



FINANCIAL STATEMENTS

2001 - 2002

Brunel University

Financial statements for the year ended 31 July 2002

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Brunel University

Annual financial report for the year ended 31 July 2002

Scope of the financial statements

The financial statements comprise the consolidated results of the University and its subsidiary undertakings. The University's subsidiary companies consist of an 'Enterprise' group of companies with Brunel University Enterprises Limited (BUEL) as the holding company. BUEL is a wholly owned subsidiary company of the University. BUEL itself has two subsidiaries, Brunel University Services Limited (BUSL) and Brunel Science Park Limited (BSPL). The University's other subsidiary, Phalarope Limited (in which the University holds a 50.01% stake), ceased trading on 1 November 1999 and subsequent activity has been confined to the collection of receivables and the settlement of the company's liabilities to Brunel University.

BUEL was established to pursue activities that are not open to the university as a charity, principally through the commercial exploitation of assets held by, and generated within, the University. During the later part of 2001/2, BUEL was granted approval to establish six spin-out companies, none of which traded by the balance sheet date. BUSL was established as a shared service centre for the BUEL group and BSPL managed the Science Park activity on the Uxbridge campus. It has been agreed that BUSL will cease to be a member of the BUEL group in 2002/3 and will instead be a wholly owned subsidiary of the University.

The BUEL group had approval from the University to invest £150,000 of its 2001/2 profits into commercial exploitation activities. Of this, £110,000 was retained as profit at the balance sheet date for carry forward into 2002/3. The remainder of the BUEL groups' profit (after taxation) of £225,750 was donated to the University by Gift Aid.

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions, and in accordance with applicable Accounting Standards.

Results for the year

The University's consolidated income, expenditure and results for the year to 31 July 2002 are summarised as follows:-

	2001/02 £000	2000/01 £000
Income	88,721	83,650
Expenditure	(87,376)	(80,671)
	-----	-----
Surplus before tax & minority interests	1,345	2,979
Taxation, sale of goodwill & minority interests	(35)	0
	-----	-----
Surplus attributable to the group	1,310	2,979
Depreciation attributable to revaluations	310	309
	-----	-----
Historical cost surplus	1,620	3,288
	-----	-----

The University's total income grew by 6.1% compared with 5.5% in 2000/01, and the component elements of income and expenditure are shown in the Consolidated Income and Expenditure Account. The University achieved a historic cost surplus of £1.620 million for the year, resulting in an accumulated income and expenditure reserve of £43.259 million.

Brunel University

Annual financial report (continued)

The University's total expenditure increased by 8.3% compared with 5.1% in 2000/1. Staff costs increased by 8% overall. In addition to general cost of living and incremental awards, the increased research activity, as reflected in the increase in research income, resulted in additional salary costs. The University's investment in the Information Technology infrastructure over the past 3 years has resulted in an increased charge for depreciation. The University benefited from a rate refund of £599,270 in the year. This had a favourable impact on the University's operating surplus for the year.

Capital expenditure

Capital expenditure on land, buildings and equipment totalled £17.8 million for the year. The major additions related to the development and refurbishment of the Uxbridge campus including the Lecture Centre (£4.1m), the part completion of a new Halls of Residence (£3.2m), the purchase of the ITRI building (£5.5m), investment in the Information Technology infrastructure (£1.1m) and the development of sports facilities (£1.1m).

Investment performance

Over the year to 31 July 2002, the medium-term portion of the University's investments under external management by Lazard Asset Management Ltd performed at the same level as the chosen benchmark (FTA UK Government under 5 Years). The shorter-term portion under the management of Royal London Cash Management (formerly Union Fund Management Ltd) outperformed the Invesco Local Authority 7 Day Deposit Index and the Invesco One Month CD Index, and performed at the same level as the Average Base Rate.

Borrowings

There were no new borrowings in the year to 31 July 2002.

Future Developments

In line with the University's Estate Strategy, Council approved the disposal of the Twickenham site. The date on which the University is expected to give vacant possession of the site is the end of September 2005. A number of projects related to the enhancement of the infrastructure facilities on the Uxbridge site are expected to begin in 2003, subject to receipt of the necessary planning permissions. Discussions are taking place with the relevant local authority in relation to a planning brief for the Osterley site, that being another site of which the University intends to dispose. Work is well advanced on the construction of a new Hall of Residence on the Uxbridge site, but it is anticipated that this will be the start of a number of new Halls of Residence to cope with the expansion in the number of students to be located on the site.

Brunel University Corporate Governance

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in Section 1 of The Combined Code – Principles of Good Corporate Governance and Code of Best Practice (June 1998) insofar as they are applicable to Higher Education institutions. Its purpose is to help the reader of the accounts understand how the principles have been applied.

The University is an autonomous body established by Royal Charter. Like most public bodies it operates within a strong framework of regulation. Not only does the University comply with all mandatory requirements but it also strives to operate that guidance which represents best practice. The University has adopted the Guide for Members of Governing Bodies of Universities and Colleges in England, Wales and Northern Ireland published in March 1998 by the Committee of University Chairmen.

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 revised 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 Financial Memorandum with HEFCE. Such a system is designed to manage rather than eliminate the risk of failure to achieve business 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 expects to have procedures in place to provide a statement on internal control for the financial year 2002/03. At the date of the approval of these reports and financial statements, the Council has established a Risk Management Group, whose responsibilities include the commissioning of a risk management strategy, and the identification of the control strategy for each of the significant risks. The Risk Management Group will provide to the Audit Committee reports on the progress in implementing the risk strategy, which in turn will provide advice to the Council on the effectiveness of the policies, and also monitor the implementation of risk management. The University's internal auditor advises the Audit Committee on these matters, and also provides an independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. The Council has ensured that the meeting calendar enables risk management and internal control to be considered on a regular basis during the year, so that there will be a full risk and control assessment before reporting on the year ending 31 July 2003.

