



**Financial Statements  
2015 – 16**

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Following the implementation of the new Higher Education Statement of Recommended Practice (HE SORP 2015) for 2015/16 reporting, Brunel University London presents its first Strategic Report. The Strategic Report replaces the former Operating and Financial Review, and forms part of the University's Financial Statements.

### **Strategic Plan 2012-2017 and New Strategic Vision**

The University's 2012-2017 Strategic Plan sets out objectives which build on previous successes and aim to:

- (a) improve the quality of our educational and research activities;
- (b) set a path to sustain and enhance our position as an internationally competitive research-intensive university;
- (c) improve our position in the league tables significantly.

In order to achieve these goals, a programme of key projects has been implemented to:

- (a) strengthen our educational provision and the career/employment prospects of our students;
- (b) maximise our Research Excellence Framework (REF) return and increase the quality, volume and impact of our research;
- (c) develop our Public Engagement and relationships with business;
- (d) develop our 'brand' and the effectiveness of our marketing and communications;
- (e) establish and implement an international strategy; and
- (f) improve opportunities for staff development.

We have reported on each element of the projects noted above in prior year Operating and Financial Reviews, and strategic elements relating to the 2015/16 and future years are detailed within this Report.

The University's current Strategic Plan concludes in 2017. In early 2016, Council agreed that rather than developing a new 5-year strategic plan, the University will develop a 15-20 year Strategic Vision which will be underpinned by 3-year rolling plans. This new approach will enable the University to be agile and responsive to the changing external environment and manage its approach effectively to achieving its key strategic goals. The development of the Strategic Vision will build on our goals of excellence in education and research and transferring knowledge to bring economic, social and cultural benefit.

The Strategic Vision document will provide an overarching vision for the longer term development of the University and will identify the key strategic goals. Development of the new strategy will take place over the second half of 2016, with the aim of approving the final version by the end of the year. The development of the associated 3-year plan will begin in early 2017 with a view to implementation from 2017-18.

### **Competitive and Regulatory Environment**

The University operates in a competitive national and international market attracting students and staff from across the United Kingdom and around the world to study and work here. The University is an autonomous institution and determines its own mission and strategy, although 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.

Brunel University London is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and HEFCE is the principal regulator of the University as a charitable institution. The University receives funding grants from HEFCE for teaching and research. The terms and conditions for the payment of grants to the university by HEFCE are governed by the HEFCE Memorandum of Assurance and Accountability, as updated in July 2016. This sets out the formal relationship between HEFCE and the higher education institutions (HEIs) that it funds, their governing bodies and accountable officers. It reflects HEFCE's responsibility to provide annual assurances to Parliament that: i) funds provided are being used for the purposes for which they were given; ii) risk management, control and governance in the HE sector are effective; and iii) value for money is being achieved. HEFCE also monitors the financial and managerial health of universities.



The University is required to submit a series of financial, data and accountability returns as part of the regulation process. HEFCE is also responsible for making sure that the quality of learning, teaching and research is assessed, enabling it to fund selectively by supporting excellence and take account of the collective interest of students in how it operates. The University was visited by HEFCE's Assurance Team in 2015, as part of a formal Assurance Review of the University's systems of internal control, corporate governance and risk management and the University received a positive report, with the overall conclusion that HEFCE is able to place reliance on the accountability information that the University provides.

The University has a broad mix of students, with regulated limits to fees for UK and European Union undergraduate (HEU) students. There is flexibility to set fee levels for postgraduate and international students. All Higher Education Institutions (HEIs) which charge fees for HEU undergraduate students of above £6,000 a year up to the limit of £9,000 are required to submit an Access agreement to The Office for Fair Access (OFFA). The University is committed to ensuring that all those with the potential to benefit from studying here have the opportunity to do so, whatever their background. We aim to continue the activities that have proved successful in widening access and delivering positive outcomes for students from under-represented backgrounds at the University.

Research funding for the sector and the University derives from Government sources, UK Research Councils, UK charities, the European Union (EU) and also directly from industry and commerce. Following the outcome of the Referendum on the UK's membership of the European Union, we will see, although not immediately, a reduction in funding from EU sources and it will be our challenge to ensure that where possible we attract more funding from UK Government, UK research councils, international and industrial sources. In 2015/16 the University continued to attract increased overall levels of research grant funding, including from EU and non-Government sources, as it follows its research-intensive strategy. Following an excellent performance in the 2014 Research Excellence Framework (REF), the University increased its mainstream quality-related research funding, as detailed in the Research section of this report.

The Quality Assurance Agency for Higher Education (QAA) is the independent body entrusted with monitoring and advising on standards and quality in UK higher education. The QAA Institutional Review took place in March 2016 with the final report confirming that the University met UK expectations. The Report noted in particular good practice features relating to the impact of the Recognised Programme Developers in supporting new programme development and achieving consistency of approach, the wide range of opportunities and support for student transitions into study and progression into the work environment, and the extensive range of support and training provided for staff and students by the Brunel Educational Excellence Centre, which enhances learning opportunities. The full report was published on the QAA website.

## **Strategy Development and Implementation**

The University has continued to develop and implement the strategies and plans outlined in the 2014/15 Operating and Financial Review, which were derived from the 2014 Transformational Change Programme (TxP), designed to enable the University to meet the challenges of an environment of increased competition for students and for research funding. The main organisational change arising from the TxP Programme was the formation of three Colleges and the establishment of three major interdisciplinary Research Institutes, with the redesigning of administrative services to support this new operating structure. The work of the three Colleges is centred on i) Business, Arts and Social Sciences (CBASS); ii) Engineering, Design and Physical Sciences (CEDPS); iii) Health and Life Sciences (CHLS). The three Research Institutes are i) Energy Futures; ii) Environment, Health and Societies; and iii) Materials and Manufacturing; the overall focus of the Institutes is to address the global challenges of sustainability through the application of the knowledge and expertise needed via the adoption of inter-disciplinary methodologies. As outlined in the first section of this Strategic Report, the strategic areas of focus for the University include:

### Educational Provision

The new Education Strategy of the University was approved in 2015 and implemented during 2015/16. The strategy identifies four key characteristics of a Brunel education; that our students should be ready for the work place; that our education should be leading edge and relevant; that we are an international and diverse community; and that we will provide students with seamless academic and pastoral support.



Brunel's students continue to achieve excellent academic results. The level of awarded good degrees (first and 2:1s) is measured using benchmarkable HESA data, which allows for sector comparisons and acts to inform whether the University is producing graduates who achieve well as a result of teaching and learning. In 2015/16, 72% of Brunel's students achieved a first or 2:1 degree, improving upon the 71% level achieved in 2014/15 and continuing the steady improvement since 2012/13's attainment level of 63%.

As part of the implementation of our overall Education Strategy, the TeachBrunel Taskforce was launched to drive improvements in the quality of teaching and the feedback provided to students. In order to engage all staff and prioritise issues in Teaching and Feedback, three focal points were identified for 2015/16, being i) Feedback, ii) Assessing and recognising teaching performance and iii) How to make our education accessible to our students. Every academic department and professional division has been asked to develop a plan to address these issues and detail how they have delivered in these areas, with a monitoring programme to ensure continued delivery against plans. In 2016/17, a Deputy Vice Chancellor has been appointed as the Vice Chancellor's Ambassador for Teaching and the Student Experience and will lead the University to oversee and monitor progress towards achieving our key targets of teaching quality, feedback, retention/attrition, employability, and narrowing the attainment gap at all levels. We expect that this will result in improvements in our NSS scores, which together with other metrics relating to teaching quality will form a major part of the Teaching Excellence Framework (TEF) evaluation.

The University continues to develop more innovative teaching and better transitions in future years. Under the oversight of the Taskforce, individual departments and divisions produced action plans to enhance the quality of education for their students and these were discussed with students through formal Student Staff Liaison Meetings. The Taskforce will also review the rewards that are given to departments that perform well in the NSS, to determine if that funding could be used better to encourage staff-student engagement. The University has also funded the introduction of a student representation system, which operates at College and Department level, to ensure that regular and detailed student feedback on issues affecting students and their tuition is given and acted upon.

The Tutoring@Brunel policy has been successfully rolled out across the University with support and training given to staff via central staff development and localised College level training. During 2016/17 the process of embedding and enhancing Tutoring@Brunel at department level will continue, by encouraging departments to look at their own practice and adapt their processes to meet the Tutoring@Brunel framework.

The Brunel Educational Excellence Centre (BEEC) has made significant progress since its inception in 2014, as acknowledged by the fact that the recent QAA visit recognised the extensive support for students and staff as a feature of good practice in the University. In 2016/17 the priorities are to build on this solid foundation and to develop our support for the University further principally in Learning Technology and Academic practice. In 2016/17 the aim is to develop a more embedded "hub and spoke" model with each College so that the Learning Technology team staff can work closely with academic colleagues to help them embed technology in their teaching and develop more online resources.

Following the first year of the Higher Education Authority (HEA)-accredited Academic Professional Excellence Framework (APEX), a continuous professional development framework in 2015-16, the University now has over 250 people registered. A plan for introducing a postgraduate certificate, diploma and masters in academic practice as additional offers for support staff from September 2017 is in the exploratory phase. A steadily increasing percentage of accredited academic staff will be highly beneficial as the TEF is introduced.

#### Research and the Research Excellence Framework (REF)

The University performed strongly in the 2014 Research Excellence Framework (REF) exercise, rising to 33rd among the UK's HEIs for its research power – an overall ranking that combines the University's average research quality rating with the number of submissions. The strong performance in the REF was also reflected in the £0.6 million (c7%) funding boost for the 2015-16 financial year from HEFCE. This mainstream quality-related research funding increase is particularly important to support post-graduate and early years researchers and for the University to be able to direct substantial sums into areas that we as a University regard as crucial.



In 2015/16 the University was awarded 179 (2014/15:171) new research grants and contracts with a combined value of £31.8 million, down slightly compared with 2014/15's £34.0 million – although it should be noted that the 2014/15 result included the £15 million Advanced Metal Casting Centre (AMCC) phase 2 capital grant. The 2015/16 result included a £10 million grant of EPSRC funding to develop the Future Liquid Metal Engineering (LiME) Hub, detailed below. Among the other largest awards in 2015/16 was a European Commission-funded project to research water treatment and monitor water quality as part of the Horizon2020 programme; and an Arts and Humanities Research Council-funded project looking at grassroots creativity, state structures and disconnections as a space for 'radical openness'.

As part of its research development strategy, the University is currently undertaking a mock REF exercise, using external academics to assess the quality of outputs and a 'light touch' approach is being taken to the assessment of environment and impact. Feedback from HEFCE relating to REF2014 is also being taken into account in planning for the next REF due in 2021, including panel reports relating to output, impact and environment assessments and measures in place supporting equality and diversity. An overarching planning strategy setting out the timetable and activities for the University to make a submission to the next REF has been approved, within the goals outlined in the University Strategic Plan and in line with HEFCE requirements.

The University has adopted the Universities UK Concordat to support research integrity and the Research Integrity Code forms part of our commitment. The Code covers areas of research practice and details the supporting policies of the University. A Research Data Operations group has been introduced as part of the Research Integrity Review, and our Open Access policies have been updated as a result of the requirements for the forthcoming REF in 2021.

As discussed in prior year Operating and Financial reviews, the University continues to support the Brunel Centre for Advanced Solidification Technology (BCAST), through the pursuit of industrial and public funding investment. The UK metal casting industry adds £2.6 billion per year to the UK economy, employs 30,000 people, produces 1.14 million tons of metal castings per year and underpins the competitive position of every sector of UK manufacturing. Since its launch in 2002 BCAST has secured £108 million of funding and resources from Government funding agencies (HEFCE, via the UK Research Partnership Investment Fund, and the Engineering and Physical Sciences Research Council (EPSRC), for example, through the Great Technologies capital programme), as well as from industry.

The latest development for BCAST, the new Advanced Metal Casting Centre (AMCC) Phase 1 building, was opened this year, and the University is currently constructing the second phase (due for completion in 2017) following an award of £15 million from HEFCE. This will release a further £62 million in operational funding for a new Advanced Metal Processing Centre, from industrial partners including Jaguar Land Rover, Constellium and companies in their supply chains, enabling the expansion of AMCC operations and its range of large-scale metal casting and processing facilities. The aim of the AMCC is to demonstrate technologies developed in the laboratory at a recognisable industrial scale, and to allow BCAST's industrial partners to carry out R&D that neither they nor their suppliers are able to do for themselves. It will bridge the manufacturing scaling gap between discovery and full commercial implementation, increasing the competitiveness of the UK's metal casting industry. A key feature of the AMCC is that BCAST's researchers and seconded engineers from its partners work side by side.

The University, through BCAST, successfully applied for a further £10m of EPSRC funding to develop the Future Liquid Metal Engineering (LiME) Hub. The core Hub activities will be based at Brunel, strongly supported by the complementary expertise of academic spokes at Oxford, Leeds, Manchester and Imperial College London. Funding for this £60m initiative will comprise £5m from participating universities and £45m from the public sector in addition to the EPSRC award. The Hub is the University's latest addition to its portfolio of activities aiming to address the full innovation value chain in the area of metal casting. Securing this level of funding is indicative of the success of the University's research strategy at addressing global challenges.

Developed as part of the industrial partnering of the AMCC programme, the Constellium University Technology Centre (UTC) is a long term strategic partnership between BCAST and Constellium, a leading supplier of wrought aluminium products. The UTC will support a number of research fellows and PhD students who will carry out projects of direct interest to Constellium, and Constellium will second its own



engineers to work alongside the UTC researchers. Research and development will be both fundamental, in association with the Future LiME Hub, and highly applied, making use of the scale-up facilities of the AMCC.

This year it was announced that Brunel's impressive track record in securing grants from the EPSRC won the university a £1.4million boost to its PhD student programme - only 40 of the UK's universities share in the EPSRC Doctoral Training Partnerships awards. The first students enrolled on the programme are expected to begin their studies from the 2016/17 academic year.

A University action plan was developed to respond to the feedback provided by PGR students in the Postgraduate Research Experience Survey (PRES) 2015 and Departments and Colleges have worked locally with their students via staff-student liaison committee meetings to further understand this feedback and to develop enhancements to practice. Research culture and resources were identified as themes for particular focus during the year, the former at Department/College level and the latter through the formation of a University-wide working group to review the required resource levels for PGR students. A working group reported on the resources that were needed for PGR students to be successful in July 2016, their findings will be implemented during 2016-17. An internal PGR survey was run in July/August 2016 to further explore PGR satisfaction with research culture and to evaluate other aspects of Brunel provision which are not addressed through the PRES question set.

#### Public Engagement and Relationships with Business, including Career Prospects for Our Students:

The External Engagement Strategy, developed by the new Engagement Strategy and Support Unit (ESSU), is intended to deliver three fundamental objectives, building on the work already established in the Professional Development Centre (PDC) and through business engagement opportunities created by the Corporate Relations team:

- To generate additional employment opportunities for our students
- To contribute our facilities, expertise and skills to the local community,
- To develop and embed a culture of public and business engagement to increase the opportunities for research, income generation and reputation building.

