



THE UNIVERSITY
OF BIRMINGHAM



Annual Accounts

The Accounts for the year ended
31 July 2002

Annual Accounts

*The Accounts for the year ended
31 July 2002*

Report of the Treasurer	page 5
Corporate Governance	page 9
Responsibilities of the Council	page 12
Report of the Auditors	page 13
Statement of Principal Accounting Policies and Estimation Techniques	page 15
Consolidated Income and Expenditure Account	page 20
Balance Sheets	page 21
Consolidated Cashflow Statement	page 23
Consolidated Statement of Recognised Gains and Losses	page 24
Notes to the Accounts	page 25
Five Year Summary Accounts	page 43
Financial Statistics	page 44

Report of the Treasurer

*The Accounts for the year ended
31 July 2002*

The continued financial viability of this University rests upon four key indicators:

- the ability to generate an adequate and recurrent surplus
- sound investment of University reserves
- delivering a sustained investment in facilities and infrastructure
- maintaining adequate cash resources for working capital purposes

and I have focused on these within my report.

In terms of Income and Expenditure, the summary results are:

	2001/02	2000/01	1999/00
	£m	£m	£m
Income	279.5	255.4	244.9
Expenditure	272.0	254.8	244.0
Surplus before tax	7.5	0.6	0.9

The results embrace the results of the University's subsidiary companies, of which the details are included in note 33.

Total income has increased by 9% over the previous year. The growth of 13% in Academic Fees and Support Grants is pleasing as the University continues to expand academic provision particularly within international markets which have yielded a 15% increase in income. The recruitment of part-time students has also been buoyant with growth of 23% over 2000/01.

In terms of Research Grants and Contracts the year on year growth has been maintained at 8% with income from the Office of Science and Technology Research Councils increasing by 15% and that from UK-based charities by 13%.

Conversely, investment income from short-term deposits has declined as the University has continued with its policy to apply its cash balances to support capital developments and as interest rates have remained at historically low levels.

Other Operating Income has shown significant growth but includes a non recurrent refund of £3m from Customs and Excise for VAT paid in previous years. This has had a direct and beneficial impact on the University's surplus for the year.

Report of the Treasurer

*The Accounts for the year ended
31 July 2002 – continued*

Total expenditure has risen by just 7%. Staff costs of £154m are a significant element of the University's expenditure. These have risen by only 3% but this masks some significant changes in staffing levels across the University. Apart from pay awards and incremental progression, the costs reflect some growth in the number of staff supported on research grants and contracts. However, these have been offset by a reduction in staff numbers following some rationalisation in a number of areas. This was signalled as being necessary in this report last year.

Other Operating Expenses show a significant increase but reflect some of the additional costs related to the growth in research activities highlighted above and the exceptional increases in energy and insurance costs which have arisen during the year.

The overall surplus before tax for 2001/02 is £7.5m, some £3.8m more than was forecast. However, the VAT refund of £3m, highlighted above, accounts for most of the improvement over the budgeted position. This refund is non recurrent and whilst a welcome benefit in 2001/02, will not be available to underpin the University's position in the future.

It is important to note that the surplus, though significantly better than the £0.6m generated in 2000/01, represents only 2.7% of the University's turnover. Even with the inclusion of the VAT refund, this falls short of the HEFCE guideline of 3% and much further work remains to be done in order to provide the future support required for continued investment in the estate and other much needed facilities.

During 2001/02, a new Financial Reporting Standard (FRS 19, Deferred Tax) was introduced and this has impacted on the University's accounts through the consolidation of Alta Estate Services Limited. The effect has been to reduce the company (and, therefore, consolidated) reserves by £1.59m in 2001/02. The impact on the Income and Expenditure Account has been minor, but it is a new feature of the University's accounts which warrants comment. It is regarded as a timing issue, which will reverse over the life of the assets held by Alta Estate Services Limited. A fuller explanation is given within the Statement of Principal Accounting Policies and Estimation Techniques.

In addition, FRS17, accounting for retirement benefits, which was introduced in the 2000/01 accounts with progressive disclosure requirements in later years, has also been addressed and Note 29, 'Pension Schemes', meets the reporting requirements for this year.

Turning to the University's available reserves, these have decreased by £5.0m during the year. Much of this is attributable to the investment the University has made in the rationalisation of its activities and cost base in 2001/02. In addition, the planned and steady conversion of cash and fund balances into buildings and equipment has continued in 2001/02. Notes 10, 20 and 26 highlight the effect in the year.

Report of the Treasurer

*The Accounts for the year ended
31 July 2002 – continued*

A sustained capital investment in the University's estate and infrastructure is the third key indicator. There is no doubt that in 2001/02 the University has continued in this vein. Capital expenditure of £42.9m for the year is reported in Note 10, underlining the University's continued commitment to its investment plan. There have been major spends for Medicine, Biosciences, Physics and the beginning of a substantial investment in the University's IT network in 2001/02. These projects will continue into 2002/03 as recognised in Note 22. All are vital if the University's competitive edge and international profile are to be maintained.

The fourth key indicator highlights the need to maintain adequate cash resources for working capital purposes. In developing its capital plan in 2000, the University recognised that some additional external borrowing would be necessary. During 2001/02, loan finance of £23m was finally drawn down to support investment in student residences and an expansion of the plant operated by Alta Estate Services Limited. The new loans are reflected in Note 15 and have allowed the University to maintain sufficient cash balances throughout the year to support its day-to-day activities.

The effective management of the daily cash balances is critically important to the University. The continuing policy is to obtain the maximum investment return at minimum risk and the performance of all investments is carefully monitored and reviewed against appropriate benchmarks.

The long term investment returns, though a negative of 11.9% for 2001/02, compared favourably against the WM Index, reflecting the continued general downturn in the performance of the stock market. For cash balances, the return of 4.1% was pleasing, in the light of the continuing reduction in base rate throughout the year.

Throughout the year, the University has strengthened its approach to risk management in the broadest sense. This is very clearly articulated in the Corporate Governance Statement. One of the key risks addressed during the year related to the long term cost of providing pensions. Last year, this report highlighted the outcome of the 1999 actuarial valuation of the University of Birmingham Pension and Assurance Scheme. This valuation required that the employer contribution increased to 23%. In common with many other employers in similar circumstances, the University sought to mitigate any further growth in the employer cost of the Scheme.

After careful consideration of the options, the Scheme was closed to new members with effect from 1 August 2002. The benefits of existing members have been maintained whilst new staff have access to a stakeholder scheme and receive an enhanced salary as part of a more flexible remuneration package.

Report of the Treasurer

*The Accounts for the year ended
31 July 2002 – continued*

In June 2002, Council approved the University's Plan 2002-2007 . Successful delivery will require change and innovation in support of the University's one hundred year old commitment to high quality research, scholarship, learning, teaching and service to the community. The plan is investment led and therefore depends upon the effective and efficient implementation of the agreed financial strategy, underpinned by the achievement of the challenging associated targets identified across all University activities.

During 2001/02, the University has been very active in re- balancing its cost base to ensure that it can begin to generate an adequate surplus to deliver the plan and support investment into the future. The cost of progress to date has been significant and there is still more to do, but it is necessary to complete the rationalisation of remaining areas as soon as possible. The result for 2001/02 is a testimony to what has been achieved so far and I am confident that with careful and strong management the position for next year will improve further.

I was delighted to be appointed as Honorary Treasurer in August 2002, succeeding Dr Keith Foster and his admirable record in advising and guiding the University through some extremely difficult periods in financial terms. It seems that the funding pressures within Higher Education are ever present and this University, like others, must continue to carefully consider all of the markets and opportunities that are open to it. The delivery of the University Plan 2002-2007 will ensure that all avenues are explored and exploited.

The ability of the University to continue to play its very significant part within the Higher Education sector is highly dependent upon the quality and commitment of all of its staff and their access to first-rate facilities. I have great confidence that the University will continue to invest in both, and thereby enhance the long-standing tradition of success.

Corporate Governance

*The Accounts for the year ended
31 July 2002*

The following statement is given to assist readers of the Financial Statements to obtain an understanding of the Governance procedures applied by the University's Council.

The University endeavours to conduct business:

- i) in accordance with the seven principles identified by the Nolan Committee on standards in public life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership),
- and
- ii) in the light of the guidance to the University which has been provided by the Committee of University Chairmen in its "Guide for Members of Governing Bodies of Universities in England and Wales".

The Council welcomes the Combined Code on Corporate Governance issued by the London Stock Exchange, particularly as the University is a significant investor in a wide range of listed companies. The University is committed to exhibiting best practice in all aspects of corporate governance and this summary describes the manner in which the University is moving to apply the principles set out in section 1 of the Combined Code.

During the year, Council has reviewed its effectiveness and implemented recommendations to ensure the Governing Body continues to function optimally.

