



**Financial Statements
2008 – 09**

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Brunel University has had a successful year, building upon the foundation laid down in previous years, including the disposal of the Runnymede Campus in September 2007 and the completion of the development of student residences on the Uxbridge Campus during 2008.

The highlight of the year was the outcome of the 2008 Research Assessment Exercise. The University submitted 87% of its academic staff, compared to 61% in the previous assessment exercise conducted in 2001. The growth in submission size reflects the University's commitment to becoming a research intensive institution. Research was submitted to 24 different units of assessment, with 21% of the total staff who were submitted to the Research Assessment Exercise being classed as early career researchers, further testimony to the University's dedication to deliver a sustainable, high quality research culture. Overall 82% of the research was judged to be at least of international quality.

This outcome placed Brunel 37th nationally in the research power league, based on the grade point average, a jump of 10 places compared to 2001. As a result the research funding provided by HEFCE will increase by 54% to £12.9m from 2009/10, one of the highest growth rates within the sector.

It is anticipated that the outcome of the 2008 Research Assessment Exercise will have a positive impact on staff recruitment and retention and student recruitment, home and overseas, postgraduate and undergraduate. This exercise will form the basis of the allocation of research funding from HEFCE until 2012/14, enabling the University to plan the future with confidence.

The University is rightly proud of the progress that has been made.

Operating Results 2008/09

The overall operating surplus for the year ended 31st July 2009 was £4.8m, the first operating surplus generated by the University since 2004/05. This turnaround reflects the positive outcome of the steps taken by the University in order to return it to generating a surplus.

Overall income has risen by £15.9m, a rise of 11.4% on the income generated during 2007/08.

The largest increase is in tuition fees as a result of a growth in student populations and the third year effect of variable tuition fees for UK and EU based students introduced in 2006/07. Compared to the student population in 2007/08 the home student population has grown by 4% and the overseas student population by 23.5%. The completion of the Isambard Kingdom student residences in time for the start of the academic year resulted in income from the residences increasing by £5.8m, a 41% increase on the previous year.

Income from other sources also increased during the year, most notably from the short courses offered by the University for English language skills, together with development income and associated match funding available through HEFCE.

The University continues to pay close attention to its costs, with the overall increase in pay being managed and the overall financial performance is summarised as follows:

Brunel University Operating Financial Review

	2008/09 £ m	2007/08 Restated £ m	Movement £ m
Income	157.	141.	15.
Expenditure	(153.0)	(147.2)	(5.8)
Operating Profit	4.	(5.3)	10.
Depreciation of Fixed Assets	8	44.	(44.4)
Surplus for the Year	4.	39.	(34.3)
Net Cash Flow from Operating Activities	28.	0.	28.
Long term investments	36.	24.	12.
Capital Expenditure	43.	51.	(38.3)
Reserves excluding pension liability	158.	152.	6.
	2	4	8

The results for 2007/08 have been restated due to the effect of a prior year adjustment relating to a review of fixed assets, associated depreciation and deferred capital grant release, together with the adoption of the recommended accounting treatment for endowments. The total effect of the adjustment increased the deficit in the year by £1.2m

Student Numbers

Demand for places to be a student at Brunel University continues to demonstrate growth, with overall student numbers during 2008/09 being 14,878 representing an overall increase of 7.2% on 2007/08.

Student Numbers	2008/09			2007/08		
	Home/EU	Overseas	Total	Home/EU	Overseas	Total
Undergraduate non degree	331	167	498	340	123	463
Undergraduate	9,429	910	10,339	9,068	799	9,867
PGCE	354	5	359	313	10	323
Postgraduate Taught	1,489	1,323	2,812	1,354	1,019	2,373
Postgraduate Research	462	408	870	530	327	857
Total	12,065	2,813	14,878	11,605	2,278	13,883

Undergraduate student population increased by 4.8%, with further significant growth being achieved in the Postgraduate Taught of 18.5%. The student population of Postgraduate Research grew marginally, though within that the decline in home postgraduate research student was more than offset by the growth in overseas postgraduate research students. This reflects the successful marketing of the University within the international higher education market.