Business engagement is a key objective for the University. Key initiatives such as the Central Research Laboratory (part funded by HEFCE) at Hayes will be further developed in the coming year. The Laboratory aims to stimulate entrepreneurship and encourage students and graduates to turn their ideas into business. The Laboratory brings together a collaborative and supportive network of successful entrepreneurs, experienced business mentors, investors and professional service providers to identify and support the next generation of entrepreneurs.

Building on the successes of the Brunel Festival pilot in 2015, a full scale, high profile festival was delivered in May 2016, to staff, students, local community, schools and industry. Many months of planning with key stakeholders created a successful Festival which had 86 events, with representation from departments across all three Colleges. Student showcasing of final year work was at the core of the Festival, with a variety of fringe events taking place, such as demonstrations, hands-on workshops, awards, thought-provoking debates, culminating in a BruFest Live music event to bring staff and students together to celebrate.

For 2016/17, the Professional Development Centre (PDC) aims to build on initiatives undertaken in 2015-16 and to consider how best to engage earlier with prospective students, with an emphasis on innovation and continued support of University staff. The Destinations of Leavers from Higher Education (DLHE) results have shown good improvement in 2015/16, with the total percentage of our students employed rising from 72.3% to 74.9%, the number unemployed falling from 8.2% to 6.2%, our graduate salary levels rising to 22nd in the graduate salary league table and most significantly the percentage in graduate level jobs rising from 45.1% to 53.6% with a further 15.7% in full or part time study. The data continue to show the benefit of placements and the PDC has been working with academic departments to increase the proportion of students that undertakes placements. 2016/17 changes in programmes mean that students in every department can undertake a placement (in some cases embedded in their professional qualification programme e.g. physiotherapy).



The University was named among the best in the UK for creating CEOs and filling top management positions. In a survey of 26,000 graduates from across the country, put together by salary benchmarking site Emolument and analysed to give an indication of which institutions are most successful in helping them rise to the top in their chosen career. Brunel University London was in the top 10, producing 2.2% of senior management professionals in the UK. The report suggests that graduates from Brunel are likely to have the entrepreneurial spirit to launch their own businesses or join budding start-ups, climbing through the ranks and reaching positions of power more quickly than if they had joined a larger company. The University was ranked 22nd in the annual Sunday Times review of graduate employment and earnings.

Senior academic staff from the University contributed as speakers and debate participants at this year's Cheltenham Science Festival, which took place in June 2016 and which attracts thousands of people every year, eager to hear experts in their field talk on some of the biggest questions in science. Subjects addressed included 'the truth about obesity' and its causes, the value of placebos and the ethics behind using them and also a discussion on fundamental physics and why research without a clear practical purpose can be a good use of money.

### Branding, Communication and External Profile

The University reported in 2014/15 on its strategy for addressing increased competition for students, following on from an audit undertaken by the University of its branding, which identified the need to raise the profile of the University, make clear our position within the HE sector and also our London location. Following from the formation of the Communications, Marketing and Branding Strategy Committee, a strategy was developed and implementation initiated in 2014/15; particular focus in 2015/16 has included an emphasis on student recruitment to address the relative decline in our student numbers since the introduction of the new HEU tuition fee regime, with HEU undergraduate numbers particularly affected. Actions were identified to address the issue, detailed in the Student Numbers section of this report, and the University's Communications, Marketing & Student Recruitment team is working to increase the number and conversion rates of applications to Brunel in order to reduce the number of students recruited in clearing, and to achieve student number targets. Over 2016/17, work will focus on:

- Further developing the Customer Relationship Management system for the 2017 recruitment cycle;
- Embedding our Student Recruitment campaign approach across all of our materials, including a brand new external website, which was launched in May 2016;
- Continuing work to develop and improve our Open and Applicant days, showcasing Brunel effectively to prospective students.

We will move away from a traditional paid-for advertising approach, to exploit social media and digital channels more effectively, and develop content-led multi-media marketing. In addition, we will strengthen and improve our media profile, based on the research strengths concentrated in our Research Institutes and Colleges.

In 2015, BiGGAR Economics undertook an economic impact assessment of Brunel University London's activities in the academic year 2013/14. The study found that the University is a major source of economic activity in the local area. An updated report was published during 2016 which assessed that in the academic year 2014/15 Brunel University London generated an estimated:

- £227.0 million Gross value Added (GVA) and 4,305 jobs in the Borough of Hillingdon;
- £510.1 million GVA and 7,564 jobs in London; and
- £787.9 million GVA and 10,246 jobs in the UK.

The economic impact is based on the quantitative impacts of:

Core operations – including direct employment and expenditure on goods and services;

Students – including student expenditure, part-time work, volunteering and graduate impacts;

Tourism impacts – including visits from friends and family, conference and events attendees, and summer school visitors;

Diffusion of research impacts – including business collaboration, spin-outs, student placements and Brunel Science Park.



The University's 50th Anniversary celebrations during 2015 have included a number of events on campus and around the world designed to celebrate the history and the achievements of our staff, students and alumni, and to engage with our partners, funders and prospective students. Further events are planned in late 2016, culminating with the Parliamentary Dinner in November 2016 at which we plan to launch the University's new Strategic Vision.

#### International:

The University is delivering its international strategy, focusing on expanding 'Brunel abroad' initiatives, working to increase outward mobility activities and encourage uptake of overseas study, work placement and volunteering opportunities. The international mobility priority countries for 2016/17 are Germany, China and the USA. We will also increase our support for developing and supporting our partnerships, and continue to provide focussed and appropriate pastoral support to international students through the student services team.

International collaboration is increasingly indispensable to excellent research. The University is developing networks and opportunities to encourage our staff to work internationally, to increase their impact and resources and to produce outstanding research. We will build deeper and wider scientific partnerships within Latin America, Asia, Europe, the Middle East and North Africa, and build on our success in the Horizon 2020 programme, seeking to expand our partnerships and continuing to apply for funding. We continue to develop links with and support our overseas alumni, focusing on offering strategic support in setting up local self-sustained alumni groups in Malaysia, Singapore, China, Hong Kong, Bahrain and India.

The International Student Recruitment team will expand its target markets to Europe and North America. Building on existing Brunel representations in Bahrain, India and Dubai, we will pilot a China office to focus on recruitment profile building in the country. The University will deploy an account management process with the leading representatives in major recruitment markets to improve efficiency and effectiveness in international student recruitment.

We will build on the work done in 2015/16 to establish strategic educational partnerships with target universities, thereby ensuring a secure flow of students to Brunel via programmes in which students spend one or more years of their degree programme at Brunel. A number of partnership agreements will be finalised with universities in China, America and Pakistan, which together will secure a projected income of c£0.8 million in 2017-18, rising to £3.34 million in 2019-2020. Over the past year, the University has made significant strides in developing opportunities to encourage uptake of overseas study, work placement and volunteering (China, Greece, South Korea, Singapore and Sri Lanka). We worked with the British Council, our alumni and external partners, offering 8 weeks to one-year work placements globally. In Summer 2016 over 50 Brunel students and staff from Engineering, Biomedical sciences, Business, Arts and Social Sciences participated in two weeks' study experience in Sichuan University and Dalian University of Foreign Languages, and we are especially proud of the fact that our Law students were positively received by the Greece' General Secretary for Migration during their volunteering project at Eleonas, Greece.

In the light of the results of the European Union Referendum, a new strategy will be developed to secure our links in Europe and explore other avenues of collaboration. We will continue to work together with the 'Young Research Universities' (YERUN) to influence research policies in Europe, seeking to build strategic relationships providing opportunities for both students and researchers.

#### Staff Development

We have identified a need to optimise the working environment and working practices for an engaged and high performing, inclusive and diverse workforce. Within a strengthened HR infrastructure and platform, which includes the development and implementation of a new HR and accounting system during 2016/17, leaders, individuals and teams will be supported to perform safely, effectively and collaboratively, to deliver great education for our students and high quality research.

The University is currently undertaking a full review of our approach to reward and recognition, supported by external consultants, to ensure that recruitment and retention of talented staff is optimised and a culture of



appreciation and recognition is nurtured. Furthermore, the University will undertake equal pay audits and gender monitoring to address the issue of pay inequality where applicable.

The structures of each of the Colleges, Institutes and Directorates will be reviewed to ensure that they are optimal for sustainable success. Support will be prioritised for strategic and portfolio reviews. Infrastructure enhancements will include a new timesheet solution for temporary workers and a new Workload Allocation Model (in pilot for 2017), ongoing implementation and support for the Academic Lifecycle and a review of hourly paid, atypical and fixed term contract staff.

The Personal Development Review (PDR) process has been reviewed and modified to (i) ensure its compatibility with the Academic Life Cycle (ii) form a clearer link between individual and organisational performance, (iii) simplify the previous processes and clarify accountabilities and responsibilities and (iv) provide a consistent approach to performance appraisal across different groups of staff. The new PDR programme will be enhanced and developed to facilitate continuous improvement, enabling all staff to maximise their potential and contribute to the University's overall performance improvement. This will form the basis of a talent development programme which will be created in conjunction with outcomes from the Staff Development Strategy. This strategy will be a key focus in 2016/17, with an emphasis on competent, collaborative and adaptable leadership, management skills, personal impact and team effectiveness. A new Staff Development Strategy will be launched by the Staff Development Strategy Group (SDSG), the 'ASPIRE' programme will be relaunched and a new leadership competency framework will be implemented. There will be significant focus on and investment in preparation of the application for renewal of the University's Athena SWAN Bronze Award.

Under the leadership of the Pro-Vice Chancellor (Equality, Diversity and Staff Development) an Equality and Diversity Strategy 2015-20 has been developed. An underpinning action plan will be finalised and, working closely with the Associate Deans for Equality and Diversity, the PVC will ensure that the action plan is implemented across the University. The Brunel Voice 2015 staff survey and its 2016 'Pulse' survey both demonstrated that diversity is one of the University's strengths. The University will seek to maintain its positive reputation in this area and submit an application for renewal of the Athena SWAN Bronze Award under the new scheme which covers all disciplines and includes equality of opportunity for all minority groups.

## Student Numbers

Student Numbers	2015/16			2014/15			Variance		
	HEU	Int'l	Total	HEU	Int'l	Total	HEU	Int'l	Total
Undergraduate	8,250	1,187	9,437	8,083	1,187	9,270	167	-	167
PGT	1,330	1,101	2,431	1,424	1,246	2,670	(94)	(145)	(239)
PGR	371	507	878	453	555	1,008	(82)	(48)	(130)
<b>Total</b>	<b>9,951</b>	<b>2,795</b>	<b>12,746</b>	<b>9,960</b>	<b>2,988</b>	<b>12,948</b>	<b>(9)</b>	<b>(193)</b>	<b>(202)</b>

Overall student numbers as recorded at the 1st December 2015 were 12,746, which represents a decrease of 202, or 1.6% from the 1st December 2014 level.

HEU undergraduate numbers increased by 167 students, or 2.0%, following the University's actions to address the issue of reducing numbers in recent years, with careful positioning of its academic intake requirements by course, balancing our strategic position of maintaining the quality of our entry requirements with the need to attract sufficient numbers of students on our undergraduate programmes. HEU postgraduate students saw a reduction of 94 for numbers of taught (PGT) students and there was a reduction of 82 in the number of HEU research (PGR) students.

International student numbers declined overall by 193, which represents a fall of 6.5%. While international undergraduate numbers were flat, international PGT and PGR students declined, although these reductions followed on from comparable increases the year before.



## Operating Results 2015/16

A summary of the University's Consolidated Income, Expenditure and Outturn for the year ended 31<sup>st</sup> July 2016 is provided in the table below which also identifies the operating cash flow, accumulated reserves excluding pension liability and the total cash and short term investments at the year end.

All numbers, including comparative numbers, are prepared and stated under the new HE SORP, which reflects the introduction of the FRS 102 accounting standard for 2015/16. A full reconciliation of the 2014/15 comparative numbers between the pre-FRS 102 results as reported last year (Surplus for the Year of £4.1 million) and the post-FRS 102 2014/15 restated comparatives (Deficit Before Other Gains and Losses of £5.2m) is detailed in note 34 of the financial statements. The largest single adjustment to the 2014/15 published comparative numbers for the Surplus/Deficit was the £8.9m adjustment recorded to recognise the University's share of the actuarial pension deficit on the Universities Superannuation Scheme (USS), a non-cash adjustment, which is reported under staff costs.

	<b>2015/16</b>	<b>2014/15</b>
	<b>£m</b>	<b>£m</b>
Income	<b>201.7</b>	200.6
Expenditure	<b>(199.4)</b>	(205.7)
Surplus/(Deficit) Before Other Gains and Losses	<b>2.3</b>	(5.1)
Net Operating Cash Inflow	<b>12.0</b>	11.9
Cash and Short Term Investments	<b>60.3</b>	69.7

The University generated a Surplus before Other Gains and Losses of £2.3 million for the 2015/16 year and the net cash flow from operating activities was 5.9% of income (£12.0 million), comparable with 2014/15. With our levels of cash and short term investments of £60.3 million at 31<sup>st</sup> July 2016, we are in a position where we are able to invest in a planned capital programme to address a number of strategic objectives. This programme has commenced during 2015/16, and this is reflected in the reduced cash balances compared with 2014/15.

## Income

	<b>2015/16</b>	<b>2014/15</b>
	<b>£m</b>	<b>£m</b>
Funding Body Grants	<b>26.6</b>	28.2
Tuition Fees and Education Contracts	<b>108.5</b>	106.9
Research Grants and Contracts	<b>21.9</b>	21.9
Other Income	<b>43.7</b>	42.7
Endowment and Investment Income	<b>1.0</b>	0.9
<b>Total Income</b>	<b>201.7</b>	200.6

Total income for 2015/16 was £201.7 million, which represents an increase of £1.1 million or 0.5% compared with 2014/15. In accordance with our financial strategy, we have invested most of the increased income in our operations, while generating a level of cash that, combined with our cash reserves, allows us to fund capital plans over the medium term.

As Brunel has significant numbers of placement students undertaking four year courses, the transition to the new regime for our students was effectively completed during 2015/16. In 2010/11, prior to the start of reductions in government grant funding, 39% of our total income arose from tuition fees and education

contracts compared with 31% of total income arising from grants received from funding bodies; in 2015/16, 54% of total income came from tuition fees and education contracts and just 13% from funding body grants. Tuition fees overall increased by £1.5 million, almost matching the reduction in grant funding of £1.6 million.

Research grant income was flat on a recognised income basis, following on from a 9% increase in 2013/14 and also in 2012/13. The maintenance of the increased levels follows several years of significant growth reflecting the success of the Research Strategy. Income from research grants is recognised in the financial statements over a period averaging three years, as the work is performed and therefore the research grants awarded in 2015/16 of £31.8 million (2013/14: £34.0 million, including a £15m capital grant in respect of AMCC phase 2) will be reflected in the financial statements in future years as the work is performed over future years and should contribute to further growth in research income in the financial statements.

Other income increased by £1.0 million, or 2.3%, and consisted of student residences income, conference, hotel, retail and also income from summer school activity for foreign language students on the campus. The level of summer school income was affected by the relatively late notification of travel restrictions imposed on Italian students by the Italian Government; these students have formed a significant part of our summer school income in recent years, and the income could not be replaced at short notice. Increased levels of income from residences were invested in the residential estate, as part of the planned programme of accommodation improvements and maintenance over the medium term.