Summary of the University's Structure of Corporate Governance

The University's Council comprises 30 lay and academic persons appointed under the Statutes of the University, the majority of whom are non-executive. The roles of Chairman and Deputy Chairman of the Council are separate from the role of the University's Chief Executive, the Vice-Chancellor and Principal. The matters specifically referred to the Council for decision are set out in the Statutes of the University; by custom and under the Financial Memorandum with the Higher Education Funding Council for England, the Council holds to itself the responsibilities for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from Executive Officers on the day-to-day operations of its business and its subsidiary companies.

The Council meets at least four times a year and has several Committees including a Strategy, Planning and Resources Committee, an Audit Committee, a Council Membership Committee and a Remuneration Committee. These Committees are formally constituted with terms of reference and with the exception of the Strategy, Planning and Resources Committee they comprise mainly lay members of Council, one of whom is the Chair. The Strategy, Planning and Resources Committee comprises both academic and lay members of Council, and is chaired by the Vice-Chancellor and Principal.

The Strategy, Planning and Resources Committee recommends to Council a corporate plan for the University, embracing all matters of a long-term, medium-term and short-term nature. It brings together academic, financial and physical planning and monitors the effectiveness of all such plans.

Corporate Governance

*The Accounts for the year ended
31 July 2002 – continued*

The Audit Committee meets at least twice annually. The Committee reviews the effectiveness of the University's financial and other control systems, satisfies itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness and advises the Council on risk management and the effectiveness of the accounting procedures. It reviews the external auditor's report and the scope and effectiveness of the internal auditor's work and advises Council on the appointment of both the Internal and External Auditor. It receives and considers reports from the Higher Education Funding Council for England as they affect the University's business and monitors adherence with the regulatory requirements and reviews the University's annual financial statements together with the accounting policies. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee does meet with the Internal and External Auditors on their own for independent discussions.

The Remuneration Committee meets annually and comprises the Pro-Chancellor, the Treasurer, one other lay member of Council and the Vice-Chancellor and Principal. It determines the annual remuneration of professorial and senior administrative staff, having sought comparative information within the University sector and elsewhere.

The Council Membership Committee considers nominations for co-opted vacancies in the Council membership under the relevant ordinance.

In addition, the Senate, under the Statutes, is responsible to the Council for regulating and directing the academic work of the University in teaching, examining and research for the award of all Degrees, Diplomas, Certificates and other academic distinctions of the University and for the discipline (whether intra-mural or extra-mural) of the students of the University and for the enforcement of such discipline.

The Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the governing body in article 9 of the Charter of Incorporation, Section 25 of the Statutes of the University and the Financial Memorandum with the HEFCE.

Interim Statement of Internal Control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. The procedures that are in place are those necessary to provide a full statement on internal control for the whole of the financial year 2002-3. This takes account of the time needed to fully embed the processes that the Council and management have agreed should be established and to improve their robustness.

Corporate Governance

*The Accounts for the year ended
31 July 2002 – continued*

The Council has undertaken the following actions to initiate the risk management strategy:

- a) Drafted and adopted a risk management policy.
- b) Commissioned and adopted a risk management strategy.
- c) Agreed where the principal management responsibility rests for risk management.
- d) Held risk management workshops and other arrangements during which the institution's objectives and risks were identified and a control strategy for each of the significant risks determined.
- e) Requested the Audit Committee to provide advice on the effectiveness of the establishment and implementation of risk management.
- f) Requested that the head of internal audit adapt audit planning arrangements and the methodology and approach of the auditors, so that the unit conforms to the latest professional standards reflecting the adoption of risk management.

The Council has ensured that its meeting calendar and agenda enable risk management and internal control to be considered on a regular basis during the year so that there will be a full risk and control assessment before reporting on the year ending 31 July 2003. Risk management has been incorporated more fully into the corporate planning and decision-making process of the institution.

Council receives periodic reports from the chairman of the Audit Committee concerning internal control, and requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.

Following the initial publication of the University's risk framework, further work has been done to widen the basis of the framework and to bring about more consistency in the way in which the institution treats risks.

In addition to the actions mentioned above, in the coming year the University plans to:

- a) Update the organisation-wide risk register in the light of the University's Corporate Plan.
- b) Establish a system of key performance and risk indicators.
- c) Arrange for reports from budget holders, department heads and project managers on internal control activities.

The University has an internal audit service, which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Audit Service in December 2000. The internal auditors submit regular reports, which include the head of internal audit's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the University who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditor in their management letter and other reports.

Responsibilities of the Council

*The Accounts for the year ended
31 July 2002*

In accordance with the Royal Charter, the Council of the University of Birmingham is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Council of the University, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit, cash flows, and total recognised gains and losses for that year.

In preparation of the financial statements, the Council has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- it is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England and the Teacher Training Agency are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with these bodies and any other conditions which these bodies may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and to prevent and detect fraud; and
- secure the economical, efficient and effective management of the University's resources and expenditure.

Report of the Auditors

Auditors' Report to the Council of the University of Birmingham

We have audited the financial statements which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes on pages 25 to 42 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out in the statement of accounting policies and estimation techniques.

Respective responsibilities of the Council and Auditors

As described in the statement of the responsibilities of the Council, the Council is responsible for the preparation of the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions, applicable law and United Kingdom accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions. We also report to you whether, in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University, have been properly applied for the purpose for which they were received, and whether, in all material respects, income has been applied in accordance with the University's statutes and where appropriate with the Financial Memorandum with the Higher Education Funding Council for England. We also report to you if, in our opinion, the Treasurer's report is not consistent with the financial statements, the University has not kept proper accounting records, the accounting records do not agree with the financial statements, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Accounts and consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements. The other information comprises only the Treasurer's Report and Corporate Governance.

Basis of our Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the University's circumstances, consistently applied and adequately disclosed.

Report of the Auditors

Auditors' Report to the Council of the University of Birmingham – continued

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the University at 31 July 2002, and of the surplus of income over expenditure, recognised gains and losses and cash flows of the group for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions;
- in all material respects, income from the Higher Education Funding Council for England and the Teacher Training Agency, grants and income for specific purposes and from other restricted funds administered by the institution have been applied for the purposes for which they were received;
- in all material respects, income has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum dated March 1996 with the Higher Education Funding Council for England.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Birmingham

17 December 2002

Statement of Principal Accounting Policies and Estimation Techniques

*The Accounts for the year ended
31 July 2002*

1. General

In accordance with FRS 18 these accounting policies have been reviewed by the University's Council and are considered appropriate to the University's activities.

The Financial Statements have been prepared on the historical cost accounting basis, modified for the revaluation of certain fixed assets and investments, and in accordance with the Statement of Recommended Practice (SORP) applicable to Higher and Further Education Institutions and applicable Accounting Standards. They conform to the guidance published by the Higher Education Funding Council for England.

2. Land and Buildings

Land and Buildings are stated at cost, or at valuation if acquired before 31 July 1998.

The University depreciates its buildings on the basis of:

Academic and administrative buildings – 50 years

Residential and commercial buildings – 30 years

Major repairs and refurbishments – 10 years

Heritage buildings are maintained in such a state that their residual values are not materially different from their book values and hence a nil depreciation charge is made. Land is not depreciated.

Major repairs and refurbishments are capitalised where they substantially add to the total area of the building, prolong its useful life or enhance the economic benefits of the building.

Where buildings are acquired with the aid of specific grants they are capitalised and the related grants are credited to deferred grants. The deferred capital grants are released to the Income and Expenditure Account over the useful economic life of the asset.

All buildings are regularly reviewed for indications of impairment. Where there is an impairment, the difference between the assessed recoverable value of the building and its written down cost is charged to the Income and Expenditure Account.

The Transitional rules in FRS 15 have been applied and the book values at implementation have been retained.

3. Investments

Fixed Asset Investments are included in the Balance Sheet at market value. Increases/decreases in value arising on the revaluation of Fixed Asset Investments are carried to the Revaluation Reserve. Where a permanent diminution in value of an asset occurs, the excess will be charged to the Income and Expenditure Account to the extent it is not covered by a revaluation surplus.

Statement of Principal Accounting Policies and Estimation Techniques

*The Accounts for the year ended
31 July 2002 – continued*

Endowment Asset Investments are carried at market value. Such investments held at the previous year end, and carried at market value at that date, may be sold during the year. This crystallises the value and any difference between the opening market value and the sale proceeds represents a revaluation movement. Consequently, the Financial Statements do not distinguish between the valuation adjustment relating to sales and those relating to continuing holdings as they are together treated as changes in the values of the investment portfolio.

Current Asset Investments are included at the lower of cost and net realisable value.

4. Stocks

Stocks for building maintenance and for resale are included at the lower of cost and net realisable value.

Consumable items are charged directly to the Income and Expenditure Account.

5. Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. 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.