Summary of the University's structure of Corporate Governance

The University's Council comprises lay members, academic staff and students appointed under the Statutes of the University. The majority of members are non-executive. The role of the Chairman of Council is separate from the role of the University's Vice-Chancellor as Chief Executive. Council is responsible for the strategic direction of the University while the executive officers are responsible for the operational management of the institution. Council approves all major developments and receives regular reports on the day to day activities of the University. Council conducts ordinary business at four meetings in each year and by way of standing committees which include a Finance Committee, a Nominations Committee, a Remuneration Committee and an Audit Committee. Council also appoints members to joint committees with Senate including Strategic Planning and Resources Committee and Honorary Degrees Committee. Each of these committees is formally constituted with terms of reference and includes lay members of Council. The Chair of Council is ex-officio on all Council and Joint Committees.

In respect of its strategic and development responsibilities, Council receives recommendations and advice from the Strategic Planning and Resources Committee, a joint committee of Council and Senate, the body responsible for the University's academic affairs. The committee's membership includes three lay members appointed by Council from amongst its members.

Brunel University Corporate Governance (cont'd)

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

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

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

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

Responsibilities of the Council of Brunel University

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

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

In preparing the financial statements, the Council is required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council has adopted the going concern basis as it is satisfied that the University has adequate resources to continue in operation for the foreseeable future.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England, the Teacher Training Agency and the Learning and Skills Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Higher Education Funding Council and the respective Funding Agreements with the other bodies and with any other conditions which the three 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;
- 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, deans of faculty and heads of academic, administrative and support departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular review of key performance indicators and business risks and of financial results involving variance reporting;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the University Council;
- comprehensive Financial Regulations, promoted by Finance Committee and adopted by Council;
- 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 and assists it in formulating its opinion on the effectiveness of the University's system of internal control, including internal financial control.

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

Independent auditors' report to the Council of Brunel University

We have audited the financial statements which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain assets) and the accounting policies set out in the statement of accounting policies.

Respective Responsibilities of the Council and Auditors

The Council's responsibility for preparing the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions, applicable United Kingdom law and accounting standards is set out in the Statement of the Council's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the University and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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

We read the other information contained in the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises; the annual financial report and the corporate governance statement.

The maintenance and integrity of the Brunel University website is the responsibility of 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Basis of Opinion

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

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

Independent auditors' report to the Council of Brunel University (cont'd)

Opinion

In our opinion:

- (i) the financial statements give a true and fair view of the state of affairs of the University and the Group at 31 July 2002 and of the Group's surplus of income over expenditure, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions;
- (ii) in all material respects, income from the Higher Education Funding Council for England, the Teacher Training Agency and the Learning and Skills Council, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received;
- (iii) in all material respects, income has been applied in accordance with the Royal Charter and Statutes governing Brunel University and, where applicable, in accordance with the Financial Memoranda and any other terms and conditions attached to them with the Higher Education Funding Council for England, the Teacher Training Agency, and the Learning and Skills Council.

PricewaterhouseCoopers

20 December 2002

Chartered Accountants and Registered Auditors
London.

Brunel University

Statement of principal accounting policies

Basis of preparation

These financial statements have been prepared in accordance with both the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions (SORP) and applicable United Kingdom Accounting Standards.

Basis of accounting

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

Basis of consolidation

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

Recognition of income

Income from research grants and contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from investments other than specific endowment asset investments is credited to the Income and Expenditure Account on a receivable basis.

Income from specific endowments and donations is included to the extent of the relevant expenditure incurred during the year together with any related contributions to overhead costs.

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

Maintenance of premises

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

Foreign currency translation

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

Brunel University

Statement of principal accounting policies (continued)

Pension schemes

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

Tangible fixed assets

a Land and buildings

Land and buildings are stated at cost or, in the case of buildings for which the cost cannot readily be ascertained, at valuation. The basis of valuation is depreciated replacement cost and the valuation of the Osterley and Twickenham campuses as at 31 January 1995 was performed by Drivers Jonas, Chartered Surveyors. Land is held freehold and is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected useful economic lives of fifty years except in the case of certain temporary structures which warrant a shorter period. Improvements to leasehold premises are amortised over the period of the lease.

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

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

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

b Equipment

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

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

Brunel University

Statement of principal accounting policies (continued)

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy. The related grant is treated as a deferred capital grant and released to income and expenditure account over the expected useful economic life of the equipment (the period of the grant in respect of sponsored research projects).

Leased assets

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised and charged to the income and expenditure account over the shorter of the lease term or the useful economic life of equivalent owned assets to give a constant rate of charge on the remaining balance of the obligations.

Investments

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

Endowment and current asset investments are stated at market value.

Stocks and work-in-progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Work-in-progress consists mainly of expenditure on research grants and contracts where the related income was recognised in accordance with the relevant accounting policy but was not due for billing at the year-end date.

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash.

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

Provisions

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

Taxation status

The University is an exempt charity within the meaning of Schedule 2 to the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

Consolidated income and expenditure account for the year ended 31 July 2002

	Note	2001-02 £000	2000-01 £000
Income			
Funding Council grants	1	39,362	37,681
Tuition fees and education contracts	2	22,192	20,733
Research grants and contracts	3	9,523	7,645
Other income	4	16,795	16,354
Endowment and investment income	5	849	1,237
Total income		<u>88,721</u>	<u>83,650</u>
Expenditure			
Staff costs	6	51,925	48,134
Other operating expenses	7	30,319	27,718
Depreciation	12	4,200	3,662
Interest payable	8	932	1,157
Total expenditure		<u>87,376</u>	<u>80,671</u>
Surplus on continuing operations after depreciation of fixed assets at valuation and before taxation		1,345	2,979
Taxation recoverable/(payable)	10	(35)	0
Surplus on continuing operations after depreciation of fixed assets at valuation and taxation		<u>1,310</u>	<u>2,979</u>

All results are from continuing operations.