## **Expenditure**

	<b>2015/16</b>	<b>2014/15</b>
	<b>£m</b>	<b>£m</b>
Staff Costs	<b>109.5</b>	114.9
Other Operating Expenses	<b>69.5</b>	72.5
Depreciation	<b>14.2</b>	11.8
Interest Payable	<b>6.2</b>	6.5
<b>Total Expenditure</b>	<b>199.4</b>	205.7

Overall expenditure was £6.3 million lower than in 2014/15, although the restatement of the 2014/15 comparative numbers is a significant factor affecting the underlying movement. The 2014/15 comparatives include a number of adjustments to the previously published results, the largest single factor being the £8.9m charge included within staff costs to reflect the recognition, for the first time with the introduction of FRS 102, of the University's share of the USS pension scheme actuarial deficit. Excluding that adjustment, the total expenditure in 2015/16 increased over 2014/15 by £2.6 million, or 1.4%.

Underlying staff costs, after accounting for the USS deficit adjustment in 2014/15, were £3.5 million (or 3.3%) higher at £109.5 million. There was an increase starting from April 2016 on the employer contribution costs for the largest pension scheme, the University Superannuation Scheme (USS), and from increases to employer national insurance costs. The full year effect of these increases, together with the c£0.5 million impact of the new employer apprentice levy, will impact in 2016/17, along with normal inflationary pay cost pressures.

Other operating expenses of £69.6 million were £2.9 million lower than in 2014/15, with maintenance and repairs expenditure reduced (2015/16: £8.5 million, 2014/15: £12.6 million) following several years of high levels of maintenance work on a number of our student residence and academic buildings. Maintenance expenditure and capital expenditure on the campus infrastructure are managed together, with the increased levels of maintenance expenditure compared with recent years reflecting a recognition that we should invest in the residential and academic estate to improve our student experience. Although reduced, the 2015/16 levels are still relatively high for the sector and we will continue to incur significant expenditure in this area as our residential accommodation constructed in the first decade of this century will require higher levels of maintenance and refurbishment than in the first years of its life.

Depreciation costs increased by £2.4 million compared with 2014/15, reflecting the full year impact of depreciating capital equipment, including the £15 million equipment funded by HEFCE purchased for the



National Structural Integrity Research Centre (NSIRC) which is located at our partner TWI's location at Granta Park in Cambridge.

### **Cash and Debt**

The University generated £12.0 million in cash from operating activities and ended the year with a closing balance of £60.3 million in cash and short term investments. The cash balances reached over £85 million at their highest point during the year and were at their lowest level at the end of the financial year, indicating the variability of the cash levels that we manage. The University has long term debt of £88 million which extends for a further 24 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 borrowings have been used to fund the Student Residences which are wholly owned by the University and which generate a gross income of £27 million per year. This income can reasonably be expected to track inflation in future years whilst the interest payments are fixed.

### **Capital Expenditure**

Capital expenditure totalled £26.7 million in 2015/16 (2014/15: £25.9 million), as we implemented our planned programme of capital investment to address our strategic priorities. Significant expenditure in 2015/16 included the final elements of the £15 million NSIRC capital equipment, construction work on the AMCC phase 1, strategic land purchases next to the University's campus as part of future planning and also continued refurbishment work on the Wilfred Brown Building, which will house the University's new Science Technology, Engineering and Maths (STEM) Centre, as detailed in the last year's Operating and Financial Review report.

Current and future capital plans include the completion of the refurbishment of the Wilfred Brown Building (partly funded by a £5 million capital grant from HEFCE), the AMCC2 project noted in the Research section of this report, and three potential priority projects of a new design and engineering centre, a new learning and teaching centre and a health and sports centre. The three potential projects are being defined and scoped and will be subject to review and approval through the University's assurance and governance processes; the timing and quantum of these projects have yet to be confirmed and the capital plans can be postponed or amended, should the relative priorities and requirements of the University develop and change over the medium term.

The University has undertaken a review of its funding options for the three major projects, which include self-funding from existing cash reserves and cashflow generation over future years, or seeking additional external debt funding to accelerate the programme. The University's Council will take decisions on the funding options during the course of 2016/17, and will appraise HEFCE of its plans in accordance with the Memorandum of Assurance and Accountability.

### **Financial Sustainability**

The summarised 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 KPIs prescribed by HEFCE. HEFCE formally assesses all universities on an annual basis against these indicators as part of its regulatory role and also publishes consolidated forecasts for the sector, based on the returns of all institutions. With the transition to the new SORP, and the resulting changes to the headline indicators both historically and going forward, HEFCE have stated that they will develop and calibrate new (or recalibrate existing) key financial indicators in advance of the sector submitting 2016 audited information in December 2016. In the short term, we believe that the existing indicators that focus on liquidity and cashflow, which for Brunel are materially unaffected by the introduction of the new SORP, are appropriate to contribute to assessment of Brunel's financial sustainability.

The KPI that focuses on the University's ability to respond to short term financial pressures is that of Net Liquidity. The University's cash position stood at £60 million or 119 days of general expenditure (excluding depreciation) at 31<sup>st</sup> July 2016, compared with 2014/15's figure of 134 days when the sector mean was 126 days. The KPI of operating cash flow as a percentage of income for 2015/16 was 5.9%, equal to 2014/15, lower than the sector mean of 8.4%, but ahead of the first quartile of 5.6%. Our staff cost to income ratio,



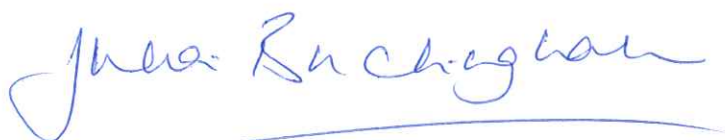
which is also not materially affected by the introduction of the new SORP, was 54.3% in 2015/16, compared with the pre-FRS 102 ratio of 52.9% in 2014/15 and the 2014/15 sector average of 51.1%. The KPI of surplus to income for 2015/16, at 1.1% is lower than the 2014/15 (pre-FRS 102 – as published) surplus margin of 2.0%, but as noted in previous reports, with our strong levels of balance sheet cash and net liquidity, we consider that we should prioritise investment in teaching, research and non-academic services, as well as addressing the strategic estates maintenance issues detailed in the next paragraph. Our external borrowing as a percentage of income ratio for 2015/16 was 44.2%, and continued to fall; the 2014/15 ratio was 45.2% and the sector mean was 28.1%.

Looking forward, a 10-year rolling programme of estate investment and maintenance is continually updated to take into account the changing needs and developments in the University and this is subjected to regular scrutiny by the University's Council. The HEFCE Estates Condition indicator, which notes the percentage of estate classified in conditions 'C' and 'D' ('A' is the best condition, 'D' is the poorest condition) for the most recent year available (2013/14) was 21.2% for the University, in line with the sector average of 21.8%. Three years ago, for the year 2010/11, our percentage in Conditions C and D was 34.5%, and this percentage has reduced since then as we have committed in recent years to expenditure on Stock Condition works; we spent (in 2014/15) 6.6% of our income on Repairs & Maintenance against our competitors' average of 2.8%. Our residential estate has a minimal amount in the lowest category, Category D.

In July 2016 the University submitted its financial forecast for the future years to 2018/19 to HEFCE as part of the annual regulatory requirements. This forecast was also prepared under the new SORP. The forecast considered the likely impact of the developing sectoral changes, including competition for students and for research grants. Student numbers, particularly HEU undergraduates, have been forecast cautiously, reflecting our recent experience and taking account of potential responses by other institutions to the competitive market for student recruitment and for research funding. Following recent indications, including the successful outcome of the QAA assessment in 2016, we anticipate that we will be assessed positively in the TEF and consequently have forecast an increase the levels of tuition fees that the University will be able to charge from 2017/18. Research grant income is forecast to increase, as we continue to increase both the levels of grants awarded and also mainstream quality-related research funding from HEFCE. In line with the sector, there are significant pressures on staff costs from 2016, with the annualised effect of increased employer national insurance costs, increased pension costs particularly for the USS, the introduction of the apprentice levy and the increases to the national sector pay scales. Overall, the University is forecasting moderate levels of surplus in the years to 2018/19.

Separately from the HEFCE indicators and Four Year Forecast analysis, the University continues to conduct a formal assessment of the going concern status of the University, taking into account the guidance produced by the Final Report and Recommendations of the Sharman Panel of Inquiry which was published in June 2012. The guidance asks the University to review both: solvency - the ability of the University to meet its liabilities in full, ensuring there is sufficient capital so that there is an excess of assets over liabilities; and liquidity - the ability of the University to liquidate its assets at the velocity needed to meet its liabilities as they fall due. The formal conclusion of the assessment undertaken in November 2016 is that the University meets the requirement that "it has a reasonable expectation it has sufficient resources to continue operations for the foreseeable future and the going concern basis continues to be appropriate for preparing the annual financial statements".

The overall conclusion of our review of financial sustainability is that although there are challenges for the University and for the sector, Brunel has the financial resources and flexibility to achieve its key strategic goals of (i) delivering impact through high quality education and research (ii) enhancing the student experience (iii) modernising and streamlining our professional support services, (iv) developing and supporting our staff and (v) and developing the estate. We believe we are well placed to deliver our new Strategic Vision for the longer term development of the University.



Professor Julia Buckingham  
Vice Chancellor and President



Brunel University London is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 (formerly Schedule 2 of the Charities Act 1993). HEFCE is the principal regulator of the University both as a Higher Education Institution and as a Charity. The University has no connected charities attached to it. The members of the Council of the University are the charity trustees of the University. The members of the Council of the University have had due regard to the Charity Commission guidance on public benefit, particularly in exercising the trustees' powers or duties, including the applicable details contained in the Advancement of Education for the Public Benefit.

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 members of Council are particularly concerned that the University should 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 create knowledge and advance understanding, and equip versatile graduates with the confidence to apply what they have learnt for the benefit of society*

### **Widening Participation (WP)**

Members of Council are keen to ensure that the benefits of learning are available to all potential students, whatever their background, who have the ability to successfully complete their chosen course and that 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 developed a Widening Participation Strategic Statement (WPSS), funded by HEFCE Student Opportunity allocation, which outlines the University's approach to increasing the take-up of Higher Education by under-represented groups.

WP activities in 2015-16 were targeted at students from under-represented groups with particular emphasis on students with disabilities and care-leavers. The aim is to consolidate work carried out to date to ensure that Brunel continues to exceed its WP benchmarks in key areas and endeavours to meet its benchmarks in areas where it currently falls short by concentrating its activities on specific institutions and groups. To this end a WP Student Support Co-ordinator was appointed in February 2016 responsible for the transition, retention and progression of care leavers, young carers and mature students.

In recognition of the University's successful WP activities, an officer was invited to deliver a presentation on 'Adopting a Life Cycle Approach to WP – an institutional perspective' at the annual WP Capita conference in January 2016.

The University's performance against the main aims (noted in italics) of the Strategic Statement is detailed below. The statistical data is the most recent verified and published by HESA and refers to 2014/15:

- *To increase the number of students attending Brunel from Low Participation Neighbourhoods (LPNs).* The number of young full time first degree students from LPNs has increased from the baseline of 5.2% in 2011/12 to 5.9% in 2014/15 using the same Polar 3 method of calculation and against a target of a 0.2% annual increase.
- *To encourage and support the application, transition, progression and retention of specific cohorts of WP students e.g. the disabled, care leavers, vocational and mature learners, full-time first degree students from LPNs.* The number of full time first degree students in receipt of the Disability Support Allowance has increased from a baseline of 3.8% set in 2008 to 8.2% in 2014/15, exceeding the HEFCE benchmark of 6.6%. The WP Office has helped to organise outreach activities for prospective disabled students and their parents/carers as well as on-campus events to support transition. In line with its Commitment to Care Leavers for which it was awarded the Buttle UK Quality Mark, the University has continued to work closely with the London Borough of Hillingdon Virtual School, organising a residential motivational event in July 2016. A Graduation Support



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package was offered to undergraduate care leavers for the first time in 2016 which covered the cost of graduation robes and photographs.

- *To improve the transition, progression and, in particular, the retention and employability of all WP students.* Evidence of activity to support the transition, progression, retention and employability of WP students during 2015/16 includes the continuation of the pilot WP Summer Internship scheme to support the employability of under-represented undergraduates. Brunel is committed to addressing the attainment gap between specific groups of students and in February 2016 made addressing the attainment gap an institutional KPI. Brunel also appointed a Student Success Project Co-ordinator to work cross both academic and professional departments to implement the 'Bridging the Attainment Gap Action Plan'.

The WP Office has also continued to operate two strands of Professional Mentoring for UK second year undergraduates from widening participation backgrounds and under-represented ethnic minorities. The Ethnic Minority Undergraduate Scheme (EMUS) targets undergraduates from ethnic minority backgrounds and is managed in collaboration with the National Mentoring Consortium (NMC). Both programmes draw on experienced individuals from employers in the private and public sectors. There were 90 matched mentoring pairs in 2015/16. The scheme has expanded to include mini internships, peer mentoring and activities for students to experience the 'Assessment Centre' approach to the recruitment and selection process. 33 employers currently support the scheme including The Bank of England, GlaxoSmithKline, Jaguar Landover HMRC and the BBC.

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

The University offers bursaries, fee waivers and financial support to a wide range of students of limited financial means from different backgrounds and with different talents, and introduced over 400 new undergraduate scholarships for 2015/16. More than one in five applicants who joined Brunel in 2015/16 received financial support from the University, and a similar proportion will benefit in 2016/17.

In addition to this assistance, there is a range of postgraduate scholarships, studentships and bursaries for both masters and doctoral students. The Women in Engineering programme, funded by HEFCE, has been very successful in supporting women graduates who wish to undertake a masters course in engineering. The programme has provided funding for 30 women, as well as mentors from industry who help the students develop their careers in industry.

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

#### **Research**

As well as the larger strategic research activities detailed in the main Research section of the Strategic Report, additional examples of societal public benefit research activities undertaken in 2015/16 by the University include:

**Give and Take Care Project** – the University was awarded a £1million research grant from Innovate UK for the Give and Take Care project, conceived by Professor Heinz Wolff, Professor Emeritus at Brunel, whose career spans more than sixty years and who continues to be at the sharp edge of innovative thinking. Based on the idea of 'reciprocity', people take part in Give & Take Care to support and care for older people in their community. By doing so Give & Take Care participants accrue care hours they can receive in return when they will need care. In conjunction with the Innovate UK bid, the team has also successfully secured the support of Sheffield City Council in the Sheffield Smart Lab initiative. Give and Take Care intends to launch the scheme in Sheffield in 2016 and to extend the innovation of the idea to the learning experience of 12 Brunel students who will support the core team to deliver the project. By 2018, having reached large sections of the UK populations it is hoped that Give and Take care will be self-sustainable; with the partners



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the East Of England Co-Op and PwC already on board and additional resources from the Sheffield Smart Lab, the scheme has the potential to revolutionise care in the UK.

**Cumberland Initiative** - The Brunel-led Cumberland Initiative opened a 'living lab' for clinicians and health managers to play 'war games' with the NHS using large scale computer gaming and other modelling techniques. The lab can also include a mocked up A&E where clinicians and managers can try out different scenarios for making emergency departments more effective - without practising new ideas on sick patients in a busy hospital. The 'CumberLab' aims to be a national test bed for NHS innovation, and opened for business in July 2015 in Slough. The Cumberland Initiative provides a mixed group of academics, clinicians and computer simulation firms.

