

# Brunel

UNIVERSITY  
L O N D O N



**Financial Statements**  
**2010 – 11**

## Financial Statements 2010 – 11

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### **Mission and Strategy of the University:**

The University's Mission is:

*"To advance knowledge and understanding, and provide society with confident, talented and versatile graduates"*

This is supported by a Strategic Plan 2008-2012 which was reviewed and refreshed during 2010. This reaffirmed our five strategic imperatives that will help crystallise and assess our progress towards the vision of being a world-class creative community:

- Encourage and support a vibrant research community that is research intensive; creative and collaborative; and engaged with the world at large
- Enhance the student experience by focussing on the needs of our students
- Compete globally through collaborations and partnerships, encouraging staff and students to be global citizens
- Enhance the enterprise culture by encouraging stronger business awareness and expanding enterprise and knowledge transfer activities
- Provide an enabling environment where staff contribution, retention and development are valued

Work has started on the University's next Strategic Plan, covering the period 2012-2017, which will address the challenges of and the University's responses to the new funding environment for higher education.

The University is a research-intensive institution and provides a unique mix of research-based teaching and practical work experience from our modern London single-site campus for our students, who are chosen for their ability, regardless of background.

The development, operation and successful performance of the University during the year 2010/11 has enabled it to fulfil its mission and continue good progress towards its strategic objectives.

### **Competitive and Regulatory Environment**

Brunel University operates in a competitive national and international market attracting students and staff from across the nation and around the world to study and work here. The University is an autonomous institution and is able to determine its mission and set its strategy. However, as a supplier of publicly-funded higher education, it is subject to regulation and legislation to ensure that it acts responsibly in its use of public funds.

The principal regulator that the university is accountable to is the Higher Education Funding Council for England (HEFCE). The University receives funding grants from HEFCE for teaching and research. HEFCE has a regulatory duty to ensure that universities in receipt of public funds provide value for money and are responsible in their use of these funds. HEFCE is also responsible for making sure that the quality of learning, teaching and research is assessed, enabling them to fund selectively by supporting excellence. HEFCE also monitors the financial and managerial health of universities.

The terms and conditions for the payment of grants to the university by HEFCE are governed by the HEFCE Financial Memorandum. The University is required to submit a series of financial, data and accountability returns as part of the regulation process. HEFCE is also the principal regulator, under the Charities Act 2006, of the University as a higher education institution in England that is also an exempt charity.

The University has a broad mix of students, with regulated fees for UK and European Union undergraduate students, but flexibility to set fee levels for postgraduate and international students. Within the regulatory framework, competition for limited funding is strong and the University is investing in staff and facilities to ensure it is well-placed to meet the challenges of the forthcoming changes to the funding framework for higher education which will start in 2012-13.

## Students

Demand for places to be a student at Brunel University continues to grow, with overall student numbers during 2010/11 reaching 15,446 representing an overall increase of 1.6% on 2009/10. The University continues to attract students to study and undertake research, and UCAS statistics for the 2011/12 application process show that Home and European Union (HEU) applications to the University increased by over 7.1% compared with a national average of 4.6%.

Student Numbers	2010/11				2009/10		
	Home/EU	Overseas	Total		Home/EU	Overseas	Total
Undergraduate non degree	230	118	348		273	166	439
Undergraduate	9,202	1,143	10,345		9,475	1,074	10,549
PGCE	314	5	319		316	4	320
Postgraduate Taught	1,755	1,705	3,460		1,632	1,304	2,936
Postgraduate Research	492	482	974		472	485	957
<b>Total</b>	<b>11,993</b>	<b>3,453</b>	<b>15,446</b>		<b>12,168</b>	<b>3,033</b>	<b>15,201</b>

The University recorded an outstanding improvement in the 2011 National Student Survey (NSS). Brunel was the UK's most improved university for student satisfaction, and climbed 78 places to 45<sup>th</sup> out of 141 higher education institutions, ranked by overall satisfaction rate. The University was placed 40<sup>th</sup> (2010 – 117<sup>th</sup>) in the average score rankings with a score of 4.19 (2010: 3.87). Results in all six of the themes investigated by the survey showed significant improvement for Brunel since 2010. The University is now in the UK's top quartile based on satisfaction rate for Learning Resources (up 30 places to 11<sup>th</sup>), Assessment and Feedback (up 110 places to 19<sup>th</sup>), and Academic Support (up 78 places to 34<sup>th</sup>). The results demonstrate the impact of several years of effort by staff, both academic and administrative, and the Students' Union to improve all aspects of the student experience at Brunel. The University has responded to students' needs and invested appropriately in its campus, its facilities and additional learning resources.

The University continues to invest in the services and facilities that it offers to students. Brunel has a range of health, welfare and advice services on site, in addition to varied social, sporting, arts and religious facilities. The study facilities and support include the University Library which has benefited from major investment, and offers an extensive collection of books, journals and other information including online databases, eBooks and over 16,000 eJournals which are available through the Library website. There are 1,200 study spaces and nearly 300 PCs and there is WiFi capability throughout the building. Inductions, information skills training and one-to-one support are also offered. The University Library was nominated in the Outstanding Library Team category at the Times Higher Education Leadership and Management Awards 2011, after a series of major student-driven changes in recent years. The Library's layout has been reconfigured following student feedback and there is now a much-used 24-hour service during the week, while Facebook and Twitter presences, a blog and SMS notifications have improved communication with the University community.

The University has 4,550 units of accommodation available to students at the Uxbridge campus. The halls of residence are all on-campus, and therefore all within close proximity to the teaching, social and sporting facilities. All accommodation is modern and network access is available in all rooms, through which the internet can be accessed at no additional cost, with a choice of either en suite or standard facilities as well as studio flats for couples. Accommodation availability is guaranteed for all new first year undergraduates including those from the local area and we also offer guaranteed accommodation for all new full-time postgraduates who have confirmed their acceptance and met the conditions for a course.

Brunel University Sport's state-of-the-art facilities are open to students, staff and members of the community and activity programmes run throughout the year. The sports facilities can be used by anyone with disabilities and we aim to provide a welcoming and friendly environment that is supportive to all our users, with lift and ramp access. We are committed to providing opportunities for all to take part in sport and active recreation. External Facilities include a 3G synthetic pitch, a six lane athletics arena, grass pitches, multi-use synthetic pitches, plus tennis and netball Courts. Internal facilities include a large fitness centre, climbing wall, exercise studio, netball hall, sports hall and squash courts. In addition, Brunel's Indoor

Athletics Centre is the centrepiece of the University's performance sport facilities. The Centre is also a UK Athletics Regional Performance Centre and is the training venue for many of UK Athletics finest athletes.

Brunel's Placements and Careers Centre (PCC) has maintained its support for students and graduates in the challenging economic climate. The PCC's three teams – Job Shop, Placement and Careers – are dedicated to helping students achieve both short and long term career goals, working with students from their first day through to a full year after graduation, providing information, guidance, advice and practical help.

Brunel has a 40 year long tradition in placement education and most of our undergraduate degree programmes can be taken as four year sandwich courses. We have a Placements Team that works with students and employers to make the placements process a simple and trouble free process. The PCC won an award at the National Placement and Internship Awards for 'University with a Forward Thinking Attitude to Work-Based Learning' for their exceptional support for students seeking work placements, part-time work and careers advice. The PCC also won the 'Best Placement Service' award in 2010.

For the fourth year running, Brunel surpassed its HEFCE employability benchmark, which is the funding body's prediction of likely graduate outcomes in relation to the composition criteria of graduates, such as entry qualifications and social background. We continue to develop innovative models of employer and graduate engagement, including on-campus interviews for high volume external recruiters, extensive outreach to local employers, use of social media pages and a vacancy iPhone application first introduced in 2010. Despite the recession, we carried 2,955 separate graduate job advertisements, many of which were for multiple jobs, on our intranet site, a 3% increase.

Much of the work of the PCC has been dedicated to assisting 2009-10 graduates, as well as 2010-11 final year students. In the challenging employment market, this help has been vital to our students and has contributed to Brunel's 2010 first degree graduates experiencing a reduction in unemployment levels to 8.6% from 9.8% overall, and to only 5.8% of sandwich course graduates, a level that is below the national average. Support includes one-to-one consultations with careers consultants, workshops for final year students, use of new media such as the University's YouTube channel for making recordings of workshops accessible, events such as Employability Week with a series of events targeting future employment issues and also the summer Graduate Recruitment Fair.

The Made in Brunel show is an annual event, held in 2011 at the Oxo Tower Wharf on London's South Bank, which gives the University's final year Design and Engineering students the opportunity to display their completed projects at an exhibition. The three day event attracts a wide range of visitors including trade professionals, trade press, industry specialists, schools, colleges, universities, graduates, the media, high net worth individuals, and people of influence from a wide range of industries. The students, as well as these diverse visitors, are offered unique business opportunities and networking possibilities. Formal networking events are hosted during the show.

The diversity of our students is reflected in the proportions of our students by gender (54% male and 46% female), ethnicity (42% white, 28% Asian, 18% black and 12% other) and also by students who derive from groups under-represented in Higher Education. Categories where the University exceeds the average for England include students in receipt of Disability Student's Allowance, students from state schools and also from social classes 4-7.

As well as detailed actions within Schools, the University as a whole is continuing its strategic commitment to increasing the number of academic staff in order to improve its student:staff ratio at a time when other universities are reducing staff numbers. Recent recruitment has included new appointments at the professorial level within the Schools of Art, Business, Law, Engineering and Design, Health Sciences and Social Care, Information Systems Computing and Mathematics, Social Sciences and Sport & Education, as well as an interdisciplinary chair in Systems Biology and a range of Reader and Lecturer appointments. We believe that this will have a further positive impact on the student satisfaction and our relative ranking to other universities in the sector. The cap operating on the recruitment of HEU undergraduate students has been set at a level which is sustainable for Brunel, although HEU student levels for 2012/13 and beyond are subject to uncertainty until the implications of the Government's White Paper on Higher Education become clearer.

## **Staff**

The University recognises the fundamental importance of its academic and support staff in delivering our mission and also developing and delivering our strategic objectives. Our staff will have a major contribution to make in the development and the delivery of the University's next Strategic Plan to cover the years 2012-17 and therefore it is important that their input is recognised and appreciated.

Key developments during the past year, building on work initiated in 2009-10 which was informed by the work of the Staff Development Strategy Group, included:

- Responsibility for Staff Development being brought into the remit of the new post of Director of People Services;
- Academic staff appraisal processes are tailored to the differing requirements of academic staff during their careers: Academic Probation Scheme, for probationary members of Academic Staff; Academic Appraisal Scheme, for Lecturers and Senior Lecturers; and the Professorial and Reader Reviews, for Professors and Readers.
- For professional, administrative and technical staff, a managed roll-out of the new Performance & Development Review Scheme, with a view to all areas adopting this scheme.
- Further development of the University's programme for induction of new staff to help them understand their role, their immediate working environment and the wider Brunel community. The programme includes local induction from the immediate line manager, introductory workshops for new staff addressing equality and diversity issues, health & safety training, and a half-day event hosted by the Vice Chancellor entitled 'Welcome to Our World' – where new staff learn more about Brunel's agenda and how Brunel's staff actively contribute to Brunel's Mission, Vision and Values.

Following the 2009 University-wide survey of existing staff, further development programmes were devised. This included a new ASPIRE leadership development programme running across academic and support functions with the aim of significantly increasing the leadership capacity across the University and assisting with succession planning and talent management. The participants develop leadership skills partly by working in mixed groups on enhancement/innovation projects and reporting the outcome to Brunel's Senior Management Group (SMG). Additional staff members have joined the programme in 2010/11 and the SMG has used the results of completed projects to inform its academic and support services decision making.

A new staff survey was launched in June 2011, building on the previous one undertaken in 2009. The results of the 2009 survey helped to shape the University's activities in supporting and valuing staff and achieving its mission, and the results of the 2011 survey will be used similarly and will feed into the development of the 2012-17 Strategic Plan.