The focus here continues to be on quality teaching and quality research. The increasing demand for places at Brunel, as well as growth in research funding awarded to the University, evidence success in these areas, inevitably leading to the education of able and confident graduates who, in turn, increase the reputation of Brunel in the world at large.

The Strategic Plan, 2008 to 2012

During the year to 31st July 2008 the Strategic Plan, 2008 to 2012 was published, aiming to move towards 2012 with academic confidence, financial security and a growing national and international reputation, outlining the mission of the University:

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

The Strategic Plan identified five strategic imperatives that will help crystallise and assess our progress towards the vision of being a world-class creative community:

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

The University has made demonstrable progress towards the achievements of the strategic imperatives during 2008/09. Partnerships have been formed with other European Higher Education institutions, and the Magna Carta Institute has been set up. This Institute researches, debates and seeks to influence some of the key political, legal and social issues of our time, with the purpose to analyse how best to create and maintain just societies that fairly balance both personal freedom and authority, and the rights and responsibilities of individuals and society.

Student Accommodation

Following the completion of Isambard Kingdom student accommodation, the University now has a total of approximately 4,600 units of accommodation available to students at the Uxbridge campus, the vast majority of which is en suite, offering amongst the highest quality accommodation in the sector. The total invested in student accommodation over the past 4 years exceeds £110m, aimed at significantly enhancing the experience of students whilst they study and live at Brunel. The income generated by the student accommodation increased by £5.8m during 2008/09 to £19.8m.

Research Activity

During the year to 31st July 2009, the value of research grants and contracts awarded to Brunel University amounted to £13.5m. After 5 consecutive years of growth this is a disappointing outcome, but it is not expected to set a downward trend. It reflects the external funding environment which is seeing research sponsors move towards funding fewer larger awards focussing on interdisciplinary, collaborative research.

The University has established collaborative research networks within the organisation, and entered into partnerships with other research bodies. Building upon the outcome of Research Assessment Exercise, together with targeting major Research Council calls for proposals it is anticipated that the downward trend will be reversed in 2009/10.

The majority of the contracts, by value, were awarded to the School of Engineering and Design and the School of Information, Systems, Computing and Mathematics, who were awarded grants and contracts valued at £4.9m and £1.8m respectively. In addition the Specialist Research Institutes were awarded grants and contracts valued at £2.9m.

Current and Future Developments

2008/09 has seen the University return to generating an operating surplus after 3 consecutive years of operating losses. This has arisen out of the actions to identify and implement the necessary steps to ensure the University returns to consistently generating an operating surplus.

Like other universities, Brunel has benefitted from significant increases in income over recent years, and has been able to invest in its infrastructure and research activity. The sector now faces additional pressure on its funding, with efficiencies having been announced by HEFCE for 2009/10 onward. The full extent of the efficiencies are not yet known and together with the spending pressures on pay and associated costs, utility costs and expenditure on infrastructure and estates, requires the University to maintain vigilance over its operating activities to ensure the current financial sustainability does not come under threat.

The scale of the challenges facing Brunel, in common with many other universities, is recognised. Various scenarios for the future funding and activity of the University have been considered and it is anticipated that the University will remain in surplus for the next few years. The outcome of the debate surrounding whether or not the current cap on tuition fees for home students should be lifted is not expected to influence the funding mechanisms until 2012/13 at the earliest.

The strength of the University has allowed planning for its future development to continue. This is demonstrated by the decision to invest over £30m in the construction of a new building on the Uxbridge campus, to house the Brunel Business School. Following completion of the building, estimated to be during late 2011, a 10 year strategy has been outlined to invest in its infrastructure to continue to develop the campus as a platform for excellence in research and teaching.