**3D Breast Tissue** - Brunel University London research received Breast Cancer UK funding for radical new way of testing for the effects of chemicals on breast cancer cells. The research is investigating the link between chemicals in everyday life and the increase of cancer which cannot be explained by genetics and lifestyle risk factors. Conventional in vitro testing is a method of testing chemicals in cells in the lab in a flat dish. Rather than employing this traditional 2D method, the team will be using an innovative 3D in vitro approach, where they grow cells which actually follow the shape of the tissue, as it would be found in the body. In this case, the team will be growing structures that resemble milk ducts where it is believed the majority of breast cancers occur. This is the first time a 3D in vitro culture system has been used to test the effect of mixtures of chemicals - Bisphenol A, DDT, propyl paraben and benzophenone-3 - on the early stages of cancer and has been chosen because cells in 3D mimic what happens in the body more closely than traditional flat in vitro testing.

#### **Open Access Publishing**

The aim of Open Access publishing is to make primary, peer-reviewed literature available, free of charge at the point of use. The University requires all research outputs to be made available on Open Access (subject to publisher's copyright permissions) as mandated by the HEFCE policy for the next REF, the Government mandate for funded research and the University policy. In the year to July 2016, 1,815 new records were added to Brunel University Archive (BURA). The total number of records on BURA is 11,791, a 16% increase on the figure recorded for the same period last year. In the year to July 2016, the University library spent £311,000 on 201 articles for gold open access. In supporting the RCUK policy on open access we have covered the costs of 47 funded articles and identified an additional 52 papers for additional compliance provision.

Research Data Management (RDM) is an area of increased focus for the Government and research funding councils. The Government's push towards Open Access for publicly funded research has led to Research Councils UK (RCUK) taking steps to ensure that research data is published via open access mechanisms. For example, the EPSRC, a key funder, mandated that from May 1st 2015, data should be published alongside the publication with a link to the data in a suitable open access repository. The University and its researchers therefore have obligations to appropriately manage, store and provide access to research data. To support this, a RDM policy for the University was approved by Senate in June 2014. Under the policy, all researchers, whether they are funded or not, are expected to prepare a research data management plan and to manage and publish research data appropriately. The University Library's Scholarly Communication team have been active in the promotion of the RDM service. Attendance at staff meetings across all academic departments and divisions, hosting stands at College/ Institute Research days and conferences have helped to raise the profile of the support offered by the team. Training has been developed and delivered to both academics and post-graduates on research data management, writing Data Management Plans and on sharing data via the University's data repository, Brunel figshare. Guidance on various practical aspects of RDM has been created and is being disseminated via updated RDM webpages and handouts at stands and training events. Although the service is still in the initial stages, an increasing number of researchers are engaging with the RDM team by way of queries, depositing datasets and/ or metadata.



### **Heathrow Aviation Engineering University Technology College**

The Heathrow Aviation Engineering University Technical College (UTC), which Brunel is sponsoring, along with British Airways, Heathrow Airports, Virgin Atlantic and the RAF, entered its third year of operation in its new £7.8 million building in Northwood. Under the leadership of the Principal at the UTC, a teaching team of 17 staff has recently accepted its third intake of pupils at key-stages 10 and 12. Highlights of the last year included visits from Lord Baker and the former NASA astronaut Christopher Ferguson, and a day spent testing student-designed rocket cars with the Army.

A key feature of the UTC is to provide an excellent grounding in mathematics, science and engineering in a practical context for the 14-19 age group. The UTC meets the educational requirements of a significant proportion of students who would benefit from more practical and technical provision, and will meet the growing local need for technically competent, employable young people to join the expanding aviation industry.

Brunel University London forms part of the governance structure of the UTC and provides practical assistance in the form of input to curriculum development and delivery as well as support through its Widening Participation and Schools Liaison activities.

### **Brunel Volunteers**

Brunel Volunteers is a department which sits within Brunel Student Services and works with charities and organisations to facilitate volunteering opportunities for students and staff to engage with the local and wider community. The opportunities offered not only support charities, not for profit organisations and community projects, they help students to build skills relevant to future employment and explore different career paths before entering the graduate recruitment market.

2015/2016 was an excellent year for Brunel Volunteers with 2,592 students completing 21,223 hours of volunteering in the local community. Brunel Volunteers also developed and maintained substantial links with 150 community organisations which include: Michael Sobell Hospice, Pield Heath School, Whitehall School, Activity 4 Kids, Oxfam, Cancer Research and Trinity Homeless Projects.

Fundraising also features in the work of Brunel Volunteers. The department organised Colourdash2016 – a fun 5K run around the Brunel campus during the Brunel Festival. 226 students, staff and local community members took part and raised £10,500 in aid of the Michael Sobell Hospice. Other organisations that have benefited from fundraising in 2015/16 are Trinity Homeless Projects and the Mayor of Hillingdon's Charitable Trust.

### **Philanthropic Fundraising at Brunel University London**

Brunel University London engages in fundraising in support of its mission, vision and values. This is focused towards supporting the following areas:

- . Student Scholarships and Bursaries
- . Supporting talented athletes and musicians to continue their development at Brunel
- . Student projects
- . Supporting students facing financial hardship
- . Supporting research and facilities at Brunel
- . Student prizes

The University also reclaims Gift Aid from HMRC, under the University's exempt charity status from our Royal Charter (RC000079) and adheres to a Code of Conduct for the solicitation and acceptance of gifts, as set out in the Policies and Procedures.



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 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 and is required to present audited financial statements for each financial year. Council approves major developments and receives regular reports from Executive Officers on the day to day operations of its business and its subsidiaries. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, the versions applicable in 2015/16 were approved by the Privy Council in July 2014 [at the Privy Council meeting on 16<sup>th</sup> July 2014 Her Majesty approved an Order granting a Supplemental Charter to the University. From 1 August 2014 the formal name of the University became Brunel University London]. An Order of the Privy Council granting approval to the amendment the Statutes of the University was granted on 22 May 2015.

Over the course of the 2015/16 a formal external Effectiveness Review of Council and its Committees was conducted. The Effectiveness Review was initiated following a satisfactory HEFCE Assurance Review and an agreement that, although numerous reviews had been conducted into various aspects of Council Effectiveness, a more comprehensive review was now timely. Council expressed the view that the review should be proportionate and value for money and the preference was to have it conducted by an education/governance consultant with direct experience of University governance arrangements. The recommendations from the Review are currently under consideration but the main conclusion was that 'Brunel is a healthy and well-governed institution'.

In 2015/16, the matters specifically reserved to the Council for decision were set out in the University's Supplemental Charter and the Ordinances. 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). 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 receives any payment, apart from the reimbursement of expenses, for the work they do for the University. Not only does the University comply with all mandatory requirements, but it also strives to operate that guidance which represents best practice and accordingly, the Council has taken account of the UK Corporate Governance Code, the HEFCE Accounts Direction requirements and HEFCE's Memorandum of Assurance and Accountability. The University agreed in principle to adopt the Committee of University Chairs (CUC) Higher Education Code of Governance 2014 (the Code) at its meeting of Council on 29 January 2015. Over the course of the 2014/15 academic year the University went through a process of applying the Primary Elements of the Code. It was agreed that the adoption and application of the Code would be effective from the start of the 2015/16 academic year. The application of the Code is reviewed annually by Council and a statement demonstrating how the University has approached applying the Code is set out on the University's website.

The Senate is the academic authority of the University, as delegated by Council, and draws its membership entirely from the academic staff and the students of the University. The Senate, subject to the Statutes and Ordinances, is responsible for the academic standards of the University and the regulation of academic matters.



The principal academic and administrative officer of the University is the Vice-Chancellor and President, 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 Memorandum of Assurance and Accountability between the University and HEFCE, 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 Deputy Vice-Chancellors, Deans, Directors of the Research Institutes, 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 met six times in the 2015/16 academic year and it is anticipated that it will meet on six occasions in 2016/17. There are several Committees of Council that are formally constituted 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 entirely composed 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 Executive Board.

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 reports to 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, leadership of committees and advice on governance.

The Remuneration Committee reviews and recommends the salary and conditions of service of the Vice-Chancellor, it reviews the remuneration recommendations of the Vice Chancellor's direct reports and the severance arrangements of higher paid staff as defined from time to time in the Accounts Direction made by HEFCE. It also receives a report from the Vice-Chancellor on the performance of the senior management team. Remuneration Committee published its first annual report in 2015/16 covering its activities in 2014/15.

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 HEFCE. 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. It is the Audit Committee that formally recommends the annual audited accounts 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 an independent member of Council and its membership is made up of the Deputy Chair of Council, a Member of Finance Committee, a Member of Audit Committee, three members of Council [two being independent members of Council]. Special Projects Committee meets on an ad hoc basis and reports its findings to Council.



Council also appoints members to joint committees with Senate such as the Honorary Degrees Committee. This committee is formally constituted with terms of reference and includes three independent members of Council. Council also appoints members to joint committees with Executive Board such as the Equal Opportunities and Human Resources Committee. This committee is also formally constituted with terms of reference and includes three independent members of Council.

The Ethics Advisory Committee exists to support Council and the University in ensuring that the aims and objectives of the Ethical Framework are fulfilled and is charged with responsibility for considering ethical matters referred to it by Council, Senate, the Vice Chancellor, the Executive or any other Committee or body within the University.

Day-to-day management of the University is conducted through the Vice-Chancellor's Advisory Group and the Executive Board. The Executive Board normally meets monthly to consider the strategic and financial direction of the University.

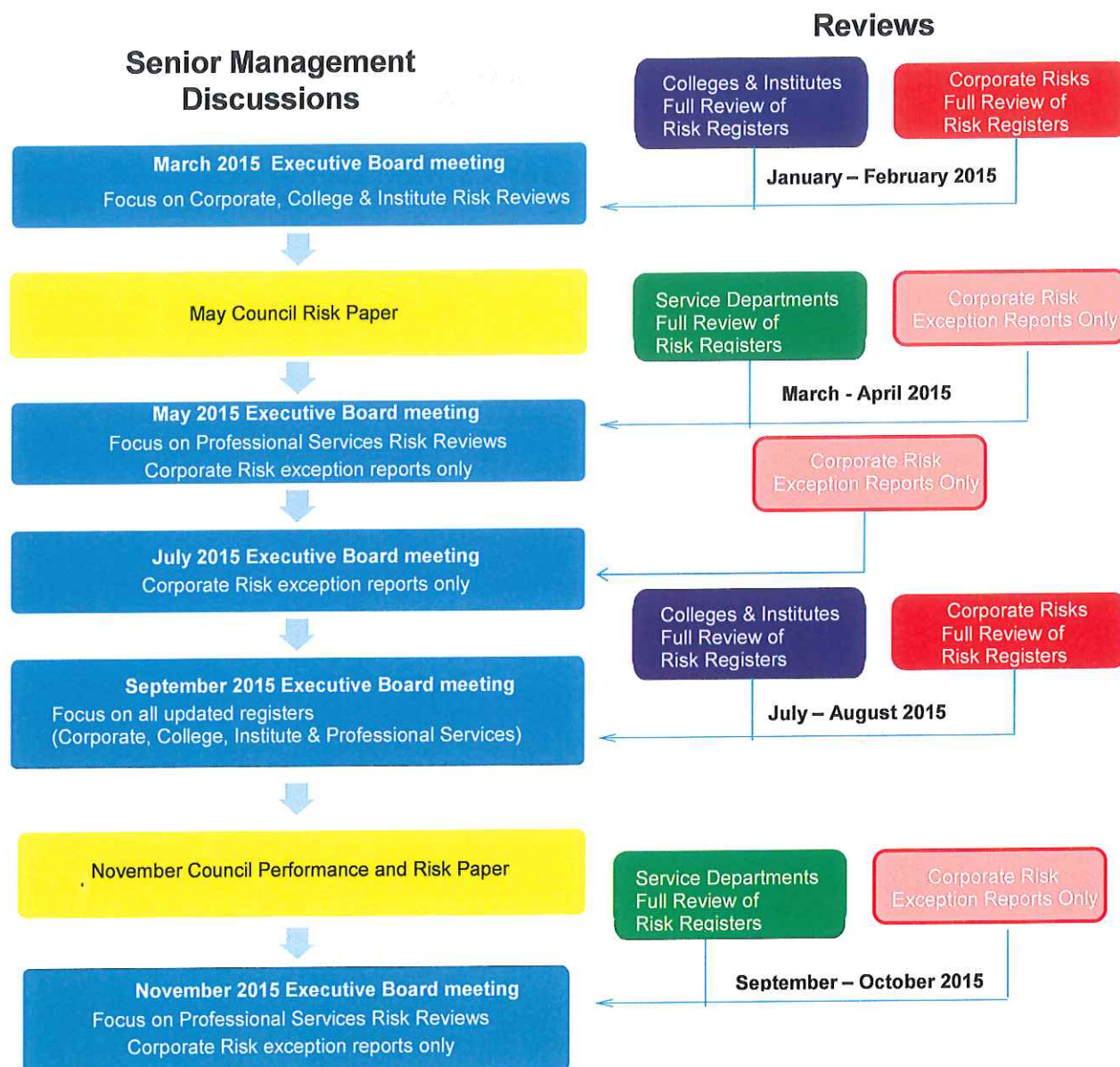
The attendance record for members of Council and its Committees was monitored over the course of the year and the average attendance achieved in 2015/16 was again around 90%.

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 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 Memorandum of Assurance and Accountability 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<sup>st</sup> July 2003. A review of the University's risk registers was conducted in 2015/16 and the recommendations are currently under consideration. The process of reviewing all University and business unit risk registers, reporting changes and seeking approval for changes that forms part of the annual risk management activities was revised and is set out below:





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.

Professor Julia Buckingham is the University's Vice-Chancellor and President and is the principal academic and administrative officer of the University. The three Deputy Vice Chancellors are her deputies and have specific responsibility for academic matters within the University. The three 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 the Executive Board via the Vice-Chancellor's Report which is also given to the University's Senate meetings.



## **Brunel University London**

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

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The University's 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:

**1.1** To make a contribution to and approve the mission, vision and strategic direction of the University. Subject to consultation with Senate on matters with implications for academic policy, to approve the long term academic and business plans and key performance indicators and to ensure that these meet the interests of the stakeholders and are compliant with the charitable objectives of the University.

**1.2** To delegate authority to the Vice-Chancellor, as chief executive, for the academic, corporate, financial, estate and personnel management of the institution.

**1.3** To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment.

**1.4** To ensure the establishment and monitoring of procedures for handling internal grievances and for managing conflicts of interest.

**1.5** 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 appropriately benchmarked against other comparable institutions.

**1.6** To establish processes to monitor and evaluate the performance and effectiveness of the Council itself.

**1.7** To safeguard and promote the good name and values of Brunel University London embracing the principles of corporate social responsibility.

**1.8** To appoint the Vice-Chancellor as chief executive, to put in place suitable arrangements for monitoring his/her performance and, where deemed necessary, having responsibility to commence any disciplinary measures it considers appropriate including dismissal.

**1.9** 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.

**1.10** To be the employing authority for all staff in the University, to have regard for their well-being and for establishing a human resources strategy.

**1.11** 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, to have overall responsibility for the University's assets, property and estate and to comply with the requirements of the sector regulators as defined periodically.