Liquid Resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities. They exclude any such assets held as Endowment Asset Investments.

6. Equipment and Furniture

All equipment and furniture is capitalised irrespective of value, is stated at cost and is depreciated over three years. Depreciation is calculated so as to write off the cost of fixed assets on a straight-line basis over their expected useful economic life. Where equipment is acquired with the aid of specific grants, the grant is treated as a deferred capital grant and released to the Income and Expenditure Account over the expected useful economic life of the equipment.

7. Deferred Funding of Capital

The University has incurred capital expenditure, mainly on student residences and conference accommodation, which will be funded from future income but is currently financed by internal loans. The principal repaid on internal loans is shown as a movement between funds within the Income and Expenditure Account Reserves.

Statement of Principal Accounting Policies and Estimation Techniques

*The Accounts for the year ended
31 July 2002 – continued*

8. Repairs and Maintenance

The University has established a long-term plan for repairs and maintenance which ensures that the buildings remain in their current state of repair. The costs of repairs and maintenance are charged to the Income and Expenditure Account as incurred, unless they fulfil the capitalisation criteria described in paragraph 2.

9. Pensions

Retirement benefits for employees of the University are provided by defined benefit schemes, which are funded by contributions from the University and employees.

The two principal pension schemes for the University's staff are the Universities' Superannuation Scheme (USS) for academic and academic-related staff, and the University of Birmingham Pension and Assurance Scheme (BPAS) for other staff. The schemes are defined benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme.

The USS is valued every three years by the Government Actuary and BPAS is valued every three years by a professionally qualified independent actuary. Pension costs are assessed on the latest actuarial valuations of each scheme and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services.

10. Taxation

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 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. Except for its trading activities and certain research and consultancy activities, the University cannot recover the Value Added Tax suffered on its expenditure and this cost is included under the various related expenditure heads.

The University's subsidiary companies are subject to corporation tax and value added tax in the same way as any commercial organisation.

Following the introduction of Financial Reporting Standard 19 the University and its subsidiary undertakings have changed their accounting policy with respect to deferred taxation. The prior year results in respect of deferred taxation have been restated in accordance with this new policy.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Statement of Principal Accounting Policies and Estimation Techniques

*The Accounts for the year ended
31 July 2002 – continued*

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of the available evidence it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

11. University Companies

The results of the University's subsidiary undertakings have been consolidated in the financial statements and details of interests in these subsidiary undertakings are provided in note 33 to the Accounts.

12. Leased Assets

Where assets are financed by leasing arrangements that give rights approximating to ownership (finance leases) the assets are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases. Depreciation on leased assets is charged to income and expenditure on the same basis as above. Leasing payments are treated as consisting of capital and interest elements and interest is charged to the income and expenditure account over the period of the lease.

All other leases are operating leases and the annual rentals payable are charged to the Income and Expenditure Account.

13. Merit Awards

Amounts paid in respect of Merit Awards on behalf of Health and Hospital Authorities and recharged to those Authorities, are included within the Income and Expenditure Account.

14. Guild of Students

The financial statements for The University of Birmingham Guild of Students have not been consolidated, as the University has no control or dominant influence over policy decisions. The contribution made by the University to the Guild is shown in note 8 and the aggregate capital and reserves and surplus for the year to 31 July 2002 are shown in note 34.

15. Recognition of Income

The recurrent grant from the Higher Education Funding Council for England represents the funding allocation which is attributable to the current financial year and is credited direct to the Income and Expenditure Account.

Statement of Principal Accounting Policies and Estimation Techniques

The Accounts for the year ended

31 July 2002 – continued

Grants which are applied to acquire tangible fixed assets are credited to deferred grants and released to the Income and Expenditure Account over the estimated useful lives of the relevant assets.

Tuition fees represent student fees received and receivable attributable to the current accounting period.

Income from Research Grants and Contracts is included to the extent of the expenditure incurred during the year, together with any related contributions towards indirect costs.

The University acts as an agent in the collection and payment of bursaries and travel expenses for nursing students from Health Authorities, in the collection and payment of training bursaries from the Teacher Training Agency and of Access Funds from HEFCE. Related payments received from Health Authorities, the Teacher Training Agency and HEFCE and subsequent disbursements to students are excluded from the Income and Expenditure Account and are shown separately in note 30. Income from short term deposits is accrued up to the balance sheet date.

16. Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, when it is probable that a transfer of economic benefit will be incurred, and this transfer can be reliably estimated.

17. Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Consolidated Income and Expenditure Account

For the year ended 31 July 2002

	Note	2001/2 £000	2000/1 £000 Re-stated
Income			
Funding Council Grants	1	90,622	84,018
Academic Fees and Support Grants	2	53,294	47,302
Research Grants and Contracts	3	68,048	62,916
Other Operating Income	4	64,406	57,150
Endowment Income and Interest Receivable	5	<u>3,151</u>	<u>4,054</u>
Total Income		<u>279,521</u>	<u>255,440</u>
Expenditure			
Staff Costs	6	154,316	150,075
Depreciation	8	22,248	20,585
Other Operating Expenses	8	93,406	82,254
Interest Payable	7	<u>2,002</u>	<u>1,951</u>
Total Expenditure	8	<u>271,972</u>	<u>254,865</u>
Surplus for the year before taxation		7,549	575
Tax on Profit on Ordinary Activities	9	<u>(76)</u>	<u>(67)</u>
Surplus for the Year after Taxation		7,473	508
Minority Interest		<u>(129)</u>	<u>(81)</u>
Retained Surplus for the Year		<u>7,344</u>	<u>427</u>

There were no discontinued operations during 2000/1 or 2001/2.

Note of Historical Cost Surpluses and Deficits

Surplus for the year		7,344	427
Difference Between Historical Cost Depreciation and the actual charge based on the revalued amount		<u>784</u>	<u>784</u>
Historical Cost Surplus		<u>8,128</u>	<u>1,211</u>

Balance Sheets

As at 31 July 2002

	Note	University		Consolidated	
		2002 £000	2001 £000	2002 £000	2001 £000 Re-stated
Fixed Assets					
Tangible Assets	10	346,939	324,011	376,857	351,368
Investments	11	<u>8,934</u>	<u>10,747</u>	<u>8,592</u>	<u>10,412</u>
		<u>355,873</u>	<u>334,758</u>	<u>385,449</u>	<u>361,780</u>
Endowment Asset Investments	12	<u>54,803</u>	<u>64,500</u>	<u>54,803</u>	<u>64,500</u>
Current Assets					
Stocks and Stores in Hand		581	642	695	836
Debtors and Prepayments	13	64,623	49,522	50,744	35,632
Investments		17,624	9,708	17,624	9,708
Cash at Bank and in Hand		<u>3,122</u>	<u>2,256</u>	<u>4,949</u>	<u>2,315</u>
		85,950	62,128	74,012	48,491
Creditors:					
Amounts falling due within One Year	14	<u>(56,215)</u>	<u>(54,791)</u>	<u>(51,508)</u>	<u>(46,100)</u>
Net Current Assets		<u>29,735</u>	<u>7,337</u>	<u>22,504</u>	<u>2,391</u>
Total Assets Less Current Liabilities		440,411	406,595	462,756	428,671
Creditors:					
Amounts Falling Due					
After More Than One Year	15	<u>(35,116)</u>	<u>(13,130)</u>	<u>(36,000)</u>	<u>(14,165)</u>
Provisions for Liabilities and Charges	16	<u>(1,934)</u>	<u>—</u>	<u>(3,546)</u>	<u>(1,594)</u>
Total Net Assets		<u>403,361</u>	<u>393,465</u>	<u>423,210</u>	<u>412,912</u>

Balance Sheets

As at 31 July 2002 – continued

	Note	University		Consolidated	
		2002	2001	2002	2001
Represented by:		£000	£000	£000	£000
					Re-stated
Deferred Capital Grants	17	<u>39,184</u>	<u>26,701</u>	<u>40,162</u>	<u>27,697</u>
Endowments					
Specific	18	<u>47,878</u>	56,114	<u>47,878</u>	56,114
General	18	<u>6,925</u>	<u>8,386</u>	<u>6,925</u>	<u>8,386</u>
		<u>54,803</u>	<u>64,500</u>	<u>54,803</u>	<u>64,500</u>
Reserves					
Revaluation Reserve	19	<u>59,497</u>	60,224	<u>59,971</u>	60,698
Income and Expenditure Account	20	<u>249,877</u>	242,040	<u>266,490</u>	258,362
Minority Interest		<u>–</u>	<u>–</u>	<u>1,784</u>	<u>1,655</u>
		<u>309,374</u>	<u>302,264</u>	<u>328,245</u>	<u>320,715</u>
Total Funds		<u>403,361</u>	<u>393,465</u>	<u>423,210</u>	<u>412,912</u>

