current liabilities</b>		<b>1,114.4</b>	<b>1,054.4</b>	<b>1,077.5</b>	<b>1,018.1</b>
Creditors : Amounts falling due after more than one year	21	(390.4)	(419.2)	(390.4)	(418.5)
<b>Provisions</b>					
Pension provisions	23	(251.2)	(282.7)	(251.2)	(282.7)
Pension asset	23	12.1	17.0	12.1	17.0
Other provisions	24	(3.3)	(7.8)	(3.3)	(7.8)
<b>TOTAL NET ASSETS</b>		<b>481.6</b>	<b>361.7</b>	<b>444.7</b>	<b>326.1</b>
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserve	25	12.6	12.8	6.7	6.9
Income and expenditure reserve - restricted reserve	26	0.3	0.0	0.3	0.0
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted		468.7	348.9	437.7	319.2
<b>TOTAL RESERVES</b>		<b>481.6</b>	<b>361.7</b>	<b>444.7</b>	<b>326.1</b>

The accompanying notes and policies on pages 48 to 89 form part of these financial statements.

The financial statements on pages 44 to 89 were approved by the Council on 22 November 2023, and signed on its behalf by:

Professor Stuart Croft, Vice-Chancellor and President

Nilesh (Neil) Sachdev, University Treasurer

# Consolidated cash flow statement for the year ended 31 July 2023

	Note	2022/23 £ million	2021/22 £ million
<b>Cash flow from operating activities</b>			
Surplus / (deficit) for the year before and after tax		105.0	(93.2)
<b>Adjustment for non-cash items</b>			
Depreciation	14	53.0	54.6
Loss on investments	15	1.7	2.0
(Increase) in stock	16	(1.0)	(0.4)
Transfer of fixed assets in the process of sale to stock	16	1.0	0.0
Decrease / (increase) in debtors	17	2.0	(7.3)
(Decrease) / increase in creditors	20 & 21	(12.6)	1.1
(Decrease) / increase in pension provision	23	(33.6)	177.8
(Decrease) / increase in other provisions	15 & 24	(4.1)	4.8
<b>Adjustment for investing or financing activities</b>			
Investment income	7	(14.6)	(2.0)
Interest payable	12	6.5	6.8
Endowment income	25	(0.7)	(1.1)
Loss on the sale of non-current assets	13	0.7	0.1
Capital grant income		(19.5)	(18.2)
<b>Net cash inflow from operating activities</b>		<b>83.8</b>	<b>125.0</b>
<b>Cash flows from investing activities</b>			
Capital grants receipts		25.5	16.6
Disposal of non-current asset investments		0.1	0.1
Withdrawal of deposits		14.5	0.0
Investment income	7	14.6	2.0
Payments made to acquire fixed assets	14	(45.5)	(41.8)
New non-current asset investments	15	(86.4)	(4.8)
New current asset investments	18	(14.9)	(112.8)
		<b>(92.1)</b>	<b>(140.7)</b>
<b>Cash flows from financing activities</b>			
Interest paid	12	(6.5)	(6.8)
Endowment cash received	25	0.7	1.1
Repayments of amounts borrowed	22	(7.3)	(7.3)
		<b>(13.1)</b>	<b>(13.0)</b>
<b>Decrease in cash and cash equivalents in the year</b>		<b>(21.4)</b>	<b>(28.7)</b>
Cash and cash equivalents at beginning of the year		187.5	216.2
Cash and cash equivalents at end of the year		166.1	187.5

The accompanying notes and policies on pages 48 to 89 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 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.

The University meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemption has been taken in the parent university financial statements in respect of presentation of a cash flow statement.

### 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 prepare cash flow forecasts for a 5 year period. After reviewing the latest annual iteration of these forecasts the Council is of the opinion that, taking account of severe but plausible downsides, 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 forecast assumptions and projections are prepared considering various risks and mitigations to the University, including the items set out in the Financial Review on page 38. Sensitivity analysis is undertaken on future forecasts and used as a basis for the inclusion of planning contingencies against adverse impacts and further stress on our planning assumptions. Key potential downside risks to the forecasts include:

- Underachievement of student recruitment targets: mitigating activity includes significant investment in on-campus facilities in recent years, with a view to enhancing the student experience. The recent award of Gold in all categories of the TEF 2023 rankings combined with the University's strong position in the latest rankings, demonstrate the quality of the University's teaching offer and attractiveness to prospective students.
- Price inflation, in particular energy costs: the University actively manages its energy procurement and has its own on-site CHP facility providing power and heat across campus, as well as increasing its number of solar panels, enabling the University to manage its power needs in as cost effective a manner as possible. Rising costs nonetheless affect the University and continue to be taken into account as part of managing the overall cost base; the University has demonstrated its ability to manage its costs effectively during past periods of volatility, such as during the Covid pandemic and the current period of higher inflation.
- Whilst the home undergraduate tuition fee continues to be maintained at £9,250, the real value of this funding stream is being increasingly reduced by inflation; in particular at present with inflation running higher than the Government's long term target. Institutions are looking to other income sources to plug the gap, most notably international student fee income. This increased competition for international students carries its own risks, especially if there is over-dependency on students from certain countries. Warwick's continuing strong reputation keeps it in a good position to optimize its recruitment of international students, maintaining high entry tariffs, and measures continue to be taken to rebalance the student portfolio to avoid it being weighted too heavily towards any particular country.

The University's forecasts maintain cash balances above a minimum of 50 days of expenditure (currently c.£110m). This target is in excess of the OfS guidance of a minimum cash balance of 30 days of spend (c£60m). The University's favourable financial performance for the 2022-23 year has driven a better than anticipated cash position at 31 July 2023, providing a stronger base for the year ahead than was assumed in the forecasts.

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. Intra-group transactions are eliminated on consolidation.

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

### 4. Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income 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 over the period in which students are studying. 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 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 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 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 when the University is entitled to the income.



# Notes to the accounts continued

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 when the University is entitled to the income.

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

There are four main types of donations and endowments with restrictions:

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

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

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

The University operates a total return endowment investment management policy for permanent endowments. This allows for the spending of permanent endowment gains, both capital gains and dividend income, whilst preserving the real value of capital.

## 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.

## 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 exchange rate at the date of the transaction. 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 recognised in the Consolidated Statement of Comprehensive Income.

## 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.



# Notes to the accounts continued

## *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 and depreciated in line with group policy as above. 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.

## *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 in the period in which they are incurred.

## 11. Investments

Investments in subsidiaries are carried at cost less impairment in the University's accounts. Current and managed funds investments are held at fair value with movements recognised in the Consolidated Statement of Income. Current investments includes cash deposits of 3 to 12 months in maturity from when the deposit was placed.

## 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 estimated selling price less costs to complete and sell. 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. This includes cash deposits of up to 3 months in maturity from when the deposit was placed.

## 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.

A contingent liability arises from a past event that gives the University a probable 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.



# Notes to the accounts continued

## 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 expenditure is included in the costs of such expenditure. 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. 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.

## 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. Key accounting estimates and judgements

In the application of the accounting policies, the University is required to make estimations and judgements that may have a significant impact on the amounts recognised. The estimates and associated judgements are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

### Income recognition:

As set out in more detail in policy 4, certain revenue grants and donations are recognised in the Consolidated Statement of Comprehensive Income and Expenditure when the University is entitled to the income and performance related conditions have been met. University management apply judgement in deferring income received for conditions not yet satisfied and accruing for income not yet received.

### Pension provisions – key actuarial assumptions:

The key actuarial assumptions used in the valuation of the Universities Superannuation Scheme (USS) and the University of Warwick Pension Scheme (UWPS) are set out in note 31 Pension Schemes.

The cost to the University of the USS deficit recovery plan has been estimated based on a model devised by USS and the British Universities Finance Directors Group (BUFDG) based on the USS March 2020 deficit valuation. The USS pension deficit provision includes key assumptions on discount rates, salary inflation and future staff numbers, based on management judgement of the estimated parameters.

Details of the pension provisions are shown in notes 23 and 31.

### Depreciation and amortisation:

Depreciation and amortisation charges are calculated on a straight-line basis over the estimated useful economic lives of the related assets. The remaining useful economic lives of assets are periodically reviewed based on actual experience and expected future utilisation. Where management identifies a change in the life of an asset, it is treated as a change in accounting estimate and the accelerated depreciation is accounted for in the period of change and future periods.

### Recoverability of debtors:

A provision for bad and doubtful debts is calculated using a formula based on the age of the overdue debt. The formula is applied consistently each year but inevitably requires a degree of estimation. Specific provision is made for individual debts where recovery is believed to be uncertain and this requires an element of judgement.