Professor C Jenks
Vice Chancellor

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 an autonomous body established by Royal Charter. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, the latest version of which was approved by the Privy Council in May 2005. Like most public bodies it operates within a strong framework of regulation, and endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). Not only does the University comply with all mandatory requirements, but it also strives to operate that guidance which represents best practice. The University has adopted the Guide for Members of Higher Education Governing Bodies in the UK published in November 2004 by the Committee of University Chairmen.

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. It may have another body, the Court, which does not have any legal or other powers in respect of the University.

The University's Council is the executive governing body, and is responsible for setting the strategic direction of the University, responsible for the finance, property, investments and general business of the University. It has a majority of members from outside the University (described as independent members), from whom its chair and deputy chair must be drawn. Members also include representatives of the staff of the University, and the student body. None of the independent members receive any payment, apart from the reimbursement of expenses, for the work they do for the University.

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

The principal academic and administrative officer of the University is the Vice-Chancellor, who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the accounting officer of the University and, in that capacity, can be summoned to appear before the Public Accounts Committee of the House of Commons.

Council conducts ordinary business at four meetings in each year, and much of its detailed work is initially handled by way of standing committees, in particular the Finance Committee, the Nominations Committee, the Remuneration Committee, the Audit Committee and the Special Projects Committee. The decisions of these committees are reported formally to the Council.

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

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

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

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

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 independent members appointed by Council from amongst its members.

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

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

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

The Audit Committee meets at least three times a year to consider reports from the External and Internal Auditors containing recommendations for the improvement of the University's systems of risk management and internal control and the management's responses and implementation progress. It also receives and considers reports from time to time from the Higher Education Funding Council for England. Whilst executive officers attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee meets with the External Auditors and the Internal Auditor on their own for independent discussions at least annually. The Committee and Internal Auditor each present an Annual Report to Council. During the year the Audit Committee reviewed the Handbook for Members of Audit Committee in Higher Education Institutions produced by the Committee for University Chairs. The Audit Committee was satisfied that its terms of reference adequately covered the recommendations contained in the Handbook.

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

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

The University's Council is responsible for the University's system of internal control and for reviewing its effectiveness. It has established the processes to comply with the direction from the Higher Education Funding Council for England (HEFCE) for the identification, evaluation and management of the key risks facing the University. The Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibility assigned to the Council in the Charter and Statutes and the Financial Memorandum with HEFCE. Such a system is designed to manage rather than eliminate the risk of failure to achieve business, operational, compliance and financial objectives, and it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically.

The Council has adopted a risk management policy, and has identified where the principal management responsibility rests for risk management. The Council is of the view that an ongoing process for identifying, evaluating and managing the University's significant risks has been in place, and operating effectively, since 31 July 2003.

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

Eight 'Value for Money' (VFM) reviews were initiated in 2008 and progress has been reported to Audit Committee, Finance Committee and Council. The Internal Auditors have confirmed that the VFM reviews are addressing substantial issues in a structured and disciplined manner. The University is keen to drive its VFM agenda forward and has identified a further programme of activity for the 2009/10 academic year.

Brunel University

Statement of Primary Responsibilities of the Council

The principal responsibilities of the Council are as follows:

- 1 to approve the mission and strategic vision of Brunel University, long-term academic and business plans, and key performance indicators, and to ensure that these meet the interests of stakeholders;
- 2 to delegate authority to the Vice-Chancellor, as chief executive, for the academic, corporate, financial, estate and personnel management of the University, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by, and under the authority of, the Vice-Chancellor;
- 3 to ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest;
- 4 to ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions;
- 5 to establish processes to monitor and evaluate the performance and effectiveness of the Council itself;
- 6 to conduct its business in accordance with best practice in higher education corporate governance, and with the principles of public life drawn up by the Committee on Standards in Public Life;
- 7 to safeguard the good name and values of Brunel University;
- 8 to appoint the Vice-Chancellor as chief executive and to put in place suitable arrangements for monitoring his/her performance;
- 9 to appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability;
- 10 to be the employing authority for all staff in the University, and to be responsible for establishing a human resources strategy;
- 11 to be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate;
- 12 to be the University's legal authority and, as such, to ensure that systems are in place for meeting all University's legal obligations, including those arising from contracts and other legal commitments made in the name of Brunel University;
- 13 to make such provision as it thinks fit for the general welfare of students, in consultation with the Senate;
- 14 to act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University; and,
- 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