The financial statements on pages 15 to 42 were approved by the Council on 17 December 2002 and signed on its behalf by:

Professor Michael Sterling, Vice-Chancellor and Principal

W J Glover, Treasurer

Consolidated Cash Flow Statement

For the year ended 31 July 2002

	Note	2001/2 £000	2000/1 £000
Net Cash Inflow from Operating Activities	24	11,393	14,062
Returns on Investments and Servicing of Finance	25	1,129	2,381
Capital Expenditure and Financial Investment	26	<u>(25,859)</u>	<u>(41,738)</u>
Net Cash Outflow before use of Liquid Resources and Financing		(13,337)	(25,295)
Management of Liquid Resources		–	10,000
Financing	27	<u>23,871</u>	<u>(1,698)</u>
Increase/(Decrease) in Cash in the year	28	<u>10,534</u>	<u>(16,993)</u>
Reconciliation of Net Cash Flow to Movement in Net Funds			
Increase/(Decrease) in Cash in the year		10,534	(16,993)
Decrease in Liquid Resources		–	(10,000)
Arising on Consolidation of Subsidiary Undertakings		–	(1,339)
New loans		(26,819)	–
Repayment of Debt		<u>2,948</u>	<u>1,698</u>
Change in Net Funds		(13,337)	(26,634)
Net Funds at 1 August 2001		<u>(1,565)</u>	<u>25,069</u>
Net Funds at 31 July 2002		<u><u>(14,902)</u></u>	<u><u>(1,565)</u></u>

Consolidated Statement of Recognised Gains and Losses

For the year ended 31 July 2002

	Note	2001/2 £000	2000/1 £000 Re-stated
Retained Surplus for the Year		7,344	427
Revaluation of Endowment Asset Investments	18	(9,949)	(6,776)
Revaluation of Fixed Asset Investments	19	(1,578)	(1,097)
Endowment Income Transfer to (from) Accumulated Reserve		(17)	325
New Endowments	18	269	210
Other Movements on Income and Expenditure Account	19	1,635	(1,571)
Increase in Net Assets arising on Consolidation		—	<u>1,398</u>
Total Recognised Losses Relating to the Year		<u>(2,296)</u>	<u>(7,084)</u>
Prior Year Adjustment	20	(1,594)	
Total Losses Recognised since last Financial statements		<u>(3,890)</u>	
Reconciliation			
Opening Reserves and Endowments		383,560	390,644
Total recognised losses for the year		<u>(2,296)</u>	<u>(7,084)</u>
Closing Reserves and Endowments		<u>381,264</u>	<u>383,560</u>

Notes to the Accounts

For the year ended 31 July 2002

	2001/2 £000	2000/1 £000
1. Funding Council Grants		
Recurrent Grant from HEFCE	82,947	78,887
Specific Grants from HEFCE		
Teaching and Learning Technology Programme	–	11
Other	5,636	2,387
Recurrent Grant from Teacher Training Agency	2,085	2,485
Deferred Capital Grants Released in Year Equipment and Buildings (Note 17)	(46)	248
	<u>90,622</u>	<u>84,018</u>
2. Academic Fees and Support Grants		
Full-time students	20,691	19,659
Full-time students charged overseas and other fees	14,950	13,000
Part-time Courses – credit bearing	12,899	10,430
– non credit bearing	3,135	2,873
Research, Training and Support Grants	<u>1,619</u>	<u>1,340</u>
	<u>53,294</u>	<u>47,302</u>
3. Research Grants and Contracts		
Office of Science and Technology Research Councils	26,539	23,143
UK-Based Charities	16,701	14,718
UK Central/Local Government, Health and Hospital Authorities	11,643	13,203
UK Industry, Commerce and Public Corporations	6,971	7,288
EU Government Bodies	2,450	1,773
EU Other	834	569
Other Overseas	1,829	1,494
Other Sources	<u>1,081</u>	<u>728</u>
	<u>68,048</u>	<u>62,916</u>

Notes to the Accounts

For the year ended 31 July 2002 – continued

	2001/2 £000	2000/1 £000
4. Other Operating Income		
Residences, Catering and Conferences	19,869	19,735
Other Services Rendered	13,272	12,165
Externally Funded Posts – Health Authorities	9,087	8,371
– Other Sources	1,114	973
Self-Financing Teaching Activities	4,462	5,131
Rented Properties and University Centre Lettings	1,151	1,127
Day Nursery	635	529
Net VAT Refund	3,362	–
Capital Grants	6	78
Release of Deferred Capital Grants (Note 17)	1,500	380
Barber Trust	735	659
German Institute	188	190
Other Income	9,025	7,812
	<u>64,406</u>	<u>57,150</u>
5. Endowment Income and Interest Receivable		
Transferred from Specific Endowments (Note 18)	1,694	1,530
Income from General Endowment Asset Investments (Note 18)	290	290
Income from Short Term Investments	759	1,499
Other Investment Income	408	735
	<u>3,151</u>	<u>4,054</u>
6. Staff		
Staff Costs:		
Wages and Salaries	129,625	126,105
Social Security Costs	9,609	9,822
Other Pension Costs (Note 29)	15,082	14,148
	<u>154,316</u>	<u>150,075</u>
Emoluments of the Vice-Chancellor		
Salary and benefits	192	163
Pension contributions to USS	27	22
	<u>219</u>	<u>185</u>
<p>The emoluments have been independently determined by the lay officers of the Council and reviewed according to performance. The emoluments shown are in respect of Professor Maxwell Irvine (to 30 September 2001) and Professor Michael Sterling (from 1 October 2001).</p>		
<p>Compensation for loss of office paid to staff earning in excess of £50,000 per annum: The 2001/2 figure relates to compensation paid to seven members of staff.</p>		
Payments to USS for enhanced pension benefits	806	596

Notes to the Accounts

For the year ended 31 July 2002 – continued

	2001/2 £000	2000/1 £000
6. Staff – continued		
Average Staff Numbers by Major Category:		
Academic and Related/Clinical	2,713	2,693
Technical	417	515
Other, including Clerical and Manual	<u>2,718</u>	<u>2,538</u>
	<u>5,848</u>	<u>5,746</u>

Remuneration of other Higher Paid Staff, excluding employer's pension contributions but including payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment and which are included in the University's Income and Expenditure Account:

£50,001 – £60,000	96	81
£60,001 – £70,000	60	91
£70,001 – £80,000	45	22
£80,001 – £90,000	7	6
£90,001 – £100,000	15	13
£100,001 – £110,000	10	10
£110,001 – £120,000	13	11
£120,001 – £130,000	1	3
£130,001 – £140,000	7	4
£150,001 – £160,000	–	1
£160,001 – £170,000	1	–

7. Interest Payable

	Consolidated	
	2001/2 £000	2000/1 £000
Finance Leases	1,683	1,800
Bank Loan Interest Repayable over more than 5 years	<u>319</u>	<u>151</u>
	<u>2,002</u>	<u>1,951</u>

8. Analysis of 2001/2 Expenditure by Activity

	Staff Costs £000	Depreciation £000	Other Operating Expenses £000	Interest Payable £000	Total 2001/2 £000	Total 2000/1 £000
Academic Schools						
Basic Teaching and Research	81,602	3,448	18,884	–	103,934	101,514
Research Grants and Contracts	32,809	7,352	17,496	–	57,657	53,172
Other Trading	3,408	104	5,178	–	8,690	8,519
Budget Centre Funds	<u>261</u>	<u>1,013</u>	<u>2,077</u>	–	<u>3,351</u>	<u>4,484</u>
	<u>118,080</u>	<u>11,917</u>	<u>43,635</u>	–	<u>173,632</u>	<u>167,689</u>
Academic Services						
Library	3,771	69	4,719	–	8,559	8,399
Academic Computing Service	3,886	744	871	–	5,501	5,095
Other Academic Services	<u>1,716</u>	<u>191</u>	<u>456</u>	–	<u>2,363</u>	<u>2,429</u>
	<u>9,373</u>	<u>1,004</u>	<u>6,046</u>	–	<u>16,423</u>	<u>15,923</u>