Based on nominations from staff and students, 48 people were awarded Special Thanks and Recognition (STAR) awards by the Vice Chancellor in June 2011, when the University showed its appreciation to staff who have made special efforts beyond the normal call of duty to help make the University a better place.

In May 2011, a new staff volunteering initiative was launched. The programme will allow all staff up to 36 hours per academic year to volunteer in the local community, subject to approval by their line manager, and aims to help staff to make a positive contribution to the wider area beyond Brunel.

Our average staff numbers increased during the year from 2,470 to 2,609 which was an increase of 6%, reflecting our stated commitment to investing in the academic resource to improve the student experience. Our staff account for the majority of our expenditure at 56%, and this key performance indicator is broadly in line with our peers.



### Research

Brunel has stood by the words of its Royal Charter – to pursue “research and enterprise for the benefit of individuals and society” – since the University’s inception in 1966.

The University believes that for research to address fundamental issues that the world faces, such as health, technology and communications, climate change and population growth, future research activity must adopt a cross-disciplinary framework, free from the traditional subject and structural barriers. This cross-fertilisation of ideas and expertise is fundamental to Brunel’s rich collaborative tradition and is reflected in the way our researchers interact across different disciplines. We have developed five Collaborative Research Networks (CRNs), which focus on the broad themes of:

- Ageing
- Energy and Environmental Sustainability
- Complex Systems
- Creative Industries
- Innovative Manufacturing (launched in 2010-11)

The CRNs bring together teams of academic researchers from across the University, who actively pursue partnerships and collaborations with universities, businesses and public sector organisations to develop research of the highest quality and to increase the social, cultural and economic impact from their work. We envisage that they will play an increasingly important role in the life of the university and take a major role in the international effort to solve some of the major challenges facing the modern world.

The University was nominated in the Research Management Team category at the Times Higher Education Leadership and Management Awards 2011 for the second time in two years, following another year of innovative work to enhance the impact of Brunel’s research on industry and the general public. A substantial proportion of Brunel’s 53 per cent annual research funding increase, arising from our excellent results in the 2008 Research Assessment Exercise, has been re-invested to further enhance the University’s research culture through the recruitment of 35 senior academic appointments. The expansion in number of Brunel’s Collaborative Research Networks has continued with the launch of the new CRN in Innovative Manufacturing, which integrates world-class research activity to create an accessible route for UK and global manufacturing industry to engage with Brunel. The University also demonstrated its commitment to external impact through the brokering of significant strategic partnerships with major companies including Jaguar Land Rover, Marks and Spencer and GlaxoSmithKline.

Three Brunel University research projects, in the fields of metals manufacturing, healthcare systems and human-centred design were included in The Big Ideas for the Future report, jointly published in June 2011 by Research Councils UK (RCUK) and Universities UK. The report highlights the one hundred most significant ideas emerging from UK universities, with research from all academic fields eligible to be included in the report. Brunel’s three research projects, called 1) LiME, 2) the Cumberland Initiative and 3) Foot-LITE, seek to solve fundamental problems facing today’s society and have the potential to make a significant contribution to the UK economy:

**1. The Centre for Innovative Manufacturing in Liquid Metal Engineering (LiME)** is focused on the science and engineering of metallic materials and seeks to transform our understanding of the nucleation process of liquid metallic materials prior to solidification processing. The Centre’s vision is to achieve full metal recirculation through advanced technologies for reuse, remanufacture and recycling of secondary metals and, in doing so, to make a significant contribution to the metals industry, worth £17 billion a year to the UK economy.

**2. The Cumberland Initiative** is developing and refining simulations of healthcare processes, systems and computer models so that health service staff can operate and deploy resources in the most effective and cost-efficient ways. The Initiative aims to deliver an extra million quality-adjusted life years (QALYs) from the current £100 billion spent annually on the NHS. It also aims to save 20 per cent of the current annual NHS budget (£20 billion) by identifying the training and research needed to offer credible tools and methods for operations, commissioning and policy.

**3. Foot-LITE** seeks to address the twin problems of road safety and environmental impact by creating a revolutionary driver information system to encourage safer and greener driving, as well as encouraging longer term behavioural changes. Using existing technologies, Foot-LITE will capture, process and display information about journeys and driving style through user-friendly hands-free smartphone applications and off-line support tools.

202 new research grants and contracts were awarded to Brunel in 2010/11 (2009/10:182) with a combined value of £17.5 million (2008/09: £16.4m). The income from research grants is recognised in the financial statements over a period averaging three years, as the work is performed. Income continues to be secured from a diverse portfolio of funding bodies with the UK Research Councils and the European commission accounting for 63% of the total.

### **Environmental Sustainability**

The University has an Environmental Policy which aims to limit any detriment or harm by managing its activities, buildings and estates in a way which promotes environmental sustainability; conserves and enhances natural resources; prevents environment pollution and brings about a continual improvement in its environmental performance. The key objectives of the policy are to:

- To implement procedures which contribute to a reduction in the University's carbon footprint
- To minimise waste and pollution, and to operate effective waste management procedures
- To reduce the consumption of fossil fuels
- To reduce water consumption
- To avoid the use, wherever possible, of environmentally damaging substances, materials, and processes
- To maintain the grounds and buildings of the University estate in an environmentally sensitive way
- To have regard to environmental factors as far as practicable in respect of the growth of the University and the integration of new developments into the local environment
- To encourage modes of transport by staff and students which minimise the environmental impact
- To promote a purchasing policy which will, as far as practicable and cost effective, consider and give preference to the use of products and services which cause the least harm to the environment.

Brunel has been awarded The Carbon Trust Standard, demonstrating the University's commitment to taking action on climate change. The Award recognises the improvement in the University's carbon efficiency of 7% over a three year period to 31 July 2010, measured against a 2005-06 baseline.

This was achieved through a variety of measures across the campus aimed at improving infrastructure and energy efficiency and reducing carbon emissions, including:

- launching campaigns to remind and encourage all students and staff to switch off their lights and computer equipment;
- installing technology to increase the efficiency of heating, ventilation and air conditioning systems,
- introducing green travel initiatives such as the Brunel Car Club, the staff car share scheme, and a programme to identify carbon reduction in different travel options;
- installing Voltage Optimisation equipment in two Halls of Residence and an administrative building.

The Standard requires the University to continue to improve our carbon efficiency by 7% every two years and to recertify every two years.

A Carbon Management Plan has been developed which details the targets and methods of supporting the published Higher Education Sectors carbon reduction targets, the mandatory UK Government targets and the Carbon Reduction Commitment Energy Efficiency Scheme.



The University achieved a '2:1' award in the 2011 People and Planet Green League, compiled by the largest student network in Britain, which assesses the efforts of schools, colleges and universities at protecting the environment. The University has adopted an additional series of carbon efficiency targets, updated annually, and progress towards their achievement is reported to appropriate committees of the University. These targets are more challenging than those within the external Carbon Trust Standard and the University is not likely to meet the next milestone in 2012/13. This means that the challenge of saving energy and reducing emissions will become even greater, especially given Brunel's increasing research profile in energy expensive areas such as liquid metals engineering and also the introduction of the new Eastern Gateway building into use in 2012. While the building is energy efficient and is expected to achieve BREEAM 'excellent' standard with regard to environmental sustainability considerations, it will be additional estate on the campus and will increase our total carbon consumption. The University is reviewing its plans and is developing proposals to ensure that it maximises its efforts towards carbon efficiency.

### **Operating Results 2010/11**

A summary of the University's Consolidated Income, Expenditure and Outturn for the year ended 31 July 2010 is provided in the table below which also identifies the accumulated reserves excluding pension liability and the total cash and short term investments at the year end.

	<b>2010/11</b>	<b>2009/10</b>
	£m	£m
Income	178.4	169.5
Expenditure	<u>(172.3)</u>	<u>(163.8)</u>
Operating Surplus	6.1	5.7
Reserves excluding pension liability	172.7	165.4
Cash and short term investments	57.5	56.2

The University has increased its income, managed its expenditure carefully and this has resulted in a net operating surplus of £6.1m or 3.4% of Income, broadly in line with the long term target surplus.

The financial strategy is to deliver the finances to enable the University to fulfil its mission and to meet its strategic and operational objectives in a sustainable way. The University monitors the achievement of this strategy through various analyses, with the principal high level series of indicators being the seven Key Performance Indicators prescribed by HEFCE. HEFCE formally assess all universities on an annual basis against these indicators as part of its regulatory role.

The key performance indicator of the strength of a buffer against large unexpected financial pressures is the level of reserves (excluding pension liability). These reserves are at a level of 98% of income which will be one of the highest reported in the sector. In the previous year the HEFCE benchmarks for this key performance measure across the University sector was a mean of 46% and a third quartile of 60% and Brunel remains comfortably in excess of that.

The key performance indicator of ability to respond to short term financial pressures is that of Net liquidity. Brunel University's cash position stands at £57.5m or 130 days of general expenditure (excluding depreciation). This figure is high in comparison to the University sector where the mean for the previous year was 98 days but with the first and third quartiles ranging between 52 and 128 days. A key factor to take account of in the cash level is the major capital construction of a new, state of the art building for the Business School which will be completed in early 2012.

The Council has again reviewed the financial sustainability of the University, and in particular the seven key performance indicators that HEFCE monitor. The overall conclusion of the reviews is that although there is a considerable uncertainty regarding future funding for the Higher Education sector, Brunel is currently in a strong financial position relative to the sector.

## Income

Total income increased in 2010-11 by £9.0m or some 5.3% in cash terms. Over a 5 year period the University's income has seen a significant increase with a Compound Annual Growth Rate of 6.3% and an increasing reliance on Tuition fees which now account for 39% of Income as compare to 31% at the start of the period. This is illustrated in the table below:

	2011	2010	2009	2008	2007
	£m	£m	£m	£m	£m
<b>Total income</b>	<b>178.5</b>	<b>169.5</b>	<b>157.8</b>	<b>141.2</b>	<b>131.8</b>
<b>Sources of Income</b>					
Grants from Funding Bodies	32%	34%	33%	36%	38%
Tuition Fees and Education Contracts	39%	38%	37%	33%	31%
Research grants and contracts	8%	7%	9%	11%	9%
Other income	21%	21%	21%	20%	22%
	100%	100%	100%	100%	100%

## Expenditure

The University has managed its cost base through Value for Money reviews and intends to continue this approach. The University has been keen to ensure value in allocating the resources required to maintain and develop the capacity, quality and infrastructure of our teaching, research and associated services. A benchmarking comparison with peer Universities for the prior year showed that we had lower expenditure per student than 11 of our 13 selected peers once adjusted for expenditure funded by external research grant providers. In reviewing progress over past years it had become clear that the University's student to staff ratio had increased to a level that exceeds those of our peer group. The University is keen to improve further the student experience and the critical mass of academic researchers and has planned to improve the number of academic staff for the coming year while anticipating that our peers will reduce their staff numbers, resulting in our ratios being more comparable.

The University has managed its additional student numbers within its existing infrastructure and has therefore managed to hold the Compound Annual Growth Rate in expenditure to below the rate of income growth at one of 4.2%. This can be illustrated in the table below.

	2011	2010	2009	2008	2007
	£m	£m	£m	£m	£m
<b>Total expenditure</b>	<b>172.3</b>	<b>163.8</b>	<b>153.0</b>	<b>145.3</b>	<b>140.1</b>
Analysis of Expenditure:					
Staff costs	56%	56%	57%	58%	56%
Other operating expenses	35%	34%	33%	34%	36%
Depreciation	6%	7%	7%	6%	6%
Interest payable	3%	4%	4%	2%	3%
	100%	100%	100%	100%	100%
<b>Total cost (excluding depreciation) per student</b>	<b>£10,250</b>	<b>£10,068</b>	<b>£9,590</b>	<b>£9,806</b>	<b>£9,760</b>

## **Capital Expenditure**

The vast majority of the University's capital expenditure is usually spent on the estate of the campus and out of total capital expenditure of £18.8m for the year, £15.7m was spent on the estate. A 10-year rolling programme is continually updated to take into account the changing needs and developments in the University and this is subjected to regular scrutiny by the Special Projects Committee which reports to the University's Council. Following the investment made in the previous decade to upgrade the residential estate of the campus, the priority is now the teaching and research infrastructure of the site.

