

# ***Preface to Appendix***

## ***Publication of Management Statistics in 1996***

In September 1995 CVCP published *Higher Education Management Statistics: A Future Strategy* setting out how CVCP, SCOP, and COSHEP planned to take forward the work of the Joint Performance Indicators Working Group (JPIWG). The Higher Education Management Statistics Group (HEMS), supported by a technical group based at HESA and including institutional representatives, has worked through the detailed definitions of statistics at both institutional and sector level in the finance and teaching areas.

Following the abolition of the binary line data for the whole of higher education are collected by the Higher Education Statistics Agency (HESA). Extension of *University Management Statistics and Performance Indicators in the UK* into a successor publication was seen as unwieldy and impractical given the number and diversity of institutions now involved.

HEMS decided that for 1996 institutional statistics should be published alongside HESA's main publications from the corresponding record, and that statistics at sector level would be published separately in a *Higher Education Macro Statistics* volume.

The institutional statistics proposed by JPIWG in the finance area were the most readily accepted of any when JPIWG consulted the sector in 1994. The changes that HEMS has made to the JPIWG proposals are limited and mainly technical, reflecting the *Statement Of Recommended Practice: Accounting in Higher Education Institutions* (SORP) definitions and limitations in the data available.

The Appendix which follows contains institutional financial profiles, numbered in such a way as to reflect the changes made by HEMS. These profiles are compiled directly from data which are collected in the HESA Finance Statistics Return (FSR). The FSR provides for each UK higher education institution (HEI) details of the income and expenditure account, balance sheet information, and the consolidated cash flow statement (the figures recorded in the FSR are the same as those recorded in the institution's financial statement).

The first collection of the annual FSR was made for the financial year 1994/95. Although the institutional financial profiles are designed to be published as time series, in 1996 only one year's data is available and hence the 1994/95 figures have to stand alone. Time series will become possible, as the FSR will be the main source of historical financial information on the total activities of all UK HEIs in future.

The institutional financial profiles presented represent a series of ratios, extracted as indicated from the FSR. They do not purport to be performance indicators, and do not take account of any individual characteristics of institutions, e.g. subject mix.

HEMS is committed to providing information to assist institutions in running their own affairs, but recognises that some information will be of particular interest to a wider public. Readers are, however, warned of the dangers of drawing conclusions or making comparisons based on one year's figures in isolation. Construction of league tables of any sort from such misguided comparisons is absurd.

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# Appendix

## Introduction

It can be seen from the earlier Preface that the Higher Education Management Statistics Group (HEMS) decided publication of institutional management statistics in 1996 should be alongside HESA's main publications from the corresponding record.

The institutional financial profiles are therefore included here as an appendix to the *Reference Volume: Resources in Higher Education 1994/95*.

The following is a numbered list showing the variables used in the construction of these institutional financial profiles:

### 1. **Ratio of Liquid Assets to Current Liabilities**

*Numerator:*

Liquid assets are taken as current assets; investments *plus* current assets; cash at bank and in hand.

*Denominator:*

Current liabilities are taken as creditors: amounts falling due within one year.

### 2. **Days Ratio of Net Liquid Assets to Total Expenditure**

*Numerator:*

Net liquid assets are taken as current assets; investments *plus* current assets; cash at bank and in hand, *minus* creditors falling due within one year, including bank overdrafts.

*Denominator:*

Total expenditure.

### 3. **Ratio of Current Assets to Current Liabilities**

*Numerator:*

Current assets, including; stocks and stores in hand, debtors, investments *and* cash at bank and in hand.

*Denominator:*

Current liabilities are taken as creditors: amounts falling due within one year.

### 4. **Days of Current Income (excluding Funding Council Income) represented by Debtors**

*Numerator:*

Current income represented by debtors is taken as current assets; debtors.

*Denominator:*

Current income is taken as total income *minus* funding council grants for HE provision (Note: Scottish Higher Education Funding Council (SHEFC) grants are for all provision).

Funding council grants for HE provision includes recurrent grants for teaching, recurrent grants for research, other recurrent grants, grants for special initiatives, capital grants for buildings and capital grants for equipment.

**5. Days Ratio of Increase/(Decrease) in Cash and Cash Equivalents to Total Expenditure**

*Numerator:*

Increase/(decrease) in cash and cash equivalents.

*Denominator:*

Total expenditure.

**6. Days Ratio of Net Cash Flow from Operating Activities Plus Returns on Investment and Servicing of Finance to Total Expenditure**

*Numerator:*

Net cash flow is taken as net cash inflow/(outflow) from operating activities *plus net* cash inflow from returns on investments and servicing of finance.

*Denominator:*

Total expenditure.