Notes to the Accounts

For the year ended 31 July 2002 – continued

8. Analysis of 2001/2 Expenditure by Activity *continued*

	Staff Costs	Depreciation	Other Operating Expenses	Interest Payable	Total 2001/2	Total 2000/1
	£000	£000	£000	£000	£000	£000
General Educational Expenditure						
Scholarships and Prizes from Restricted Endowments	–	–	750	–	750	754
Student Recruitment and Liaison	748	28	1500	–	2,276	1,069
Other	114	4	781	–	899	634
	<u>862</u>	<u>32</u>	<u>3,031</u>	<u>–</u>	<u>3,925</u>	<u>2,457</u>
Premises						
Rates	–	–	612	–	612	522
Insurance and Rents	–	–	674	–	674	451
Cleaning, Portering and Custodial Services	2,805	35	605	–	3,445	3,074
Heat, Light, Water and Power	–	–	4,110	–	4,110	2,985
Repairs and General Maintenance	2,516	504	2,945	–	5,965	6,201
Depreciation of Buildings	–	6,258	–	–	6,258	4,830
Other	725	231	762	80	1,798	2,307
	<u>6,046</u>	<u>7,028</u>	<u>9,708</u>	<u>80</u>	<u>22,862</u>	<u>20,370</u>
Administration and Central Services						
Administrative Services	8,269	365	2,861	–	11,495	12,025
Audit Fees	–	–	53	–	53	47
Fees to Auditor for Non-Audit Work	–	–	4	–	4	–
Other Professional Fees	–	–	553	–	553	282
	<u>8,269</u>	<u>365</u>	<u>3,471</u>	<u>–</u>	<u>12,105</u>	<u>12,354</u>
Staff and Student Facilities						
Careers Service	379	9	76	–	464	544
Student Counselling and Support	359	7	69	–	435	396
Sports Facilities	1,118	157	1,300	–	2,575	2,213
Grant to Guild of Students	–	–	1,119	–	1,119	1,081
Day Nursery and Health Service	5	7	56	–	68	627
Other	47	2	2	–	51	131
	<u>1,908</u>	<u>182</u>	<u>2,622</u>	<u>–</u>	<u>4,712</u>	<u>4,992</u>
Residences Catering and Conferences						
Residences	2,922	237	6,337	1,922	11,418	12,088
Catering	1,424	97	1,753	–	3,274	2,240
Conferences	897	29	1,060	–	1,986	1,817
Depreciation of Buildings	–	1,003	–	–	1,003	950
	<u>5,243</u>	<u>1,366</u>	<u>9,150</u>	<u>1,922</u>	<u>17,681</u>	<u>17,095</u>
Other						
Other Services Rendered	4,535	354	6,034	–	10,923	9,645
Other	–	–	9,709	–	9,709	4,340
	<u>4,535</u>	<u>354</u>	<u>15,743</u>	<u>–</u>	<u>20,632</u>	<u>13,985</u>
TOTAL	<u><u>154,316</u></u>	<u><u>22,248</u></u>	<u><u>93,406</u></u>	<u><u>2,002</u></u>	<u><u>271,972</u></u>	<u><u>254,865</u></u>
The depreciation charge has been funded by:						
Deferred Capital Grants Released (Note 17)					8,845	7,505
Transfer to Revaluation Reserve (Note 19)					1,635	–
General Income					11,768	13,080
					<u>22,248</u>	<u>20,585</u>

Notes to the Accounts

For the year ended 31 July 2002 – continued

9. Tax on Profit on Ordinary Activities

	Consolidated	
	2001/2	2000/1
	£000	£000
<i>As previously reported:</i>		
United Kingdom corporation tax at 20%		
Current Year	–	8
Prior Year	–	(21)
Total Payable (Repayable)	–	(13)
<i>Prior year adjustment due to the adoption of Financial Reporting standard 19</i>	–	80
<i>As Re-stated:</i>		
United Kingdom corporation tax at 30% (2001 20%) on subsidiary company profits:		
Current Year	62	8
Prior Year	(4)	(21)
Deferred tax-due to timing differences in a subsidiary company	18	80
Total Payable	76	67

10. Tangible Fixed Assets

	Assets in the course of Construction	Land and Buildings	Equipment	University
				Total
	£000	£000	£000	2001/2 £000
Cost or Valuation				
Valuation	–	59,234	–	59,234
Cost	14,180	247,917	44,168	306,265
As at 1 August 2001	14,180	307,151	44,168	365,499
Transfers at Cost	(11,534)	11,534	–	–
Additions/Disposals				
Additions at Cost	14,072	15,664	13,173	42,909
Disposals at Cost	–	–	(12,752)	(12,752)
Valuation as at 31 July 2002				
Valuation	–	59,234	–	59,234
Cost	16,718	275,115	44,589	336,422
	16,718	334,349	44,589	395,656
Accumulated Depreciation				
As at 1 August 2001 – Valuation	–	2,362	–	2,362
As at 1 August 2001 – Cost	–	10,588	28,538	39,126
Charge for the Year – Valuation	–	784	–	784
Charge for the Year – Cost	–	4,665	14,532	19,197
Depreciation on Disposals – Cost	–	–	(12,752)	(12,752)
As at 31 July 2001	–	18,399	30,318	48,717
Net Book Value				
Valuation	–	56,088	–	56,088
Cost	16,718	259,862	14,271	290,851
Net Book Value as at 31 July 2002	16,718	315,950	14,271	346,939
Net Book Value as at 31 July 2001	14,180	294,201	15,630	324,011

Notes to the Accounts

For the year ended 31 July 2002 – continued

10. Tangible Fixed Assets continued

	Assets in the course of Construction	Land and Buildings	Equipment	Consolidated
				Total
	£000	£000	£000	2001/2 £000
Cost or Valuation				
Valuation	–	59,708	–	59,708
Cost	19,122	273,344	44,414	336,880
As at 1 August 2001	<u>19,122</u>	<u>333,052</u>	<u>44,414</u>	<u>396,588</u>
Transfers at Cost	(19,335)	19,335	–	–
Additions/Disposals				
Additions at Cost	17,272	15,676	13,179	46,127
Disposals at Cost	–	(33)	(12,752)	(12,785)
Valuation as at 31 July 2002				
Valuation	–	59,708	–	59,708
Cost	17,059	308,322	44,841	370,222
	<u>17,059</u>	<u>368,030</u>	<u>44,841</u>	<u>429,930</u>
Accumulated Depreciation				
As at 1 August 2001 – Valuation	–	2,362	–	2,362
As at 1 August 2001 – Cost	–	14,136	28,722	42,858
Charge for the Year – Valuation	–	784	–	784
Charge for the Year – Cost	–	5,272	14,558	19,830
Depreciation on Disposals – Cost	–	(9)	(12,752)	(12,761)
As at 31 July 2002	<u>–</u>	<u>22,545</u>	<u>30,528</u>	<u>53,073</u>
Net Book Value				
Valuation	–	56,562	–	56,562
Cost	17,059	288,923	14,313	320,295
Net Book Value as at 31 July 2002	<u>17,059</u>	<u>345,485</u>	<u>14,313</u>	<u>376,857</u>
Net Book Value as at 31 July 2001	<u>19,122</u>	<u>316,554</u>	<u>15,692</u>	<u>351,368</u>

Notes to the Accounts

For the year ended 31 July 2002 – continued

The accumulated cost of Assets in the course of Construction comprises:

	£000
Alta Estates – heat/power plant	341
Institute of Biomedical Research	12,458
New student Residences – The Vale	3,585
New Steam Main	675
	<u>17,059</u>

The reinstatement of cost of buildings for insurance purposes is £699m (2000/1 £666m).

The net book value of the land and buildings as at 31 July 2002 represents freehold interests except for £37.7m (2000/1 £38.2m) of interest in leasehold land and buildings.

The net book value of land and buildings includes an amount of £21.3m (2000/1 £21.7m) in respect of assets held under finance leases.

Fully depreciated equipment is written out after 3 years and shown as a disposal and a depreciation adjustment.

	University		Consolidated	
	2001/2	2000/1	2001/2	2000/1
	£000	£000	£000	£000
11. Fixed Asset Investments				
Non-endowment investments				
Balance at 1 August	10,747	11,844	10,412	11,844
Arising on Consolidation	–	–	–	(335)
Additions	1,066	–	1,066	–
Disposals	–	–	–	–
Depreciation on Disposals/Revaluation	<u>(2,879)</u>	<u>(1,097)</u>	<u>(2,886)</u>	<u>(1,097)</u>
Balance at 31 July	<u>8,934</u>	<u>10,747</u>	<u>8,592</u>	<u>10,412</u>

12. Endowment Asset Investments

	University and Consolidated	
	2001/2	2000/1
	£000	£000
Balance at 1 August	64,500	70,744
Additions	252	532
Depreciation on Disposals/Revaluation	<u>(9,949)</u>	<u>(6,776)</u>
Balance at 31 July	<u>54,803</u>	<u>64,500</u>
Represented by:		
Investments	52,427	62,108
Cash	2,376	2,392
	<u>54,803</u>	<u>64,500</u>