During the year work progressed well on the construction of the Eastern Gateway Building, located at the main vehicle entrance to the University site, which will comprise the home of the Brunel Business School, the main reception of the University, a large auditorium, central teaching space and also a café and art gallery. The project is due to complete in time for the start of the 2012/13 academic year, and will significantly enhance the teaching, research and social space available on the campus. The building is expected to achieve BREEAM 'excellent' standard with regard to environmental sustainability considerations. Introduction of the building into the academic estate will further enhance the student experience of the Brunel Business School, which was ranked 21st in the UK and in the top 75 in Europe by the Financial Times 2010 European Business Schools league table and which also had its MSc in Management ranked 59th in the world by the Financial Times Masters in Management report.

The Sports Pavilion upgrade was also completed during the year and is now fully operational, and this has resulted in new and vastly improved facilities for users with disabilities.

## **Cash and Debt**

The University generated £25.6m in cash from operating activities and ended the year with a balance of £57.5 m in cash and short term investments. The University has a detailed Treasury management policy in place which includes limits on deposit and the institutions where these can be placed. Although most institutions are offering very low rates on short term investments, the strategy has been to seek security rather than return. The strategy and the treasury policy are reviewed regularly by the Finance Committee under its Terms of Reference and the Committee also reviews the deposit activity each quarter.

The University has long term debt of £95.5m which extends for a further 29 years (until 2040) when a final payment of £27.2 million needs to be made. The University has a series of interest rate swap agreements, which result in a net interest rate on the long term loans of 4.6% throughout their term. The University has considered using its cash reserves to pay down some of this debt but considers that it should retain the flexibility of keeping the cash on hand during this uncertain period. It would be impossible to re-borrow on such terms in the current market. The borrowings have been used to fund the Student Residences which are fully owned and generating a gross income of £22 million per year. This income can reasonably be expected to track inflation in the future years whilst the interest payments are fixed.

## **Future trends and outlook**

The recent publication of the government's White Paper 'Students at the Heart of the System' outlined the government's view of the future framework for Higher Education funding in England. The White Paper covers four broad areas: reforming funding; delivering a better student experience; enabling universities to increase social mobility; and reducing regulation and removing barriers for new providers. The White Paper will be subject to a period of consultation but eventual legislation will certainly result in a new funding framework of higher tuition fees and lower levels of tuition grants from central government.

The University has had its proposals for charging tuition fees and the associated Fair Access proposals for 2012/13 onwards approved by The Office For Fair Access (OFFA). All higher education institutions wishing to charge fees of above £6,000 a year were required to submit an Access agreement to OFFA, and the approval means Brunel can now confirm its proposed fees and funding package. From 2012, the University will be charging HEU students £9,000 a year for most of its undergraduate degrees, except for students on placement years, allowing us to maintain our strong focus on research-led teaching and student employability, and to continue to invest in our facilities and curriculum.

Ensuring excellent employment prospects for our graduates continues to be one of the University's highest priorities. To ensure that future students are still able to take advantage of placement opportunities, the fee for an extra placement year will be reduced to just £1,000 or waived entirely for students from under-represented groups.

We are also introducing a generous package of scholarships, outreach and retention measures, a total of more than £13 million over three years. The scholarship package will benefit more than 700 talented, under-represented students each year, and will comprise a range of targeted schemes.

The University has prepared its financial forecast for the future years to 2013-14. The strategy has changed from prior years. Previous forecasts were based on changes made and proposed in the current and following year. The effects of these were traced through to future years to assess the short and medium term financial impact of the changes made. The current forecast has been produced on a different basis. This has considered the impact of the sectoral changes, including the higher tuition fees, by the end of the forecast period and ensured that the University is in a financially sustainable position at the end of that forecast period. We have then decided on the best route to achieve that outcome.

The forecast for 2013-14 shows that on the KPI indicator that HEFCE uses to assess the ability of the University to withstand large unexpected financial pressures, the University is planning to be in a strong position with Discretionary Reserves of 95% - well above the sector mean of 55%. The University is forecasting Net Liquidity, which is the KPI that HEFCE uses to measure the ability to respond quickly to short term financial pressures, of 76 days, above the sector forecast mean of 71 days. The University believes this level of liquidity to be appropriate as the majority of its income sources are relatively stable and predictable compared with other sectors. Other HEFCE indicators for 2013-14 used to assess financial sustainability include a lower Operating Surplus at 1.2% of income but still generating Net Cash Flow of 10% of income (compared to the sector average of 7%).

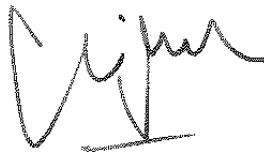
Although these indicators must be considered as tentative while the uncertainties in the sector remain, the position does indicate a strong position going forward. In the years leading up to the 2013-14 forecast position, the University will continue to invest in its academic provision and the academic infrastructure of the campus. With high cash reserves at 31<sup>st</sup> July 2011 and very high levels of accumulated surplus we have decided to invest in advance of the increase in tuition fees to ensure that we continue to improve the services provided to students and staff. This investment is projected to result in a small operating deficit for 2011-12, before the new tuition fee regime is introduced, although we should have positive net cash flow for the year.

Given the indications of future restrictions on public spending it will be harder to obtain funding for capital projects. The University's campus was originally constructed in the 1960s and 1970s, and we are aware of the need to maintain and improve the infrastructure for both environmental and institutional sustainability reasons. The 10-year rolling capital programme noted above is considered by the Special Projects Committee in conjunction with the stock condition works programme that the University also undertakes to ensure that its existing infrastructure is 'fit for purpose' including all necessary Health and Safety requirements. The review of these two programmes together helps to ensure that the separate requirements of construction of new buildings and of maintaining existing buildings are suitably aligned.

The main risk to this overall assessment is that there could be a significant reduction in the number of students that the University is able to recruit. The largest unpredictable changes will be in the number of Home and EU undergraduates who will be affected by the new tuition fee regime and the implementation of the HEFCE number controls. We believe that while there may be an overall reduction in the number of students coming to Universities in 2012-13 and beyond, there will be a flight to quality. While we may lose some students we would otherwise have been able to attract, we could also gain others who would otherwise have gone to lower ranking universities. On balance we believe that we will attract broadly the same numbers of undergraduates though their disposition across the Schools may change. In the longer term the numbers of postgraduate taught students may decline as their fees increase across the sector but with no loan financing yet available for them. With increased tuition fee loans for undergraduate studies, those graduates may be less inclined to take out loans for further Masters study. The University is not planning to increase its numbers of international students any further but the increased competition from others in the UK and abroad, the changes in regulations of the points-based visa system for international

students and the threat of exchange rate variability could also reduce the numbers of these students. On balance we believe that the facilities provided and the experience of hosting a range of international students for a number of years places us in a good position to continue to recruit at the same levels as previously.

In accordance with good governance, the Council and University began a series of talks and discussions on 'higher education : its role internationally, regionally and locally' as a lead into a full development programme for the academic year 2011/2012, which will see both Council and the University working together on developing the next Strategic Plan to run from 2012/2017. As part of the development of the new Strategic Plan, a review of its vision and mission is underway, with the University continuing to be a broad-based, research-led institution, able to bring to bear a practical application of its knowledge and understanding and that of its graduates, for the benefit of society.

A handwritten signature in black ink, appearing to read 'C Jenks', with a stylized flourish at the end.

Professor C Jenks  
Vice Chancellor

## **Brunel University**

### **Statement and Report on the University's Charitable Purpose and Public Benefit Activities**

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The University has had due regard to the Charity Commission guidance on public benefit, including the details contained in the Advancement of Education for the Public Benefit.

Brunel University is an exempt charity under the terms of the Charities Act 2006. The Higher Education Funding Council for England (HEFCE) is the principal regulator of the University both as a Higher Education Institution and as a Charity. The University has no linked charities attached to it. The members of the Council of the University are the charity trustees of the University.

The objects of the University are set out in its Royal Charter as being to advance learning and knowledge by teaching, scholarship and learning, and research and enterprise for the benefit of individuals and society at large. The University is particularly concerned to provide education such that students upon graduation are possessed not only of a range of academic learning but know also the relevance of that learning to society. This has been distilled into our mission statement:

**To advance knowledge and understanding, and provide society with confident, talented and versatile graduates**

The University provided 5,224 graduates in the year 2010/11, of whom 3,006 were awarded a bachelors degree and 2,218 a postgraduate degree and also published 1,181 articles in the Brunel University Research Archive which is an Open Access publishing site from which anyone can download, for free, the results of research published by Brunel academics.

The benefits of learning are available to all potential students who have the ability to successfully complete their chosen course whatever their background and the University aims to create a student body that is balanced and diverse in terms of cultural background and experience. To achieve these aims the University has a Widening Participation strategy (WP) that seeks to increase take-up of Higher Education by under-represented groups by:

- Raising aspirations;
- Encouraging applications;
- Ensuring progression, retention and success.

The strategy has four main strands:

**Outreach activities.** Outreach activities to raise aspirations will continue to target over 3,000 young people in local schools, colleges and community groups aged 14 - 30 who are currently under-represented in Higher Education. These activities were enhanced by additional activities funded by Aimhigher 2009-11.

Brunel's Urban Scholars programme, a nationally recognised initiative now in its seventh year, targets gifted school pupils who may not have previously thought of higher education. The programme consists of monthly university classes including teaching in Maths, English and Critical Thinking using a problem-solving approach.

**Support for students with disability.** The support available for Brunel students with disabilities has increased significantly over the past four years. WP funding has been used to improve further the Assistive Technology Centre and to provide pre-induction and induction sessions. In 2008 the Brunel Disability and Dyslexia Service was awarded the Times Higher Education Award for Outstanding Support for Disabled Students and in 2009 was declared by the Muscular Dystrophy Campaign to have the best university facilities for disabled students in the UK.

**Looked-after children and care leavers.** Since 2007 the WP Office has worked closely with the London Borough of Hillingdon Looked-After Children's Education and Care Leavers' teams to provide an annual guidance weekend for Hillingdon looked-after students. We were re-awarded The Buttle UK Quality Mark in November 2010 for our work with care leavers to support further a group of young people who are very poorly represented in Higher Education.



**Improving transition, progression, retention and employability.** Brunel continues to engage in activities in schools, colleges and the community to aid successful transition to HE for WP students. In 2010/11 we increased from 29 to 47 the number of off-site workshops and presentations to relevant students, parents, staff and community groups. Our third Headstart - Intro2Uni Week - targeted mature students and those with non-traditional qualifications, and we continued to support financially the work of the Counselling Service to increase the range of counselling support offered to vulnerable students and to improve publicity. We expanded further our two professional mentoring programmes for Levels 2 and 3 WP students - the National Mentoring Consortium programme for black and minority ethnic and the Brunel WP mentoring programme, focussing on disabled and mature students and those who are first in family to attend university.

### **Bursaries and Student Financial Support**

The University offers bursaries and financial support to a wide range of students of limited financial means from different backgrounds and with different talents. The financial support available that is detailed below will be revised for the 2012-13 financial year, under the new tuition fees regime.

A Brunel bursary is a non-repayable sum of money awarded by the University to supplement the Government's Maintenance Grant. It is designed for undergraduate students from lower-income households. £1,000 per year of study is available to all undergraduate students entitled to receive a full Maintenance Grant and £500 a year to undergraduate students eligible for a partial Maintenance Grant and whose annual household income is between £25,001 and £35,000.