**1.12** To be the University's legal authority and, as such, to ensure that systems are in place for meeting the University's legal obligations, including those arising from contracts and other legal commitments made in the name of Brunel University London.

**1.13** To make such provision as it thinks fit for the general welfare of students, in consultation with the Senate.

**1.14** To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.

**1.15** 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.



## **Brunel University London**

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

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In accordance with the University's Royal Charter, the Council of Brunel University London 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 Memorandum of Assurance and Accountability agreed between HEFCE 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 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 HEFCE and the National College for Teaching and Leadership (NCTL) are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with HEFCE and the respective Funding Agreement with the NCTL 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 including 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 Auditor's Report to the Council of Brunel University London

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We have audited the financial statements of Brunel University London for the year ended 31 July 2016 set out on pages 27 to 62. 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) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Council, in accordance with the Charters and Statutes of the University. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to 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 Council for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the Council and auditor

As explained more fully in the Statement of Responsibilities of Council Statement set out on page 24, the 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). Those 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 Council; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 Group's and the University's affairs as at 31 July 2016, of the Group's and University's income and expenditure, gains and losses and changes in reserves and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements*.



### Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group and the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements* have been met.



**Andrew Sayers**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London E14 5GL  
29 November 2016

- (a) The maintenance and integrity of Brunel University London's website is the responsibility of the Council; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# Consolidated Statement of Comprehensive Income and Expenditure

## Brunel University London

### Year Ended 31 July 2016

		Year ended 31 July 2016		Year ended 31 July 2015	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition fees and education contracts	1	108,558	108,558	106,851	106,851
Funding body grants	2	26,651	26,651	28,219	28,219
Research grants and contracts	3	21,905	21,905	21,943	21,943
Other income	4	43,580	43,408	42,620	42,431
Investment income	5	526	526	601	601
<b>Total income before endowments and donations</b>		<b>201,220</b>	<b>201,048</b>	<b>200,234</b>	<b>200,045</b>
Donations and endowments	6	453	453	325	325
<b>Total income</b>		<b>201,673</b>	<b>201,501</b>	<b>200,559</b>	<b>200,370</b>
<b>Expenditure</b>					
Staff costs	7	109,555	109,455	114,969	114,851
Other operating expenses		69,496	69,485	72,471	72,341
Depreciation	11	14,179	14,179	11,775	11,775
Interest and other finance costs	8	6,177	6,177	6,456	6,456
<b>Total expenditure</b>	9	<b>199,407</b>	<b>199,296</b>	<b>205,671</b>	<b>205,423</b>
Surplus/deficit before other gains losses		2,266	2,205	(5,112)	(5,053)
(Loss) on disposal of fixed assets		(22)	(22)	(99)	(100)
<b>Surplus / (Deficit) before tax</b>		<b>2,244</b>	<b>2,183</b>	<b>(5,211)</b>	<b>(5,153)</b>
Taxation	10	(286)	(286)	0	0
<b>Surplus / (Deficit) for the year</b>		<b>1,958</b>	<b>1,897</b>	<b>(5,211)</b>	<b>(5,153)</b>
Actuarial (loss) in respect of pension schemes	33	(16,524)	(16,524)	(7,303)	(7,303)
Change in fair value of hedging financial instruments		(19,521)	(19,521)	(12,322)	(12,322)
<b>Total comprehensive income for the year</b>		<b>(34,087)</b>	<b>(34,148)</b>	<b>(24,836)</b>	<b>(24,778)</b>
Represented by:					
Endowment comprehensive income for the year		(28)	(28)	22	22
Restricted comprehensive income for the year		(103)	(103)	72	72
Unrestricted comprehensive income for the year		(33,956)	(34,017)	(24,930)	(24,872)
		<b>(34,087)</b>	<b>(34,148)</b>	<b>(24,836)</b>	<b>(24,778)</b>
<b>Surplus/ (Deficit) for the year attributable to:</b>					
Non-controlling Interest		0	0	0	0
University		1,958	1,897	(5,211)	(5,153)
<b>Total Comprehensive income for the year attributable to</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Non-controlling interest		0	0	0	0
University		(34,087)	(34,148)	(24,836)	(24,778)

All items of income and expenditure relate to continuing activities



# Consolidated and University Statement of Changes in Reserves

## Brunel University London

### Year ended 31 July 2016

Consolidated	Income and expenditure account			Cashflow Hedge Reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2014	1,682	235	239,966	(20,569)	221,314
Surplus/(deficit) from the income and expenditure statement	22	72	(5,305)	0	(5,211)
Other comprehensive income	0	0	(7,303)	0	(7,303)
Movement in hedge reserve	0	0	0	(12,322)	(12,322)
	22	72	(12,608)	(12,322)	(24,836)
Balance at 1 August 2015	1,704	307	227,358	(32,891)	196,478
Surplus/(deficit) from the income and expenditure statement	(28)	(103)	2,089	0	1,958
Other comprehensive income	0	0	(16,524)	0	(16,524)
Movement in hedge reserve	0	0	0	(19,521)	(19,521)
Total comprehensive income for the year	(28)	(103)	(14,435)	(19,521)	(34,087)
Balance at 31 July 2016	1,676	204	212,923	(52,412)	162,391
University					
	Endowment £'000	Income and expenditure account Restricted £'000	Unrestricted £'000	Cashflow Hedge Reserve £'000	Total (no Non Controlling Interest) £'000
Balance at 1 August 2014	1,682	235	239,858	(20,569)	221,206
Surplus/(deficit) from the income and expenditure statement	22	72	(5,247)	0	(5,153)
Other comprehensive income	0	0	(7,303)	0	(7,303)
Movement in hedge reserve	0	0	0	(12,322)	(12,322)
	22	72	(12,550)	(12,322)	(24,778)
Balance at 1 August 2015	1,704	307	227,308	(32,891)	196,428
Surplus/(deficit) from the income and expenditure statement	(26)	(103)	2,028	0	1,897
Other comprehensive income	0	0	(16,524)	0	(16,524)
Movement in hedge reserve	0	0	0	(19,521)	(19,521)
Total comprehensive income for the year	(26)	(103)	(14,496)	(19,521)	(34,146)
Balance at 31 July 2016	1,676	204	212,812	(52,412)	162,280

# Consolidated and University Balance Sheet

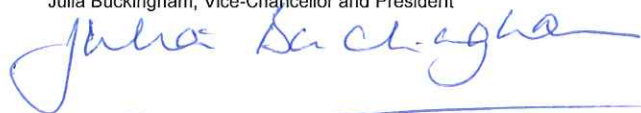
## Brunel University London

### 31 July 2016


	Notes	As at 31 July 2016		As at 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Non-current assets</b>					
Fixed assets	11	411,846	411,846	399,319	399,319
Investments	14	153	33	33	33
		<u>411,999</u>	<u>411,879</u>	<u>399,352</u>	<u>399,352</u>
<b>Current assets</b>					
Stock	17	110	110	130	130
Trade and other receivables	18	18,443	18,450	17,872	17,972
Investments	19	44,000	44,000	56,501	56,501
Cash and cash equivalents	26	16,271	16,187	13,247	12,991
		<u>78,824</u>	<u>78,747</u>	<u>87,750</u>	<u>87,594</u>
Less: Creditors: amounts falling due within one year	20	(44,304)	(44,218)	(51,044)	(50,938)
<b>Net current assets</b>		<u>34,520</u>	<u>34,529</u>	<u>36,706</u>	<u>36,656</u>
<b>Total assets less current liabilities</b>		<u>446,519</u>	<u>446,408</u>	<u>436,058</u>	<u>436,008</u>
Creditors: amounts falling due after more than one year	22	(194,837)	(194,837)	(168,234)	(168,234)
<b>Provisions</b>					
Pension provisions	23	(89,291)	(89,291)	(71,346)	(71,346)
<b>Total net assets</b>		<u>162,391</u>	<u>162,280</u>	<u>196,478</u>	<u>196,428</u>
<b>Restricted Reserves</b>					
Income and expenditure reserve - endowment reserve	24	1,676	1,676	1,704	1,704
Income and expenditure reserve - restricted reserve	25	204	204	307	307
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted		212,923	212,812	227,358	227,308
Cash-flow Hedge reserve	21	(52,412)	(52,412)	(32,891)	(32,891)
<b>Total Reserves</b>		<u>162,391</u>	<u>162,280</u>	<u>196,478</u>	<u>196,428</u>

The financial statements were approved by the Governing Body on 17<sup>th</sup> November 2016 and were signed on its behalf on that date by:

Julia Buckingham, Vice-Chancellor and President



Jane Kelly, Chair of Council



John Robinson, Director of Finance





# Consolidated Cash-flow Statement

## Brunel University London

Year ended 31 July 2016

	Notes	July 2016 £'000	July 2015 £'000
<b>Cash flow from operating activities</b>			
Surplus / (loss) for the year		1,958	(5,211)
<b>Adjustment for non-cash items</b>			
Depreciation	11	14,179	11,775
(Gain) / loss on investments		(62)	0
Decrease/(increase) in stock	17	20	(1)
Decrease in debtors	18	(571)	(2,052)
(Decrease) in creditors	20	(3,531)	(4,036)
Increase in pension provision	33	1,421	10,589
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(526)	(601)
Interest payable	8	4,321	4,338
Endowment income		(88)	(126)
Loss on the sale of fixed assets		22	99
Capital Grant Income		(5,103)	(2,899)
<b>Net cash inflow from operating activities</b>		<u>12,040</u>	<u>11,875</u>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		0	0
Capital Grant Receipts		10,506	8,529
Disposal of non-current asset investments		0	0
Withdrawal of deposits		12,501	4,124
Investment income		526	601
Payments made to acquire fixed assets		(26,728)	(25,860)
New non-current asset investments		(58)	0
New deposits		0	(126)
		<u>(3,253)</u>	<u>(12,732)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(4,321)	(4,338)
Endowment cash received		88	126
Repayments of amounts borrowed		(1,530)	(1,330)
		<u>(5,763)</u>	<u>(5,542)</u>
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>		<u>3,024</u>	<u>(6,399)</u>
Cash and cash equivalents at beginning of the year	26	13,247	19,646
Cash and cash equivalents at end of the year	26	16,271	13,247

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# Statement of Accounting Policies

## for the year ended 31 July 2016

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### 1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention and the restatement of fixed assets revalued on July 14 at deemed cost.

### 2. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2015. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

Associated companies and joint ventures are accounted for using the equity method.

### 3. Income recognition

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

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

Investment income is credited to the statement of income and expenditure on a receivable basis.

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

#### Grant funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

#### Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

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

There are four main types of donations and endowments identified within reserves:

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



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## Statement of Accounting Policies (continued)

### for the year ended 31 July 2016

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#### Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

#### 4. Accounting for retirement benefits

The three principal pension schemes for the University are the Universities Superannuation Scheme (USS), the Teachers Pension Scheme (TPS) and the London Pension Fund Authority Pension Fund (LGPS). The schemes are defined benefit schemes which were externally funded and contracted out of the State Second Pension (S2P) until April 2016. USS and LGPS are valued every three years by professionally qualified independent actuaries, the details of which are described further in the notes to the accounts.

The USS and TPS are multi-employer schemes for which it is not possible to identify the assets and liabilities to the University of members due to the mutual nature of the schemes and therefore the schemes are accounted for as defined contribution retirement benefit schemes.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

##### Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

##### Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

#### 5. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement using the salary rate applying on 31 July.

#### 6. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

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

#### 7. Service Concession Arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

#### 8. Operating leases

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

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## Statement of Accounting Policies (continued)

### for the year ended 31 July 2016

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#### 9. Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the time of the transaction and exchange differences arising on translation are recognised in Surplus or Deficit.

#### 10. Fixed assets

Fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses. Land was revalued to fair value on the date of transition to the 2015 FE/HE SORP, and is booked as deemed cost at transition.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Where capitalised assets are acquired with the aid of specific government grants, the related grant is treated as a deferred capital grant and released to the Statement of Comprehensive Income (SOI) over the expected useful economic life as defined below.

##### Land and buildings

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Academic buildings, laboratories and lecture theatres - maximum	50 years
Residences - maximum	50 years

Buildings are split into three component parts: structure, fit-out and plant with the useful economic lives last reviewed on 31 July 2014. At that date the range of economic lives was: structure 20-74 years, fit-out 10-20 years, plant and machinery 10-31 years.

No depreciation is charged on assets in the course of construction.

##### Equipment

Equipment, including computers and software, costing less than £10,000 per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

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

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

##### Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

#### 11. Heritage assets

Works of art and other valuable artefacts [acquired since 1 August 2007] and valued at over £25,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

#### 12. Investments

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

Investments in associates and subsidiaries are carried at cost in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit as a loss or gain on investments.

#### 13. Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.



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## Statement of Accounting Policies (continued)

### for the year ended 31 July 2016

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#### 14. Cash and cash equivalents

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

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

#### 15. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

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

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

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

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

#### 16. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

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

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

#### 17. Derivatives

Derivatives are held on the Balance Sheet at fair value. The University has adopted and complied with the requirements of hedge accounting and as a result movements in fair value are recorded within Other Comprehensive Income.

#### 18. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

#### 19. Transition to 2015 SORP

The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to the SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 34.

Application of first time adoption grants certain exemption from the full requirements of the SORP in the transition period. The following exemptions have been taken into these financial statements:

Fair value or revaluation as deemed cost - at 31 July 2014, fair value has been used for deemed cost for land.

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## Notes to the Accounts for the year ended 31 July 2016

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### Statement of Accounting estimates and judgements

#### Valuation of Land in Fixed Assets

The University applied paragraph 35.10(c) of FRS102 to measure the land at fair value on the date of transition to FRS102 and to treat the fair value as the deemed cost. The land had been previously acquired in the 1960's at £6m. A qualified independent chartered surveying firm Gerald Eve inspected the site and provided a valuation based on the market values for each of the various categories of land. This valuation was then taken unadjusted as deemed cost as at 31 July 2014.

#### Remaining Economic Lives of Buildings

The University took advantage of the same qualified independent chartered surveying firm Gerald Eve to reassess the remaining lives of the buildings which Gerald Eve had apportioned between the structure, fit-out and plant & machinery based on site inspections. Wherever University requirement and direction was that the building would be demolished (such as the computing building), this lesser life was applied by Gerald Eve. This has resulted in some buildings having an economic life that from new would have been in excess of 50 years.

#### Fair Value of SWAP's and their Effectiveness as a Hedged Instrument

The University took out 3 SWAP's to mirror 3 loans which charged interest at LIBOR plus 22 basis points. The effect for the University was to translate variable interest rates into a fixed rate by a 100% effective hedging instrument. The Treasury Adviser to the University, Capita, provides the University with the current "out of the market" position by comparing the current market value of the SWAP using Thompson Reuters software. The "out of the market" position is reflected in the Statement of Financial Position as the fair value of the hedged instruments.

The loan and SWAP repayment schedule for each of the three deals had repayment dates and amounts which were identical until 2040. The University was unable at the inception of the loan to obtain a 40 year loan as intended because 35 years was the maximum offered at that time. As a result, the three loans all contain a balloon payment on 7 December 2040. The SWAPS were set at 40 years in anticipation that Lloyds would reconsider the final repayment date further into the loan repayment program. Brunel has received written confirmation from Lloyds Bank that they are willing to negotiate an extension prior to 7 December 2040 which Brunel would take to 2045 on the same repayment dates as the SWAP. Thus Brunel considers the SWAPs to be a 100% effective hedged instrument and have applied hedge accounting treatments accordingly.