Notes to the Accounts

For the year ended 31 July 2002 – continued

13. Debtors	University		Consolidated	
	2001/2 £000	2000/1 £000	2001/2 £000	2000/1 £000
Amounts falling due within one year:				
Research Grants and Contracts	18,126	16,653	18,126	16,653
Other Debtors and Prepayments	23,634	19,400	23,808	13,714
Birmingham Pension and Assurance Scheme				
SSAP 24 Prepayment	8,779	5,199	8,779	5,199
Alta Construction Services Ltd	1,484	6,138	–	–
Alta Estates Ltd	533	–	–	–
Loans to the Guild of Students and Junior Common Rooms	15	35	15	35
	<u>52,571</u>	<u>47,425</u>	<u>50,728</u>	<u>35,601</u>
Amounts falling due after one year:				
Alta Construction Services Ltd	4,702	2,066	–	–
Alta Estates Ltd	7,334	–	–	–
Loans to the Guild of Students and Junior Common Rooms	16	31	16	31
	<u>12,052</u>	<u>2,097</u>	<u>16</u>	<u>31</u>
	<u>64,623</u>	<u>49,522</u>	<u>50,744</u>	<u>35,632</u>

14. Creditors: Amounts Falling due within one year	University		Consolidated	
	2001/2 £000	2000/1 £000	2001/2 £000	2000/1 £000
Obligations Under Finance Leases (Note 21)	1,194	1,063	1,194	1,063
Bank Loans and Overdrafts	8,554	9,297	2,657	752
Research Grants and Contracts in Advance	16,358	15,572	16,358	15,572
Social Security and Other Taxation Payable	3,516	3,672	3,516	3,760
Other Creditors	26,593	25,187	27,783	24,953
	<u>56,215</u>	<u>54,791</u>	<u>51,508</u>	<u>46,100</u>

The other creditors category includes an amount of £61k (2000/1 £1,400k) which represents cash held by the University on behalf of the Mercia Fund in respect of University Challenge projects.

15. Creditors: Amounts Falling due after more than one year	University		Consolidated	
	2001/2 £000	2000/1 £000	2001/2 £000	2000/1 £000
Obligations Under Finance Leases (Note 21)	11,936	13,130	11,936	13,130
Bank Loans repayable by instalments over more than 5 years	23,180	–	24,064	1,035
	<u>35,116</u>	<u>13,130</u>	<u>36,000</u>	<u>14,165</u>

Notes to the Accounts

For the year ended 31 July 2002 – continued

16. Provisions for Liabilities and Charges	University		Consolidated	
	2001/2	2000/1	2001/2	2000/1 Re-stated
	£000	£000	£000	£000
Restructuring				
At 1 August	–	–	–	–
Provided in year	1,934	–	1,934	–
At 31 July	<u>1,934</u>	<u>–</u>	<u>1,934</u>	<u>–</u>
Deferred Taxation				
At 1 August (re-stated)	–	–	1,594	1,514
Provided in year (note 9)	–	–	18	80
At 31 July	<u>–</u>	<u>–</u>	<u>1,612</u>	<u>1,594</u>
Total at 31 July 2002	<u>1,934</u>	<u>–</u>	<u>3,546</u>	<u>1,594</u>
Deferred Taxation				
Accelerated capital allowances	–	–	2,318	1,869
Less unutilised tax losses	–	–	(706)	(275)
At 31 July	<u>–</u>	<u>–</u>	<u>1,612</u>	<u>1,594</u>

Deferred taxation has been fully provided in the current year to implement Financial Reporting Standard 19. There is no unprovided deferred taxation in either year.

17. Deferred Capital Grants	University		Consolidated	
	Other Grants and Benefactions	Funding Council	Total	Total
	£000	£000	£000	£000
At 1 August 2001				
Buildings	9,051	9,337	18,388	19,384
Equipment	8,313	–	8,313	8,313
	<u>17,364</u>	<u>9,337</u>	<u>26,701</u>	<u>27,697</u>
Classification Adjustment – Buildings	(3,295)	3,295	–	–
Cash Received				
Buildings	4	14,458	14,462	14,488
Equipment	6,822	–	6,822	6,822
Released to Income and Expenditure				
Buildings – Depreciation	(1,500)	46	(1,454)	(1,498)
Equipment – Depreciation	(7,347)	–	(7,347)	(7,347)
At 31 July 2002				
Buildings	4,260	27,136	31,396	32,374
Equipment	7,788	–	7,788	7,788
	<u>12,048</u>	<u>27,136</u>	<u>39,184</u>	<u>40,162</u>

Notes to the Accounts

For the year ended 31 July 2002 – continued

18. Endowments	University and Consolidated		
	Specific	General	Total
	£000	£000	£000
At 1 August 2001	56,114	8,386	64,500
Additions	269	–	269
Depreciation of Endowment Asset Investments	(8,488)	(1,461)	(9,949)
Income for Year	1,677	290	1,967
Transfer from Budget Centre Funds	–	–	–
Transferred to Income and Expenditure Account (Note 5)	(1,694)	(290)	(1,984)
At 31 July 2002	<u>47,878</u>	<u>6,925</u>	<u>54,803</u>

19. Revaluation Reserve	University		Consolidated	
	Land and Buildings	Investments	Total	Total
	£000	£000	£000	£000
At 1 August 2001	56,872	3,352	60,224	60,698
Revaluation in the year	–	(1,578)	(1,578)	(1,578)
Released to Income and Expenditure Account	(784)	–	(784)	(784)
Transfer in respect of accelerated depreciation	1,635	–	1,635	1,635
As at 31 July 2002	<u>57,723</u>	<u>1,774</u>	<u>59,497</u>	<u>59,971</u>

Notes to the Accounts

For the year ended 31 July 2002 – continued

20. Income and Expenditure Account

	Consolidated University				
	Balance 1 August 2001 (Re-stated)	Additions/ (Reductions) for the year	Revaluation Reserve Release	Balance 31 July 2002	Balance 31 July 2002
	£000	£000	£000	£000	£000
Available					
Academic Budget Centres	10,738	(5,163)	–	5,575	5,575
Non-Academic Budget Centres	4,822	1,450	–	6,272	6,272
Equipment Fund	734	(722)	–	12	12
Buildings Fund	(156)	1,077	–	921	921
Rationalisation Fund	3,953	(4,586)	–	(633)	(633)
Residences, Catering and Conference Funds	2,438	1,817	–	4,255	4,255
General Reserve	9,777	(394)	–	9,383	9,383
Subsidiary Undertakings	4,699	468	–	5,167	–
Other Funds	9,405	1,527	–	10,932	10,932
Sub-total – Available	<u>46,410</u>	<u>(4,526)</u>	<u>–</u>	<u>41,884</u>	<u>36,717</u>
Committed	<u>211,952</u>	<u>11,870</u>	<u>784</u>	<u>224,606</u>	<u>213,160</u>
TOTAL	<u>258,362</u>	<u>7,344</u>	<u>784</u>	<u>266,490</u>	<u>249,877</u>

A subsidiary company has adopted Financial Reporting Standard 19, requiring full provision for deferred tax, during the year. The effect on the consolidated balance is as follows:-

Consolidated balance at 1 August 2001, as previously reported	259,956
Prior year adjustment re deferred tax (see note 16)	<u>(1,594)</u>
Consolidated balance at 1 August 2001, as re-stated	258,362
Consolidated surplus for the year	7,344
Other movements	<u>784</u>
Consolidated balance at 31 July 2002	<u>266,490</u>

21. Lease Obligations

	University and Consolidated	
	2002 £000	2001 £000
Obligations under finance leases fall due as follows:		
Between two and five years	6,452	5,740
Over five years	<u>5,484</u>	<u>7,390</u>
Total over one year (Note 15)	11,936	13,130
Within one year (Note 14)	<u>1,194</u>	<u>1,063</u>
	<u>13,130</u>	<u>14,193</u>

Notes to the Accounts

For the year ended 31 July 2002 – continued

22. Capital Commitments	University and Consolidated	
	2002 £000	2001 £000
University commitments contracted as at 31 July	51,931	49,749
Alta Estates Services Ltd commitments contracted as at 31 July	89	2,400
Committed expenditure includes: Institute of Biomedical Research (£14.9m), Two West Campus Buildings (£1.0m), Physics Building (£3.9m), NMR Biomolecular Facility (£3.1m), Biosciences Refurbishment (£4.8m), Medical Students Facilities (£5.6m), Formulation Engineering (£1.9m) and Medical School West Refurbishment (£1.8m).		

23. Contingent Liability	University and Consolidated	
	2002 £000	2001 £000
Bank loans guaranteed by the University held by the following subsidiary companies:		
– Birmingham Research Park Ltd	1,036	1,187
– Alta Estate Services Ltd	–	600
	<u>1,036</u>	<u>1,787</u>

The University is a member of UMALT, a company limited by guarantee formed to provide a mutual association for terrorism risks. Under the terms of its membership, each member acts as insurer and insured. If the association suffers a shortfall in any underwriting year, the members are liable for their pro rata share. The scheme's ability to pay claims is derived from one of the following sources:

- (a) accumulated reserves of £10 million;
- (b) a £15 million internal loan facility from member institutions, of which the University has provided a facility of £5 million;
- (c) a £300 million aggregate layer of excess cover obtained through the Lloyds insurance market.