**7. Percentage Ratio of Total Payroll Costs to Total Expenditure**

*Numerator:*

Total payroll costs are taken as expenditure; staff costs.

*Denominator:*

Total expenditure.

**8. Percentage Ratio of Historical Surplus/(Deficit) after tax to Total Income**

*Numerator:*

Historical surplus/(deficit) after tax.

*Denominator:*

Total income.

**9. Days Ratio of Total General Funds to Total Expenditure**

*Numerator:*

Total general funds are taken as endowments; general *plus* reserves; income and expenditure account.

*Denominator:*

Total expenditure.

**10a. Percentage Ratio of Long-Term Liabilities to Total General Funds**

*Numerator:*

Long-term liabilities are taken as creditors: amounts falling due after more than one year.

*Denominator:*

Total general funds are taken as endowments; general *plus* reserves; income and expenditure account.

**12. Percentage Ratio of Interest Payable to Total Income**

*Numerator:*

Interest payable is taken as expenditure; interest payable.

*Denominator:*

Total income.

**13. Percentage Ratio of Premises (excluding Residences and Catering) Maintenance Expenditure to Total Expenditure**

*Numerator:*

Premises maintenance expenditure is taken as expenditure by activity: premises; including repairs and maintenance *plus* long-term maintenance provision charge.

*Denominator:*

Total expenditure.

**14. Percentage Ratio of Grants from Higher Education Funding Councils (HEFCs) to Total Income**

*Numerator:*

Grants from HEFCs are taken as funding council grants for HE provision (Note: SHEFC grants are for all provision).

Funding council grants for HE provision includes recurrent grants for teaching, recurrent grants for research, other recurrent grants, grants for special initiatives, capital grants for buildings and capital grants for equipment.

*Denominator:*

Total income.

**15. Percentage Ratio of "T" Grant from HEFCs to Total Income**

*Numerator:*

"T" Grant from HEFCs is taken as funding council recurrent teaching grants for HE provision (Note: SHEFC grants are for all provision).

*Denominator:*

Total income.

**16. Percentage Ratio of "R" Grant from HEFCs to Total Income**

*Numerator:*

"R" Grant from HEFCs is taken as funding council recurrent research grants for HE provision (Note: SHEFC grants are for all provision).

*Denominator:*

Total income.

**17. Percentage Ratio of Full-time Home/European Union (EU) HE Student Fees to Total Income**

*Numerator:*

Full-time home/European union HE student fees are taken as academic fees and support grants; full-time HE course fees, from UK domiciled students charged home fees *and* non-UK domiciled students charged home fees.

*Denominator:*

Total income.

**18. Percentage Ratio of Full-time Overseas, Full-Cost and other HE Student Fees to Total Income***Numerator:*

Full-time overseas, full-cost and other HE student fees are taken as academic fees and support grants; full-time HE course fees, from students charged overseas and other fees.

*Denominator:*

Total income.

**19. Percentage Ratio of Income from Research Councils and Charities to Total Income***Numerator:*

Income from research councils and charities is taken as research grants and contracts; from the Office of Science and Technology (OST) research councils *and* UK based charities.

*Denominator:*

Total income.

**20. Percentage Ratio of Income from other Research Grants and Contracts to Total Income***Numerator:*

Income from other research grants and contracts is taken as research grants and contracts from all of:

UK government bodies, health and hospital authorities

UK industry, commerce and public corporations

EU government bodies

EU other

Other overseas

and from Other sources.

*Denominator:*

Total income.

**21. Percentage Ratio of Income from Other Services Rendered to Total Income***Numerator:*

Income from other services rendered is taken as other operating income: other services rendered, including income from; course validation fees, teaching companies, UK government bodies, health and hospital authorities, UK industry, commerce and public corporations, EU government, EU other, other overseas, *and* from other sources.

*Denominator:*

Total income.

**22. Percentage Ratio of Residences and Catering Income to Total Income***Numerator:*

Residences and catering income is taken as other operating income from residences and catering operations.

*Denominator:*

Total income.

**23. Percentage Ratio of Miscellaneous Income to Total Income***Numerator:*

Miscellaneous income is taken as funding council grants for FE provision (Note: not applicable to SHEFC),

*plus*

academic fees and support grants; including those from part-time credit bearing HE course fees, non-credit bearing course fees, FE course fees, other teaching contract courses core activities, *and* research training support grants,

*plus*

other operating income; including that from grants from local authorities, income from health and hospital authorities, income released from deferred capital grants, income from intellectual property rights, *and* other general income,

*plus*

endowment income and interest receivable: including; that transferred from specific endowments, income from general endowment asset investments, income from investment of short-term funds, realisation of investments held as long-term funds, *and* other interest receivable.

*Denominator:*

Total income.