#### LGPS Pension Liability

The University obtains a valuation from Barnett Waddingham who makes decisions on behalf of the University on the financial assumptions used to calculate the net liability of the scheme. These assumptions include the RPI%, CPI% increases, salary increases, pension increases, discount rate and the estimate of the duration of employer liabilities. The University allows Barnett Waddingham to apply their skill and judgement in setting these parameters as the pension experts rather than suggesting any rate.

#### USS Deficit Recovery Program Liability

The University used a model commissioned by BUFDG and discount rates as suggested by BUFDG. Salary growth percentage was taken as 2% scale increase and 1% inflation increase. Staff numbers in future years agreed to the projections supplied to HEFCE up to 2019, recalculated from 2020 to 2022 based on student/staff number and assumed flat thereafter until 2031.

#### Equipment Depreciation

The economic lives of non-building related plant and equipment and vehicles have been based on prior experience of the University.

The reasonableness of these assumptions was benchmarked against peer Universities in March 2012 and has remained unchanged.

#### Accruals and Provision General

Where there is a liability with an uncertainty as to timing or amount for obligations existing at the balance sheet date such as the case with legal accruals, judgement is made of the likelihood of the future pay-out by both considering past case history and the reasonableness of the provision verified by the legal representatives. No such accrual is considered material as to affect the users' interpretation of these Financial Statements.



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## Notes to the Accounts

### for the year ended 31 July 2016

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#### Statement of Accounting estimates and judgements (continued)

##### Vacation Accrual

The University holiday year runs from 1 September to 31 August for Academic staff and from 1 April to 31 March for Non-Academic staff. In 2013 all departments were approached and holiday data of 35% of the total staff employed was extracted and analysed on a monthly basis to provide a pattern of holiday taken by the Academic staff and also the Non-Academic staff respectively over the holiday year including typical holiday carried forward. The days of entitlement and the part time/full time status was also considered. This analysis provided an average number of days worked per type where accrued holiday was still to be taken as at 31 July. Applying the gross costs per employee as at 31 July divided by the available total days workable provided a cost of the accrued holiday liability which was extrapolated across both categories. Annually a smaller representative sample is taken to assess the adequacy of the holiday accrual in days.

##### Enhanced Pension Provision

Enhanced pensions have been paid to former employees of the West London Institute of Higher Education on a monthly basis by Hounslow Borough Council and reimbursed by Brunel. Hounslow Borough Council supplies the University with listings of the 21 former staff members still alive, their age, gender and marital status. The University uses the Financial Times figures of 31 July "Gilts: UK Actuaries Indices" to obtain the fixed interest 10 year yield and the index linked 5% inflation real yield and assumes a 1% margin over government bonds to be reasonable. These input figures provide a Net Interest Rate table to apply the age, sex, annual payment and marital status of the former employees and calculate a pension per individual. These are summed for all individuals to provide an appropriate pension provision.

## Notes to the Accounts

### for the year ended 31 July 2016

		Year Ended 31 July 2016		Year Ended 31 July 2015	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>1 Tuition fees and education contracts</b>					
Full-time home and EU students		64,521	64,521	58,732	58,732
Full-time international students		34,325	34,325	38,146	38,146
Part-time students		2,058	2,058	2,128	2,128
NHS Education Contract		4,976	4,976	4,699	4,699
Short Course Fees		1,729	1,729	2,606	2,606
Other Fees		949	949	540	540
		<b>108,558</b>	<b>108,558</b>	<b>106,851</b>	<b>106,851</b>
<b>2 Funding body grants</b>					
<b>Recurrent grant</b>					
Higher Education Funding Council		20,758	20,758	22,005	22,005
Capital grant released in year		4,613	4,613	2,555	2,555
<b>Specific grants</b>					
HEFCE West Focus		1,188	1,188	2,197	2,197
HEFCE Other grants		92	92	1,462	1,462
		<b>26,651</b>	<b>26,651</b>	<b>28,219</b>	<b>28,219</b>
<b>3 Research grants and contracts</b>					
Research councils		9,213	9,213	9,269	9,269
Research charities		1,104	1,104	788	788
Government (UK and overseas)		7,789	7,789	7,738	7,738
Industry and commerce		3,469	3,469	3,568	3,568
Other		330	330	580	580
		<b>21,905</b>	<b>21,905</b>	<b>21,943</b>	<b>21,943</b>
<b>4 Other income</b>					
Residences, catering and conferences		33,961	33,961	34,328	34,328
Released from Deferred Capital Grant		36	36	0	0
Other income		9,583	9,411	8,292	8,103
		<b>43,580</b>	<b>43,408</b>	<b>42,620</b>	<b>42,431</b>
<b>5 Investment income</b>					
Investment income on endowments	24	4	4	3	3
Investment income on restricted reserves	25	0	0	1	1
Other investment income		522	522	597	597
		<b>526</b>	<b>526</b>	<b>601</b>	<b>601</b>
<b>6 Donations and endowments</b>					
New endowments	24	88	88	126	126
Donations with restrictions	25	118	118	167	167
Unrestricted donations		247	247	32	32
		<b>453</b>	<b>453</b>	<b>325</b>	<b>325</b>



## Notes to the Accounts for the year ended 31 July 2016

	Year Ended 31 July 2016		Year Ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>7 Staff costs</b>				
Staff Costs :	£'000	£'000	£'000	£'000
Salaries	87,402	87,323	84,935	84,837
Social security costs	8,124	8,117	7,467	7,460
Movement on USS provision	(434)	(434)	8,880	8,880
Other pension costs	14,463	14,449	13,687	13,674
<b>Total</b>	<b>109,555</b>	<b>109,455</b>	<b>114,969</b>	<b>114,851</b>

	2016 £'000	2015 £'000
Emoluments of the Vice-Chancellor:		
Salary	295	250
Benefits	0	0
Pension contributions to USS	12	40
	<b>307</b>	<b>290</b>

### Remuneration of other higher paid staff, excluding employer's pension contributions

	No.	No.
£100,000 to £109,999	12	8
£110,000 to £119,999	4	8
£120,000 to £129,999	3	3
£130,000 to £139,999	4	0
£140,000 to £149,999	3	2
£150,000 to £159,999	1	1
£160,000 to £169,999	2	2
£170,000 to £179,999	1	0
£180,000 to £189,999	1	2
£190,000 to £199,999	1	1
£200,000 to £209,999	1	0
£210,000 to £219,999	1	1
£220,000 to £229,999	1	1
	<b>35</b>	<b>29</b>

### Average fte staff numbers by major category :

	No.	No.
Academic and hourly paid lecturers	832	861
Academic Support	447	419
Technical	86	89
Administration Clerical and miscellaneous	426	399
Administration Craftsmen, Manual and Ancillary	94	77
Student Work Placements	30	23
	<b>1,915</b>	<b>1,868</b>

There was £65k compensation for loss of office paid to senior post-holders in 2015/16 (2014/15 nil).

## Notes to the Accounts

### for the year ended 31 July 2016

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel. Brunel considers the 19 (2014 - 19) members of the Executive Board to constitute the key management of the University. Compensation includes salary, benefits and employer's pension contribution.

	Year Ended Year ended 31 July 2016 £'000	Year Ended Year ended 31 July 2015 £'000
Key management personnel compensation	2,940	2,673

#### Council Members

The University's Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures.

The total expenses paid to or on behalf of 15 council members was £3,750 (2015 - £3,000 to 12 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

#### Related Parties

Brunel conducted research with Imperial College Healthcare Partners (ICHP) for £2,500 in 2015-16 and purchased CAD software for £2,600 from New Technology Cadcam Limited. Brunel also paid £13,750 membership contribution to ICHP.

The Central & Northwest London NHS sponsored 2 students in 15-16 at a total of £4,670.



## Notes to the Accounts for the year ended 31 July 2016

	Notes	Year Ended 31 July 2016 Consolidated £'000	University £'000	Year Ended 31 July 2015 Consolidated £'000	University £'000
<b>8 Interest and other finance costs</b>					
Loan Interest		4,321	4,321	4,338	4,338
Net charge on pension scheme	33	1,856	1,856	2,118	2,118
		<u>6,177</u>	<u>6,177</u>	<u>6,456</u>	<u>6,456</u>

## 9 Analysis of total expenditure by activity

Academic Departments	92,814	92,814	88,468	88,468
Academic Services	20,695	20,695	20,699	20,699
Research Grants and Contracts	12,680	12,680	15,792	15,792
Residences, catering and conferences & Science Park	17,843	17,732	22,985	22,737
Premises	27,537	27,537	29,828	29,828
Administration	16,769	16,769	22,300	22,300
Other Services	4,892	4,892	5,599	5,599
	<u>193,230</u>	<u>193,119</u>	<u>205,671</u>	<u>205,423</u>

Other operating expenses include:

External auditors remuneration in respect of audit services	70	67	47	44
External auditors remuneration in respect of non-audit services	19	19	6	6

## 10 Taxation

Recognised in the statement of comprehensive income	2016	2015
Consolidated and University	£'000	£'000
Current tax expense	286	0
Deferred tax expense	0	0
<b>Total tax expense</b>	<u>286</u>	<u>0</u>

## Notes to the Accounts for the year ended 31 July 2016

### 11 Fixed Assets

	Freehold Land and Buildings £'000	Plant and Machinery £'000	Assets in the Course of Construction £'000	Total £'000
<b>Cost</b>				
At 1 August 2015	455,994	46,933	17,886	520,813
Additions	8,017	4,791	13,920	26,728
Transfers	8,987	7,218	(16,205)	0
Disposals		(1,188)		(1,188)
At 31 July 2016	<u>472,998</u>	<u>57,754</u>	<u>15,601</u>	<u>546,353</u>
<b>Depreciation</b>				
At 1 August 2015	91,865	29,629	0	121,494
Charge for the year	8,202	5,977	0	14,179
Disposals		(1,166)	0	(1,166)
At 31 July 2016	<u>100,067</u>	<u>34,440</u>	<u>0</u>	<u>134,507</u>
<b>Net book value</b>				
At 31 July 2016	<u>372,931</u>	<u>23,314</u>	<u>15,601</u>	<u>411,846</u>
At 31 July 2015	<u>364,129</u>	<u>17,304</u>	<u>17,886</u>	<u>399,319</u>
<b>University</b>				
<b>Cost</b>				
At 1 August 2015	455,994	46,933	17,886	520,813
Additions	8,017	4,791	13,920	26,728
Transfers	8,987	7,218	(16,205)	0
Disposals		(1,188)	-	(1,188)
At 31 July 2016	<u>472,998</u>	<u>57,754</u>	<u>15,601</u>	<u>546,353</u>
<b>Depreciation</b>				
At 1 August 2015	91,865	29,629	0	121,494
Charge for the year	8,202	5,977	0	14,179
Disposals		(1,166)	0	(1,166)
At 31 July 2016	<u>100,067</u>	<u>34,440</u>	<u>0</u>	<u>134,507</u>
<b>Net book value</b>				
At 31 July 2016	<u>372,931</u>	<u>23,314</u>	<u>15,601</u>	<u>411,846</u>
At 31 July 2015	<u>364,129</u>	<u>17,304</u>	<u>17,886</u>	<u>399,319</u>

At 31 July 2016 freehold land and buildings included £119.8m (2015 – £119.8m) in respect of freehold land which is not depreciated.

The land comprising Brunel University Estate was valued as at 31 July 2014 by an external valuer Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation - Professional Standards, January 2014 amendment and the Financial Reporting Standard 102 and the 2014 Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuation was undertaken on a Fair Value basis. The valuation is reported under the special assumptions to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced and that one building currently subject to redevelopment has been completed.



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## Notes to the Accounts

### for the year ended 31 July 2016

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#### 12 Heritage assets

There have been no donations of heritage assets in the past 5 years. There was an acquisition for £16k of a bronze coated statue of a sheep in the image of Brunel in 2015-16 but no other acquisitions in the past 5 years.

The table below shows the analysis of acquisitions - All entries for 2016 and before have been expensed as below the threshold for capitalising. Acquisitions for the current and previous four years were as follows:

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Acquisitions purchased with University funds	16	3	0	3	8	8
Total cost of acquisitions purchased	16	3	0	3	8	8
Total acquisitions expensed	16	3	0	3	8	8

#### 13 Service Concession Arrangements

The University has no on Balance Sheet arrangement where service delivery has commenced.

## Notes to the Accounts

### for the year ended 31 July 2016

#### 14 Non-Current Investments

Consolidated	Fixed Asset Investments £'000
At 1 August 2015	33
Additions	58
Re-assessment of Impairment	62
At 31 July 2016	<u>153</u>
University	£'000
At 1 August 2015	33
Additions	0
Re-assessment of impairment	0
At 31 July 2016	<u>33</u>
Non-current investments consist of :	Consolidated £'000
CVCP Properties plc who own a property called Woburn House which is used by Higher Education Universities as a centre for administration and training	33
Dynamic Extractions Limited who provide high performance counter current chromatography (HPLC) core technology instruments and systems	120
	<u>153</u>
	University £'000
	33
	0
	<u>33</u>

#### 15 Investment in joint venture

The University does not have any joint venture companies.

#### 16 Investment in associates

The University does not have any associate companies.



## Notes to the Accounts for the year ended 31 July 2016

### 17 Stock

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
General consumables	110	110	130	130
	<u>110</u>	<u>110</u>	<u>130</u>	<u>130</u>

### 18 Trade and other receivables

	Consolidated		Consolidated	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Research grant receivables	6,404	6,404	7,054	7,054
Other trade receivables	9,178	9,152	7,498	7,408
Prepayments and accrued income	2,861	2,861	3,320	3,320
Amounts due from subsidiary companies	0	33	0	190
	<u>18,443</u>	<u>18,450</u>	<u>17,872</u>	<u>17,972</u>
Amounts falling due after more than one year	0	0	0	0
	<u>18,443</u>	<u>18,450</u>	<u>17,872</u>	<u>17,972</u>

### 19 Current Investments

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Short term deposits	44,000	44,000	56,501	56,501
	<u>44,000</u>	<u>44,000</u>	<u>56,501</u>	<u>56,501</u>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2016 the weighted average interest rate of these fixed rate deposits was 0.89% (2105: 0.84%) per annum and the weighted average period for which the interest rate is fixed on these deposits was 230 (2015: 236) days. The fair value of these deposits was not materially different from the book value.