Multiple losses exceeding £150 million may result in a supplementary call for funding from the 78 members of the association.

24. Reconciliation of Operating Surplus to Net Cash from Operating Activities	Consolidated	
	2001/2 £000	2000/1 £000
Surplus for the Year before Taxation	7,549	588
Depreciation of Fixed assets (Note 10)	20,614	20,585
Write down of investments	1,309	–
Deferred Capital Grants Released to Income (Note 17)	(8,845)	(7,505)
Transfer from revaluation reserve	1,635	–
Investment Income	(1,148)	(2,103)
Decrease (Increase) in Stocks	141	(200)
(Increase) in Debtors	(15,112)	(1,023)
Increase in Creditors	3,318	3,776
Increase in Provisions	1,934	–
Other	(2)	(56)
Net Cash Inflow from Operating Activities	<u>11,393</u>	<u>14,062</u>

Notes to the Accounts

For the year ended 31 July 2002 – continued

25. Returns on Investments and Servicing of Finance

	Consolidated	
	2001/2 £000	2000/1 £000
Income from Fixed Asset Investments	762	735
Income from Endowments	1,960	2,098
Income from Short Term Investments	409	1,499
Interest Paid	<u>(2,002)</u>	<u>(1,951)</u>
	<u>1,129</u>	<u>2,381</u>

26. Capital Expenditure and Financial Investment

	Consolidated	
	2002 £000	2001 £000
Tangible Assets Acquired (Note 10)	(46,127)	(60,553)
Fixed Asset Investments Acquired (Note 11)	(1,066)	–
Endowment Asset Investments Acquired (Note 12)	<u>(252)</u>	<u>(207)</u>
Total Fixed and Endowment Assets Acquired	<u>(47,445)</u>	<u>(60,760)</u>
Receipts from Sales of Tangible Assets	24	28
Deferred Capital Grants Received (Note 17)	21,310	18,740
Endowments Received	252	254
	<u>(25,859)</u>	<u>(41,738)</u>

27. Analysis of Changes in External Financing During the Year

	Consolidated	
	2002 £000	2001 £000
Balance at 1 August	15,980	16,339
Arising on Consolidation of Subsidiary Undertakings	–	1,339
	<u>15,980</u>	<u>17,678</u>
New loans	26,819	–
Capital repayments	<u>(2,948)</u>	<u>(1,698)</u>
Net Amount Acquired in Year	<u>23,871</u>	<u>(1,698)</u>
Balance at 31 July	<u>39,851</u>	<u>15,980</u>

28. Analysis of Changes in Net Funds

	Consolidated			
	At 1 August 2001 £000	Cash Flows £000	Other Changes £000	At 31 July 2002 £000
Short-Term Deposits Repayable on Demand	9,708	7,916	–	17,624
Endowment Asset Investments	2,392	(16)	–	2,376
Cash in hand, and at bank	<u>2,315</u>	<u>2,634</u>	<u>–</u>	<u>4,949</u>
	14,415	10,534	–	24,949
Debt due within one year	(1,815)	1,728	(3,764)	(3,851)
Debt due after one year	<u>(14,165)</u>	<u>(25,599)</u>	<u>3,764</u>	<u>(36,000)</u>
	<u>(1,565)</u>	<u>(13,337)</u>	<u>–</u>	<u>(14,902)</u>

Notes to the Accounts

For the year ended 31 July 2002 – continued

29. Pension Schemes

Pension arrangements are funded by employee and employer contributions to pension schemes that are financially separate from the University. Staff paid on academic and academically-related scales who are eligible, acquire pension rights through the Universities Superannuation Scheme (USS), which is a national scheme administered by a separate company on behalf of all universities. Some staff contribute to private schemes. Staff on other salary scales are covered by the University of Birmingham Pension and Assurance Scheme (BPAS), administered in-house by a trustee group comprising four employer nominated and four employee nominated trustees with an independent chairman. Management of the Scheme's investments is undertaken by Schroder Investment Management Ltd (50%) and UBS Fund Management Ltd (50%).

Both schemes provide benefits based on final pensionable salary and the pension cost is assessed using the projected unit method for USS and a modified aggregate funding method for BPAS.

The total pension cost for each Scheme for the University is as follows:-

	2001/2	2000/1
	£000	£000
Contributions to USS	9,840	9,820
Contributions to BPAS	4,311	3,553
Contributions to Other Pension Schemes	931	775
Total Pension Costs (Note 6)	<u>15,082</u>	<u>14,148</u>

Universities Superannuation Scheme (USS)

USS is contracted out of the State Earnings-Related Pension Scheme and the assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme.

The latest actuarial valuation of the scheme was at 31st March, 1999. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments, (i.e. the valuation rate of interest), and the rates of increase in salary and pensions. In relation to the past service liability the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.6% per annum and pensions would increase by 2.6% per annum. In relation to future service liabilities it was assumed that the valuation rate of interest would be 5.5% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.5% per annum and pensions would increase by 2.5% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £18,870 million (including an estimated £55 million in respect of outstanding bulk transfer payments due), and the valuation of the past service liabilities was £17,427 million. The assets therefore were sufficient to cover 108% of the benefits which had accrued to members, after allowing for expected future increases in earnings.

The contribution rate payable by the University was 14% of pensionable salaries.

The actuary for the USS scheme has confirmed that it is appropriate to take the pension costs in the University's accounts to be equal to the actual contributions paid during the year.

Notes to the Accounts

For the year ended 31 July 2002 – continued

29. Pension Schemes *continued*

University of Birmingham Pension and Assurance Scheme (BPAS)

BPAS is contracted out of the State Earnings-Related Pension Scheme and management of the Scheme's investments is undertaken by Schroder Investment Management Ltd. and UBS Global Asset Management Ltd. The latest full actuarial valuation of the scheme was at 31st March, 2002, and the valuation identified that additional contributions were required as determined by the Pensions Act (1995) Minimum Funding Requirement Regulations.

Contributions have been paid by employees at the rate of 6% of pensionable pay and by the University at the rate of 14% of employees' pensionable pay.

Additionally a further £3.03 million was paid in the period ended 31st July, 2002, as determined by the Schedule of Contributions agreed with the Scheme Actuary.

The assumptions employed by the Scheme Actuary for the valuation of liabilities as at 31st July, 2002, were as follows:-

	July 2002	July 2001
Discount Rate	5.8%	5.8%
Salary Growth	4.0%	4.0%
Inflation	2.5%	2.5%
Pension Increases	2.5%	2.5%

The invested assets of the Scheme amounted to £124.9 million (after investment of the additional contribution).

The assets and the expected long term rate of return were:-

	July 2002		July 2001	
	£million	Rate of Return	£million	Rate of Return
Equities	54.2	8.0%	95.0	5.2%
Property	–	–	1.0	–
Fixed Interest Bonds	45.3	5.8%	22.6	2.4%
Index Linked Gilts	21.9	4.8%	–	–
Cash	3.5	4.5%	10.9	2.0%
Total	<u>124.9</u>		<u>129.5</u>	

The following amounts were measured in accordance with the requirements of Financial Reporting Standard 17:

	July 2002 £million	July 2001 £million
Total market value of assets	124.9	129.5
Present value of scheme liabilities	<u>148.7</u>	<u>144.3</u>
Deficit in the scheme	<u>23.8</u>	<u>14.8</u>

If the above amounts had been recognised in the financial statements, the University's net assets and profit and loss reserve at 31 July 2002 would be as follows:

	July 2002 £million	July 2001 £million
Net assets excluding pension deficit	414.4	407.7
Pension deficit	<u>(23.8)</u>	<u>(14.8)</u>
Net assets including pension deficit	<u>390.6</u>	<u>392.9</u>
Profit and loss reserve excluding pension deficit	257.7	253.2
Pension deficit	<u>(23.8)</u>	<u>(14.8)</u>
Profit and loss reserve including pension deficit	<u>233.9</u>	<u>238.4</u>

Notes to the Accounts

For the year ended 31 July 2002 – continued

29. Pension Schemes *continued*

Additionally, if the pension costs had been recognised in accordance with Financial Reporting Standard 17, the following components of the pensions charge would have been recognised in the income and expenditure account and statement of recognised gains and losses for the year ended 31 July 2002:

	July 2002 £million
Analysis of amounts charged to Income and Expenditure account:	
Current service cost	5.1
Finance:	
Interest on pension scheme liabilities	8.2
Expected return on assets in the pension scheme	<u>(9.2)</u>
Net charge (credit) to other finance income	<u>(1.0)</u>
Total charge before tax	<u>4.1</u>

Analysis of amounts recognised in Statement of Total Recognised Gains and Losses:

Loss (Gain) on assets	18.7
Experience loss (gain) on scheme liabilities	<u>(5.8)</u>
Total loss before tax	<u>12.9</u>