### Holiday pay accrual:

The employee holiday pay accrual represents an estimate of holidays earned but not taken as at the balance sheet date of 31 July 2023. It is calculated from extracts of annual leave records from the University's HR systems, adjusted accordingly for management judgement for items specific to the current year. The holiday pay accrual totals £18.2m at 31 July 2023 (2021/22: £16.2m) and is included within Accruals in note 20.



# Notes to the accounts continued

## 2. TUITION FEES AND EDUCATIONAL CONTRACTS

	Consolidated		University	
	2022/23 £ million	2021/22 £ million	2022/23 £ million	2021/22 £ million
Accredited course fees from home/EU students	183.7	176.0	183.7	176.0
Accredited course fees from overseas students	249.3	235.0	249.3	235.0
International foundation programme fees	4.4	3.3	4.4	3.3
Non-accredited short course fees	3.9	3.0	3.9	3.0
Research Training Support Grants	12.1	12.0	12.1	12.0
Other fees	0.4	0.3	0.4	0.3
	<b>453.8</b>	<b>429.6</b>	<b>453.8</b>	<b>429.6</b>

## 3. FUNDING BODY GRANTS

	Consolidated		University	
	2022/23 £ million	2021/22 £ million	2022/23 £ million	2021/22 £ million
<b>Recurrent grants:</b>				
Office for Students teaching grant	15.2	14.8	15.2	14.8
Research England research grant	43.9	41.2	43.9	41.2
<b>Specific grants:</b>				
HE Innovation Fund	6.0	5.5	6.0	5.5
Uni Connect, formerly National Collaborative Outreach	0.3	0.5	0.3	0.5
Other specific grants	2.7	1.9	2.7	1.9
<b>Capital grants released in year:</b>				
Buildings	4.6	4.4	4.6	4.4
Equipment	1.7	0.4	1.7	0.4
	<b>74.4</b>	<b>68.7</b>	<b>74.4</b>	<b>68.7</b>

## 4. RESEARCH GRANTS AND CONTRACTS

	Consolidated		University	
	2022/23 £ million	2021/22 £ million	2022/23 £ million	2021/22 £ million
Research councils	50.3	45.4	50.3	45.4
Central government, local authorities and public corporations	56.8	60.1	56.8	60.1
UK charitable bodies	9.8	9.0	9.8	9.0
European Union	12.3	11.0	12.3	11.0
UK industry and commerce	9.2	9.6	9.2	9.6
Overseas	5.0	4.3	5.0	4.3
Others	0.7	0.5	0.7	0.5
	<b>144.1</b>	<b>139.9</b>	<b>144.1</b>	<b>139.9</b>

Income from research grants and contracts includes £11.2m in respect of capital grants released in the year (2021/22: £12.2m).

## 5. GRANT AND FEE INCOME

	Consolidated		University	
	2022/23 £ million	2021/22 £ million	2022/23 £ million	2021/22 £ million
The source of grant and fee income included in notes 2 to 4 is as follows:				
Grant income from the Office for Students	16.1	15.8	16.1	15.8
Grant income from other bodies	202.4	192.8	202.4	192.8
Fee income for taught awards (exclusive of VAT)	414.8	394.0	414.8	394.0
Fee income for research awards (exclusive of VAT)	18.2	17.0	18.2	17.0
Fee income from non-qualifying courses (exclusive of VAT)	20.8	18.6	20.8	18.6
	<b>672.3</b>	<b>638.2</b>	<b>672.3</b>	<b>638.2</b>

## 6. OTHER INCOME

	Consolidated		University	
	2022/23 £ million	2021/22 £ million	2022/23 £ million	2021/22 £ million
Residences, catering and conferences	56.2	52.6	56.1	55.2
Other services rendered	2.7	4.4	2.7	4.4
Other capital grants	2.0	1.2	1.2	1.2
Retail operations	31.9	29.8	11.4	9.8
Post-experience centres	11.8	10.1	0.0	0.0
Other income	43.9	37.3	53.3	43.2
Covenant income	0.0	0.0	12.8	13.3
	<b>148.5</b>	<b>135.4</b>	<b>137.5</b>	<b>127.1</b>

Included within consolidated other income above is £Nil (University: £Nil) of income from the Coronavirus Job Retention Scheme (2021/22: Consolidated £0.1m, University £0.1m). Also included within consolidated other income above is £1.0m (University £1.0m) of income from the Turing Scheme (2021/22: Consolidated £0.6m, University £0.6m). The Turing Scheme is the UK Government's scheme to provide funding for international opportunities in education and training across the world. This funding provides students with the chance to develop new skills, gain vital international experience and boost their employability.

## 7. INVESTMENT INCOME

	Consolidated		University	
	2022/23 £ million	2021/22 £ million	2022/23 £ million	2021/22 £ million
Net return on University of Warwick Pension Scheme assets (note 31)	0.6	0.1	0.6	0.1
Restricted permanent endowment investment income (note 25)	0.3	0.1	0.1	0.1
Restricted expendable endowment investment income (note 25)	0.1	0.1	0.1	0.0
Other investment income	13.6	1.7	13.7	1.7
	<b>14.6</b>	<b>2.0</b>	<b>14.5</b>	<b>1.9</b>

## 8. DONATIONS AND ENDOWMENTS

	Consolidated		University	
	2022/23 £ million	2021/22 £ million	2022/23 £ million	2021/22 £ million
New endowments	0.8	1.1	0.8	1.1
Donations with restrictions	0.6	0.0	0.6	0.0
Unrestricted donations	2.6	2.3	2.5	2.3
	<b>4.0</b>	<b>3.4</b>	<b>3.9</b>	<b>3.4</b>

# Notes to the accounts continued

## 9. STAFF

	Consolidated		University	
	2022/23 £ million	2021/22 £ million	2022/23 £ million	2021/22 £ million
<b>Staff costs:</b> Salaries and wages	345.8	307.7	328.4	293.2
Social Security costs	34.3	31.2	33.2	30.3
USS pension provision movement - staff costs	(40.9)	177.4	(40.9)	177.4
Other pension costs	58.9	53.3	58.1	52.7
	<b>398.1</b>	<b>569.6</b>	<b>378.8</b>	<b>553.6</b>

	Consolidated	
	2022/23 Number	2021/22 Number
The number of full time equivalent staff, by area of activity, can be summarised as:		
Academic staff within academic departments	2,662	2,516
Other staff within academic departments	1,480	1,404
Academic services	593	569
Premises management and maintenance	562	542
Residences and catering	337	331
Other services and activities, including commercial operations	1,263	1,094
	<b>6,897</b>	<b>6,456</b>

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:

	2022/23	2021/22
<b>Professor Stuart Croft</b>	<b>£000</b>	<b>£000</b>
Basic salary	326	313
Salary in lieu of pension	39	41
Other remuneration	1	0
Taxable benefit - accommodation	8	18
Taxable benefit - car	0	0
<b>Total emoluments (including taxable and non-taxable benefits-in-kind)</b>	<b>374</b>	<b>372</b>

The total emoluments of the Vice-Chancellor and President represent those from which the Vice-Chancellor benefits directly. The Vice-Chancellor and President does not accrue defined benefits in the University Superannuation Scheme but pays a contribution to maintain life and incapacity cover using the USS Enhanced opt out rule. Under this rule, employers are required to continue paying deficit contributions in respect of those staff that are "enhanced opt out" members, in accordance with the prevailing Schedule of Contributions determined by USS. Such payments by Warwick were £21k in 2022/23 (2021/22: £17k) and are excluded from the above table in both years as the Vice-Chancellor does not benefit from those payments.

## 9. STAFF - continued

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 nor Council during the discussions regarding his performance.

The Vice-Chancellor's objectives for 2022 – 2023 focused on progressing key objectives in the University's 2030 strategy, alongside an exercise to refresh the strategy. The objectives laid particular emphasis on: developing a framework for values and behaviours; a successful outcome in the Teaching Excellence framework; and credible business cases for major investment in STEM and Social Sciences, backed by robust Financial and Capital Plans.

In reviewing the Vice-Chancellor's performance account is also taken of the key performance indicators agreed by Council and performance in national and international league tables. The review period had seen continuing improvements in educational delivery and student recruitment, evidenced by a Gold rating in the Teaching Excellence Framework 2023. The University had ensured that all students were eligible to graduate or progress in 22/23 with appropriate mitigations and support for those affected by the industrial dispute with the University and College Union, whilst maintaining academic quality and standards.

National Student Satisfaction Survey results were very strong, and these contributed to the University maintaining its Top 10 position in the Guardian and Times Good University Guide League Tables. Internationally, the University ranked 67th in QS global table (19th in Europe) and 106th in the Times Higher Education Global Rankings. The Vice-Chancellor remains committed to improving our international ranking position.