### 20 Creditors : amounts falling due within one year

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Bank Overdraft	0	0	0	0
Secured loans	1,421	1,421	1,344	1,344
Unsecured loans	37	37	186	186
Trade payables	11,864	11,856	11,917	11,899
Social security and other taxation payable	3,189	3,178	99	92
Accruals and deferred income	27,793	27,726	37,498	37,417
	<u>44,304</u>	<u>44,218</u>	<u>51,044</u>	<u>50,938</u>

#### Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Other Income	5,915	5,847	7,127	7,052
Research grants received on account	11,882	11,882	12,940	12,940
Capital Grants from HEFCE and other Government sources < 1 year	50	50	3,187	3,187
Income in Advance < 1 year	<u>17,847</u>	<u>17,779</u>	<u>23,254</u>	<u>23,179</u>
Capital Grants from HEFCE and other Government sources > 1 year	54,603	54,603	46,063	46,063
Total Income in Advance	<u>72,450</u>	<u>72,382</u>	<u>69,317</u>	<u>69,242</u>

## Notes to the Accounts

### for the year ended 31 July 2016

#### 21 Cash-flow Hedge Reserve and fair value of hedged instrument liability

The University entered into three loans with Lloyds Bank at LIBOR plus 20 basis points of £50m, £25m and £25m between the dates of 31 October 2005 to 30 September 2007. The currency of all of these is sterling and the interest is paid in arrears on the last day of its interest period, which is semi-annual. The interest periods have start/end dates of 7 June and 7 December with a final end date on all 3 facilities being 7 December 2040 and with a final repayment due for the outstanding balance. Brunel has written confirmation that the loans can be renegotiated to extend to 7 December 2045 on the same payment profile as the SWAPs taken out at the same time.

The University set up three sterling SWAPs with Bank of America Merrill Lynch, being £50m at 4.588% on 31 October 2005, £25m at £4.5843% on 30 September 2006 and £25m at 4.5823% on 30 September 2007. Brunel pays interest on each SWAP in arrears on the last day of the interest period. Both the fixed and floating rate payment schedules have payment dates of 7 June and 7 December. All three SWAPs have an end date of 7 December 2045.

Fair value of the SWAP liability as at 31 July obtained from Thompson Reuters:

	2016	2015
	£'000	£'000
Brought forward 1 August	32,891	20,569
Change in fair value of hedging instrument recognised in SOCI in year (100% effective)	19,521	12,322
Carried forward 31 July	52,412	32,891

The SWAPs were set up on the same dates as the loans with the same repayment profiles until 2040 and to run for the 5 additional years until 7 December 2045 that the loans will eventually be extended to. The SWAPs were designed as a hedging instrument that effectively eliminates the interest rate risk of the variability in cash-flows on the floating rate loan attributable to changes in the 6 month GBP LIBOR by creating certainty of interest payment at the same 6 monthly interval.

The University considers the 3 SWAPs to be 100% effective hedges and apply the principles of hedge accounting of 12.23 FRS 102 to disclose a cash-flow hedge reserve for the same total as the fair value of the SWAP liability in the Consolidated Statement of Changes in Reserves.



## Notes to the Accounts for the year ended 31 July 2016

### 22 Creditors : amounts falling due after more than one year

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred Income	54,603	54,503	46,063	46,063
Derivatives	52,412	52,412	32,891	32,891
Secured loans	87,785	87,785	89,206	89,206
Unsecured loans	37	37	74	74
	<b>194,837</b>	<b>194,837</b>	<b>168,234</b>	<b>168,234</b>
Analysis of secured and unsecured loans:				
Due within one year or on demand (Note 20)	1,458	1,458	1,530	1,530
Due between one and two years	1,527	1,527	1,607	1,607
Due between two and five years	4,909	4,909	4,719	4,719
Due in five years or more	81,386	81,386	82,954	82,954
Due after more than one year	87,822	87,822	89,280	89,280
Total secured and unsecured loans	<b>89,280</b>	<b>89,280</b>	<b>90,810</b>	<b>90,810</b>
Secured loans repayable by 2040	89,206	89,206	90,550	90,550
Unsecured loans repayable by 2018	74	74	260	260
	<b>89,280</b>	<b>89,280</b>	<b>90,810</b>	<b>90,810</b>

The secured loans are the following:

Lender	Amount £'000	Term	Interest rate %	Borrower
Lloyds	44,309	2,040	4.59	University
Lloyds	22,346	2,040	4.58	University
Lloyds	22,551	2,040	4.58	University
	<b>89,206</b>			

### 23 Provisions for liabilities

Consolidated	Pension enhancement on termination £'000	Obligation to fund deficit on USS Pension £'000	Defined Benefit Obligations (Note 33) £'000	Total Pension Provisions £'000
At 1 August 2015	1,219	18,970	51,157	71,346
Utilised in year	(58)	(434)	0	(492)
Additions in 2015/16	0	0	18,437	18,437
At 31 July 2016	<b>1,161</b>	<b>18,536</b>	<b>69,594</b>	<b>89,291</b>
University	Pension enhancement on termination £'000	Obligation to fund deficit on USS Pension £'000	Defined Benefit Obligations (Note 33) £'000	Total Pension Provisions £'000
At 1 August 2015	1,219	18,970	51,157	71,346
Utilised in year	(58)	(434)	0	(492)
Additions in 2015/16	0	0	18,437	18,437
At 31 July 2016	<b>1,161</b>	<b>18,536</b>	<b>69,594</b>	<b>89,291</b>

#### Pension enhancement

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

	Consolidated
Discount rate	1.81%
Inflation	2.22%

## Notes to the Accounts for the year ended 31 July 2016

### USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

### 24 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Expendable endowments	2016 Total	2015 Total
	£'000	£'000	£'000	£'000
<b>Balances at 1 August 2015</b>				
Capital	499	1,136	1,635	1,455
Accumulated income	146	(77)	69	227
	<u>645</u>	<u>1,059</u>	<u>1,704</u>	<u>1,682</u>
 New endowments	 0	 88	 88	 126
 Investment income	 1	 3	 4	 3
Expenditure	(23)	(97)	(120)	(107)
	<u>(22)</u>	<u>(94)</u>	<u>(116)</u>	<u>(104)</u>
 <b>At 31 July 2016</b>	 <u>623</u>	 <u>1,053</u>	 <u>1,676</u>	 <u>1,704</u>
 <b>Represented by:</b>				
Capital	499	1,224	1,723	1,635
Accumulated income	124	(171)	(47)	69
	<u>623</u>	<u>1,053</u>	<u>1,676</u>	<u>1,704</u>
 <b>Analysis by type of purpose:</b>				
Lectureships	0	13	13	13
Scholarships and bursaries	470	498	968	942
Prize funds	153	131	284	284
General	0	411	411	465
	<u>623</u>	<u>1,053</u>	<u>1,676</u>	<u>1,704</u>
 <b>Analysis by asset</b>				
Cash & cash equivalents			<u>1,676</u>	<u>1,704</u>
Total Assets			<u>1,676</u>	<u>1,704</u>



## Notes to the Accounts for the year ended 31 July 2016

### 25 Restricted Reserves

Reserves with restrictions (all donations) are as follows:

	2016 Total £'000	2015 Total £'000
Balances at 1 August 2015	307	235
New donations	118	167
Investment income	0	1
Expenditure	(221)	(96)
	(221)	(95)
At 31 July 2016	204	307
	2016 Total £'000	2015 Total £'000
Analysis of other restricted funds /donations by type of purpose:		
Scholarships and bursaries	22	20
Prize funds	11	8
General	171	279
	204	307

### 26 Cash and cash equivalents

	At 1st August 2015 £'000	Cash Flows £'000	At 31st July 2016 £'000
Consolidated			
Cash and cash equivalents	13,247	3,024	16,271
	13,247	3,024	16,271

## Notes to the Accounts for the year ended 31 July 2016

### 27 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2015:

	31 July 2016		31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	11,124	11,124	8,117	8,117
	<u>11,124</u>	<u>11,124</u>	<u>8,117</u>	<u>8,117</u>

### 28 Contingent liabilities

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

### 29 Lease obligations

Total rentals payable under operating leases:

	Land and Buildings £'000	31 July 2016		Total £'000	31 July 2015 £'000
		Plant and Machinery £'000	Other leases £'000		
Future minimum lease payments due:					
Not later than 1 year	1,207	10	0	1,217	1,250
Later than 1 year and not later than 5 years	0	10	0	10	10
Later than 5 years	0	0	0	0	0
Total lease payments due	<u>1,207</u>	<u>20</u>	<u>0</u>	<u>1,227</u>	<u>1,260</u>

### 30 Events after the reporting period

There were no events after the reporting period to record.



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## Notes to the Accounts

### for the year ended 31 July 2016

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#### 31 Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

Company	Principal Activity	Status
Brunel University Enterprises Limited	Running the Brunel University London Science Park and the vehicle for spinout companies.	100% owned
Cumberland Initiative Limited	Dormant - never traded	100% owned
HecoAnalytics Limited	Dormant - never traded	100% owned

#### 32 Connected charitable Institutions

Brunel University London does not have any connected charitable institutions.

## Notes to the Accounts for the year ended 31 July 2016

### 33 Pension Schemes

The three principal pension schemes for the University's staff are:

- Universities Superannuation Scheme (USS)
- Teachers' Pension scheme (TPS) for academic staff
- London Pensions Fund Authority Scheme (LPFA) for other staff

All three schemes are defined-benefit schemes contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee administered funds.

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

	Year Ended 31-Jul-16 £'000	Year Ended 31-Jul-15 £'000
USS contribution	10,173	9,493
TPF contribution	269	261
LPFA contribution	4,027	3,830
Other Pension scheme contributions	2	3
Provision for the ex-WLIHE pension increase	(8)	100
	<u>14,463</u>	<u>13,687</u>

#### (i) 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.

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 102, contributions to the scheme are accounted for as if it were a defined contribution scheme with the cost recognised in the Statement of Comprehensive Income And Expenditure account being equal to the contributions payable to the scheme.

As the scheme is backed by the taxpayer there is no deficit liable to the University and no deficit recovery program and consequent liability placed upon the University.

#### (ii) The Universities Superannuation Scheme

##### Significant accounting policies

The institution participates in the Universities Superannuation Scheme (USS - "The Scheme"). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. 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 therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its shares of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits" accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income and expenditure (SOC1) represents the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the SOC1.

##### Critical accounting judgements

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund the deficit results in the recognition of a liability for the contribution payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in the SOC1. The University is satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.



## Notes to the Accounts

### for the year ended 31 July 2016

#### 33 Pension Schemes (USS continued)

The total pension cost for the University was £10.0m (2014–15 £9.4m) shown in note 7.

The latest available full actuarial valuation of the scheme was at March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the university cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first yr, 4.0% thereafter
Pension increase (CPI)	2.2%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ("light") YoB tables - no age rating
Female members' mortality	99% of S1NA ("light") YoB tables - rated down one year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 years	24.3	24.2
Females currently aged 65 years	26.5	26.4
Males currently aged 45 years	26.4	26.3
Females currently aged 45 years	28.8	28.7
Scheme Assets	£49.8bn	£49.1bn
Scheme Liabilities	£58.3bn	£60.2bn
Deficit	£8.5bn	£11.1bn
Funding level	85%	82%

## Notes to the Accounts for the year ended 31 July 2016

### 33 Pension Schemes (continued)

#### (iii) 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 3 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 March 2016, the employer's contribution rate was 17.1% (17.1% March 15). However the University is required to pay an additional cash contribution from April 2015 to March 2016 totalling £1.65m (£1.51m March 15) in respect of past service benefits. The employee's rate from 1 April 2011 is based on a branded earnings schedule. The employer contributions were £4.03m (£3.81m 2015) and the employee's contributions were £0.92m (£0.87m 2015).

The following information regarding the LPFA is based on 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:

	2016	2015	2014	2013	2012
Inflation (CPI)	2.1%	2.5%	2.6%	2.5%	1.8%
Inflation (RPI)	3.0%	3.4%	3.4%	3.3%	2.6%
Rate of increase in salaries	3.9%	4.3%	4.4%	4.2%	3.5%
Rate of increase in pensions	2.1%	2.5%	2.6%	2.5%	1.8%
Discount rate	2.5%	3.7%	4.2%	4.7%	3.9%

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

	Males	Females
Retiring today	21.6	25
Retiring in 20 years	24	27.3

The following assumptions have been made:

Members will exchange half of their commutable pension for cash at retirement

Members will retire at one retirement age for all tranches of benefit, the pension weighted average tranche retirement age. No members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits

The following amounts at 31 July 2016 were measured in accordance with the requirements of FRS102

	2016 £'000	2015 £'000
Estimated Asset Share	67,370	63,425
Present value of scheme liabilities	(136,964)	(114,582)
Deficit in scheme	<u>(69,594)</u>	<u>(51,157)</u>



## Notes to the Accounts

### for the year ended 31 July 2016

#### 33 Pension Schemes (LGPS continued)

	2016 £'000	2015 £'000
Analysis of amount charged to the Statement of comprehensive income and expenditure		
Current service cost (net of employee contributions)	(3,984)	(3,357)
Net interest on the defined liability	(1,820)	(1,777)
Actuarial (loss) recognised in SOCI below the surplus for the year	(16,531)	(7,221)
Actuarial (loss) recognised in SOCI below the surplus for the year	0	(82)
Losses on Curtailments and Settlements	0	(33)
Administration expenses	(95)	(90)
	<u>(22,430)</u>	<u>(12,560)</u>
Actual return less expected return on scheme assets	900	186
Experience gains and losses arising on scheme liabilities	0	14
Changes in assumptions underlying the present value of scheme liabilities	(17,431)	(7,421)
	<u>(16,531)</u>	<u>(7,221)</u>
Actuarial losses recognised in SOCI below the Surplus for the year		
Movement in deficit in the year		
Deficit in scheme at the beginning of the year	(51,157)	(42,492)
Current Service costs	(3,984)	(3,357)
Contributions	3,993	3,813
Contributions in respect of unfunded benefits	0	0
Past service costs	0	0
Other finance income	(1,820)	(1,777)
Administration charges	(95)	(90)
Settlements and curtailments	0	(33)
Actuarial loss	(16,531)	(7,221)
Deficit in scheme at the end of the year	<u>(69,594)</u>	<u>(51,157)</u>
Net return on scheme assets at the beginning of the year	63,425	60,324
Interest on Assets	2,361	2,543
Return on Assets less Interest	900	186
Administration Expenses	(95)	(90)
Contributions by employer	3,993	3,813
Contributions by scheme participants	916	872
Estimated benefits paid (net of transfers in and unfunded)	(4,130)	(4,223)
Net return on scheme assets at the end of the year	<u>67,370</u>	<u>63,425</u>
Net return on scheme liabilities at the beginning of the year	(114,582)	(102,816)
Current Service Cost	(3,984)	(3,357)
Interest Cost	(4,181)	(4,320)
Change in Financial Assumptions	(17,431)	(7,421)
Experience Gain	0	14
Loss on curtailments	0	(33)
Estimated benefits paid (net of transfers in and unfunded)	4,130	4,223
Contributions by scheme participants	(916)	(872)
Unfunded pension payments		
Net return on scheme liabilities at the end of the year	<u>(136,964)</u>	<u>(114,582)</u>

## Notes to the Accounts for the year ended 31 July 2016

### 33 Pension Schemes (LGPS continued)

	2016 £'000	2016 %	2015 £'000	2015 %
Scheme Assets breakdown				
Equities	34,660	51	28,054	44
LDI/Cash-flow matching	5,887	9	9,173	15
Target return portfolio	16,381	24	12,326	20
Infrastructure	4,760	7	3,406	5
Commodities	360	1	285	0
Property	2,519	4	1,992	3
Cash	2,803	4	8,189	13
Total	67,370	100	63,425	100