Council's responsibility for the Financial Statement

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

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

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

- suitable accounting policies are selected and applied consistently;
- judgments and estimates made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and,
- financial statements are prepared on the going concern basis.

The Council has taken reasonable steps to:

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

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

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

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

Independent auditors' report to the Council of Brunel University

We have audited the Group and University financial statements (the 'financial statements') of Brunel University for the year ended 31 July 2009 which comprise the Consolidated Income and Expenditure Account, the Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated statement of total recognised gains and losses and the related notes. These financial statements have been prepared under historical cost convention and in accordance with the accounting policies set out therein.

This report is made solely to the Council, in accordance with the Charter 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 University Council and Auditors

The University Council's responsibilities for preparing the Operating and Financial Review and 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, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 10.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England and the Training and Development Agency for Schools. We also report to you whether in our opinion the Operating and Financial Review is not consistent with the financial statements.

In addition we report to you, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Operating and Financial Review and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the University's 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 that 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

Opinion

In our opinion:

- i. the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group and University's affairs as at 31 July 2009 and of the Group's surplus of income over expenditure for the year then ended;
- ii. the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- iii. in all material respects, income from the Higher Education Funding Council for England and the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2009 have been applied for the purposes for which they were received; and,
- iv. in all material respects, income during the year ended 31 July 2009 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England and the financial memorandum with the Training and Development Agency for Schools.



Chris Wilson
For and behalf of
KPMG LLP, Statutory Auditor
Chartered Accountants
One Canada Square
London
E14 5AG

 November 2009

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. Such income that was earned, but not invoiced, at the year end is included as accrued income.

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

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

Maintenance of premises

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

Foreign currency translation

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

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. 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

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

c Books

The cost of book purchases is written off in the group accounts in the year of acquisition.

Brunel University

Statement of principal accounting policies

Investments

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

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

Stocks

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

Cash flows and liquid resources

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

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

Provisions

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

Taxation status

The University is 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.

The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT is included within the appropriate expenditure heading. The University's subsidiary companies are subject to Corporation Tax and VAT in the same way as any other commercial organisation.

Post retirement benefits

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

Consolidated Income and Expenditure Account

Year Ended 31 July 2009

	Notes	Year Ended 31 July 2009 £'000	Restated Year Ended 31 July 2008 £'000
Income			
Funding body grants	1	51,676	50,766
Tuition fees and education contracts	2	57,765	47,184
Research grants and contracts	3	13,784	14,868
Other Income	4	33,190	26,047
Endowment and investment income	5	1,357	3,009
Total Income		157,772	141,874
Expenditure			
Staff costs	6	86,663	83,606
Other operating expenses	8	50,090	49,568
Depreciation	11	10,292	11,056
Interest payable	7	5,933	2,962
Total Expenditure		152,978	147,192
Surplus/(deficit) after depreciation of tangible fixed assets at valuation and before tax		4,794	(5,318)
Taxation	9	-	-
Surplus/(deficit) before exceptional items		4,794	(5,318)
Exceptional items: continuing operations			
Surplus on disposal of fixed assets	10	-	44,351
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		4,794	39,033
Surplus for the year transferred to accumulated income endowment funds		-	-
Surplus for the year retained within general reserve		4,794	39,033

All items of income and expenditure arise from continuing operations

Statement of Group Historical Cost Surplus and Deficits

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

.