Under the Vice-Chancellor's leadership in 2022-23, several major programmes have been initiated and clear and measurable progress has been made. These include the launch of Warwick Transformation (a major organisational re-design of Professional Services to deliver simplicity, efficiency and value-for-money) approval of the funding for the investment and development of STEM and Social Sciences. The Council expects to see implementation of these investments to time and to budget over the coming years. The University strategy has been reviewed and revised, culminating in signoff of the refreshed strategy at the October meeting of Council: it is looking for further progress on research and education strategies, on sustainability, on embedding the new values and behaviours, and on the development of strategic KPIs to monitor its implementation and impact. The 2022-23 financial outturn was very positive, and this in turn has informed the 2023 Financial Plan and accompanying Capital Plan, which are the most ambitious yet for the University.

The Remuneration Committee agreed with the Chair's assessment that this represented another successful year for the University under the Vice-Chancellor's leadership, particularly given the backdrop of continuing uncertainties caused by the industrial dispute. They agreed with the view of Council members that his overall performance has been excellent. His leadership continues to be clear, decisive and inclusive. The Vice-Chancellor has successfully integrated several new members of the University Executive Board into his leadership team, and he continues to command respect amongst the academic community and beyond the University.

Given the Vice-Chancellor's excellent performance and a successful year under his leadership the Remuneration Committee in normal circumstances would have considered a performance award for the Vice-Chancellor. However, this year as in previous years the Remuneration Committee agreed to accept and honour the Vice-Chancellor's request not to be considered for a performance award. The Remuneration Committee did approve a non-consolidated thank you payment of £1,000 paid in October 2022. The thank you payment was consistent with the value and approach adopted for all staff in recognition of their hard work in what was a challenging year as we emerged from the pandemic in 2021/22. The Vice-Chancellor does not undertake any paid work outside the University.



# Notes to the accounts continued

## 9. STAFF - continued

The Remuneration Committee regularly reviews the Vice Chancellor's pay against remuneration in other Russell Group Universities, taking into consideration its top 10 position in the Guardian and Times league tables, the scale of the University's operations with an annual turnover in excess of £800m and using the latest findings from the 2023 survey of Vice-Chancellor's remuneration conducted by the Committee of University Chairs. The Vice-Chancellor's salary was slightly above the median when compared to the salaries of other Vice-Chancellors at Russell Group Universities. The University of Warwick's Vice-Chancellor has been in post since 2016 and is one of the longest serving Russell Group Vice-Chancellors. Since August 2017, his base salary has been increased in line with the percentage awarded nationally to university staff (there was no such award in August 2020) and he has accepted no performance awards since 2017.

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.

	2022/23	2021/22
	Number	Number
Basic salary as a multiple of median basic salary of staff - excluding atypicals	8.3	8.4
Total remuneration as a multiple of median total remuneration of staff - excluding atypicals	7.6	7.9
Basic salary as a multiple of median basic salary of staff - including atypicals	11.1	10.9
Total remuneration as a multiple of median total remuneration of staff - including atypicals	10.0	10.6
Basic salary as a multiple of median basic salary of staff - including atypicals but excluding Unitemps	8.8	8.9
Total remuneration as a multiple of median total remuneration of staff - including atypicals but excluding Unitemps	8.0	8.4

The Vice-Chancellor and President's total remuneration in the above calculation includes taxable and non-taxable benefits. As noted on page 58, the Total remuneration ratio excludes (in both years) the University's deficit contributions to the USS in respect of the Vice-Chancellor and President, as he is opted-out of the USS and does not benefit from those payments. 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 (2021/22: 6.2).

## 9. STAFF - continued

Basic salary of Higher Paid Staff.

The following number of staff (FTE) received basic salary (at the financial year end) in the following ranges:

	2022/23	2021/22
	FTE	FTE
£325,000 - £329,999	1.0	0.0
£310,000 - £314,999	0.0	1.0
£265,000 - £269,999	0.6	0.0
£260,000 - £264,999	1.0	0.0
£250,000 - £254,999	0.0	0.6
£245,000 - £249,999	1.3	0.0
£235,000 - £239,999	0.0	0.5
£230,000 - £234,999	0.0	0.8
£225,000 - £229,999	1.0	0.2
£220,000 - £224,999	0.0	1.0
£215,000 - £219,999	2.0	0.0
£210,000 - £214,999	1.4	1.0
£205,000 - £209,999	2.6	1.9
£200,000 - £204,999	4.1	1.4
£195,000 - £199,999	3.0	3.0
£190,000 - £194,999	2.9	3.1
£185,000 - £189,999	3.2	2.8
£180,000 - £184,999	2.8	3.1
£175,000 - £179,999	2.9	3.2
£170,000 - £174,999	5.9	2.4
£165,000 - £169,999	3.6	4.3
£160,000 - £164,999	8.9	5.5
£155,000 - £159,999	7.0	7.9
£150,000 - £154,999	6.8	4.5
£145,000 - £149,999	9.7	7.7
£140,000 - £144,999	6.8	7.9
£135,000 - £139,999	15.5	8.0
£130,000 - £134,999	14.4	10.4
£125,000 - £129,999	16.5	11.8
£120,000 - £124,999	22.6	22.1
£115,000 - £119,999	24.9	19.5
£110,000 - £114,999	20.4	31.7
£105,000 - £109,999	32.6	25.8
£100,000 - £104,999	37.1	18.7

Excluded from the above list are staff who joined or left part-way through a year. Salary partly funded by another body is also excluded. Salary bands are stated on a full time equivalent basis.

£709k in compensation for loss of office and redundancy was paid to 102 employees at all salary levels, in addition to their emolument entitlement for the year. In 2021/22, 152 employees were paid £1,446k.

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, Chief Information and Transformation Officer, Chief Communications and Marketing Officer and Secretary to Council. Compensation paid to key management personnel during the year (including any employer's pension contributions, social security costs 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:

	2022/23	2021/22
	£000	£000
Key management personnel	2,625	2,615

# Notes to the accounts continued

## 9. STAFF - continued

As noted on page 58, the Total remuneration ratio excludes (in both years) the University's deficit contributions to the USS in respect of the Vice-Chancellor and President and other members of key management personnel where they are opted-out of the USS, and so do not benefit from those payments.

## 10. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Consolidated		University	
	2022/23 Total £ million	2021/22 Total £ million	2022/23 Total £ million	2021/22 Total £ million
Academic departments	311.5	279.7	311.5	279.7
Research grants and contracts	113.8	109.8	113.8	109.8
<b>Total teaching and research</b>	<b>425.3</b>	<b>389.5</b>	<b>425.3</b>	<b>389.5</b>
Academic services	64.2	54.9	64.2	54.9
Central administration and services	42.2	36.0	42.4	35.7
General educational expenditure	42.3	36.9	42.4	36.6
Staff and student facilities	29.5	28.4	29.6	28.4
Premises	85.0	71.8	87.2	72.9
Residences, catering and conferences	39.1	38.9	38.9	38.9
Other services rendered	1.7	3.2	1.7	3.2
Retail operations	19.2	19.3	14.7	13.9
Post-experience centres	9.3	8.1	1.5	3.8
Other activities	5.7	4.8	5.6	4.8
USS pension provision movement	(31.5)	178.3	(31.4)	178.2
<b>Total per income and expenditure account</b>	<b>732.0</b>	<b>870.1</b>	<b>722.1</b>	<b>860.8</b>

Other operating expenses include:	2022/23 £000	2021/22 £000
Auditor's remuneration for the University of Warwick Group (An amount of £99k (2021/22: £75k) relates to the Auditor's remuneration for the University)	146	123
Auditor's remuneration in respect of non-audit services appointed by the University	67	67
Grants to Warwick Students' Union	3,351	3,251

During the year the University made payments totalling £4,000 (rounded to the nearest £1,000) including reimbursement of expenses, on behalf of nine independent members of the Council (2021/22: nine members claimed a combined total of £2,000). 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.

## 11. ACCESS AND PARTICIPATION EXPENDITURE

	Consolidated		University	
	2022/23 £ million	2021/22 £ million	2022/23 £ million	2021/22 £ million
Access investment	3.2	2.8	3.2	2.8
Financial support provided to students	8.2	7.3	8.2	7.3
Support for disabled students	0.9	0.9	0.9	0.9
Research and evaluation of access and participation activities	0.2	0.1	0.2	0.1
	<b>12.5</b>	<b>11.1</b>	<b>12.5</b>	<b>11.1</b>

£3.1m of these costs are already included in the overall staff costs figures included in note 9 (2021/22: £2.9m).