Note of historical cost surplus for the year ended 31 July 2002

	Note	Group 2001-02 £000	Group 2000-01 £000
Surplus as above	11	1,310	2,979
Difference between an historical cost depreciation charge and the charge calculated on the revalued amount	24	310	309
Historical cost surplus after taxation		<u>1,620</u>	<u>3,288</u>

Consolidated statement of total recognised gains and losses
for the year ended 31 July 2002

		2001-02	2000-01
	Note	£000	£000
Surplus after depreciation of fixed assets at valuation and taxation		1,310	2,979
Net (income)/expenditure from endowments	23	(270)	49
New endowments	23	24	127
		<hr/>	<hr/>
Total recognised gains relating to the year		1,064	3,155
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation			
Opening reserves and endowments		67,709	64,554
Total recognised gains and losses for the year		1,064	3,155
		<hr/>	<hr/>
Closing reserves and endowments		68,773	67,709
		<hr/> <hr/>	<hr/> <hr/>

Balance sheets

as at 31 July 2002

	Note	Group		University	
		2002	2001	2002	2001
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	12	88,177	74,570	88,177	74,570
Investments	13	53	33	33	33
		88,230	74,603	88,210	74,603
Endowment assets	14	1,558	1,804	1,558	1,804
Current assets					
Stock and work in progress	15	1,681	2,182	1,666	2,167
Debtors	16	8,535	8,525	8,958	8,564
Investments	17	12,665	16,409	12,665	16,409
Cash at bank and in hand		1,328	1,483	1,205	1,447
		24,209	28,599	24,494	28,587
Creditors:					
amounts falling due within one year	18	(19,969)	(12,983)	(20,315)	(12,942)
Net current assets		4,240	15,616	4,179	15,645
Total assets less current liabilities		94,028	92,023	93,947	92,052
Creditors:					
amounts falling due after more than one year	19	(14,647)	(15,261)	(14,647)	(15,261)
Provisions for liabilities and charges	21	(1,447)	(1,343)	(1,447)	(1,343)
Net assets		77,934	75,419	77,853	75,448
Deferred capital grants	22	9,175	7,724	9,175	7,724
Endowments					
Specific	23	1,129	1,375	1,129	1,375
General	23	429	429	429	429
		1,558	1,804	1,558	1,804
Reserves					
Revaluation reserve	24	23,956	24,266	23,956	24,266
Income and expenditure reserve	25	43,259	41,639	43,164	41,654
		67,215	65,905	67,120	65,920
Minority interests		(14)	(14)	-	-
Total funds		77,934	75,419	77,853	75,448

The financial statements on pages 12 to 31 were approved by the Council on 11 December 2002 and signed on its behalf by:

W Greaves
Chair of Council

S Schwartz
Vice-Chancellor
& Principal

T Holloway
Director of Finance

Consolidated cash flow statement
for the year ended 31 July 2002

	Note	2001-02 £000	2000-01 £000
Cash flow from operating activities	26	11,887	4,764
Returns on investments and servicing of finance	27	(362)	304
Taxation		0	0
Capital expenditure and financial investment	28	(12,576)	(5,126)
Management of liquid resources	29	346	1,280
Financing	30	(627)	(479)
Increase/(decrease) in cash for the period	31	<u>(1,332)</u>	<u>743</u>

Reconciliation of net cash flow to movement in net debt

Increase/(decrease) in cash for the period	31	(1,332)	743
Increase/(decrease) in endowment asset investments	14	(246)	176
Cash used to decrease liquid resources	17	(3,744)	(1,322)
Cash used to decrease loans	30	627	479
Change in net (debt) / funds		<u>(4,695)</u>	<u>76</u>
Opening net funds at 1 August	31	3,204	3,128
Closing net (debt) / funds at 31 July	31	<u>(1,491)</u>	<u>3,204</u>

Notes to the accounts

	2001-02 £000	2000-01 £000
1 Funding council grants		
Recurrent grant		
Higher Education Funding Council for England	34,734	33,957
Teacher Training Agency	1,981	2,120
Learning and Skills Council	133	210
Specific grants (HEFCE)		
HE Reach out to Business & Community	325	300
Research collaboration & development	141	138
Learning & teaching development	187	177
Rewarding & Developing Staff	761	0
Higher Education Initiative Fund	116	0
Other grants	141	64
Specific grants (TTA)		
Other grants	229	182
Deferred capital grants released in year		
Buildings	308	269
Equipment	306	264
	39,362	37,681
2 Tuition fees and education contracts		
Full-time students charged home fees	11,139	10,707
Full-time students charged overseas fees	4,895	4,198
Part-time fees	2,406	2,413
Bench Fees	87	100
Research training support grants	32	57
Short course fees	243	233
NHS education contracts	3,390	3,025
	22,192	20,733
3 Research grants and contracts		
OST Research councils	3,866	3,223
UK-based charities	569	606
UK central & local govt., health & hospital authorities	1,469	1,276
UK industry, commerce & public corporations	1,529	1,061
European Commission	1,612	1,186
EU other	242	138
Other overseas	152	103
Other sources	84	52
	9,523	7,645

Notes to the accounts

	2001-02	2000-01
	£000	£000
4 Other income		
Residences, catering and conferences	11,228	10,722
Science Park	992	813
Sports Centre	712	712
Rent and room hire	312	369
Released from deferred capital grants	38	34
Other services rendered	817	1,008
Other income	2,696	2,696
	16,795	16,354
5 Endowment and investment income		
Transferred from specific endowments	52	19
Income from general endowment asset investments	12	24
Income from current asset investments	785	1,194
	849	1,237
6 Staff numbers and costs	Number	Number
Average staff numbers during the year by major category:		
Academic and hourly paid lecturers	870	912
Technical	81	98
Administrative & academic support	187	197
Other, including clerical and manual	960	820
	2,098	2,027
	£000	£000
Staff costs for the above persons:		
Wages and salaries	44,003	40,726
Social security costs	3,269	3,128
Contributions to occupational pension schemes	4,380	4,000
Restructuring costs	273	280
	51,925	48,134
	£000	£000
Employment costs for staff on permanent contracts	36,781	34,701
Employment costs for staff on short-term contracts	14,871	13,153
Restructuring costs	273	280
	51,925	48,134
Aggregate amount of compensation for loss of office incurred in respect of higher paid staff:		
	106	95