In addition, up to 25 Regional Partnership Scholarships worth up to £3,000 pa are offered to high-performing students who attend a maintained school or college in six West London boroughs and who meet one or more of the under-represented criteria: they have a disability; are a care leaver or come from a low-income or low socio-economic background. Five Alumni scholarships of £6,000 are paid each year on the same basis as Regional Partnership Scholarships to the 5 applicants who achieve the highest number of UCAS tariff points.

Brunel Urban Scholarships are non-repayable cash awards of up to £3,000 per year for students who have attended the Urban Scholars programme at Brunel University for a minimum of two years, who achieve academic excellence and who meet the criteria for obtaining UK fee and maintenance support. Details are sent directly to eligible students.

The Access to Learning Fund provides financial assistance to taught and research students studying in England who face difficulty in meeting their living costs or course costs (although not tuition fees). This can be due to ongoing personal circumstances, or because students fall into hardship unexpectedly and through no fault of their own.

The Disabled Student's Allowance (DSA) pays for any extra costs UK disabled students may incur in attending their course as a direct result of their disability or specific learning difficulty. The allowance is not means-tested and can help pay for specialist equipment and support workers, but does not contribute towards living costs.

The full range of financial assistance available to students is advertised on the University external and internal websites.

### **Academic Programmes and Projects for Public Benefit**

Examples of the wider public benefit research activities undertaken by the University include:

**Functional Electrical Stimulation (FES).** Technology developed at Brunel is helping people with spinal cord injuries to participate in sport and to exercise within the normal range, helping prevent muscle wastage, heart disease and diabetes as well as improving their quality of life. Following a spinal cord injury most paraplegics cannot voluntarily exercise enough muscle mass to gain the full benefits of a regular whole body workout. However, paralysed muscles can be made to contract by applying electrical pulses through skin electrodes – a technique called functional electrical stimulation (FES). The group at Brunel has pioneered the use of FES to produce rowing motion. Brunel has led the rowing project internationally

along with researchers from the London Regatta Centre, the Spinal Injuries Unit at the RNOH in Stanmore and the Universities of Brunel, Glasgow, Harvard and Alberta.

**Dental Treatment Anxiety.** Brunel Mechanical Engineering researchers have helped develop an innovative device that cancels out the noise of dental drills. It is hoped that the new device could help address people's fears and encourage them to seek dental treatment. The team constructed the prototype and developed the filtering algorithm for the device, which patients simply plug the device into their own MP3 player. They can then listen to their own music and hear their dentist speak, while the unpleasant sound of the drill and suction equipment is blocked out. Working in a similar way to noise-cancelling headphones, the device is designed to deal with the very high pitch of the dental drill by development of 'anti-noise' in the acoustic domain, which could also lead to better surgical instruments in general. The fully functioning prototype is a result of over a decade of collaboration between dental and engineering researchers at Brunel, King's College London and London South Bank University.

**Hospital Ward Commode.** Brunel's Inclusive Design Research Group's focus is on exploring approaches and methods for designing products, services and environments so as to be usable by as many people as possible. The research team at Brunel worked with the designers and manufacturer to develop an on-ward commode which was more comfortable for patients and easier to keep clean. The collaboration between researchers, designers and manufacturers enabled the development of a model which met all the identified needs. The benefits of the new model of commode go far beyond the practical concerns of cleanliness and comfort. The model has been designed to reduce the possibility of hospital acquired infection (such as MRSA), estimated to cause up to 5,000 deaths per year and costs the National Health Service in England as much as £1billion a year. The commode was shortlisted for the BRIT Best Design of the Year award and was exhibited at the Design Museum before being taken on a national tour of selected hospitals for trial.

**Energy and Environmental Sustainability.** The University has a research group which is investigating the development of sustainable electrical power systems as well as the integration of renewable sources of energy for electrical power production. Another centre is researching the minimising of pollutant emissions of engines and the improving of fuel efficiency. This in turn contributes to developments associated with advanced automotive powertrain, alternative and bio fuels, and their impact on the environment.

In October 2010 the University signed a major development and licensing agreement with Guangxi Yuchai Machinery Company Ltd, the largest diesel engine manufacturer in China, to develop an eco-friendly and fuel efficient hybrid engine for municipal buses. The deal allows Yuchai, which supplies 70 per cent of the Chinese bus engine market, to use Brunel's innovative hybrid engine technology in buses throughout China. The air hybrid system is based on novel Regenerative Engine Braking Stop/Start technology developed by a team of academics in Brunel's Centre for Advanced Powertrain and Fuels. It is more efficient than an electric stop/start system and can lead to a 10 per cent fuel saving. In particular, it is compatible with existing vehicle powertrain systems and the production cost is significantly lower, making it suitable for high volume production.

### **Brunel Volunteers**

Brunel Volunteers is part of Brunel's Student Services. The department creates volunteering opportunities for students to become involved with events and projects within the local and wider community. These opportunities can help students build skills relevant to future employment and explore different career paths before entering the graduate recruitment market, as well as provide opportunities on which to base coursework. During 2010/11 Brunel Volunteers completed nearly 2,000 hours of volunteering in the six southern wards of the Borough, exceeding the target by over 30%. Beneficiaries of the work of Brunel Volunteers included local community centres, the Disabled Association of Hillingdon, Hillingdon Hospital and the Samaritans. Other examples of activities include drama workshops, an initiative involving drama students facilitating drama workshops with the clients of the Youth Offending Service, and a new initiative placing students as sport coaches in schools.

The following statement is provided to enable readers of the annual report and accounts of the University to obtain an understanding of the University's governance and legal structure.

The University is a corporation formed by Royal Charter with charitable status. The Council is the University's governing body and, amongst other matters, it 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. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, the latest versions of which were approved by the Privy Council in May 2005. Like most public bodies it operates within a strong framework of regulation, and endeavours to conduct 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). Not only does the University comply with all mandatory requirements, but it also strives to operate that guidance which represents best practice. The University is committed to best practice in corporate governance. The Council has taken account of the Combined Code on Corporate Governance and the HEFCE Accounts Direction requirements. In addition the University has had regard to the Governance Code of Practice and General Principles (the Code) published by the Committee of University Chairs (CUC). In response to the Code and in accordance with overall good governance the Council periodically reviews the role of Council and its effectiveness. A Governance Task Force has been formed during 2010/11 and work on reviewing the size and structure of Council and the number and functions of its Committees is in progress.

The Charter and Statutes require the University to have two separate bodies, the Council and the Senate, each with clearly defined functions and responsibilities, to oversee and manage its activities. Under the Statutes, the University may have another body, the Court. The University has constituted its Court, which does not have any legal or other powers in respect of the University. The role and effectiveness of Court was reviewed in 2009, and Council agreed that its role should continue as the body through which the University maintains influential contact with the wider community.

The Council is the governing body of the institution and in exercising its role and powers undertakes to meet the obligations placed upon the institution by the founding Charter of the University and on its members as Charity Trustees. This establishes the University as both a teaching and learning institution providing education in various branches of scholarship as determined by the University and also as an institution making provision for research and dissemination of knowledge. Council is responsible for setting the strategic direction of the University, and for the finance, property, investments and general business of the University. Council approves major developments and receives regular reports from Executive Officers on the day to day operations of its business and its subsidiaries. The matters specifically reserved to the Council for decision are set out in the University's Statutes. Council has a majority of members from outside the University (described as independent members), from whom its chair and deputy chair must be drawn. Members also include representatives of the staff of the University, and the student body. None of the independent members receive any payment, apart from the reimbursement of expenses, for the work they do for the University.

The Senate is the academic authority of the University, and draws its membership entirely from the academic staff and the students of the University. Its role, subject to the Statutes and Ordinances, is to direct and regulate the teaching and research work of the University.

The principal academic and administrative officer of the University is the Vice-Chancellor, who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the accounting officer of the University. The role of Chair of Council is separated from the role of the University's Chief Executive, the Vice-Chancellor.

As chief executive of the University, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments, and shaping of the institutional ethos. The Vice Principal, Pro Vice-Chancellors and the senior administrative officers all contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the Council.

The University maintains a register of interests of members of the Council and senior officers which may be consulted by arrangement with the University's Secretary to Council.

The statutes of the University specify that there shall be a Secretary to Council, who shall be appointed by the Council after it has considered a joint report from the Vice-Chancellor and Chair of the Council. The Secretary shall be responsible to the Council. Any enquiries about the constitution and governance of the University should be addressed to the Secretary to Council.

The Council meets four times a year and has several Committees. These committees, and in some cases others, are formally constituted as committees of the Council, with written terms of reference and specified membership, including a significant proportion of independent members, from whom the chair is selected. In the case of the Audit Committee, it is comprised entirely of independent members appointed by Council from amongst its members, and co-opted independent members appointed by Council. The Chair of Council is ex-officio on all Council and Joint Committees, except the Audit Committee.

In respect of its strategic and development responsibilities, Council receives recommendations and advice from the Strategic Planning and Resources Committee, a joint committee of Council and Senate, the body responsible for the University's academic affairs.

The Finance Committee supervises all matters relating to the finance, accounts and financial regulations of the University, the investment of its funds, the receipt of its income and the expenditure thereof, and the management of its borrowings. The Finance Committee presents a report to each meeting of Council.

The Nominations Committee, in its recommendations to Council, seeks to ensure diversity, breadth and continuity of expertise amongst the membership of Council. It also undertakes succession planning with respect to the membership and leadership of committees.

The Remuneration Committee reviews and recommends the salary and conditions of service of the Vice-Chancellor and the severance arrangements of higher paid staff as defined from time to time in the Accounts Direction made by the Higher Education Funding Council for England. It also receives a report from the Vice-Chancellor on the performance of the senior management team.

The Audit Committee meets at least three times a year to consider reports from the External and Internal Auditors containing recommendations for the improvement of the University's systems of risk management and internal control and the management's responses and implementation progress. It also receives and considers reports from time to time from the Higher Education Funding Council for England. Whilst executive officers attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee meets with the External Auditors and the Internal Auditor on their own for independent discussions at least annually. The Committee and Internal Auditor each present an Annual Report to Council.

Special Projects Committee undertakes due diligence enquiries and necessary scrutiny on behalf of Council on matters of strategic or fundamental importance to the University. It is chaired by the Deputy Chair of Council and its membership is made up of one member of Finance Committee, one member of Audit Committee and one member of Strategic Planning and Resources. Special Projects Committee meets on an ad hoc basis and reports its findings to Council.

Council also appoints members to joint committees with Senate including the Strategic Planning and Resources Committee and Honorary Degrees Committee. Each of these committees is formally constituted with terms of reference and includes three independent members of Council.

The attendance record for members of Council and its Committees was monitored over the course of the year 2010/11 and the average attendance achieved was 90%.

The University's Council is responsible for the University's system of internal control and for reviewing its effectiveness. It has established the processes to comply with the direction from the Higher Education Funding Council for England (HEFCE) for the identification, evaluation and management of the key risks facing the University. The Council has responsibility for maintaining a sound system of internal control that

supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibility assigned to the Council in the Charter and Statutes and the Financial Memorandum with HEFCE. Such a system is designed to manage, rather than eliminate the risk of failure to achieve business, operational, compliance and financial objectives, and 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 Council has adopted a risk management policy, and has identified where the principal management responsibility rests for risk management. The Council is of the view that an ongoing process for identifying, evaluating and managing the University's significant risks has been in place, and operating effectively, since 31 July 2003.

The internal auditor also provides Council with an independent opinion each year on the adequacy and effectiveness of the University's risk management, control and governance processes. The Council has ensured that the meeting calendar enables risk management and internal control to be considered on a regular basis during the year.

Day-to-day management of the University is conducted through the Vice-Chancellor's Advisory Group and the Senior Management Group. The Senior Management Group acts as an executive committee and normally meets fortnightly to consider the strategic and financial direction of the University.