The University's published access and participation plan is available at [https://apis.officeforstudents.org.uk/accessplansdownloads/2024/TheUniversityOfWarwick\\_APP\\_2020-21\\_V1\\_10007163.pdf](https://apis.officeforstudents.org.uk/accessplansdownloads/2024/TheUniversityOfWarwick_APP_2020-21_V1_10007163.pdf)

The University has increased investment overall in 2022/23 in support of its access and participation commitments and we are seeing continued positive improvement in KPIs. The University responded to support students in the greatest need to reflect cost of living challenges by increasing the Warwick Bursary by 10%. Increased investment in targeted post 16 engagement, along with increased staff time on recruitment and support of eligible groups were key in 2022/23. Research and Evaluation investment has increased back to our initial forecast as we consolidate actions moving away from the pandemic. Two summer schools were held in this year (August 22 and July 23 as the 2022 event was moved due to the University supporting the Commonwealth Games).

The third cohort of Warwick Scholars has continued to increase in student numbers and hence cost in the year (+£0.3m), and in the summer we celebrated our first graduations.

Disability support, including funding via the disabled students premium, is committed to the Success and Progression categories in the University's access and participation plan for 2022/23.

The University's access and participation plan is developed and governed by the Widening Participation Committee which seeks approval from the Academic Resourcing Committee (ARC) for additional investment requirements. The methodology for including expenditure in the respective categories maps to the delivery of the University's access and participation plan commitments.

Expenditure reported in this note is either:

- captured on separate cost codes for WP programmes, WP activity in academic departments and funding schemes; or
- an allocation of the cost of individual staff members time (including overheads) based upon estimates of time spent on relevant activities with eligible groups.



# Notes to the accounts continued

## 12. INTEREST AND OTHER FINANCE COSTS

	Consolidated		University	
	2022/23 £ million	2021/22 £ million	2022/23 £ million	2021/22 £ million
Loan interest	6.5	6.8	6.5	6.8
Administration costs paid from scheme assets	0.5	0.6	0.5	0.6
Net charge on USS pension scheme	9.4	0.9	9.4	0.9
	<b>16.4</b>	<b>8.3</b>	<b>16.4</b>	<b>8.3</b>

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

## 13. DISPOSAL OF NON-CURRENT ASSETS

	Consolidated		University	
	2022/23 £ million	2021/22 £ million	2022/23 £ million	2021/22 £ million
Profit on disposal of non-current investments	0.0	0.0	0.0	0.0
Loss on disposal of fixed assets	(0.7)	(0.1)	(0.7)	(0.1)
	<b>(0.7)</b>	<b>(0.1)</b>	<b>(0.7)</b>	<b>(0.1)</b>

## 14. FIXED ASSETS

### CONSOLIDATED

	Total £ million	Land & Buildings £ million	Fixtures, Fittings & Equipment £ million	Assets under the Course of Construction £ million
<b>Cost</b>				
At 1 August 2022	1,451.6	1,104.7	318.5	28.4
Additions at cost	45.5	0.9	21.7	22.9
Asset transfers	0.0	4.4	1.8	(6.2)
Write offs and disposals at cost	(3.8)	(1.5)	(1.6)	(0.7)
At 31 July 2023	<b>1,493.3</b>	<b>1,108.5</b>	<b>340.4</b>	<b>44.4</b>
<b>Depreciation</b>				
At 1 August 2022	601.9	341.1	260.8	0.0
Charge for the year	53.0	30.4	22.6	0.0
Eliminated on write offs and disposals	(2.1)	(0.6)	(1.5)	0.0
At 31 July 2023	<b>652.8</b>	<b>370.9</b>	<b>281.9</b>	<b>0.0</b>
<b>Net Book Value at 31 July 2023</b>	<b>840.5</b>	<b>737.6</b>	<b>58.5</b>	<b>44.4</b>
Net Book Value at 31 July 2022	<b>849.7</b>	<b>763.6</b>	<b>57.7</b>	<b>28.4</b>

### UNIVERSITY

	Total £ million	Land & Buildings £ million	Fixtures, Fittings & Equipment £ million	Assets under the Course of Construction £ million
<b>Cost</b>				
At 1 August 2022	1,416.5	1,071.5	316.6	28.4
Additions at cost	44.9	0.5	21.7	22.7
Asset transfers	0.0	4.3	1.8	(6.1)
Write offs and disposals at cost	(3.7)	(1.5)	(1.5)	(0.7)
At 31 July 2023	<b>1,457.7</b>	<b>1,074.8</b>	<b>338.6</b>	<b>44.3</b>
<b>Depreciation</b>				
At 1 August 2022	577.8	318.9	258.9	0.0
Charge for the year	52.1	29.5	22.6	0.0
Eliminated on write offs and disposals	(2.1)	(0.6)	(1.5)	0.0
At 31 July 2023	<b>627.8</b>	<b>347.8</b>	<b>280.0</b>	<b>0.0</b>
<b>Net book value at 31 July 2023</b>	<b>829.9</b>	<b>727.0</b>	<b>58.6</b>	<b>44.3</b>
Net book value at 31 July 2022	<b>838.7</b>	<b>752.6</b>	<b>57.7</b>	<b>28.4</b>

# Notes to the accounts continued

## 15. NON-CURRENT INVESTMENTS

	Consolidated		University	
	2023 £ million	2022 £ million	2023 £ million	2022 £ million
Balance at 1 August	33.0	30.4	34.7	32.1
Net additions in the year	86.4	4.6	86.4	4.6
Decrease in market value	(1.8)	(2.0)	(1.8)	(2.0)
Decrease in provision for diminution in value	(0.4)	0.0	(0.4)	0.0
<b>Balance at 31 July</b>	<b>117.2</b>	<b>33.0</b>	<b>118.9</b>	<b>34.7</b>
Represented by:				
Group undertakings	0.0	0.0	6.9	6.9
Associated undertakings	1.1	1.1	0.0	0.0
Other equity investments	1.0	0.6	0.9	0.5
Short-term bonds	83.5	0.0	83.5	0.0
Cash held within managed funds	2.2	0.8	1.9	0.7
Bonds held within managed funds	3.8	0.3	3.2	0.1
Equity investments held within managed funds	21.5	28.6	18.4	24.8
Alternative investments held within managed funds	5.8	2.9	5.0	2.2
	118.9	34.3	119.8	35.2
Provision for diminution in value	(1.7)	(1.3)	(0.9)	(0.5)
	<b>117.2</b>	<b>33.0</b>	<b>118.9</b>	<b>34.7</b>

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 29). 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 holds an investment of £0.2m in Mercia Fund 1.

### Midlands Mindforge Limited

429 ordinary shares of £0.00001 each in Midlands Mindforge Limited, a patient capital investment company, partnering with seven other research-intensive universities in the Midlands. The University holds 21.4% of the issued share capital. 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.

## 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 28 active spin-out companies, all of which are incorporated in Great Britain and registered in England. In total these spin-out companies employ 225 staff.

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 the 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	
	2023 £ million	2022 £ million	2023 £ million	2022 £ million
Consumables and goods for resale	1.1	1.0	1.0	0.9
Other assets in the process of sale	1.0	0.1	1.0	0.1
	<b>2.1</b>	<b>1.1</b>	<b>2.0</b>	<b>1.0</b>

## 17. TRADE AND OTHER RECEIVABLES

	Consolidated		University	
	2023 £ million	2022 £ million	2023 £ million	2022 £ million
Amounts falling due within one year:				
Other trade receivables	19.8	21.0	17.0	18.3
Prepayments and accrued income	41.2	42.0	40.1	40.3
Amounts owed by group undertakings	0.0	0.0	14.3	13.5
	<b>61.0</b>	<b>63.0</b>	<b>71.4</b>	<b>72.1</b>

## 18. CURRENT INVESTMENTS

	Consolidated		University	
	2023 £ million	2022 £ million	2023 £ million	2022 £ million
Short-term deposits	147.3	161.8	147.3	161.8
Short-term bonds	14.9	0.0	14.9	0.0
	<b>162.2</b>	<b>161.8</b>	<b>162.2</b>	<b>161.8</b>

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	
	2022/23 £ million	2022/23 £ million	2022/23 £ million	2022/23 £ million
Net funds at 1 August 2022	188.0		176.4	
Movement in cash and cash equivalents	(21.4)		(12.9)	
Movement in current investments	0.4		0.4	
Movement in unsecured loans	7.3		7.3	
<b>Net funds at 31 July 2023</b>	<b>174.3</b>		<b>171.2</b>	
Change in net funds	<b>(13.7)</b>		<b>(5.2)</b>	

	Consolidated		University	
	2023 £ million	2022 £ million	2023 £ million	2022 £ million
<b>Analysis of net funds</b>				
<b>Cash and cash equivalents</b>	<b>166.1</b>	<b>187.5</b>	<b>163.0</b>	<b>175.9</b>
<b>Current investments</b>	<b>162.2</b>	<b>161.8</b>	<b>162.2</b>	<b>161.8</b>
<b>Borrowings: amounts falling due within one year</b>				
Unsecured loans	(7.3)	(7.3)	(7.3)	(7.3)
<b>Borrowings: amounts falling due after more than one year</b>				
Unsecured loans	(146.7)	(154.0)	(146.7)	(154.0)
<b>Net funds</b>	<b>174.3</b>	<b>188.0</b>	<b>171.2</b>	<b>176.4</b>