Statement of Group Total Recognised Gains and Losses

Year Ended 31 July 2009

	Notes	Year Ended 31 July 2009 £'000	Restated Year Ended 31 July 2008 £'000
Surplus on continuing operations after depreciation of fixed assets at valuation, disposal of assets and tax		4,794	39,033
Endowment income retained in year		139	95
Endowments withdrawn		(447)	(679)
Unrecognised movement in assets		9	-
Appreciation of endowment assets	20	34	102
Actuarial loss in respect of pension schemes	25	(12,853)	(6,294)
New Endowments	20	205	53
Total recognised (losses)/gains relating to the year		(8,119)	32,310
Prior year adjustments (as explained in note 23)		(1,229)	
Total losses recognised since last financial statement		(9,348)	
Reconciliation			
Opening reserves and endowments		132,232	
Total recognised losses for the year		(8,119)	
		124,113	

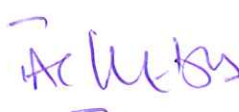
Balance Sheet
As at 31 July 2009

		Group	University	
		Restated	Restated	
		2008	2008	
		£'000	£'000	
Note	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Fixed assets				
Tangible fixed assets	11	274,023	272,998	274,023
Investments	12	130	130	33
		274,153	273,128	274,056
				273,031
Endowment assets	13	1,366	1,435	1,366
				1,435
Current assets				
Stock		132	125	132
Debtors	14	11,246	13,389	11,280
Investments	15	36,800	24,063	36,800
Cash at bank and in hand		818	2,748	763
		48,996	40,325	48,975
				40,224
Creditors				
Amounts falling due within one year	16	(39,043)	(31,651)	(38,884)
				(31,512)
Net current assets		9,953	8,674	10,091
				8,712
Total assets less current liabilities		285,472	283,237	285,513
				283,178
Creditors				
Amounts falling due after more than one year	17	(96,588)	(97,609)	(96,583)
Less Provisions for liabilities and charges	18	(1,166)	(1,173)	(1,166)
				(1,173)
Total net assets excluding pension liabilities		187,718	184,455	187,764
				184,401
Net Pension liabilities	25	(35,403)	(21,660)	(35,403)
				(21,660)
Total net assets including pension liabilities		152,315	162,795	152,361
				162,741
Deferred capital grants	19	28,202	30,563	28,202
				30,563
Endowments				
Permanent	20	494	488	494
Expendable	20	872	947	872
		1,366	1,435	1,366
				1,435
Reserves				
Income and expenditure account				
Excluding pension liabilities		158,150	152,457	158,196
Pension reserve		(35,403)	(21,660)	(35,403)
		122,747	130,797	122,793
				130,773
Total funds		152,315	162,795	152,361
				162,741

The financial statements on pages 17 to 36 were approved by the Council on 25 November 2009 and signed on its behalf by:



CHAIR OF FINANCE



CHAIR OF COUNCIL



VICE-CHANCELLOR
& PRINCIPAL

Consolidated Cash Flow Statement

Year ended 31 July 2009

	Notes	Year Ended 31 July 2009 £'000	Restated Year Ended 31 July 2008 £'000
Net cash inflow from operating activities	22	28,929	342
Returns on investments and servicing of finance			
Income from investments	20	34	95
Other interest received	5	1,323	2,512
Interest paid	7	(5,933)	(2,962)
		(4,576)	(355)
Taxation		-	-
Capital expenditure and financial investment			
Payments made to acquire assets	11	(13,129)	(51,437)
Proceeds from sale of fixed assets		197	44,504
Fixed asset investment disposals		-	(7)
Deferred capital grants received	19	358	2,967
		(12,574)	(3,973)
Management of liquid resources	24	(12,737)	(19,632)
Financing		(972)	24,199
(Decrease)/Increase in cash		(1,930)	581
Reconciliation of net cash flow to movement in net debt			
(Decrease)/Increase in cash for the period	24	(1,930)	581
Changes in short term deposits		12,737	19,204
Change in net debt		905	(24,199)
		11,712	(4,414)
Net debt at beginning of year		(70,337)	(65,923)
		(58,625)	(70,337)