The Vice-Chancellor is the principal academic and administrative officer of the University. The Vice Principal is his deputy and has specific responsibility for academic matters within the University. The four Pro-Vice-Chancellors have specific responsibilities for major policy areas, whilst responsibility for administrative services is shared between the Chief Operating Officer and the Director of Finance. Council is kept informed of the key decisions and discussions of Senior Management Group via the Vice-Chancellor's Report which is also given to the University's Senate meetings.

The Vice-Chancellor, Professor Chris Jenks, has indicated his intention to retire at the end of September 2012. Council is required under the Statutes to determine procedures for the appointment of a new Vice-Chancellor. On 13 July 2011 Council approved the appointment of the Selection Committee to oversee this process. The Selection Committee led by the Chair of Council and consisting of nine members of Council, including the Vice-Principal of the University and the President of the Union of Brunel Students, has been formed and the necessary consultation, search and interview process has commenced.



## **Brunel University**

### **Statement of Primary Responsibilities of the University Council**

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The University' Council, as part of its responsibility to establish processes to monitor and evaluate the performance and effectiveness of the Council itself, is currently undertaking a review which will consider the primary responsibilities of Council and the committee structures and processes that are adopted to carry out these responsibilities. The current principal responsibilities of the Council are as follows:

- 1 To approve the mission and strategic vision of Brunel University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
- 2 To delegate authority to the Vice-Chancellor, as chief executive, for the academic, corporate, financial, estate and personnel management of the institution. And 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.
- 3 To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
- 4 To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
- 5 To establish processes to monitor and evaluate the performance and effectiveness of the Council itself.
- 6 To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
- 7 To safeguard the good name and values of Brunel University.
- 8 To appoint the Vice-Chancellor as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
- 9 To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
- 10 To be the employing authority for all staff in the University and to be responsible for establishing a human resources strategy.
- 11 To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
- 12 To be the University's legal authority and, as such, 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 name of Brunel University.
- 13 To make such provision as it thinks fit for the general welfare of students, in consultation with the Senate.
- 14 To act as charitable trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
- 15 To ensure that the University's constitution (as laid down in the Charter and Statutes) is followed at all times and that appropriate advice is available to enable this to happen.
- 16 To ensure that Confidential Information about the University, including members of its staff, students and other personnel, is strictly maintained and not disclosed to any third parties.



## **Brunel University**

### **Council's Responsibility for the Financial Statements**

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In accordance with the University's Royal Charter, the Council of Brunel University is responsible for the administration and management of the affairs of the Group and 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 Group and University. This enables it to ensure that the financial statements are prepared in accordance with the University's Royal Charter, the Statement of Recommended Practice - Accounting for Further and Higher Education, 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 Group and University and of the Group's surplus or deficit and cash flows for that year.

In preparing the financial statements, the Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgments and estimates 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,
- financial statements are prepared on the going concern basis.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England and the Teacher Development Agency are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Higher Education Funding Council and the respective Funding Agreement with the other body and with any other conditions which the two 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 prevent and detect fraud; and,
- secure the economical, efficient and effective management of the University's resources and expenditure so that the benefits that should be derived from the application of public funds by the Council are not put at risk.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic, administrative and support departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular review of key performance indicators and business risks and of financial results involving variance reporting;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the University Council;
- comprehensive Financial Regulations, promoted by Finance Committee and adopted by Council; and,
- a professional internal audit service with a programme approved by the Audit Committee and whose head provides that committee with a report on internal audit activity that assists it in formulating its opinion on the effectiveness of the University's system of risk management, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

## Independent auditors' report to the Council of Brunel University

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We have audited the Group and University financial statements (the 'financial statements') of Brunel University for the year ended 31 July 2011 which comprise the Consolidated Income and Expenditure Account, the Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective Responsibilities of the University Council and Auditors**

As explained more fully in the Statement of Primary responsibilities of Council Statement set out on pages 20 and 21 the University Council is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the University Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2011 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

## Independent auditors' report to the Council of Brunel University

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### Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes
- income has been applied in accordance with the University's Statutes and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control included as part of the Corporate Governance Report is inconsistent with our knowledge of the University and group.



Chris Wilson  
For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
25 November 2011

# **Brunel University**

## **Statement of principal accounting policies**

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### **Basis of preparation**

These financial statements have been prepared in accordance with both the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions (SORP) and applicable United Kingdom Accounting Standards including any standards issued more recently than the SORP such as heritage assets FRS 30..

### **Basis of accounting**

The financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets and investments.

### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the University and its subsidiary undertakings for the financial year to 31 July. Intra-group sales and profits are eliminated fully on consolidation. The consolidated financial statements do not include those of the Union of Brunel Students as it is a separate body in which the University has no direct financial interest nor has it control or significant influence over policy decisions.

### **Recognition of income**

Income from research grants and contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. Such income that was earned, but not invoiced, at the year end is included as accrued income.

All income from investments is credited to the Income and Expenditure Account on a receivable basis. Income from specific endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to Specific Endowments.

Recurrent grants from funding councils are recognised in the period in which they are receivable. Non-recurrent grants from funding councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the useful economic life of the assets. Specific grants from funding councils are recognised to the extent of the relevant expenditure incurred during the year, together with any related contributions to overhead costs, or when the related terms and conditions of the grants have been fully satisfied.

### **Maintenance of premises**

The University has a long-term maintenance programme which is periodically reviewed and for which sums are set aside on a regular basis. The programme covers both major cyclical activities and major maintenance costs expected to occur on an irregular basis. Both long-term and routine corrective maintenance is charged to the income and expenditure account as incurred, unless it is classified as a capital asset under FRS 15.

### **Foreign currency translation**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

### **Agency arrangements**

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

### **Accounting for charitable donations**

Unrestricted charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

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

### **Tangible fixed assets**

#### **a Land and buildings**

Land and buildings are stated at cost or, in the case of buildings for which the cost cannot readily be ascertained, at valuation. Buildings are depreciated over their expected useful economic lives of fifty years except in the case of certain temporary structures which warrant a shorter period. Improvements to leasehold premises are amortised over the period of the lease.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable, whether through the economic benefits of use or through disposal.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until the accounting period in which they are brought into use.

Freehold land is not depreciated

#### **b Equipment**

Equipment costing less than £10,000 per individual item or group of related items is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its expected useful economic life, as follows:

Furniture, printing and catering equipment	-	10 years
Telephone and security equipment	-	7 years
File servers and other central computing equipment, office equipment, other academic equipment	-	5 years
Motor vehicles	-	4 years
Groups of public domain and other personal computers	-	3 years
Equipment acquired for research projects	-	project life

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy. The related grant is treated as a deferred capital grant and

	released to income and expenditure account over the expected useful economic life of the equipment (the period of the grant in respect of sponsored research projects).
c	Books

The cost of purchase of books is written off in the year of acquisition

### **Heritage Assets**

Works of art and other valuable artefacts (heritage assets) valued at over £25k are capitalised and recognised in the Balance Sheet at the cost or the value of the acquisition, where such a cost is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean any depreciation would be immaterial. Individual items are periodically re-valued with any surplus or deficit on revaluation being reported in the Statement of Recognised Gains and Losses.

### **Investments**

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Endowment asset investments are stated at market value, and current asset investments are stated at the lower of cost or net realisable value.

### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

### **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. No investments, however liquid, are included as cash.

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

### **Provisions**

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **Taxation status**

The University is considered to pass the tests set out in paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Subsidiary companies are liable to corporation tax.

The University is partially exempt in respect of Value Added tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.



### **Pension schemes**

Retirement benefits for the University's staff are provided by the Universities' Superannuation Scheme, the Teachers' Pension Scheme and the London Pensions Fund Authority Pension Fund. These are defined benefit schemes, each of which is described further in the Notes to the Accounts. Pension costs are assessed on the latest published actuarial valuations of the schemes 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. Unless it is considered prudent to recognise deficiencies over a shorter period, variations from regular cost are spread over the average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

The assets of the pension schemes are held separately from those of the University. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus, to the extent that it is recoverable, or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Price Index (CPI) rather than, as previously, the Retail Price Index (RPI). In the year ended 31 July 2010, the University considered the Local Government Pension Scheme (LGPS) scheme rules and associated members' literature and concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with a resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL') in the 2009/10 financial statements. Following the Urgent Issues Task Force ('UITF') Abstract 48 in December 2010, the University has reconsidered its position in respect of the above and has concluded that the above treatment of the gain remains appropriate.

## Consolidated Income and Expenditure Account

### Year Ended 31 July 2011

	Notes	Year Ended 31 July 2011 £'000	Year Ended 31 July 2010 £'000
<b>Income</b>			
Funding body grants	1	55,918	57,552
Tuition fees and education contracts	2	69,831	64,505
Research grants and contracts	3	14,813	12,570
Other Income	4	37,285	34,246
Endowment and investment income	5	654	598
<b>Total Income</b>		<b>178,501</b>	169,471
<b>Expenditure</b>			
Staff costs	6	95,788	90,921
Other operating expenses	8	59,675	55,827
Depreciation	10	11,023	10,644
Interest payable	7	5,877	6,394
<b>Total Expenditure</b>		<b>172,363</b>	163,786
<b>Surplus after depreciation of tangible fixed assets at valuation and before tax</b>		<b>6,138</b>	5,685
Taxation	9	-	-
<b>Surplus before exceptional items</b>		<b>6,138</b>	5,685
Surplus for the year transferred to accumulated income endowment funds		-	-
<b>Surplus for the year retained within general reserve</b>		<b>6,138</b>	5,685

All items of income and expenditure arise from continuing operations

#### Statement of Group Historical Cost Surplus and Deficits

There is no difference between the surplus stated above and the historical equivalent

Notes from pages 32 to 47 form part of these Financial Statements.

## Statement of Group Total Recognised Gains and Losses

### Year Ended 31 July 2011

	Notes	Year Ended 31 July 2011 £'000	Year Ended 31 July 2010 £'000
Surplus on continuing operations after depreciation of fixed assets at valuation, disposal of assets and tax		6,138	5,685
Endowment income retained in year	19	760	519
Endowments withdrawn	19	(381)	(313)
Appreciation of endowment assets	19	3	3
Actuarial gain/(loss) in respect of pension schemes	23	3,335	(1,754)
Past Service Cost Indexation	23	-	4,156
New Endowments	19	35	15
<b>Total recognised gains relating to the year</b>		<b>9,890</b>	<b>8,311</b>
<b>Total gains recognised since last financial statement</b>		<b>9,890</b>	<b>8,311</b>
<b>Reconciliation</b>			
Opening reserves and endowments		<b>132,424</b>	124,113
Total recognised gains for the year		<b>9,890</b>	8,311
		<b>142,314</b>	<b>132,424</b>

Notes from pages 32 to 47 form part of these Financial Statements

# Balance Sheets

## As at 31 July 2011

		Group		University	
	Note	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>Fixed assets</b>					
Tangible fixed assets	10	277,469	269,992	277,469	269,992
Investments	11	113	113	33	33
		<b>277,582</b>	270,105	<b>277,502</b>	270,025
<b>Endowment assets</b>	12	<b>2,007</b>	1,590	<b>2,007</b>	1,590
<b>Current assets</b>					
Stock		146	153	146	153
Debtors	13	11,697	10,410	11,797	10,552
Investments	14	53,610	55,092	53,610	55,092
Cash at bank and in hand		3,914	1,085	3,884	1,042
		<b>69,367</b>	66,740	<b>69,437</b>	66,839
<b>Creditors</b>					
Amounts falling due within one year	15	(43,518)	(37,059)	(43,355)	(36,889)
<b>Net current assets</b>		<b>25,849</b>	29,681	<b>26,082</b>	29,950
<b>Total assets less current liabilities</b>		<b>305,438</b>	301,376	<b>305,591</b>	301,565
<b>Creditors</b>					
Amounts falling due after more than one year	16	(94,403)	(95,513)	(94,403)	(95,513)
Less Provisions for liabilities and charges	17	(1,173)	(1,127)	(1,173)	(1,127)
<b>Total net assets excluding pension liabilities</b>		<b>209,862</b>	204,736	<b>210,015</b>	204,925
Net Pension liabilities	23	(32,399)	(34,540)	(32,399)	(34,540)
<b>Total net assets including pension liabilities</b>		<b>177,463</b>	170,196	<b>177,616</b>	170,385
<b>Deferred capital grants</b>	18	<b>35,149</b>	37,772	<b>35,149</b>	37,772
<b>Endowments</b>					
Permanent	19	718	769	718	769
Expendable	19	1,289	821	1,289	821
		<b>2,007</b>	1,590	<b>2,007</b>	1,590
<b>Reserves</b>					
Income and expenditure account					
Excluding pension liabilities		172,706	165,374	172,859	165,563
Pension reserve		(32,399)	(34,540)	(32,399)	(34,540)
		<b>140,307</b>	130,834	<b>140,460</b>	131,023
<b>Total funds</b>		<b>177,463</b>	170,196	<b>177,616</b>	170,385

Notes from pages 32 to 47 form part of these Financial Statements

The financial statements on pages 28 to 47 were approved by the Council on 23 November and signed on its behalf by:

Chair of Council – J Kelly

Vice Chancellor and Principal – Professor C Jenks

Jane Kelly.