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

	Consolidated		University	
	2023 £ million	2022 £ million	2023 £ million	2022 £ million
Unsecured loans (note 22)	7.3	7.3	7.3	7.3
Deferred income	123.2	134.0	119.9	131.1
Deferred capital grants	15.0	14.1	15.0	14.0
Trade payables	17.8	9.9	17.6	9.5
Social security and other taxation payable	12.0	12.4	11.1	11.3
Accruals	59.4	64.0	57.3	61.7
Amounts owed to group undertakings	0.0	0.0	41.7	31.2
<b>Total</b>	<b>234.7</b>	<b>241.7</b>	<b>269.9</b>	<b>266.1</b>

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

	Consolidated		University	
	2023 £ million	2022 £ million	2023 £ million	2022 £ million
Derivatives	3.4	25.3	3.4	25.3
Unsecured loans (note 22)	146.7	154.0	146.7	154.0
Deferred income	69.4	74.1	69.4	74.1
Deferred capital grants	170.9	165.8	170.9	165.1
<b>Total</b>	<b>390.4</b>	<b>419.2</b>	<b>390.4</b>	<b>418.5</b>

The University holds derivative instruments (interest rate swaps) on its borrowings to convert its floating rate debt to fixed rate in order to hedge against the interest-rate rising. The fair value of the derivative instruments (hedging instruments) at 31 July 2023 was £3.4m (2021/22: £25.3m). The change in fair value of the hedging instruments during the financial year of £21.9m favourable (2021/22: £22.2m favourable) is shown within the Consolidated Statement of Comprehensive Income.

## 22. ANALYSIS OF UNSECURED LOANS

Amounts owing on unsecured loans as at 31 July 2023 fall due as follows:

	Consolidated		University	
	2023 £ million	2022 £ million	2023 £ million	2022 £ 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)	7.8	7.3	7.8	7.3
Due between two and five years (note 21)	21.9	22.4	21.9	22.4
Due in five years or more (note 21)	117.0	124.3	117.0	124.3
<b>Total</b>	<b>154.0</b>	<b>161.3</b>	<b>154.0</b>	<b>161.3</b>

# 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 2023:

	Total original facility £ million	Outstanding 31 July 2023 £ million	Effective Interest rate
<b>Drawn facilities</b>			
Amortising loan, drawn July 2007, repayable July 2037	40.0	18.3	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	38.9	5.19%
Amortising loan, drawn August 2018, repayable July 2038	75.0	56.3	2.49%
	<b>215.0</b>	<b>153.5</b>	

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

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

1. A £0.5m 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 March 2025.

## 23. PENSION PROVISIONS AND PENSION ASSET

	Consolidated £ million	University £ million
Obligation to fund deficit on USS Pension (Note 31) Provision at 1 August 2022	282.7	282.7
Unwinding of discount factor	9.4	9.4
Deficit contributions paid	(15.5)	(15.5)
Decrease in provision in year	(25.4)	(25.4)
	<b>(31.5)</b>	<b>(31.5)</b>
	<b>251.2</b>	<b>251.2</b>
Provision at 31 July 2023		

	Consolidated £ million	University £ million
Defined benefit obligations for University of Warwick Pension Scheme (UWPS) (Note 30) Asset at 1 August 2022	(17.0)	(17.0)
Net service cost contributions	(2.0)	(2.0)
Net return on assets	(0.6)	(0.6)
Administrative expenses	0.5	0.5
Actuarial loss	7.0	7.0
	<b>(12.1)</b>	<b>(12.1)</b>
Asset at 31 July 2023		
Total of above pension provisions carried forward at 31 July 2023	<b>239.1</b>	<b>239.1</b>

## 24. OTHER PROVISIONS

	Consolidated £ million	University £ million
Life Sciences restructuring provision At 1 August 2022	3.2	3.2
Utilised in year	(1.0)	(1.0)
	<b>2.2</b>	<b>2.2</b>
Other provisions At 1 August 2022	4.6	4.6
Utilised in year	(3.5)	(3.5)
	<b>1.1</b>	<b>1.1</b>
At 31 July 2023		
Total of above provisions carried forward at 31 July 2023	<b>3.3</b>	<b>3.3</b>

Other provisions represents a provision of £1.1m arising from an assessed risk regarding funding received prior to 31 July 2023 that may be subject to clawback in future.



# Notes to the accounts continued

## 25. ENDOWMENTS

### CONSOLIDATED

	Restricted Permanent		Restricted		2023 Total £ million	2022 Total £ million
	Original Gift £ million	Unapplied total return £ million	Total £ million	Expendable Total £ million		
As at 1 August	5.6	1.6	7.2	5.6	12.8	12.9
New donations and endowments	0.0	0.0	0.0	0.7	0.7	1.1
Change in market value of investments	0.0	0.0	0.0	0.0	0.0	(0.1)
Investment income	0.0	0.3	0.3	0.1	0.4	0.2
Expenditure	0.0	(0.1)	(0.1)	(1.2)	(1.3)	(1.3)
<b>As at 31 July</b>	<b>5.6</b>	<b>1.8</b>	<b>7.4</b>	<b>5.2</b>	<b>12.6</b>	<b>12.8</b>

	Restricted Permanent		Restricted		2023 Total £ million	2022 Total £ million
	Original Gift £ million	Unapplied total return £ million	Total £ million	Expendable Total £ million		
Capital	5.6	1.0	6.6	5.0	11.6	11.9
Accumulated income	0.0	0.8	0.8	0.2	1.0	0.9
<b>Total</b>	<b>5.6</b>	<b>1.8</b>	<b>7.4</b>	<b>5.2</b>	<b>12.6</b>	<b>12.8</b>

### Analysis of endowment funds by type and purpose

Chairs and lectureships	2.1	1.4	3.5	3.3
Scholarships and bursaries	3.3	1.8	5.1	5.2
Prize funds	1.8	0.2	2.0	2.0
General	0.2	1.5	1.7	2.0
Research support	0.0	0.3	0.3	0.3
<b>Total</b>	<b>7.4</b>	<b>5.2</b>	<b>12.6</b>	<b>12.8</b>

	Consolidated		University	
	2023 £ million	2022 £ million	2023 £ million	2022 £ million

### Analysis by asset

Current and non-current asset investments	8.2	8.2	3.4	3.3
Cash and cash equivalents	4.4	4.6	3.3	3.6
<b>Total endowment asset investments</b>	<b>12.6</b>	<b>12.8</b>	<b>6.7</b>	<b>6.9</b>

## 25. ENDOWMENTS - continued

### UNIVERSITY

	Restricted Permanent		Restricted		2023 Total £ million	2022 Total £ million
	Original Gift £ million	Unapplied total return £ million	Total £ million	Expendable Total £ million		
As at 1 August	3.2	0.7	3.9	3.0	6.9	7.0
New donations and endowments	0.0	0.0	0.0	0.8	0.8	1.1
Change in market value of investments	0.0	0.0	0.0	0.0	0.0	(0.1)
Investment income	0.0	0.1	0.1	0.1	0.2	0.1
Expenditure	0.0	(0.1)	(0.1)	(1.1)	(1.2)	(1.2)
<b>As at 31 July</b>	<b>3.2</b>	<b>0.7</b>	<b>3.9</b>	<b>2.8</b>	<b>6.7</b>	<b>6.9</b>

	Restricted Permanent		Restricted		2023 Total £ million	2022 Total £ million
	Original Gift £ million	Unapplied total return £ million	Total £ million	Expendable Total £ million		
Capital	3.2	0.3	3.5	2.8	6.3	6.5
Accumulated income	0.0	0.4	0.4	0.0	0.4	0.4
<b>Total</b>	<b>3.2</b>	<b>0.7</b>	<b>3.9</b>	<b>2.8</b>	<b>6.7</b>	<b>6.9</b>

## 26. RESTRICTED RESERVES

### CONSOLIDATED

	Donations		2023 Total £ million	2022 Total £ million
	£ million	£ million		
As at 1 August	0.0	0.0	0.0	0.0
New donations	0.6	0.6	0.6	0.0
Expenditure	(0.3)	(0.3)	0.0	0.0
<b>As at 31 July</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>

Analysis of restricted funds by type and purpose				
Research support	0.3	0.3	0.0	0.0
<b>Total</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>