Notes to the accounts

6 Staff costs (cont'd)

Emoluments of the Vice-Chancellor, excluding National Insurance Contributions:

	2001-02			Total £000	2000-01
	Former	Interim	Current		Total
	(Aug-Sept) £000	(Oct-Feb) £000	(Mar-July) £000		£000
Salary	31	50	58	139	146
Cash equivalent benefit in kind (car)		4	4	8	0
Other benefits in kind (accommodation and car)	3			3	8
	34	54	62	150	154
Pension contributions	4	7	5	16	20
	38	61	67	166	174

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff. For 2001-2, the emoluments shown are for the former, interim and current post holders. The 2001-2 figures include, for the former Vice-Chancellor, non-pensionable salary of £6,388 taken in lieu of annual leave. For the the former and interim post holders, the contributions to USS were paid at the same rate as for other academic staff. For the current post holder, a contribution equivalent to the USS rate was made into a personal pension plan.

The number of staff, including the former, interim and current Vice Chancellors, who received emoluments, excluding employer's pension contributions, in the following ranges was:

	2001-02	2000-01
£50,000-£59,999	40	27
£60,000-£69,999	13	10
£70,000-£79,999	2	2
£80,000-£89,999	3	0
£100,000-£109,999	2	0

7 Other operating expenses

	2001-02 £000	2000-01 £000
External staffing and services	1,766	1,614
I.T. expenditure (hardware and software not capitalised)	2,858	2,252
Equipment and furniture not capitalised	2,579	1,852
Books and periodicals	2,123	2,061
Fellowships, scholarships and prizes	2,337	1,966
Courses, conferences, travel and subsistence	2,192	2,174
Subscriptions and professional fees *	1,652	879
Advertising	610	681
Consumables	1,503	1,604
Rent and rates**	742	1,025

* includes £11,464 for other services from the external auditors.

** net of a rates refund of £599,270 received in 2001/02.

Notes to the accounts

	2001-02 £000	2000-01 £000
7 Other operating expenses (cont'd)		
Heat, light, power and water	1,626	1,631
Repairs and maintenance	3,745	3,210
Other premises costs	1,812	1,602
Telephones and postage	753	790
Catering provisions	1,128	1,067
Grants to Union of Brunel Students	730	738
Auditors' remuneration - external audit *	56	57
Insurance	563	383
Contribution to provisions	626	531
Other expenditure	918	1,601
	<u>30,319</u>	<u>27,718</u>

*includes £50,525 in respect of the University (2000/1 £55,000)

The other operating expenses for 2000-01 have been re-analysed to provide a more detailed and relevant analysis

8 Interest payable

Loans wholly repayable by instalments after five years	932	1,157
	<u>932</u>	<u>1,157</u>

9 Analysis of 2001-02 expenditure by activity

	Staff costs £000	Other operating expenses £000	Dep'n £000	Interest payable £000	Total £000
Academic departments	29,568	6,747	455		36,770
Academic services	3,182	2,672	397		6,251
Research grants and contracts	4,843	3,232	639		8,714
Residences, catering, conferences & Science Park	4,249	5,393	1,040	905	11,587
Premises	3,433	7,570	1,327	27	12,357
Administration	4,170	2,961	261		7,392
Other services	2,480	1,744	81		4,305
Total per Income and Expenditure Account	<u>51,925</u>	<u>30,319</u>	<u>4,200</u>	<u>932</u>	<u>87,376</u>

The depreciation charge has been funded by:

Deferred capital grants released (Note 22)	1,287
Revaluation reserve released (Note 24)	310
General income	2,603
	<u>4,200</u>

10 Taxation

UK corporation tax payable on the profits of and by Brunel University Enterprises Ltd group	35	0
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11 Surplus on continuing operations

The surplus on continuing operations for the year is made up as follows:

University surplus for the year	974	2,942
Retained surplus generated by the subsidiary undertaking	110	0
Surplus generated by the subsidiary undertaking and transferred to the University by Gift Aid	226	37
	<u>1,310</u>	<u>2,979</u>

Notes to the accounts

12 Tangible fixed assets

(Group and University)

	Land & buildings £000	Assets under construction £000	Equipment £000	Total £000
Cost or Valuation				
At 1 August 2001:				
Valuation	26,744	0	0	26,744
Cost	59,097	1,726	10,380	71,203
Less disposals in year	0	0	(1,614)	(1,614)
Additions at cost	6,236	9,149	2,422	17,807
Transfers between accounts	1,119	(1,119)		
At 31 July 2002:				
Valuation	<u>26,744</u>	<u>0</u>	<u>0</u>	<u>26,744</u>
Cost	<u>66,452</u>	<u>9,756</u>	<u>11,188</u>	<u>87,396</u>
Depreciation				
At 1 August 2001	17,406	0	5,971	23,377
Charge for the year	1,887	0	2,313	4,200
Eliminated in respect of disposals			(1,614)	(1,614)
At 31 July 2002	<u>19,293</u>	<u>0</u>	<u>6,670</u>	<u>25,963</u>
Net book value at 31 July 2002	<u>73,903</u>	<u>9,756</u>	<u>4,518</u>	<u>88,177</u>
Net book value at 31 July 2001	<u>68,435</u>	<u>1,726</u>	<u>4,409</u>	<u>74,570</u>
Inherited	24,380	0	0	24,380
Financed by capital grant	7,131	971	1,073	9,175
Other	<u>42,392</u>	<u>8,785</u>	<u>3,445</u>	<u>54,622</u>
Net book value at 31 July 2002	<u>73,903</u>	<u>9,756</u>	<u>4,518</u>	<u>88,177</u>

All fixed assets relate to the University.

The transitional rules set out in FRS15 - Tangible Fixed Assets - have been applied and accordingly, the book values at implementation have been retained.

Land and buildings for Twickenham and Osterley were re-valued in 1995 by Drivas Jonas, a firm of independent chartered surveyors. The valuation represented the surveyors opinion of land and building values of the various properties on the basis of existing use value, depreciated replacement cost or open market value as appropriate.