C. Jenks

## Consolidated Cash Flow Statement

### Year ended 31 July 2011

	Notes	Year Ended 31 July 2011 £'000	Year Ended 31 July 2010 £'000
Net cash inflow from operating activities	21	25,732	18,970
Returns on investments and servicing of finance			
Income from investments	5	3	3
Other interest received	5	651	595
Interest paid	7	(5,877)	(6,394)
		<u>(5,223)</u>	<u>(5,796)</u>
Taxation		-	-
Capital expenditure and financial investment			
Payments made to acquire assets	10	(18,791)	(6,626)
Loss on Disposal of fixed assets		291	13
Fixed asset investment additions		-	(25)
Deferred capital grants received	18	<u>413</u>	<u>13,039</u>
		<u>(18,087)</u>	<u>6,401</u>
Management of liquid resources	22	1,482	(18,292)
Financing		<u>(1,075)</u>	<u>(1,016)</u>
Increase in cash		<u><u>2,829</u></u>	<u><u>267</u></u>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase in cash for the period	22	2,829	267
Changes in short term deposits		(1,482)	18,292
Change in net debt		<u>1,492</u>	<u>1,245</u>
		<u>2,839</u>	<u>19,804</u>
Net debt at beginning of year		<u>(38,821)</u>	<u>(58,625)</u>
		<u><u>(35,982)</u></u>	<u><u>(38,821)</u></u>

Notes from pages 32 to 47 form part of these Financial Statements

**Notes to the accounts**  
**For the year ended 31 July 2011**

	Notes	Year Ended 31 July 2011 £'000	Year Ended 31 July 2010 £'000
<b>1 Funding body grants</b>			
<b>Recurrent grant</b>			
Higher Education Funding council		47,882	49,803
Training and Development Agency		2,387	2,498
<b>Specific grants</b>		2,919	2,035
<b>Deferred capital grants released in year</b>			
Building	18	1,658	1,962
Equipment	18	1,072	1,254
		<b>55,918</b>	<b>57,552</b>
<b>2 Tuition Fees and education contracts</b>			
Full-time home and EU fees		30,375	30,384
Full-time international students		29,506	24,275
Part-time students		2,744	2,568
NHS education contract		4,671	4,453
Short course fees		1,829	2,117
Other Fees		706	708
		<b>69,831</b>	<b>64,505</b>
<b>3 Research grants and contracts</b>			
Research councils		6,122	5,942
UK Charities		508	654
Industry and commerce		3,141	2,456
Governmental		4,647	3,158
Other sources		395	360
		<b>14,813</b>	<b>12,570</b>
<b>4 Other income</b>			
Residences, catering, conferences and retail		28,044	25,805
Other income		9,176	8,376
Released from deferred capital		65	65
		<b>37,285</b>	<b>34,246</b>
<b>5 Endowment and Investment income</b>			
Income from permanent endowments		1	1
Income from expendable endowments		2	2
Income from short term investments		651	595
		<b>654</b>	<b>598</b>



**Notes to the accounts**  
**For the year ended 31 July 2011**

	Year Ended 31 July 2011 £'000	Year Ended 31 July 2010 £'000
<b>6 Staff costs</b>		
Salaries	77,783	73,889
Social security costs	6,542	6,011
Contributions to occupational Pension Scheme	11,051	10,644
Other pension liabilities	77	49
Restructuring costs	335	328
	<u>95,788</u>	<u>90,921</u>
Emoluments of the Vice-Chancellor		
Salary	243	241
Benefits	1	2
Pension contributions	36	37
	<u>282</u>	<u>280</u>
Remuneration of other higher paid staff, excluding employer's pension contribution		
	Number	Number
£100,000 to £109,999	7	10
£110,000 to £119,999	7	4
£120,000 to £129,999	2	3
£130,000 to £139,999	-	-
£140,000 to £149,999	1	1
£150,000 to £159,999	1	1
£160,000 to £169,999	2	1
	Number	Number
Average staff numbers by major category		
Academic and hourly Paid lecturers	943	889
Administrative and Academic support	433	411
Technical	77	74
Other	<u>1,157</u>	<u>1,096</u>
	<u>2,609</u>	<u>2,470</u>

Compensation, including all cash benefits, was due of £85,000 payable to an employee whose remuneration exceeded £100,000 per year. This compensation was due as a result of termination of employment with Brunel University (2009/10: nil).

14 Trustees of the University, none of whom were employed by Brunel University, received an annual payment of £250 each totalling £3,500 to cover their expenses (2010: 13 trustees £3,250).

	Year Ended 31 July 2011 £'000	Year Ended 31 July 2010 £'000
<b>7 Interest and other finance costs</b>		
Loans not wholly repayable within five years	4,589	4,658
Loans wholly or partly payable within five years	-	-
Interest on Enhanced Pension Scheme	49	-
Net charge on pension scheme	<u>1,239</u>	<u>1,736</u>
	<u>5,877</u>	<u>6,394</u>

**Notes to the accounts**  
**For the year ended 31 July 2011**

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**8 Analysis of total expenditure by activity**

	Staff costs £'000	Other operating expenses £'000	Dep'n £'000	Interest Payable £'000	<b>2011 Total £'000</b>	2010 Total £'000
Academic departments	57,014	13,912	1,689	-	<b>72,615</b>	70,224
Academic Services	10,965	7,567	133	-	<b>18,665</b>	17,659
Research grants and contracts	5,081	5,526	305	-	<b>10,912</b>	7,455
Residences, catering, conferences & Science Park	6,442	8,241	3,207	4,638	<b>22,528</b>	22,370
Premises	3,888	13,982	5,146	-	<b>23,016</b>	21,509
Administration	9,785	8,091	541	1,239	<b>19,656</b>	19,864
	-	-	-	-	-	-
Other services	2,613	2,356	2	-	<b>4,971</b>	4,705
	<b>95,788</b>	<b>59,675</b>	<b>11,023</b>	<b>5,877</b>	<b>172,363</b>	163,786

**Year Ended  
31 July 2011  
£'000**

**Year Ended  
31 July 2010  
£'000**

Other operating expenses include:

External Auditors remuneration in respect of audit services **43** 45

External Auditors remuneration in respect of non-audit services **8** 14

**9 Taxation**

UK corporation tax (recoverable)/payable - -

**Notes to the accounts**  
**For the year ended 31 July 2011**

**10 Tangible assets**  
**Group and University**

	<b>Freehold Land and Buildings £'000</b>	<b>Assets in Course of Construction £'000</b>	<b>Equipment £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>				
At 1 August 2010:				
Cost	309,820	4,185	20,478	334,483
Less: Disposals in year	(447)	-	(1,282)	(1,729)
Additions at cost	1,751	13,930	3,110	18,791
Transfers between accounts	260	(1,294)	1,034	-
At 31 July 2011:				
Cost	311,384	16,821	23,340	351,545
<b>Depreciation</b>				
At 1 August 2010:	51,383	-	13,108	64,491
Charge for the year	7,940	-	3,083	11,023
Eliminated in respect of disposals	(156)	-	(1,282)	(1,438)
	59,167	-	14,909	74,076
<b>Net book value 31 July 2011</b>	<b>252,217</b>	<b>16,821</b>	<b>8,431</b>	<b>277,469</b>
Net book value 31 July 2010	258,437	4,185	7,370	269,992
Financed by capital grant	24,976	450	1,974	27,400
Other	227,241	16,371	6,457	250,069
<b>Net book value 31 July 2011</b>	<b>252,217</b>	<b>16,821</b>	<b>8,431</b>	<b>277,469</b>

On 31 July 2011, freehold land and buildings included £6.6m, (£6.6m, 2009-10) in respect of freehold land and is not depreciated.

In accordance with FRS15, the university retained the book value of land and buildings.

**Heritage Assets**

The University does not possess any heritage assets individually or as components of a set that were either acquired for over £25k or donated with a value at donation provided for over £25k except for a sculpture of Brunel included in the Fixed Assets at £10k. The combined value of heritage assets is considered both insufficiently material and of too uncertain value to warrant overall disclosure of a total balance.

The University's collections including artworks are currently located in the library, The Arts Centre and the archives.

There are arts and artefacts located around both the Uxbridge campus and its archives. These are viewable by staff and visitors with access to particular areas. The works of art consist of portraits of principals, assorted paintings, several sculptures and a few Victorian tables and chairs. There was a valuation by Bonhams in 2003 and insignificant movement thereafter.

Summary of Heritage Asset Transactions – none included in Tangible Fixed Assets or Endowments

**Notes to the accounts**  
**For the year ended 31 July 2011**

Year Ended	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Acquisitions at Cost	8	4	-	26	22
Donations received at valuation	-	-	-	-	-
Disposal Proceeds	-	1	5	8	19

**11 Fixed asset investments**

	Group		University	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Investment in CVCP Properties plc	33	33	33	33
Investments in associated companies	80	80	-	-
	<b>113</b>	<b>113</b>	<b>33</b>	<b>33</b>

**Investments in subsidiary companies**

The group accounts incorporate the financial information relating to its subsidiaries, in which it holds 100% of the shares, Phalarope Ltd, which has not traded in the year, and Brunel University Enterprises Ltd. Brunel University Enterprises Ltd is incorporated in England and Wales and pursues activities principally through the commercial exploitation of assets both tangible and intangible held and generated within the University and through management of the Brunel Science Park.