# Notes to the accounts continued

## 26. RESTRICTED RESERVES - continued

### UNIVERSITY

	Donations	2023 Total	2022 Total
	£ million	£ million	£ million
As at 1 August	0.0	0.0	0.0
New donations	0.6	0.6	0.0
Expenditure	(0.3)	(0.3)	0.0
<b>As at 31 July</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>
<b>Analysis of restricted funds by type and purpose</b>			
Research support	0.3	0.3	0.0
<b>Total</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>

## 27. CAPITAL COMMITMENTS

	Consolidated		University	
	2023 £ million	2022 £ million	2023 £ million	2022 £ million
Commitments contracted at 31 July	18.9	11.4	18.9	11.3

## 28. LEASE OBLIGATIONS

	Consolidated		University	
	2023 £ million	2022 £ million	2023 £ million	2022 £ million
<b>Operating lease commitments in respect of buildings and equipment on leases:</b>				
Within one year	3.7	4.1	3.7	4.1
Between one and five years	13.7	12.3	13.7	12.3
Over five years	29.9	28.7	29.9	28.7
<b>Total</b>	<b>47.3</b>	<b>45.1</b>	<b>47.3</b>	<b>45.1</b>

## 29. 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:

	No. of £1 Ordinary Shares
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 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

### 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 30 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

## 30. 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 29.

Consolidated results	2022/23 £ million	2021/22 £ million
<b>Net assets</b>		
As at 1 August	33.4	33.9
Income	1.4	0.7
Expenditure	(0.9)	(1.1)
Loss on investments	0.0	(0.1)
As at 31 July	<b>33.9</b>	<b>33.4</b>

	Original Gift £ million	Restricted Permanent Unapplied total return £ million	Total £ million	Restricted Expendable Total £ million	2023 Total £ million	2022 Total £ million
As at 1 August	2.4	1.0	3.4	2.5	5.9	5.9
New donations and endowments	0.0	0.0	0.0	0.0	0.0	0.0
Change in market value of investments	0.0	0.0	0.0	0.0	0.0	(0.1)
Investment income	0.0	0.1	0.1	0.0	0.1	0.2
Expenditure	0.0	0.0	0.0	(0.1)	(0.1)	(0.1)
As at 31 July	<b>2.4</b>	<b>1.1</b>	<b>3.5</b>	<b>2.4</b>	<b>5.9</b>	<b>5.9</b>

## 31. PENSION SCHEMES

### Universities Superannuation Scheme (USS)

The total net income to the Consolidated Statement of Comprehensive Income and Expenditure is £31.5m (2021/22: net cost £178.3m) as shown in note 23. Deficit recovery contributions due within one year for the institution are £17.7m (prior year: £16.3m).

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 2023 USS had over 223,000 active members (2022: 212,000+) and the University had 5,542 active members participating in the scheme as at 31 July 2023 (2022: 5,158).

As at the year end the latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme was at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

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 2020 valuation was the sixth 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 2020
Valuation method	Projected Unit
Value of scheme assets	£66.5bn
Value of technical provisions	£80.6bn
Net pension deficit	£14.1bn
Funding level from accrued benefits	83%

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (<https://www.uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles>):

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040.
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a.

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

\* FRS102 basis per USS Report and Accounts 2023 and 2022

	2023	2022
Discount rate	4.60%	2.80%
Pension increase assumption	3.00%	3.00%

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. Mortality is assumed to be in line with the Continuous Mortality Investigation's (CMI) tables: 101% of S2PMA "light" is used for males, and 95% of S3PFA for females. To allow for future improvements in mortality rates, the CMI 2019 projections with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. 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:	24.0 (25.6) years
Males (females) currently aged 45:	26.0 (27.4) years

# Notes to the accounts continued

## 31. PENSION SCHEMES - continued

The existing position (per USS Report and Accounts 2023 and 2022) is as follows:	2023	2022
Scheme assets	£73.1bn	£88.9bn
Total scheme liabilities	£71.1bn	£92.9bn
FRS 102 total scheme surplus / (deficit)	£2.0bn	£(4.0)bn
FRS 102 total funding level	103%	96%

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, whereas 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. A deficit recovery plan was put in place as part of the 2020 actuarial valuation, which requires employers to contribute 6.2% of salaries towards repairing the deficit over the period 1 April 2022 to 31 March 2024, at which point the rate was planned to increase to 6.3%. The 2023 deficit recovery liability reflects this plan. Details of this provision, which has been discounted at a rate of 5.52% as at 31 July 2023, are included in note 23 to the financial statements. The University has provided £251.2m in the current year (2021/22: £282.7m).

### Sensitivity analysis:

The University's liability calculation assumes a salary inflation rate in the long term of 4.2%, an annual increase in staff FTE in line with the University five-year plan (for all plan years) and 0.5% beyond and a discount rate of 5.52%. Changes in the assumptions for salary inflation, staff FTE and the discount rate would have the following impact on the provision as at 31 July 2023:

Change to USS liability as at 31 July 2023:	£ million
0.5% p.a. increase in salary inflation assumption	+9.6
0.5% p.a. decrease in salary inflation assumption	-9.1
0.5% increase in staff FTE assumption	+9.2
0.5% decrease in staff FTE assumption	-8.8
0.5% increase in discount rate to 6.02%	-9.0
0.5% decrease in discount rate to 5.02%	+9.5

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 £251.2m (per the 2020 valuation assumptions, with the same discount rate of 5.52%) were employer deficit repair contributions and duration to vary:

Duration	Employer deficit repair contributions		
	3.0%	6.3%	9.0%
	£ million	£ million	£ million
Base	119.7	251.2	359.1
+3 years	142.5	299.2	427.6
+6 years	164.9	346.1	494.6

## 31. 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 2023 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 2022
Valuation method	Projected Unit
Value of notional assets	£234.4m
Funding level from accrued benefits	95%
Discount rates per annum	- short term 2.50%
	- long term 1.95%
Salary scale increases per annum	3.85%
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 2023 there were 296 members of staff actively contributing to the DBS of the scheme (2022: 331), with a further 1,690 staff being active members of the DCS (2022: 1,595).

Following the scheme's March 2022 actuarial valuation, the University will continue to 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 April 2023, the University's £3.29m per annum DBS contribution is made up of 27.7% ordinary annual contributions and the balance in deficit recovery contributions. From 1 June 2020 to 31 March 2023, the University's £3.29m per annum DBS contribution was made up of 25.6% ordinary annual contributions and the balance in deficit recovery contributions.

The DCS of the scheme, comprising of the Heritage Section (University of Warwick staff) and the Enterprise Section (Unitemps personnel engaged by Warwick Employment Group), is treated and accounted for as a normal and separate part of the University of Warwick Pension Scheme. The University's contributions to the Heritage section, are either 6%, 8% or 10% of pensionable salary, dependent upon the level of employee contributions chosen by the scheme member. The 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.



# Notes to the accounts continued

## 31. PENSION SCHEMES - continued

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

	2023	2022	2021	2020	2019
Rate of increase in salaries	2.78%	2.65%	2.55%	2.00%	2.25%
Discount rate	5.16%	3.35%	1.60%	1.45%	2.05%
Inflation assumption (RPI)	3.34%	3.35%	3.25%	2.90%	3.25%
Inflation assumption (CPI) *	2.80%	2.65%	2.55%	2.00%	2.25%

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

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

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

	2023 Years	2022 Years	2021 Years	2020 Years	2019 Years
Male member aged 45	21.7	22.2	22.2	22.2	22.1
Female member aged 45	25.1	25.6	25.6	25.5	25.3
Male member aged 65	20.4	20.9	20.9	20.9	20.8
Female member aged 65	23.8	24.2	24.2	24.1	23.9

The assets in the Scheme were:

	2023 £ million	2022 £ million	2021 £ million	2020 £ million	2019 £ million
Value of assets					
- Equities	7.9	15.4	27.6	22.6	33.0
- Other growth assets	61.4	71.7	78.4	79.2	88.1
- Bonds and other	93.0	124.8	147.8	154.2	116.6
Total market value of assets	162.3	211.9	253.8	256.0	237.7
Value of liabilities	(150.2)	(194.9)	(249.4)	(247.4)	(230.9)
<b>Net pension surplus</b>	<b>12.1</b>	<b>17.0</b>	<b>4.4</b>	<b>8.6</b>	<b>6.8</b>

Analysis of movement in the market value of scheme assets

	2022/23 £ million	2021/22 £ million
Fair value of plan assets at beginning of the year	211.9	253.8
Expected rate of return on scheme assets *	7.0	4.1
Actuarial losses	(52.6)	(42.6)
Contribution paid by the employer	3.6	3.6
Contributions by scheme participants	0.1	0.1
Benefits paid	(7.2)	(6.5)
Administrative expenses paid from plan assets	(0.5)	(0.6)
Fair value of plan assets at end of the year	<b>162.3</b>	<b>211.9</b>