Land and buildings with net book value of £32,379 million have been financed by exchequer funds. It is a condition of funding imposed by the Secretary of State and the Treasury that no transaction involving these assets should be entered into without the prior approval of the Higher Education Funding Council for England.

Notes to the accounts

	Group		University	
	2002 £000	2001 £000	2002 £000	2001 £000
13 Fixed asset investments				
Investment in CVCP Properties plc	33	33	33	33
Other fixed asset investments *	20	0	0	0
Investment in subsidiary companies at cost less provision for diminution in value	n/a	n/a	0	0
	53	33	33	33

* The University's wholly owned subsidiary; Brunel University Enterprises Ltd, has the following shareholdings in companies incorporated in England and Wales:

Company	Holding	Nominal	Cost	% of issued shares
Polymus Ltd (<i>development of plastic actuators</i>)	15	£1	£10,000	10%
R.T. Circuits Ltd (<i>development of lithographic circuits</i>)	6,667	£0.50	£9,999	0.2%

14 Endowment assets

	Group and University	
At 1 August 2001	1,804	1,628
Additions/(reductions)	(246)	176
At 31 July 2002 in UK Government securities	1,558	1,804

15 Stock and work in progress

	Group		University	
Stock	68	75	68	75
Work in progress	1,613	2,107	1,598	2,092
	1,681	2,182	1,666	2,167

16 Debtors

	Group		University	
Amounts falling due within one year:				
Debtors	6,753	6,962	6,701	6,933
Amounts owed by subsidiary undertakings	n/a	n/a	475	68
Prepayments and accrued income	1,782	1,563	1,782	1,563
	8,535	8,525	8,958	8,564

17 Current asset investments

	Group and University	
U K Government securities	6,842	6,991
Eurosterling bonds	1,510	1,917
Floating rate notes	301	398
Certificates of Deposit	4,012	5,276
Money market deposits	0	1,827
Other	0	0
	12,665	16,409

Notes to the accounts

18 Creditors: amounts falling due within one year	Group		University	
	2002 £000	2001 £000	2002 £000	2001 £000
Bank loans and overdrafts	2,395	1,238	2,395	1,231
Inherited liabilities	14	16	14	16
Trade creditors	6,197	5,177	6,126	5,126
Amounts due to subsidiary undertakings	n/a	n/a	574	19
Taxation and social security	1,284	1,300	1,249	1,300
Accruals and deferred income *	10,079	5,252	9,957	5,250
	19,969	12,983	20,315	12,942

* includes a payment in advance in 2001-02 of £5.4 million (Nil in 2000-01) as a deposit on the sale of Twickenham campus

19 Creditors: amounts falling due after more than one year

Bank loans	14,302	14,902	14,302	14,902
Inherited liabilities	345	359	345	359
	14,647	15,261	14,647	15,261

20 Borrowings

Bank loans and overdrafts are repayable as follows:

In one year or less	2,395	1,238	2,395	1,231
Between one and two years	490	469	490	469
Between two and five years	1,551	1,491	1,551	1,491
After five years	12,260	12,942	12,260	12,942
	16,696	16,140	16,696	16,133

Inherited liabilities are repayable as follows:

In one year or less	14	16	14	16
Between one and two years	14	14	14	14
Between two and five years	38	40	38	40
After five years	293	305	293	305
	359	375	359	375

Bank loans including mortgages, are secured on various freehold properties of the University which have an asset value of £22.5 million

Notes to the accounts

21 Provisions for liabilities and charges

	Group and University		
	Pensions-related £000	Premature retirement £000	Total £000
At 31 July 2001	1,172	171	1,343
Utilised in the year	(68)	(55)	(123)
Charge to Income and Expenditure Account	81	146	227
At 31 July 2002	1,185	262	1,447

All provisions relate to the University.

22 Deferred capital grants

	Group and University		
	Funding councils £000	Other grants & benefactions £000	Total £000
At 1 August 2001:			
Land and buildings	6,103	943	7,046
Equipment	270	408	678
	6,373	1,351	7,724
Cash received:			
Land and buildings	1,291	0	1,291
Equipment	850	597	1,447
	2,141	597	2,738
Released to Income and Expenditure Account:			
Land and buildings	308	30	338
Equipment	306	643	949
	614	673	1,287
At 31 July 2002:			
Land and buildings	7,086	913	7,999
Equipment	814	362	1,176
	7,900	1,275	9,175

All deferred capital grants relate to the University.

23 Endowments

	Group and University		
	Specific £000	General £000	Total £000
At 1 August 2001	1,375	429	1,804
Additions	24	0	24
Investment income and appreciation	53	17	70
Release to Income and Expenditure Account	(323)	(17)	(340)
At 31 July 2002	1,129	429	1,558

Notes to the accounts

23 Endowments (cont'd)

	Group and University		
	Specific	General	Total
	£000	£000	£000
Representing:			
Scholarship funds	475		475
Chairs and lectureships funds	297		297
Prize funds	90		90
Other funds	267	429	696
Total	1,129	429	1,558

All endowments relate to the University.

24 Revaluation reserve

	Group	University
	£000	£000
At 1 August 2001	24,266	24,266
Transfer to income and expenditure reserve in respect of depreciation on revalued assets	(310)	(310)
At 31 July 2002	23,956	23,956

25 Income and expenditure reserve

	Group	University
	£000	£000
Surplus after depreciation of assets at valuation and taxation	1,310	1,200
Loss on discontinued operations after depreciation, taxation and minorities	0	0
Release from revaluation reserve	310	310
Historical cost surplus after tax and minorities	1,620	1,510
Balance at 1 August 2001	41,639	41,654
Balance at 31 July 2002	43,259	43,164

26 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2001-02	2000-01
	£000	£000
Surplus/(deficit) after depreciation of assets at valuation:		
Continuing operations	1,310	2,979
Depreciation (Note 12)	4,200	3,662
Deferred capital grants released to income (Note 22)	(1,287)	(910)
Investment income (Note 5)	(849)	(1,237)
Interest payable (Note 8)	932	1,157
Decrease in stocks and work-in-progress	501	373
Increase in debtors	(10)	(2,999)
Increase in creditors	6,986	1,905
Increase/(decrease) in provisions	104	(166)
Net cash inflow from operating activities	11,887	4,764