**12 Endowment assets**

	Group and University	
	2011 £'000	2010 £'000
Balance as at 1 August	1,590	1,366
New endowments invested	35	15
Increase/ (Decrease) in cash balances held for endowment funds	382	209
<b>Balances as at 31 July</b>	<b>2,007</b>	<b>1,590</b>
<b>Represented by:</b>		
Cash at bank held for endowment fund	2,007	1,590

**13 Debtors**

	Group		University	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>Amounts falling due within one year:</b>				
Debtors	6,261	5,352	6,220	5,341
Amounts due from subsidiary companies	-	-	296	418
Prepayments and accrued income	5,281	4,442	5,281	4,442
	<b>11,542</b>	<b>9,794</b>	<b>11,797</b>	<b>10,201</b>
<b>Amounts falling due after one year:</b>				
Loans	155	269	-	4
HEFCE matched funding	-	347	-	347
	<b>11,697</b>	<b>10,410</b>	<b>11,797</b>	<b>10,552</b>

**Notes to the accounts**  
**For the year ended 31 July 2011**

**14 Investments**

	Group and University	
	2011 £'000	2010 £'000
Money market deposits	<b>53,610</b>	55,092
	<b>53,610</b>	<b>55,092</b>

**15 Creditors: amounts falling due within one year**

	Group		University	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank Loans	<b>1,110</b>	1,075	<b>1,110</b>	1,070
Trade Creditors	<b>18,849</b>	15,035	<b>18,845</b>	15,015
Taxation and social security	<b>428</b>	103	<b>423</b>	89
Accruals and deferred income	<b>23,131</b>	20,846	<b>22,977</b>	20,715
	<b>43,518</b>	<b>37,059</b>	<b>43,355</b>	<b>36,889</b>

**16 Creditors: amounts falling due after more than one year**

	Group		University	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank Loans	<b>94,254</b>	95,364	<b>94,254</b>	95,364
Other Loans	<b>149</b>	149	<b>149</b>	149
	<b>94,403</b>	<b>95,513</b>	<b>94,403</b>	<b>95,513</b>

Analysis of secured and unsecured loans is as follows:

	Group		University	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
In one year or less	<b>1,110</b>	1,075	<b>1,110</b>	1,070
Between one and two years	<b>1,325</b>	1,259	<b>1,325</b>	1,259
Between two and five years	<b>3,871</b>	3,703	<b>3,871</b>	3,703
After five years	<b>89,207</b>	90,551	<b>89,207</b>	90,551
	<b>95,513</b>	<b>96,588</b>	<b>95,513</b>	<b>96,583</b>

For the three loans outstanding totalling £95.5m, the interest rate exposure is managed through an interest rate swap. The funds have been borrowed via Lloyds TSB bank plc and the amounts and rates after applying the swaps of each of the loans are £47.4m at 4.588%, £23.9m at 4.5843% and £24.2m at 4.5823%. All loans are repayable by instalments until December 2040.

**17 Provisions for liabilities and charges**

**Notes to the accounts**  
**For the year ended 31 July 2011**

Group and University

**Enhanced  
Pension  
Costs  
£'000**

At 1 August 2010	1,127
Expenditure in year	(81)
Transferred from Income and Expenditure account	<u>127</u>
At 31 July 2011	<u><u>1,173</u></u>

From the date of the merger, enhanced pensions have been paid to former employees of the West London Institute of Higher Education.

**18 Deferred capital grants**

	Funding Councils £'000	Other Grants & benefactions £'000	Total £'000
<b>At 1 August 2010:</b>			
Land and Buildings	32,718	2,569	35,287
Equipment	<u>2,381</u>	<u>104</u>	<u>2,485</u>
	35,099	2,673	37,772
<b>Cash Received:</b>			
Land and Buildings	198	-	198
Equipment	<u>-</u>	<u>215</u>	<u>215</u>
	198	215	413
<b>Released to income and expenditure account</b>			
Land and buildings	(1,658)	(65)	(1,723)
Equipment	<u>(1,072)</u>	<u>(241)</u>	<u>(1,313)</u>
	(2,730)	(306)	(3,036)
<b>Total</b>	<b><u><u>32,567</u></u></b>	<b><u><u>2,582</u></u></b>	<b><u><u>35,149</u></u></b>
<b>At 31 July 2011:</b>			
Land and buildings	31,258	2,504	33,762
Equipment	<u>1,309</u>	<u>78</u>	<u>1,387</u>
<b>Total</b>	<b><u><u>32,567</u></u></b>	<b><u><u>2,582</u></u></b>	<b><u><u>35,149</u></u></b>

All deferred capital grants relate to the University

**19 Endowments**



**Notes to the accounts**  
**For the year ended 31 July 2011**

	Restricted Permanent £'000	Restricted Expendable £'000	<b>2011 Restricted Total £'000</b>	2010 Restricted Total £'000
Balance at 1 August 2010				
Capital	497	85	<b>1,352</b>	1,337
Accumulated income	272	(34)	<b>238</b>	29
	<b>769</b>	<b>821</b>	<b>1,590</b>	1,366
New endowments	-	35	<b>35</b>	15
Income	3	757	<b>760</b>	519
Appreciation of endowment assets	1	2	<b>3</b>	3
Expenditure	(55)	(326)	<b>(381)</b>	(313)
At 31 July 2011	<b>718</b>	<b>1,289</b>	<b>2,007</b>	1,590

	Group and University		
	Permanent £'000	Expendable £'000	Total £'000
Scholarship funds	546	367	624
Chairs and lectureships	-	13	13
Prize funds	172	100	561
Other funds	-	809	809
Total	<b>718</b>	<b>1,289</b>	<b>2,007</b>

**20 Reserves**

	Group £'000	University £'000
Balance at 1 August 2010	130,834	131,023
Surplus for the year	6,138	6,102
Actuarial gain in respect of pension scheme	3,335	3,335
Balance at 31 July 2011	<b>140,307</b>	<b>140,460</b>
Balance represented by:		
Income and expenditure reserve	172,706	172,859
Pension reserve	(32,399)	(32,399)
	<b>140,307</b>	<b>140,460</b>

**Notes to the accounts**  
**For the year ended 31 July 2011**

**21 Reconciliation of profit before tax to net cash flow**

	<b>2011</b>	2010
	<b>£'000</b>	£'000
Surplus before tax	<b>6,138</b>	5,685
Depreciation	<b>11,023</b>	10,644
Impairments	-	42
Deferred capital grants released to income	<b>(3,036)</b>	(3,468)
Interest payable	<b>5,877</b>	6,394
Decrease/(Increase) in stock	<b>7</b>	(21)
Investment Income	<b>(654)</b>	(598)
(Increase)/Decrease in debtors	<b>(1,287)</b>	836
(Decrease)/Increase in creditors	<b>6,424</b>	(2,040)
Increase/(Decrease) in provisions	<b>46</b>	(39)
FRS 17 Pension costs less contributions payable	<b>1,194</b>	1,535
	<b><u>25,732</u></b>	<b><u>18,970</u></b>

**22 Analysis of changes in net debt**

	At August 2010 £'000	Cash flows £'000	Other changes £'000	At July 2011 £'000
Cash at bank and in hand				
Endowment assets	1,590	417	-	<b>2,007</b>
Other	1085	2,829	-	<b>3,914</b>
	<b>2,675</b>	<b>3,246</b>	-	<b>5,921</b>
Short term investments	55,092	(1,482)	-	<b>53,610</b>
Debts due within one year	(1,075)	(35)	-	<b>(1,110)</b>
Debts due after more than one year	(95,513)	1,110	-	<b>(94,403)</b>
	<b>(38,821)</b>	<b>2,839</b>	-	<b>(35,982)</b>

**23 Pension Schemes**

The three principal pension schemes for the University's staff are the Universities' Superannuation Scheme (USS) and the Teachers' Pension Scheme (TPS) for academic staff, and the London Pensions Fund Authority Scheme (LPFA) for other staff. The schemes are defined benefit schemes based on a final pensionable salary.

**The total pension cost for the University and its subsidiaries was:**

	<b>2011</b>	2010
	<b>£'000</b>	£'000
Contributions to USS	<b>8,046</b>	7,934
Contributions to TPF	<b>335</b>	365
Contributions to LPFA	<b>2,668</b>	2,535
Contributions to other pension schemes	<b>2</b>	1
Provision for ex-WLIHE pension increase	<b>77</b>	49
Total Pension cost	<b><u>11,128</u></b>	<b><u>10,884</u></b>

**Universities Superannuation Scheme**

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustees is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

## Notes to the accounts

### For the year ended 31 July 2011

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Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest triennial actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new 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. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2011 are also included in this note.

The triennial valuation was carried out using the projected unit method. 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), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

Male members' mortality	PA92 MC YofB tables – rated down 1 year
Female members' mortality	PA92 MC YofB tables – No age rating

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	22.8 (24.8) years
Males (females) currently aged 45	24.0 (25.9) years

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liability of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

## Notes to the accounts

### For the year ended 31 July 2011

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fluctuate and at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has taken this all into account in his funding level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3% pa to 2.9% pa. The actuary has estimated that the funding level as at 31 March 2011 under the new scheme specific funding regime had fallen from 103% to 98% (a deficit of £700 million). Over the past 12 months, the funding level has improved from 91% (as at 31 March 2010) to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions). The next formal valuation is as at 31 March 2011 and this will incorporate updated assumptions agreed by the trustee company.

With effect from 1 October 2011, new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on the future funding levels.

On the FRS17 basis, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial valuation are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase / decrease by 0.5%	Decrease / Increase by £2.2 billion
Rate of pension increases	Increase / decrease by 0.5%	Increase / decrease by £1.5 billion
Rate of salary growth	Increase / decrease by 0.5%	Increase / decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension finding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee believes that over the long-term equity investment and investment in selective alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows similar to estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100%

## Notes to the accounts

### For the year ended 31 July 2011

thereby minimizing the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the trustee makes to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2011, USS had over 142,000 active members and the institution had **1025** active members participating in the scheme.

The total pension cost for the institution, excluding £98k provision, was £8,143,890 (2010: £7,933,934). This includes £nil (2010: £ nil) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

#### Teachers Pension Scheme

TPS is an unfunded defined benefit scheme administered by the Teachers Pensions Agency in accordance with the Teachers' Superannuation (Consolidation) Regulations 1988. Contributions on a 'pay-as-you-go' basis are paid to the Exchequer under arrangements governed by the Superannuation Act 1972.

Date of most recently published actuarial valuation	31 March 2004
Investment returns per annum	6.5%
Salary scale increases per annum	5.0%
Pension increases per annum	3.5%
Market value of assets at last valuation date	£162,650 million
Proportion of members' accrued benefits covered by the actuarial value of assets	97%
Employers contribution	14.1%

It is not possible to identify the University's share of the underlying assets and liabilities in the scheme and hence, using the exemption under FRS 17, contributions to the scheme are accounted for as if it were a defined contribution scheme, with the cost recognised in the Income and Expenditure account being equal to the contributions payable to the scheme.

#### Local Government Pension Scheme - London Pensions Fund Authority (LPFA)

The University participates as an Admitted Body in the LPFA which is administered in accordance with the Local Government Pensions Scheme Regulations 1997. The fund is valued every three years by actuaries, and the projected unit method is used in respect of the Active Sub-Fund in which the University participates. Each participating employer has their own contribution rate reflecting its long term future service rate, adjusted for the funding level in respect of past service. For the year ended 31 July 2011, the employer's contribution rates were 21.0% from 1 April 2011 22.6%. The employee's rate from 1 April 2011 is based on a banded earnings schedule. The employer's contributions were £2.67 million and the employees' contributions were £0.81 million.

The following information regarding the LPFA is based upon the full actuarial valuation of the fund as at 31 March 2007, rolled forward to 31 July 2010 by Barnett Waddingham, an independent firm of actuaries. The major assumptions are:

<b>31 July</b>	<b>At 2011</b>	<b>At 2010</b>	<b>At 2009</b>	<b>At 2008</b>	<b>At 2007</b>
Inflation (CPI)	<b>2.7%</b>	2.7%	-	-	-
Inflation (RPI)	<b>3.5%</b>	3.2%	3.6%	3.8%	3.3%
Rate of increase in salaries	<b>4.5%</b>	4.7%	5.1%	5.3%	4.8%
Rate of increase in pensions	<b>2.7%</b>	2.7%	3.6%	3.8%	3.3%
Discount rate	<b>5.3%</b>	5.4%	6.0%	6.7%	5.8%

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

	<b>Males</b>	<b>Females</b>
Retiring today	20.0	23.5
Retiring in 20 years	22.0	25.4

**Notes to the accounts**  
**For the year ended 31 July 2011**

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We have assumed members will exchange half their commutable pension for cash at retirement

We have additionally assumed that active members will retire one year later than they are first able to do so without reduction.