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

## 31. PENSION SCHEMES - continued

Analysis of movement in the present value of scheme liabilities

	2022/23 £ million	2021/22 £ million
Benefit obligation at beginning of the year	194.9	249.4
Current service costs	1.6	2.6
Interest cost	6.4	4.0
Contributions by scheme participants	0.1	0.1
Actuarial gain	(45.6)	(54.7)
Benefits paid	(7.2)	(6.5)
Benefit obligation at end of the year	<b>150.2</b>	<b>194.9</b>

Analysis of amount recognised in Other Comprehensive Income

	2022/23 £ million	2021/22 £ million
Actual loss on scheme assets	(45.6)	(38.5)
Expected return on assets	(7.0)	(4.1)
Experience of gains and losses on liabilities	0.0	(6.9)
Changes in assumptions	45.6	61.6
Net actuarial (loss) / gain recognised in Other Comprehensive Income	<b>(7.0)</b>	<b>12.1</b>

Summary of movement in net asset during the year

	2022/23 £ million	2021/22 £ million
Current service cost	(1.6)	(2.6)
Contributions	3.6	3.6
Net return on assets	0.6	0.1
Administrative expenses	(0.5)	(0.6)
Net gain	2.1	0.5
Actuarial (loss) / gain recognised in Other Comprehensive Income	(7.0)	12.1
Surplus in scheme at 1 August	17.0	4.4
Surplus in scheme at 31 July	<b>12.1</b>	<b>17.0</b>

History of experience of gains and losses

	2022/23 £ million	2021/22 £ million	2020/21 £ million	2019/20 £ million
Actual return less expected return on scheme assets	(52.6)	(42.6)	(2.7)	17.1
% of scheme assets:	(32.4%)	(20.1%)	(1.1%)	6.7%
Experience of gains and losses on liabilities	0.0	(6.9)	3.2	(2.4)
% of scheme liabilities:	0.0%	(3.5%)	1.3%	(1.0%)
Changes in assumptions	45.6	61.6	(5.1)	(13.6)
Total amount recognised in Total Comprehensive Income	(7.0)	12.1	(4.6)	1.1
% of scheme liabilities:	(4.7%)	6.2%	(1.8%)	0.4%

Sensitivity analysis: variation of assumptions would have the following potential impact on the UWPS pension asset at the year end of £12.1m. Discount rate 0.1% lower, pension asset £10.2m. Inflation rate (RPI) 0.1% higher, pension asset £11.2m. Inflation rate (CPI) 0.1% higher, pension asset £11.8m.

# Notes to the accounts continued

## 31. PENSION SCHEMES - continued

### Pension cost for year

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:

	2022/23 £ million	2021/22 £ million
Universities Superannuation Scheme (USS)	54.2	48.0
University of Warwick Pension Scheme (UWPS) Defined Benefit Section	3.3	3.3
University of Warwick Pension Scheme (UWPS) Defined Contribution Section	2.7	2.3
Other schemes	0.7	0.7
	<b>60.9</b>	<b>54.3</b>
(Decrease) / increase in pension provision for staff costs	<b>(42.9)</b>	<b>176.4</b>
	<b>18.0</b>	<b>230.7</b>

Pension cost for year (note 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 £0.1m in relation to temporary staff (2021/22: £0.3m).

### Guaranteed Minimum Pension (GMP) 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.

On 20 November 2020, the High Court ruled that pension schemes will need to revisit individual transfer payments made since 17 May 1990 to check if any additional value is due as a result of GMP equalisation. Based on the level of transfer payments, and the GMP equalisation reserve already including a small margin above the Scheme Actuary's central estimate, the University has chosen to retain the allowance adopted last year, estimated at 0.25% of the total pensions liability. 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.

## 32. 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 2023, payments were made to the Warwick Students' Union for the value of £3.7m (2021/22: £3.3m), invoices were raised from the University for the value of £0.7m (2021/22: £0.6m). There were balances of £21k and £11k (2021/22: £12k and £1k) outstanding in debtors and creditors at the year end.

### University of Warwick Pension Scheme

The University of Warwick is the principal employer for University of Warwick Pension Scheme and therefore considers the University of Warwick Pension Scheme a related party. Disclosures in relation to the valuation of the UWPS are shown in note 31.

### 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:

	2022/23 £ million	2021/22 £ million
Medherant Ltd	0.1	0.1
Nanosyrinx Ltd	0.2	0.4
CryoLogyx Ltd	0.1	0.2



# Notes to the accounts continued

## 33. 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.

## 34. CONSOLIDATED FIVE YEAR RESULTS

	2022/23 £ million	2021/22 £ million	2020/21 £ million	2019/20 £ million	2018/19 £ million
<b>Income</b>					
Tuition fees and educational contracts	453.8	429.6	389.7	360.1	344.5
Funding body grants	74.4	68.7	66.8	66.4	61.4
Research grants and contracts	144.1	139.9	139.8	131.7	137.8
Other income	148.5	135.4	100.7	115.4	136.9
Investment income	14.6	2.0	1.0	2.6	2.7
Donations and endowments	4.0	3.4	5.7	3.7	5.3
<b>Total income</b>	<b>839.4</b>	<b>779.0</b>	<b>703.7</b>	<b>679.9</b>	<b>688.6</b>
<b>Expenditure</b>					
Staff costs	398.1	569.6	368.5	287.4	480.0
Other operating expenses	264.5	237.6	197.7	210.9	227.4
Depreciation	53.0	54.6	53.0	48.3	47.5
Interest and other finance costs	16.4	8.3	8.5	11.1	9.7
<b>Total expenditure</b>	<b>732.0</b>	<b>870.1</b>	<b>627.7</b>	<b>557.7</b>	<b>764.6</b>
<b>Surplus / (deficit) before other gains or losses</b>	<b>107.4</b>	<b>(91.1)</b>	<b>76.0</b>	<b>122.2</b>	<b>(76.0)</b>
Loss on disposal of non-current assets	(0.7)	(0.1)	(0.7)	(0.9)	0.0
(Loss) / gain on investments	(1.7)	(2.0)	4.0	(2.2)	1.2
Taxation	0.0	0.0	0.0	0.0	0.0
Actuarial (loss) / gain in respect of pension schemes	(7.0)	12.1	(4.6)	1.1	15.4
Change in fair value of hedging financial instruments	21.9	22.2	12.7	(7.7)	(8.8)
<b>Total comprehensive income and expenditure for the year</b>	<b>119.9</b>	<b>(58.9)</b>	<b>87.4</b>	<b>112.5</b>	<b>(68.2)</b>
<b>Assets</b>					
Fixed Assets	840.5	849.7	862.5	818.6	767.1
Investments	117.2	33.0	30.4	7.7	28.6
Current assets	391.4	413.4	321.6	294.5	290.7
<b>Liabilities</b>					
Creditors : Amounts falling due within one year	(234.7)	(241.7)	(238.5)	(215.8)	(201.1)
Creditors : Amounts falling due after more than one year	(390.4)	(419.2)	(452.4)	(470.1)	(470.8)
Other provisions	(3.3)	(7.8)	(3.0)	(3.1)	(3.1)
<b>Net assets, excluding pension provisions</b>	<b>720.7</b>	<b>627.4</b>	<b>520.6</b>	<b>431.8</b>	<b>411.4</b>
Pension provisions	(251.2)	(282.7)	(104.4)	(107.2)	(197.5)
Pension asset	12.1	17.0	4.4	8.6	6.8
<b>Net assets</b>	<b>481.6</b>	<b>361.7</b>	<b>420.6</b>	<b>333.2</b>	<b>220.7</b>
<b>Capital expenditure</b>					
Land and buildings	23.8	24.8	81.1	80.5	102.1
Fixtures, Fittings and Equipment	21.7	17.0	16.5	20.4	17.5
<b>Total capital expenditure</b>	<b>45.5</b>	<b>41.8</b>	<b>97.6</b>	<b>100.9</b>	<b>119.6</b>

# Notes to the accounts continued

## 35. FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE FOR THE U.S. DEPARTMENT OF EDUCATION

In satisfaction of its obligations to facilitate students' access to US federal financial aid, the University is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format.

The amounts presented within the schedules have been:

- prepared under the historical cost convention, subject to the revaluation of certain fixed assets;
- prepared using United Kingdom generally accepted accounting practice, in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the financial statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of accounting principles generally accepted in the United States of America.

Figures include the impact of the movements in the USS pension provision - the surplus for the 2022/23 year (and so change in net assets) includes a credit of £31.5m (2021/22: charge of £178.3m). This is a non-cash movement, with the significant movement in 2021/22 arising from the USS scheme's 2020 valuation. The resulting surplus / deficit for the year reflected in the tables within this note is therefore not representative of the true underlying surplus and financial position of the University, and so the effect of the USS pension provision movement may need to be adjusted for if using this data to calculate ratios.