Notes to the accounts

	2001-02 £000	2000-01 £000	
27 Returns on investments and servicing of finance			
Income received from endowment asset investments	70	92	
Income received from current asset investments	770	1,246	
Interest paid	(1,202)	(1,034)	
Net cash (outflow)/inflow from returns on investments and servicing of finance	<u>(362)</u>	<u>304</u>	
28 Capital expenditure and financial investment			
Tangible fixed assets acquired	(15,505)	(5,605)	
Tangible fixed assets disposed of	0	0	
Fixed asset investment (acquired)/redeemed	(20)	0	
Endowment asset investments (acquired)/liquidated	246	(176)	
Deferred capital grants received	2,679	528	
Endowments received	24	127	
Net cash outflow from capital expenditure and financial investment	<u>(12,576)</u>	<u>(5,126)</u>	
29 Management of liquid resources			
Sale of investments	2,076	1,220	
Withdrawals from deposits	0	60	
Placing of deposits	(1,730)	0	
Net cash inflow/(outflow) from management of liquid resources	<u>346</u>	<u>1,280</u>	
30 Financing			
Debt due beyond a year:			
Capital repayments	(627)	(479)	
Capital element of finance lease rental payments	0	0	
Net cash outflow from financing	<u>(627)</u>	<u>(479)</u>	
31 Analysis of changes in net funds			
	At 1 August £000	Cash flows £000	At 31 July £000
Cash at bank and in hand	1,483	(155)	1,328
Overdrafts	(669)	(1,177)	(1,846)
Net cash	<u>814</u>	<u>(1,332)</u>	<u>(518)</u>
Short-term investments:			
Endowment assets	1,804	(246)	1,558
Other	16,409	(3,744)	12,665
Debt due within one year	(562)	12	(550)
Debt due after one year	(15,261)	615	(14,646)
Net funds	<u>3,204</u>	<u>(4,695)</u>	<u>(1,491)</u>

Notes to the accounts

32 Pension schemes

The three principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Teachers' Pension Scheme (TPS) for academic staff and the London Pensions Fund Authority Pension Fund (LPFA) for other staff. The schemes are defined benefit schemes providing benefits based on a final pensionable salary. The University also pays pension contributions into a personal pension plan (at the same rate as USS contributions), on behalf of the Vice Chancellor.

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

	2001-02	2000-01
	£000	£000
Contributions to USS	3,046	2,769
Contributions to TSS	329	340
Contributions to LPFA	919	794
Contributions to other pension schemes	5	0
Past service deficit in LPFA	0	0
Provision for ex-WLIHE pensions increases	81	97
Total pension cost	4,380	4,000

Universities Superannuation Scheme

USS provides a defined benefit scheme for employees of UK universities and some other employers. The assets of the scheme are held in a separate trustee-administered fund. The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rate of contribution being determined by the trustee on the advice of the actuary. The contribution rate recommended following the 1999 valuation has regard to the surplus disclosed, the benefit improvements introduced subsequent to the valuation and the need to spread the surplus in a prudent manner over the future working lifetime of current scheme members.

SSAP 24

The assumptions and other data which have the most significant effect on the determination of future contribution levels together with the employers contribution rate, are as follows:

Date of most recently published actuarial valuation	31 March 1999
Investment returns per annum	5.5%
Salary scale increases per annum	3.5%
Pension increases per annum	2.5%
Market value of assets at last valuation date	£18,869 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	108%
Employer's contribution rate	14%

FRS 17

It is not possible to identify the University's share of the underlying assets and liabilities in the USS scheme and hence, using the exemption under FRS17, contributions to the scheme are accounted for as if it were a defined contribution scheme, with the cost recognised in the Income and Expenditure account being equal to the contributions payable to the scheme.

Notes to the accounts

32 Pension schemes (cont'd)

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 Superrannuation Act 1972.

SSAP 24

The pensions costs is assessed not less than every five years in accordance with the advice of the government actuary, using the prospective benefits method. The assumptions and other data which have the most significant effect on the determination of future contribution levels together with the employers contribution rate, are as follows:

Date of most recently published actuarial valuation	31 March 1996
Investment returns per annum	8.5%
Salary scale increases per annum	6.5%
Pension increases per annum	5.0%
Market value of assets at last valuation date	£61,710 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	94%

For the period 1 April 2000 to 31 March 2002, the employer contribution rate was 7.4% and from 1 April 2002 to date 8.35%. The government actuary intends to produce a report on the 2001 scheme valuation at the end of 2002. For the first time, the valuation will include the cost of pension increases as well as other developments i.e. changes in mortality assumptions, and it is therefore likely that the employer contribution rate will rise to 13-14%.

The Government has stated that the Spending Review for education (including HE) includes an additional 4.75% to fund the increase and hence there should be no net increase in public expenditure.

FRS 17

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 FRS17, contributions to the scheme are accounted for as if it were a defined contribution scheme, with the cost recognised in the Income and Expenditure account being equal to the contributions payable to the scheme.

London Pensions Fund Authority

The University participates as an Admitted Body in the LPFA Fund which is administered in accordance with the Local Government Pensions Scheme Regulations 1997. The fund is valued every three years by actuaries and the projected unit method is used in respect of the Active Sub-Fund in which the University participates. Each participating employer has its own contribution rate reflecting its long term future service rate adjusted for the funding level in respect of past service.