In total, the movement in the University's share of the scheme's deficit during the year is made up as follows:

	£million
Deficit on scheme at 1 August 2001	14.8
Movements in the year:	
– current service cost	5.1
– contributions	(8.0)
– finance income	(1.0)
– actuarial loss (gain)	12.9
Deficit on scheme at 31 July 2002	<u>23.8</u>

The experience gains and losses for the year ended 31 July 2002 were as follows:

	£million	%
Loss on assets	18.7	
Percentage of scheme assets at the end of the year		15.0%
Experience (gain) on scheme liabilities	(5.8)	
Percentage of scheme liabilities at the end of the year		(3.9%)
Total loss recognised in the statement of total recognised gains and losses:	12.9	
Percentage of scheme liabilities at the end of the year		8.7%

Notes to the Accounts

For the year ended 31 July 2002 – continued

30. Access Funds and Teacher Training Agency Bursaries

	TTA Bursaries		Access Funds	
	2001/2 £000	2000/1 £000	2001/2 £000	2000/1 £000
Balances Unspent as at 1 August	28	–	157	97
Funding Council Grants	2,300	2,134	1,053	1,076
Disbursed to Students	(2,247)	(2,106)	(1,131)	(1,016)
Balances Unspent at 31 July	<u>81</u>	<u>28</u>	<u>79</u>	<u>157</u>

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

31. Benefits in Kind

No material benefits in kind are included within the University's Accounts.

32. Related Party Transactions

To capture information on related party transactions the University has circularised members and officers who attend:- Council, Strategy, Planning and Resources Committee, Investment Committee, Estates Committee and the Trustees of the University of Birmingham Pension and Assurance Scheme. Due to the nature of the University's operations and the composition of the University's governing body, being drawn from commerce, industry and the public sector, it is inevitable that transactions will take place with organisations in which a member of the governing body has an interest. All such transactions are conducted at arms length and in accordance with the University's Manual of Financial Rules and Procedures with respect to procurement.

No declarations of disclosable interests have been made.

The relationship to the University of subsidiary companies and the Guild of Students are detailed in Notes 33 and 34, together with a summary of related party transactions.

33. Subsidiary Undertakings

Name	University Holding	Business Activity
Alta Construction Services Limited	100%	Construction of Student Residences
Alta Estate Services Limited	100%	Operates a Combined Heat and Power plant
Birmingham Research and Development Limited	100%	Technology Transfer
Birmingham Research Park Limited	51%	Provision of Accommodation to High Technology Companies
Alta Library Services Limited	100%	Provision of Library Services
University of Birmingham Selly Oak Educational Trust	100%	Management of Land and Buildings on the Selly Oak Campus

The subsidiaries are all incorporated in and operate in Great Britain.

Notes to the Accounts

For the year ended 31 July 2002 – continued

33. Subsidiary Undertakings

continued

The summarised balance sheets and results for the year ended 31 July 2002 are as follows:-

	Alta Construction Services Limited	Alta Estate Services Limited	Birmingham Research and Development Limited	Birmingham Research Park Limited	Alta Library Services Limited	University of Birmingham Selly Oak Educational Trust
	£000	£000	£000	£000	£000	£000
Tangible Fixed Assets	–	13,166	33	5,273	–	11,446
Investments	–	–	186	–	–	–
Current Assets	6,465	983	1,525	700	172	13
	<u>6,465</u>	<u>14,149</u>	<u>1,744</u>	<u>5,973</u>	<u>172</u>	<u>11,459</u>
Capital and Reserves	–	3,636	366	3,641	–	11,446
Creditors	6,465	8,901	1,378	1,296	172	13
Bank Loan	–	–	–	1,036	–	–
Provisions	–	1,612	–	–	–	–
	<u>6,465</u>	<u>14,149</u>	<u>1,744</u>	<u>5,973</u>	<u>172</u>	<u>11,459</u>
Profit/(Loss) for the Year	<u>237</u>	<u>60</u>	<u>201</u>	<u>321</u>	<u>58</u>	<u>(177)</u>

34. Guild of Students

The University has not consolidated the financial statements of the Guild of Students because the University has no control or dominant influence over policy decisions. The summarised balance sheet and results for the year ended 31 July 2002 are as follows:

	£000
Tangible Fixed Assets	459
Investments	5
Current Assets	879
	<u>1,343</u>
Reserves	710
Creditors	633
	<u>1,343</u>
Deficit for the Year	<u>(75)</u>

The University's Income and Expenditure Account reflects payment to the Guild of Students of a Block Grant of £1,119k (Note 8).

Five Year Summary Accounts

INCOME AND EXPENDITURE ACCOUNT

	1997/98	1998/99	1999/00	2000/01	2001/02
	£000	£000	£000	£000	£000
Income					
Funding Council Grants	73,485	75,858	80,378	84,018	90,622
Academic Fees and Support Grants	47,209	40,896	45,783	47,302	53,294
Research Grants and Contracts	48,589	52,232	56,512	62,916	68,048
Other Operating Income	46,414	50,874	56,457	57,150	64,406
Endowment Income and Interest	8,698	6,178	5,807	4,054	3,151
Total Income	224,395	226,038	244,937	255,440	279,521
Expenditure					
Staff Costs	114,025	123,717	142,318	150,075	154,316
Depreciation	15,633	17,301	19,001	20,585	22,248
Other Operating Expenses	77,482	73,316	80,708	82,254	93,406
Interest Payable	1,266	1,193	2,011	1,951	2,002
Total Expenditure	208,406	215,527	244,038	254,865	271,972
Surplus for the Year before Tax	15,989	10,511	899	575	7,549
BALANCE SHEET					
Fixed Assets	276,214	286,121	318,068	361,780	385,449
Endowment Asset Investments	59,625	63,116	70,744	64,500	54,803
Net Current Assets	41,151	42,091	32,180	2,391	22,504
Creditors: Amounts Due After One Year	(15,981)	(14,878)	(14,793)	(14,165)	(36,000)
Provisions for Liabilities and Charges	0	0	0	(1,594)	(3,546)
Total Net Assets	361,009	376,450	406,199	412,912	423,210
Represented By					
Deferred Capital Grants	11,676	11,821	15,555	27,697	40,162
Endowments	59,625	63,116	70,744	64,500	54,803
Revaluation Reserve	67,717	68,064	62,105	60,698	59,971
Income and Expenditure Reserves:					
Available Funds	75,674	74,488	64,650	46,410	41,884
Committed Funds	146,317	158,961	193,145	213,607	226,390
	221,991	233,449	257,795	260,017	268,274
Total Funds	361,009	376,450	406,199	412,912	423,210

Financial Statistics

Sources of Income

% of Total Income	1997/98	1998/99	1999/00	2000/01	2001/02
Grants from Funding Councils (HEFCE and TTA)	32.7%	33.5%	32.8%	32.9%	32.4%
Tuition Fees – Home and EC	15.9%	12.9%	13.7%	13.4%	13.8%
Tuition Fees – Overseas	5.1%	5.2%	5.0%	5.1%	5.3%
Income from Research Grants and Contracts	21.7%	23.1%	23.1%	24.6%	24.3%
Income from Residences, Catering and Conferences	7.4%	8.2%	8.0%	7.6%	7.1%
Other Income	17.2%	17.1%	17.4%	16.4%	17.1%
Total Income	100.0%	100.0%	100.0%	100.0%	100.0%

Analysis of Expenditure

% of Total Expenditure					
Staff Costs	54.7%	57.4%	58.3%	58.8%	56.8%
Depreciation	7.5%	8.0%	7.8%	8.1%	8.2%
Other Operating Expenses	37.2%	34.0%	33.1%	32.3%	34.3%
Interest Payable	0.6%	0.6%	0.8%	0.8%	0.7%
Total Expenditure	100.0%	100.0%	100.0%	100.0%	100.0%
Surplus for The Year as a % of Total Income	7.1%	4.7%	0.4%	0.2%	2.7%

Indicators of Financial Strength

Ratio of Available General Funds to Total Expenditure (Days) <i>The number of days expenditure that could be sustained from available funds</i>	148	142	111	81	66
Ratio of Long-Term Liabilities to Total Available Funds <i>Measures the extent to which an institution is funded by long term debt</i>	20.2%	19.1%	22.1%	28.1%	81.6%

Indicators of Liquidity and Solvency

Ratio of Liquid Assets to Current Liabilities <i>Extent to which current liabilities could be met from cash and liquid investments</i>	1.5	1.3	0.9	0.3	0.4
Ratio of Current Assets to Current Liabilities <i>Extent to which current liabilities could be met from current assets</i>	2.3	2.1	1.8	1.1	1.4
Debtor Days <i>Days of total income (excluding Funding Council grants) represented by debtors (excluding SSAP24 provision)</i>	62	70	71	65	81