				2022/23	2021/22
				£ million	£ million
Financial statements ref		UK title			
		<b>Primary Reserve ratio</b>			
		<b>Adjusted Equity</b>			
SoFP, p46, line 19	Statement of Financial Position - Net assets without donor restrictons	Net assets without donor restrictons	Income and expenditure reserve - unrestricted	468.7	348.9
SoFP, p46, line 17, 18	Statement of Financial Position - Net assets with donor restrictons	Net assets with donor restrictons	Income and expenditure reserve - endowment, restricted reserve	12.9	12.8
-	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and unsecured related party receivable		0.0	0.0
-	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable		0.0	0.0
SoFP, p46, line 1	Statement of Financial Position - Property, plant and equipment - net (includes Construction in Progress)	Property, plant and equipment, net (incl construction in progress)	Fixed assets	840.5	849.7
n/a	Notes - Property, plant and equipment, net - pre-implementation	Property, plant and equipment, net - pre-implementation (less construction in progress)	Fixed assets net book value 31.7.2019, less depreciation and disposals, excluding Assets under the Course of Construction.	(526.5)	(698.7)
n/a	Notes - Property, plant and equipment, net - post-implementation with outstanding debt for original purchase	Property, plant and equipment, net - post-implementation (less construction in progress), with outstanding debt for original purchase	Fixed assets, less Assets under the Course of Construction (post 31.7.2019) - purchased with debt / Deferred Capital Grant	(64.0)	0.0

## 35. FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE FOR THE U.S. DEPARTMENT OF EDUCATION - continued

				2022/23	2021/22
				£ million	£ million
Financial statements ref		UK title			
n/a	Notes - Property, plant and equipment, net - post-implementation without outstanding debt for original purchase	Property, plant and equipment, net - post-implementation (less construction in progress), without outstanding debt for original purchase	Fixed assets, less Assets under the Course of Construction (post 31.7.2019) - not purchased with debt.	(205.6)	(122.6)
Note 14, col 4, line 10	Notes - Property, plant and equipment, construction in progress	Construction in progress	Assets under the Course of Construction	(44.4)	(28.4)
-	Statement of Financial Position - Lease right of use assets, net	Lease right of use asset, net		0.0	0.0
-	Notes - Lease right of use asset pre-implementation	Lease right of use asset - pre implementation		0.0	0.0
-	Notes - Lease right of use asset post-implementation	Lease right of use asset - post implementation		0.0	0.0
-	Statement of Financial Position - goodwill	Intangible assets		0.0	0.0
Note 23, line 13	Statement of Financial Position - post employment and pension liabilities	Post-employment and pension liabilities	Pension provisions (net)	239.1	265.7
Note 20 lines 1, 3 & note 21 lines 2, 3, 4	Statement of Financial Position - notes payable and line of credit (current and long-term) and Line of Credit for Construction in progress	Long-term debt - for long-term purposes	Unsecured loans, plus Deferred Income > 1 year, Deferred Capital Grants <1 and >1 year	409.3	415.3
n/a	Statement of Financial Position - notes payable and line of credit (current and long-term) and Line of Credit for Construction in progress	Long-term debt - for long-term purposes pre-implementation	Unsecured loans, plus Deferred Income > 1 year, Deferred Capital Grants <1 and >1 year: to fund pre 31.7.2019 fixed assets (exc Assets under the Course of Construction at 31.7.23)	323.6	415.3
n/a	Statement of Financial Position - notes payable and line of credit for long term purposes (both current and long term) and line of credit for CIP	Long-term debt - for long-term purposes post-implementation	Unsecured loans, plus Deferred Income > 1 year, Deferred Capital Grants <1 and >1 year: to fund post 31.7.2019 fixed assets (exc Assets under the Course of Construction at 31.7.23)	64.0	0.0
n/a	Statement of Financial Position - notes payable and line of credit (both curent and long term) and line of credit for Construction in progress	Line of credit for Construction in Progress	Unsecured loans, plus Deferred Income > 1 year, Deferred Capital Grants <1 and >1 year: to fund Assets under the Course of Construction at 31.7.23	21.6	0.0
-	Statement of Financial Position - lease right of use of asset liability	Lease right of use asset liability		0.0	0.0
-	Statement of Financial Position - lease right of use of asset liability - pre-implementation	Pre-implementation right of use leases		0.0	0.0



# Notes to the accounts continued

## 35. FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE FOR THE U.S. DEPARTMENT OF EDUCATION - continued

Financial statements ref	UK title		2022/23	2021/22
			£ million	£ million
-	Statement of Financial Position - lease right of use of asset liability - post implementation	Post-implementation right of use leases	0.0	0.0
-	Statement of Financial Position - Annuities	Annuities with donor restrictions	0.0	0.0
SoFP, p46, line 17	Statement of Financial Position - Term Endowments	Term Endowments with donor restrictions	(12.6)	(12.8)
-	Statement of Financial Position - Life Income Funds	Life Income funds with donor restrictions	0.0	0.0
SoFP, p46, line 18	Statement of Financial Position - Perpetual Funds	Net assets with donor restrictions: restricted in perpetuity	(0.3)	0.0
		<b>Total Expenses and Losses</b>		
SOCI, p44, line 12	Statement of Activities - Total operating expenses, prior to adjustments	Total expenses without donor restrictions - taken directly from Statement of Activities	732.0	870.1
SOCI, p44, lines 14 & 20	Statement of Activities - Non-operating (Investment return appropriated for spending), Investments net of annual spending gain / (loss), Other components of net periodic pension. Change in value of split interest agreements and Other gains / (losses). (Total from Statement of Activities prior to adjustments)	Non-Operating and Net investment (loss)	(21.2)	(22.1)
SOCI, p44, line 15	Statement of Activities - (Investment return appropriated for spending), Investments net of annual spending gain / (loss)	Net investment losses	1.7	2.0
SOCI, p44, line 19	Statement of Activities - pension related changes other than periodic pension	Pension related changes other than net periodic costs - (gain) / loss	7.0	(12.1)

## 35. FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE FOR THE U.S. DEPARTMENT OF EDUCATION - continued

Financial statements ref	UK title		2022/23	2021/22
			£ million	£ million
		<b>Equity Ratio</b>		
		<b>Modified Net Assets</b>		
SoFP, p46, line 19	Statement of Financial Position - Net Assets without donor restrictions	Net assets without donor restrictions	468.7	348.9
SoFP, p46, line 17, 18	Statement of Financial Position - Net Assets with donor restrictions	Net assets with donor restrictions	12.9	12.8
-	Statement of Financial Position - Goodwill	Intangible assets	0.0	0.0
-	Statement of Financial Position - Related party receivable and related party note	Secured and Unsecured related party receivables	0.0	0.0
-	Statement of Financial Position - Related party receivable and related party note	Unsecured related party receivables	0.0	0.0
		<b>Modified Assets</b>		
SoFP, p46, lines 3 & 8	Statement of Financial Position - Total Assets	Total assets	1,349.1	1,296.1
-	Notes - Statement of Financial Position - lease of use asset - pre-implementation	Lease right of use asset - pre-implementation	0.0	0.0
-	Statement of Financial Position - lease of use asset liability pre-implementation	Pre-implementation right of use leases	0.0	0.0
-	Statement of Financial Position - goodwill	Intangible assets	0.0	0.0
-	Statement of Financial Position - Related party receivable and related party note	Secured and Unsecured related party receivable	0.0	0.0
-	Statement of Financial Position - Related party receivable and related party note	Unsecured related party receivables	0.0	0.0

Financial statements ref	UK title		2022/23	2021/22
			£ million	£ million
SOCI p44, line 24	Statement of Activities - change in net assets without donor restriction	Change in net assets without donor restriction	119.8	(58.8)
SOCI p44, lines 7, 14, 15 (where >0) & 20	Statement of Activities (net assets released from restriction) total operating revenue and other additions and sale of fixed assets gains / (losses)	Total Revenues and Gains	860.6	801.1

# Indicators of Financial Health

	2022/23	2021/22	2020/21	2019/20	2018/19
(a) Net cash flow as % of total income	10.0	16.0	17.4	13.3	13.2
(b) External borrowing as % of total income	18.3	20.7	24.0	25.9	26.6
(c) Total assets + total liabilities	1.6	1.4	1.5	1.4	1.3
(d) Net liquidity / (total expenditure – depreciation) (days)	176	156	168	175	115
(e) Surplus / (deficit) as % of total income	12.8	(11.7)	10.8	18.0	(11.0)
(f) Unrestricted reserves as % of total income	55.8	44.8	57.9	47.3	30.3



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