SSAP 24

The assumptions and other data which have the most significant effect on the determination of future contribution levels together with the employers contribution rate are as follows:

Notes to the accounts

32 Pension schemes (cont'd)

London Pensions Fund Authority (cont'd)

Date of most recently published actuarial valuation	31 March 2001
Investment returns per annum	6.3%-6.6%
Salary scale increases per annum	4.3%
Pension increases per annum	2.8%
Market value of assets at last valuation date	£2,853 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	101%
Employer's contribution rate	9.8%

FRS 17

The following information regarding the LPFA pension fund, is based upon the full actuarial valuation of the fund as at 31st March 2002, rolled forward to 31 July 2002 by Hymans Robertson, an independent firm of actuaries. The major assumptions are:

	At 31 July '02	At 31 July '01
Inflation	2.4%	2.5%
Rate of increase in salaries	3.9%	4.0%
Rate of increase for pensions	2.4%	2.5%
Discount rate	6.0%	5.7%

The assets in the scheme (all University) and the expected rate of return were:

	Long-term rate of return At 31 July '02	Fund Value At 31 July '02 £000
Equities	8.0%	983,200
Bonds	5.5%	182,580
Property	6.0%	0
Cash	4.0%	17,000
Total market value of assets		<u>1,182,780</u>

The following amounts at 31 July 2002 were measured in accordance with the requirements of FRS 17:

	At 31 July '02 £000	At 31 July '01 £000
Estimated asset share	32,610	39,003
Present value of scheme liabilities	(40,951)	(38,634)
Present value of unfunded liabilities	<u>(14)</u>	<u>(14)</u>
Surplus / (Deficit) in the scheme	<u>(8,355)</u>	<u>355</u>

Under the transitional arrangements of FRS 17, no provision has been made for the deficit in the scheme. If provision were made, the following entries would be required:

	At 31 July '02 £000	At 31 July '01 £000
Net assets		
Net assets excluding FRS 17 pension (liability) / asset	77,934	75,419
Net pension (liability) / asset	<u>(8,355)</u>	<u>355</u>
Net assets including FRS 17 pension (liability) / asset	<u>69,579</u>	<u>75,774</u>

Notes to the accounts

32 Pension schemes (cont'd)

London Pensions Fund Authority (cont'd)

	At 31 July '02 £000	At 31 July '01 £000
Income and expenditure (I&E) reserve		
I&E reserve excluding FRS 17 pension (liability) / asset	43,259	41,639
Pension reserve	<u>(8,355)</u>	<u>355</u>
I&E reserve including FRS 17 pension (liability) / asset	<u><u>34,904</u></u>	<u><u>41,994</u></u>

Under the transitional arrangements of FRS 17, the pension charge for the year calculated under FRS 17 assumptions, is not included in the financial statements (as this is currently calculated on a SSAP 24 basis).

If the pension charge had been included on an FRS 17 basis, the following entries would be required:

Analysis of amount charged to income and expenditure account	Year ended 31 July 2002 £000
Current service cost for LPFA	1,283
Past service cost for LPFA	119
Total operating charge for LPFA	<u><u>1,402</u></u>

Analysis of net return on pension returns

Expected return on pension scheme assets	2,391
Interest on pension liabilities	<u>(2,387)</u>
Net return	<u><u>4</u></u>

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

Actual return less expected return on pension scheme assets	(8,388)
Experience gains and losses arising on the scheme liabilities	326
Changes in assumptions underlying the present value of the scheme liabilities	<u>(52)</u>
Actuarial gain / (loss) recognised in STRGL	<u><u>(8,114)</u></u>

Movement in surplus / (deficit) during the year

Surplus in scheme at 1 August	355
Movement in year:	
Current service costs	(1,283)
Contributions	802
Past service costs	(119)
Net return on assets	4
Actuarial gain / (loss)	<u>(8,114)</u>
Deficit in scheme at 31 July	<u><u>(8,355)</u></u>

Notes to the accounts

32 Pension schemes (cont'd)

London Pensions Fund Authority (cont'd)

History of experience gains and losses

Difference between the expected and actual return on assets	(8,388)
Percentage of scheme assets	25.7%
Experience gains / (losses) on scheme liabilities	326
Percentage on the present value of liabilities	0.8%
Total amount recognised in STRGL	(8,114)
Percentage of the present value of scheme liabilities	19.8%

Analysis of net return on pension returns

Expected return on pension scheme assets	2,391
Interest on pension liabilities	(2,387)
Net return	<u>4</u>

33 Capital commitments

Consolidated and University

	2002 £000	2001 £000
Commitments contracted for at 31 July	<u>1,440</u>	<u>1,140</u>

34 Contingent liabilities

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

35 Related party transactions

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

Due to the nature of the University's operations and the composition of its Council (being drawn from public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arms length and in accordance with the University's financial regulations and normal procedures.

Brunel University considers the Union of Brunel Students to be a related party due to the level and nature of the transactions between the organisations. During the year to 31 July 2002 the University paid grant of £729,700 to the Union and provided the Union with accommodation on all campuses free of rent and most other occupancy costs.

Notes to the accounts

36 Access and hardship funds (HEFCE)	2001-02	2000-01
	£000	£000
Balance brought forward at 1 August	28	43
Funding Council grants	717	737
Disbursed to students	(582)	(752)
Balance to return to HEFCE	(86)	0
Balance carried forward at 31 July	<u>77</u>	<u>28</u>

37 SSSS* hardship funds (TTA)	2001-02	
	£000	
Balance brought forward at 1 August	0	
Funding Council grants	73	
Disbursed to students	(73)	
Balance carried forward at 31 July	<u>0</u>	

* *Secondary Shortage Subject Scheme*

38 Teacher Training Bursaries	2001-02	2000-01
	£000	£000
Teacher Training Agency grant received	1,527	1,510
Disbursed to students	(1,369)	(1,579)
Balance due to / (from) Teacher Training Agency	<u>158</u>	<u>(69)</u>

Funding Council hardship funds and bursaries, as detailed in notes 36 to 38, are available solely for students; the University acts only as a paying agent. The funds and related disbursements are therefore excluded from the Income and Expenditure Account.

39 SRB Challenge Fund - Executive Studio	2001-02	2000-01
	£000	£000
London Development Agency funding	130	67
Grant payments to Executive Studio	130	67
	<u>0</u>	<u>0</u>

The University assumed the role of Accountable Body for the above scheme from 1st April 2001, for the final year of a five year programme. The previous Accountable Body was the West London Training and Enterprise Council.