### History of experience gains and losses cumulative

	2016 £'000	2015 £'000
Interest on Assets	2,361	2,543
Total scheme assets	67,370	63,435
% of scheme assets	3.5%	4.0%
Experience gains on scheme liabilities	0	14
Present value of liabilities	136,964	114,582
% of present value of liabilities	0.0%	0.0%
Actuarial (loss)/gain recognised in SOCI below the surplus	(16,531)	(7,303)
Present value of liabilities	136,964	114,582
% of present value of liabilities	-12.1%	-6.4%



## Notes to the Accounts for the year ended 31 July 2016

### 34 Transition to FRS102 and the 2015 SORP [NOTE a separate disclosure is required for Group and University]

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102 SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

Financial position	31-Jul-15 Consolidated £'000	31-Jul-15 University £'000	31-Jul-14 Consolidated £'000	31-Jul-14 University £'000
<b>Total reserves reported in July 2015 Audited Accounts</b>	186,079	186,029	184,829	184,721
Land Revaluation at Deemed Cost	113,257	113,257	113,257	113,257
Deferred Capital Grant Accruals Method Liability	(48,822)	(48,822)	(43,620)	(43,620)
SWAP liability recognised (100% hedged)	(32,891)	(32,891)	(20,569)	(20,569)
USS Pension Provision	(18,970)	(18,970)	(9,800)	(9,800)
Employee leave accrual	(2,783)	(2,783)	(2,783)	(2,783)
Fixed Assets Componentisation	608	608	-	-
<b>Total effect of transition to FRS 102</b>	<b>10,399</b>	<b>10,399</b>	<b>36,485</b>	<b>36,485</b>
<b>Total reserves under 2015 SORP</b>	<b>196,478</b>	<b>196,428</b>	<b>221,314</b>	<b>221,206</b>
<b>Financial performance</b>	<b>31-Jul-15 Consolidated £'000</b>	<b>31-Jul-15 University £'000</b>		
<b>Surplus for the year reported in July 15 Audited Accounts</b>	<b>4,055</b>	<b>4,113</b>		
Change in fair value of hedge	(12,322)	(12,322)		
USS Pension Provision	(9,170)	(9,170)		
LGPS Pension Interest Increase	(971)	(971)		
Fixed Assets Componentisation	608	608		
Non-Government Grants previously capitalised - element released	(26)	(26)		
<u>removal of STRGL and bringing into Total Comprehensive Income</u>				
Actual Loss in LGPS Pension Scheme	(7,303)	(7,303)		
Endowment movement	293	293		
<b>Total effect of transition to FRS 102</b>	<b>(28,891)</b>	<b>(28,891)</b>		
<b>Total comprehensive income for the year under 2015 SORP</b>	<b>(24,836)</b>	<b>(24,778)</b>		
<b>Cash Flows</b>				

The only impact of the transition to FRS 102 on the cash flows of the University or the Group is the reclassification of some short term investments to cash and cash equivalents as shown above.

# Notes to the Accounts

for the year ended 31 July 2016

Note 34 (continued) - Transition to FRS102 and the 2015 SORP. All amounts in £'000

	1	2	3	4	5	6	7	8	9	10	Restated Consolidated FRS102	Restated University FRS102
	Endowments	LGPS	Def Cap Grant liability	Depreciation Component	Def Cap Grant Component	Land Revaluation	Park lan and Cash & Cash Equivalents	USS Deficit recovery	SWAP	Vacation Accrual		
SOCI 2014-15												
Reported figure University 2007 SORP												
Tuition Fees and Education Contracts	106,851										106,851	106,851
Funding Body Grants	28,647										28,219	28,219
Research Grants & Contracts	21,943				(428)						21,943	21,943
Other Income	42,469	(32)	(26)								42,520	42,431
Investment Income	601										601	601
Donations & Endowments	200,531										200,559	200,370
Total Income	200,531										200,559	200,370
Staff Costs	(106,089)										(114,869)	(114,851)
Other Operating Expenses	(72,471)										(72,471)	(72,471)
Depreciation	(12,811)			1,036							(11,775)	(11,775)
Interest and other finance costs	(5,195)										(6,456)	(6,456)
Total Expenditure	(196,566)			1,036							(205,671)	(205,423)
(Loss) on disposal of fixed assets	(99)										(99)	(100)
Surplus for the year	4,055	283	(971)	1,036	(428)						(5,211)	(5,153)
Actuarial Loss/Gain on pension scheme			(7,303)								(7,303)	(7,303)
Change in fair value of hedge											(12,322)	(12,322)
Total Comprehensive Income	4,055	293	(6,274)	1,036	(428)						(24,636)	(24,778)
Endowments movement	200	(200)									0	0
Movement in Reserves	4,255	93	(8,274)	1,036	(428)						(24,636)	(24,778)
STRGL 2014-15 (under 2007 SORP but removed from 2015 FRS102 SORP)												
Surplus on Continuing operations	4,055											
Actuarial loss in respect of pension schemes	(8,274)	8,274									8,274	0
New Endowments	293	(293)									(293)	0
Total recognised losses relating to the year	(3,926)											

## Statement of Financial Position 31 July 2015

Tangible Fixed Assets	285,026			1,036		113,257			114,293		399,319	399,319
Investments	33										33	33
Endowment Assets	2,011	(2,011)							(2,011)		0	0
Stock	130										130	130
Trade and other receivables	17,972										17,972	17,972
Investments	63,126	2,011					(6,636)				56,501	56,501
Cash and cash equivalents	4,611						8,636				13,247	12,991
Creditors amounts falling due within 1 year	(44,925)		(3,157)				(149)			(2,783)	(51,044)	(50,939)
Net Current Assets	40,814		0	0	0	0	149	0	0	(2,783)	36,706	36,556
Creditors amounts falling due after more than 1 year	(89,429)										(168,234)	(168,234)
Pension Liability	(52,376)		(45,635)		(428)		149				(71,345)	(71,345)
Total Net Assets	186,079		(46,822)	1,036	(428)	113,257	0	(18,969)	(32,891)	(2,783)	196,479	196,429
Deferred Capital Grants	49,690		(49,690)								0	0
Cash-flow Hedge Reserve	0										(32,891)	(32,891)
Endowment Reserve	2,011	(307)									1,704	1,704
Restricted Donation Reserve	0	307									307	307
Pension Reserve	(51,157)			894							51,157	51,157
Unrestricted reserves b/fwd from 1 Aug 2014	181,480	(200)	(42,883)								239,965	239,965
Unrestricted Reserves transfer Endowment & Hedge	0	(93)									12,229	12,229
Unrestricted reserves movement SOCI 14-15	4,055	293	(6,274)	1,036	(428)		0	(9,170)	(12,322)	0	(24,836)	(24,778)
Total Reserves	186,079	0	(46,822)	1,036	(428)	113,257	0	(18,970)	(32,891)	(2,783)	196,478	196,428



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## Notes to the Accounts for the year ended 31 July 2016

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### Note 34 (continued)

Description of Adjustments made from July 2015 Audited Financial Statements to report under FRS102 Accounting Principles (all adjustments apply both to University and Consolidated Accounts)

- 1 Endowments - the endowment asset is removed and shown as a bank investment term >3 months. Income received is treated as income received through the SOCI rather than the STRGL. The Endowment Reserve is reclassified by stripping out restricted donations.
- 2 LGPS Pension Reserve is removed and included in Unrestricted Reserves. The Interest has been recalculated using the discounted opening net liability calculation based on opening liability. The actuarial loss is now in the SOCI rather than the redundant STRGL.
- 3 Applying the Accruals Model the government-provided Deferred Capital Grant is treated as a liability rather than a reserve. The non-government grants cease to be shown as a deferred grant reserve and the balance is transferred to unrestricted reserves.
- 4 Depreciation Componentisation - the buildings were reanalysed into 3 components by Gerald Eve and applying the estimated remaining useful life by the valuer restates the depreciation in the year 14-15 downwards, increasing the fixed asset value.
- 5 Deferred Capital Grant Componentisation - changes due to re-estimation of expected useful lives from the exercise carried out by Gerald Eve for government capital grants reduces the income stated in the published accounts and increases the liability.
- 6 Land Revaluation - Land was revalued and stated at deemed cost on July 2014. This increased the fixed asset valuation and increased unrestricted reserves by the same figure.
- 7 Cash and Cash Equivalents - Investments taken out for a duration shorter than 3 months are reclassified as cash from investments as was published under the 2007 SORP
- 8 USS Deficit Recovery Plan - a pension liability was recognised for the recovery plan in July 14 which reduced reserves brought forward. This previously was excluded from the published accounts. An actuarial valuation as at July 2015 increased the liability and the increase was recognised in staff costs. Interest on the July 14 liability was recognised for the first time.
- 9 SWAP - The out of the market position of the SWAPS are recognised as a liability whereas previously this was not shown. The SWAPS are a 100% effective hedging instrument against the loans and accordingly the yearly movement shown in the SOCI below the surplus line is initially flowing into unrestricted reserves carried forward. A reserves movement for the full liability is made out of unrestricted reserves and into the cash flow hedge reserve.
- 10 Vacation Accrual - In the published accounts the holidays earned but not taken as at 31 July 14 were not considered a liability. Under FRS102 this liability is created and unrestricted reserves reduced. The July 2015 liability was the same as July 14 so there was no increase to staff costs to disclose.

## for the year ended 31 July 2016

Note 34 (continued) - Transition to FRS102 and the 2015 SORP. All amounts in £'000

STRGL 2013-14 (under 2007 SORP but removed from 2015 FRS102 SORP)



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## Notes to the Accounts for the year ended 31 July 2016

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### Note 34 (continued)

Description of Adjustments made from July 2014 Audited Financial Statements to report under FRS102 Accounting Principles (all adjustments apply both to University and Consolidated Accounts)

- 1 - Endowments - the endowment asset is removed and shown as a bank investment term >3 months. Income received is treated as income received through the SOCI rather than the STRGL. The Endowment Reserve is reclassified by stripping out restricted donations.
- 2 - LGPS Pension Reserve is removed and included in Unrestricted Reserves. The Interest has been recalculated using the discounted opening net liability calculation based on opening liability. The actuarial loss is now in the SOCI rather than the redundant STRGL.
- 3 - Applying the Accruals Model, the government-provided Deferred Capital Grant is treated as a liability rather than a reserve. The non-government grants cease to be shown as a deferred grant reserve and the balance is transferred to unrestricted reserves.
- 4 - Depreciation Componentisation - the buildings were reanalysed into 3 components by Gerald Eve at 31 July 2014 after the 2014-15 depreciation had been recorded.
- 5 - Deferred Capital Grant Componentisation - changes due to re-estimation of expected useful life of the assets under capital grants applied from 1 August 2014 onwards so no impact in 2013-14.
- 6 - Land Revaluation - Land was revalued and stated at deemed cost on July 2014. This increased the fixed asset valuation and increased unrestricted reserves by the same figure.
- 7 - Cash and Cash Equivalents - Investments taken out for a duration shorter than 3 months are reclassified as cash from investments as was published under the 2007 SORP.
- 8 - USS Deficit Recovery Plan - a pension liability was recognised for the recovery plan in July 14 which reduced reserves brought forward. This previously was excluded from the published accounts. An actuarial valuation as at July 2015 increased the liability and the increase was recognised in staff costs. Interest on the July 14 liability was recognised for the first time.
- 9 - SWAP - The out of the market position of the SWAPS are recognised as a liability whereas previously this was not shown. The SWAPS are a 100% effective hedging instrument against the loans and accordingly the yearly movement shown in the SOCI below the surplus line is initially flowing into unrestricted reserves carried forward. A reserves movement for the full liability is made out of unrestricted reserves and into the cashflow hedge reserve.
- 10 - Vacation Accrual - In the published accounts the holidays earned but not taken as at 31 July 2014 were not considered a liability. Under FRS102 this liability is created and unrestricted reserves reduced.

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**Brunel University London****Membership of Council and Trustees during the 2015–16 Year**

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	Status of Appointment	Date Appointed in-year	Date resigned in year / Completed Term of Office
Mr T Belisario	Independent Member		31.03.16
Ms M Black	Independent Member		31.12.15
Dr J Bridger	Appointed by Senate		31.07.16
Professor J Buckingham	Vice-Chancellor & President		
Mrs M Chapman	Independent Member		
Mrs N Cole	Independent Member		31.07.16
Professor A George	Deputy Vice-Chancellor		
Ms H Ghantiwala	Independent Member		
Prof K Gregory – Deputy Chair	Independent Member		
Ms Leanne Hunt	Elected Staff Member		
Mr P Kanakamedala	Independent Member	01.04.16	
Ms J Kelly – Chair	Independent Member		
Professor W Leahy	Deputy Vice-Chancellor		
Professor M Lycett	Elected Academic Member		
Professor R Macredie	Elected Academic Member		31.07.16
Mr P Markwell	Independent Member		
Mr A Milani	Student Member		
Mr J Park	Elected Staff Member		
Professor G Rodgers	Deputy Vice-Chancellor		
Ms A Rowlatt	Independent Member	01.08.15	
Ms A Spielman	Independent Member	01.02.16	
Professor M. Spyer	Independent Member		
Mr P Teague	Independent Member		
Mr K Thomas	Independent Member	01.02.16	
Prof J Wood	Independent Member	01.08.15	



# Brunel University London

## Membership of Council and Trustees during the 2015–16 Year

### Committees served during the year: 2015 - 16

<b>Finance Committee</b>  <b>Chairman</b> Mr P Teague  <b>Members</b> Professor J. Buckingham Professor K. Gregory Ms J. Kelly Professor W. Leahy Mr A Milani Professor G. Rodgers Professor K. Spyer	<b>Audit Committee</b>  <b>Chairman</b> Mr T Belisario  <b>Members</b> Mrs M. Chapman Mr S. Coventry (Co-opted) Ms H. Ghantiwala Mr C. Somani (Co-opted) Ms A. Spielman	<b>Nominations &amp; Remuneration Committees</b>  <b>Chair</b> Ms J. Kelly  <b>Members</b> Professor J. Buckingham Professor K. Gregory Professor W. Leahy Ms. A Rowlatt Professor Mike Spyer Mr K Thomas
<b>Equal Opportunities and Human Resources Committee</b>  <b>Chairman</b> Professor J. Buckingham  <b>Members</b> Professor A George Ms H Ghantiwala Professor K Gregory Professor W Leahy	<b>Special Projects Committee</b>  <b>Chairman</b> Professor M. Spyer  <b>Members</b> Deputy Chair of Council Member of Finance Committee Member of Audit Committee Three members of Council, as appropriate [two being independent members of Council]	<b>Honorary Degrees Committee</b>  <b>Chairman</b> Professor J. Buckingham  <b>Members</b> Professor A George Professor K Gregory Ms J. Kelly Professor W Leahy Professor G. Rodgers Professor M Spyer
<b>Health and Safety Committee</b>  <b>Chairman</b> Mr P Thomas  <b>Member</b> Mr P Markwell		
<b><u>Professional Advisers</u></b>		
<b>Bankers</b>  HSBC Bank plc, Uxbridge	<b>Legal advisers</b>  Eversheds, London Veale Wasbrough Vizards, Bristol Farrer & Co, London Pinsent Masons, Birmingham	<b>External auditors</b>  KPMG LLP, London
<b>Indirect tax advisers</b>  Ellis Chapman & Associates, Knutsford, Cheshire	<b>Internal Auditors</b>  BDO LLP, London	