The University's share of the total value of the LPFA fund is estimated to be as follows

	<b>At 31 July 2011</b>		<b>At 31 July 2010</b>	
	<b>Long term rate of return</b>	<b>Fund Value £'000</b>	<b>Long term rate of return</b>	<b>Fund Value £'000</b>
Equities	<b>6.8%</b>	<b>34,087</b>	7.3%	32,638
Target Return Portfolio	<b>4.5%</b>	<b>5,434</b>	4.5%	5,676
Alternative Assets/Property	<b>5.8%</b>	<b>6,916</b>	6.3%	7,095
Cash	<b>3.0%</b>	<b>1,976</b>	3.0%	946
Other Bonds	<b>5.3%</b>	<b>988</b>	5.4%	946
Total Market Value of assets		<b>49,401</b>		47,301

The following amounts at 31 July 2011 were measured in accordance with the requirements of FRS 17

<b>At 31 July</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Estimated asset share	<b>49,401</b>	47,301
Present value of scheme liabilities	<b>(81,800)</b>	(81,841)
Deficit in scheme	<b><u>(32,399)</u></b>	<b><u>(34,540)</u></b>

**Movement in deficit during the year:**

**Analysis of amount charged to Wages and Salaries I&E**

	<b>2011 £'000</b>	<b>2010 £'000</b>
Current service cost (net of employee contributions)	<b>(2,613)</b>	(2,326)
Losses on Curtailments and Settlements	<b><u>(20)</u></b>	<u>-</u>
	<b><u>(2,633)</u></b>	<b><u>(2,326)</u></b>

**Analysis of net return on pension scheme charged to Interest Payable I&E**

Expected return on pension scheme assets	<b>3,003</b>	2,932
Interest on pension liabilities	<b>(4,242)</b>	(4,668)
Net return	<b><u>(1,239)</u></b>	<b><u>(1,736)</u></b>



**Notes to the accounts**  
**For the year ended 31 July 2011**

**Analysis of amounts recognised in statements of total gains and losses (STRGL)**

Actual return less expected return on Pension scheme assets	1,706	1,313
Experience gains and losses arising on scheme liabilities	7,711	9
Changes in assumptions underlying the present value of the scheme liabilities	(6,082)	(3,076)
Actuarial gain / (loss) recognised in STRGL	3,335	(1,754)
Past service cost indexation	-	4,156
Total Recognised in STRGL	3,335	2,402

**Movement in deficit in the year**

Deficit in scheme at the beginning of the year	(34,540)	(35,403)
Movement in year:		
Current service costs	(2,613)	(2,326)
Contributions	2,677	2,522
Contributions in respect of unfunded benefits	1	1
Past service costs	-	4,156
Net return on assets	(1,239)	(1,736)
Settlements and Curtailments	(20)	-
Actuarial gain/(loss)	3,335	(1,754)
Deficit in scheme at the end of the year	(32,399)	(34,540)

**Analysis of net return on scheme liabilities**

	2011 £'000	2010 £'000
At beginning of the year	81,841	77,347
Service cost	2,613	2,326
Interest cost	4,242	4,668
Actuarial (gains)/losses	(3,849)	3,067
Losses/gains on curtailments	20	-
Estimated benefits paid (net of transfers in)	(3,872)	(2,251)
Past service cost	-	(4,156)
Contributions by Scheme participants	806	841
Unfunded pension payments	(1)	(1)
At end of year	81,800	81,841

**Analysis of net return on scheme assets**

At beginning of the year	47,301	41,944
Expected return on Scheme assets	3,003	2,932
Actuarial Gain (losses)/gains	(514)	1,313
Contributions by employer	2,678	2,523
Contributions by Scheme participants	806	841
Estimated benefits paid (net of transfers in and unfunded)	(3,873)	(2,252)
At end of year	49,401	47,301

**Notes to the accounts**  
**For the year ended 31 July 2011**

	Year ended 31 July 2011		Year ended 31 July 2010	
	£'000	%	£'000	%
Equities	34,087	69	32,638	69
Target Return Portfolio	5,434	11	5,676	12
Alternative Assets	6,916	14	7,095	15
Cash	1,976	4	946	2
Other Bonds	988	2	946	2
Total	<u>49,401</u>	<u>100</u>	<u>47,301</u>	<u>100</u>

**History of experience gains and losses**  
**Cumulative**

	Year ended 31 July 2011 £'000	Year ended 31 July 2010 £'000	Year ended 31 July 2009 £'000	Year ended 31 July 2008 £'000	Year ended 31 July 2007 £'000
Difference between expected and actual return on assets:					
Amount (£'000)	(514)	1,313	(6,072)	(6,975)	2,104
Percentage of scheme assets	(1.0%)	2.8%	(14.5%)	(15.7%)	4.5%
Experience gains on scheme liabilities	9,931	9	-	1,443	20
Amount (£'000)	81,800	81,841	77,347	66,125	62,486
Percentage of the present value of the scheme liabilities	12.1%	0.0%	0.0%	2.2%	0.0%
Total amount recognised in statement of recognised gains and losses	3,335	(1,754)	(12,853)	(6,294)	6,533
Present value of liabilities	81,800	81,841	77,347	66,125	62,486
Percentage of the present value of the scheme liabilities	4.1%	(2.1%)	(16.6%)	(9.5%)	10.5%

**Projected Pension Expense for the year to 31 July 2012**

	Year to 31 July 2012 £'000
Interest Cost	4,322
Return on Assets	(3,063)
Net Interest payable	<u>1,259</u>
Employer Contribution projection	2,850

**23 Capital commitments**

Provision has not been made for the following capital commitments

	Consolidated and University	
	2011 £'000	2010 £'000
Commitments contracted for at 31 July	<u>9,127</u>	<u>4,402</u>

**24 Contingent liabilities**

The University is not aware of any contingent liabilities which require to be disclosed in accordance with the standard accounting practice.

**Notes to the accounts**  
**For the year ended 31 July 2011**

**25 Related party transactions**

Transactions between Brunel University and its subsidiary undertakings, Brunel University Enterprises Limited and Phalarope Limited have been eliminated on consolidation and do not need to be disclosed, therefore, in this note.

Due to the nature of the University's operations and the composition of its Council (being drawn from 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 procedures.

Brunel University considers the Union of Brunel Students to be a related party due to the level and nature of the transactions between the organisations. During the year to 31 July 2011, the University paid a grant of £970k to the Union (2010: £964,000), and provided the Union with accommodation on all campuses free of rent and most other occupancy costs.

**26 Access to hardship funds (HEFCE)**

	<b>2011</b>	2010
	<b>£'000</b>	£'000
Balance brought forward at 1 August	<b>20</b>	44
Funding Council grants received	<b>223</b>	244
Interest earned	-	7
Disbursed to students	<b>(216)</b>	(268)
Contributions to fund running costs		(4)
Administration staff costs	<b>(7)</b>	(3)
	<b>20</b>	20

**27 Teacher Training Bursaries**

	<b>2011</b>	2010
	<b>£'000</b>	£'000
Balance brought forward at 1 August	<b>(236)</b>	84
Teacher Development Agency grant received	<b>1,600</b>	1,282
Disbursed to students	<b>(1,528)</b>	(1,602)
Balance due to Teacher Development Agency	<b>(164)</b>	(236)

Funding Council Access grants and bursaries, as detailed in notes 27 and 28, are available solely for students. The funds and related disbursements are excluded from the income and expenditure account.

**28 Financial Commitments**

At July 2011, the University had annual commitments under non-cancellable operating leases which expire as follows

	Land and Buildings	Equipment	<b>2011</b>	2010
	£'000	£'000	<b>£'000</b>	£'000
Within one year	1,001	277	<b>1,278</b>	1,253
Within two to five years	-	481	<b>481</b>	416
After five years	-	-	-	3
	<b>1,001</b>	<b>758</b>	<b>1,759</b>	1,672

**Brunel University**  
**Membership of Council and Trustees during the 2010 – 11 year**

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	<b>Status of Appointment</b>	<b>Date Appointed in-year</b>	<b>Date resigned in year / Completed Term of Office</b>
The Rt Hon. Lord Wakeham DL	Chancellor		
The Lord Lingfield Kt DL DLitt.	Pro-Chancellor		
Professor C Jenks	Vice-Chancellor & Principal		
Professor M Sarhadi	Vice-Principal		
Mr T A C Webb - Chair	Independent Member		31.07.2011
Mrs J Kelly – Deputy Chair	Independent Member		
Mr T Belisario	Independent Member		
Ms M Black	Independent Member		
Ms M Chapman	Independent Member		
Ms N Cole	Independent Member		
Mr D Finlayson	Independent Member		
Professor K Gregory	Independent Member		
Mrs M Lenton	Independent Member		
Mr R Lougee	Independent Member		31.07.2011
Mr A Siddiqui	Independent Member		01.10.2010
Mr C Thorneycroft-Smith	Independent Member		
Mr G Tomkinson	Independent Member		
Mrs J Robbins	Independent Member	1.08.2010	
Mr N Afzal	Independent Member	1.12.2010	
Professor Z Irani	Appointed by Senate		
Dr W Leahy	Appointed by Senate		
Professor R Simpson	Appointed by Senate		
Professor S Capel	Appointed by Senate		
Dr S Naylor	Elected Academic Member		
Professor M Lycett	Elected Academic Member		
Ms N Bowes	Elected Staff Member		
Mr B Stiff	Elected Staff Member		
Ms P Pallan	Student Member		31.07.2011

**Brunel University**  
**Membership of Council and Trustees during the 2010 – 11 year**

**Committees served during the year: 2010 - 11**

<b>Finance Committee</b>  <b>Chairman</b> Ms. M. Black  <b>Members</b> Mr T. Webb Mrs J. Kelly Prof. C. Jenks Prof. M. Sarhadi Mr. T. Belisario (appointed 1 <sup>st</sup> January 2011) Mrs M. Chapman Prof. K. Gregory Mr G. Tomkinson (stood down 31 <sup>st</sup> December 2010) Prof. Z. Irani Dr W. Leahy Dr. M. Lycett Mr B. Stiff Ms. P. Pallan	<b>Audit Committee</b>  <b>Chairman</b> Mr. C. Thorneycroft-Smith  <b>Members</b> Mrs N. Cole Mrs M. Lenton Mr R. Lougee Mr. G. Tomkinson (appointed 1 <sup>st</sup> January 2011) Mr S. Coventry (Co-opted)	<b>Health and Safety Assurance Committee</b>  <b>Chairman</b> Mr. R. Lougee  <b>Members</b> Prof S. Tassou Mr C. Temple (Co-opted) Mr P. Thomas Mr V. King Mr N. Taylor
<b>Strategic Planning &amp; Resources Committee</b>  <b>Chairman</b> Prof. C. Jenks  <b>Members</b> Prof. M. Sarhadi Mr D. Finlayson Mrs M. Chapman Mr G. Tomkinson Ms. P. Pallan	<b>Nominations &amp; Remuneration Committee</b>  <b>Chairman</b> Mr T. Webb  <b>Members</b> Ms. M. Black Mrs J. Kelly Mr D. Finlayson Prof. C. Jenks Prof. M. Sarhadi	<b>Equal Opportunities and Human Resources Committee</b>  <b>Chairman</b> Prof. C. Jenks  <b>Members</b> Mr N. Afzal (appointed 1 <sup>st</sup> December 2010) Prof. K. Gregory Prof. M. Sarhadi Mrs. J. Robbins Mr T. Belisario (stood down 1 <sup>st</sup> December 2010)
<b>Special Projects Committee</b>  <b>Chairman</b> Mrs J. Kelly  <b>Members</b> Mr C. Thorneycroft-Smith Mr D. Finlayson Ms. M. Black Prof. C. Jenks	<b>Honorary Degrees Committee</b>  <b>Chairman</b> Prof. C. Jenks  <b>Members</b> Mrs M. Lenton Mrs N. Cole Mr R. Lougee Mr T. Webb Ms. P. Pallan	
<b><u>Professional Advisers</u></b>		
<b>Bankers</b>  HSBC Bank plc, Uxbridge	<b>Legal advisers</b>  Eversheds, London Nabarro Nathanson, London	<b>External auditors</b>  KPMG LLP, London
<b>Indirect tax advisers</b>  Ellis Chapman & Associates, Knutsford, Cheshire	<b>Internal Auditors</b>  Grant Thornton UK LLP, London	