5 year summary of consolidated financial statements (unaudited)

2002 2001 2000 1999 1998
 £000 £000 £000 £000 £000

Income and expenditure account

Funding Council grants	39,362	37,681	37,529	35,776	32,346
Tuition fees and education contracts	22,192	20,733	18,688	18,517	21,467
Research grants and contracts	9,523	7,645	7,304	8,320	8,266
Other income	16,795	16,354	14,829	15,005	13,138
Endowment and investment income	849	1,237	939	1,238	1,473
Total income	88,721	83,650	79,289	78,856	76,690
Staff costs	51,652	47,854	46,443	44,729	43,484
Restructuring costs	273	280	758	406	906
Other operating expenses	30,319	27,718	25,393	25,033	24,840
Depreciation	4,200	3,662	3,318	3,452	3,474
Interest payable	932	1,157	841	794	845
Total expenditure	87,376	80,671	76,753	74,414	73,549
Surplus before tax and minorities	1,345	2,979	2,536	4,442	3,141

Balance Sheet

Fixed assets	88,230	74,603	72,653	69,643	62,529
Endowment asset investments	1,558	1,804	1,628	1,634	1,702
Net current assets	4,240	15,616	15,770	10,617	14,654
Creditors: due after more than one year	(14,647)	(15,261)	(15,896)	(8,832)	(9,358)
Provisions for liabilities and charges	(1,447)	(1,343)	(1,509)	(2,193)	(2,391)
Total net assets	77,934	75,419	72,646	70,869	67,136
Deferred capital grants	9,175	7,724	8,106	8,893	9,428
Endowments	1,558	1,804	1,628	1,634	1,702
Revaluation reserve	23,956	24,266	24,575	24,766	25,086
Income and expenditure reserve	43,259	41,639	38,351	35,549	30,904
Minority interests	(14)	(14)	(14)	27	16
Total funds	77,934	75,419	72,646	70,869	67,136

Key ratios

External borrowings : General endowments plus Income and expenditure reserves

Brunel	0.38	0.38	0.41	0.25	0.31
<i>England mean</i>		0.48	0.45	0.45	0.48

Net cash plus Current asset investments : Expenditure excluding depreciation (days)

Brunel	54	82	88	68	88
<i>England mean</i>		49	52	61	75

Current assets : Current liabilities

Brunel	1.21	2.20	2.42	1.86	2.32
<i>England mean</i>		1.34	1.42	1.48	1.48

Staff costs : Total expenditure (%)

Brunel	59.4	59.7	60.5	60.1	59.3
<i>England mean</i>		58.0	57.7	57.5	56.9

Operating surplus/(deficit) after tax : Total income (%)

Brunel	1.5	3.6	3.2	5.6	4.4
<i>England mean</i>		0.4	1.9	1.7	2.8

Brunel University
Membership of Council during the 2001/02 year

	Status of Appointment	Date appointed in-year	Date resigned in year	Committees Served
The Rt Hon. Lord Wakeham DL	Chancellor			
Dr H W Try CBE	Pro Chancellor			
Professor S Schwartz	Vice-Chancellor and Principal	01/03/02		
Professor M Sarhadi	Vice-Principal			
Mr V Allport	Lay Member			
Cllr A G Collins	Lay Member		20/03/02	
Cllr M Cranfield-Adams	Lay Member	27/06/02		
Cllr C Ellar	Lay Member	05/06/02		
Ms R Davis	Lay Member			
Mr J Ellwood	Lay Member			Finance Committee
Mr J Fallow	Lay Member			
Mr J S Flemming	Lay Member			Finance Committee (Chair)
Mr C H Glass	Lay Member			
Mr J Grant	Lay Member			
Mr W Greaves	Lay Member			Council (Chair), Finance Committee
Mr A Hall	Lay Member			Finance Committee
Cllr E Haas	Lay Member	08/04/02		
Mr A Kilkerr	Lay Member			Audit Committee
Revd. S Orchard	Lay Member			Finance Committee
Dr D Payne	Lay Member			
Mr B Regan	Lay Member		20/03/02	
Mr B Rigby	Lay Member			Finance Committee
Dr D Rimmer	Lay Member			
Cllr J M Sheasby	Lay Member			Audit Committee (Chair)
Mr J Shrigley	Lay Member		31/07/02	Finance Committee
Mr P M Smith	Lay Member	20/03/02		
Mrs S Staples	Lay Member			Finance Committee
Mr T A C Webb	Lay Member			
Mrs R Wingrove	Lay Member			Finance Committee
Professor W Balachandran	Appointed by Senate			Finance Committee
Professor A Choo	Appointed by Senate			
Professor L De Souza	Appointed by Senate			
Professor A Irwin	Appointed by Senate			
Professor C Ioannidis	Appointed by Senate	01/10/01		Finance Committee
Professor N Ladommatos	Appointed by Senate		31/08/01	
Professor M Moran	Appointed by Senate		31/08/01	
Professor R Newbold	Appointed by Senate	01/10/01		
Professor R Paul	Appointed by Senate			Finance Committee
Ms M Gallagher	Elected Academic Members	01/01/02		
Ms H Morton	Elected Academic Members		31/12/01	
Dr J Newby	Elected Academic Members			
Professor R Rakowski	Elected Academic Members		31/12/01	
Dr R Stroud	Elected Academic Members		31/07/02	
Mr T Watson	Elected Academic Members	01/01/02		
Mr M Abel	Student Members			Finance Committee
Mr J Dickens	Student Members			
Ms J Stevenson	Student Members			
Mr B Yates	Student Members			

Professional Advisors

Bankers

HSBC Bank plc, Uxbridge
 Yorkshire Bank PLC, Birmingham

Investment managers

Lazard Asset Management Ltd, London
 Royal London Cash Management
 (formerly Union Fund Management Ltd)

Legal advisers

Mills and Reeve, Cambridge
 Boodle Hatfield, Oxford & London
 Nabarro Nathanson, London

Indirect tax advisers

Ellis Chapman & Associates,
 Manchester