Notes to the accounts
For the year ended 31 July 2009

		Year Ended 31 July 2009 £'000	Restated Year Ended 31 July 2008 £'000
1	Funding body grants		
	Recurrent grant		
	Higher Education Funding council	44,883	44,220
	Training and Development Agency	2,820	2,289
	Specific grants	1,654	1,846
	Deferred capital grants released in year		
	Building	19 1,237	1,313
	Equipment	19 1,082	1,098
		51,676	50,766
2	Tuition Fees and education contracts		
	Full-time home and EU fees	26,849	21,821
	Full-time international students	20,813	16,542
	Part-time students	2,643	2,393
	NHS education contract	4,523	4,527
	Short course fees	2,276	1,306
	Other Fees	661	595
		57,765	47,184
3	Research grants and contracts		
	Research councils and charities	6,893	6,492
	Industry and commerce	2,115	1,150
	Governmental	4,174	6,079
	Other sources	602	1,147
		13,784	14,868
4	Other income		
	Residences, catering, conferences and retail	24,660	18,370
	Other income	8,466	7,470
	Released from deferred capital	64	207
		33,190	26,047
5	Endowment and Investment income		
	Income from permanent endowments	8	24
	Income from expendable endowments	26	473
	Income from short term investments	1,323	2,512
		1,357	3,009

Notes to the accounts
For the year ended 31 July 2009

	Year Ended 31 July 2009 £'000	Year Ended 31 July 2008 £'000
6 Staff costs		
Salaries	71,782	68,278
Social security costs	5,891	5,807
Contributions to occupational Pension Scheme	9,114	8,422
Other pension liabilities	(337)	537
Restructuring costs	213	562
	<u>86,663</u>	<u>83,606</u>
Emoluments of the Vice-Chancellor		
Salary and benefits	209	206
Pension contributions	29	26
	<u>238</u>	<u>232</u>
Remuneration of other higher paid staff, excluding employer's pension contribution		
	Number	Number
£100,000 to £109,999	7	12
£110,000 to £119,999	4	3
£120,000 to £129,999	2	3
£130,000 to £139,999	-	2
£140,000 to £149,999	3	1
£160,000 to £169,999	-	1
	Number	Number
Average staff numbers by major category		
Academic and hourly Paid lecturers	893	928
Administrative and Academic support	391	367
Technical	71	74
Other	<u>1,068</u>	<u>1,065</u>
	<u>2,423</u>	<u>2,434</u>

There was no compensation for loss of office payable to senior post-holders in this year. (2007/08 nil)

Notes to the accounts
For the year ended 31 July 2009

	Year Ended 31 July 2009 £'000	Year Ended 31 July 2008 £'000
7 Interest and other finance costs		
Loans not wholly repayable within five years	4,701	2,865
Loans wholly or partly payable within five years	5	5
Net charge on pension scheme	1,227	92
	<u>5,933</u>	<u>2,962</u>

8 Analysis of total expenditure by activity

	Staff costs £'000	Other operating expenses £'000	Dep'n £'000	Interest Payable £'000	2009 Total £'000	2008 Total £'000
Academic departments	50,240	13,285	1,341		64,866	63,944
Academic Services	10,330	5,012	341		15,682	10,523
Research grants and contracts	5,100	3,472	342		8,914	11,191
Residences, catering, conferences & Science Park	6,332	7,712	3,215	4,706	21,815	19,255
Premises	3,923	9,843	4,566		18,332	19,749
Administration	8,564	7,066	449	1,227	17,306	12,489
Impairments		1,615			1,615	
Other services	2,175	2,085	38		4,290	8,174
	<u>86,664</u>	<u>50,090</u>	<u>10,292</u>	<u>5,933</u>	<u>152,978</u>	<u>145,325</u>

	Year Ended 31 July 2009 £'000	Year Ended 31 July 2008 £'000
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Other operating expenses include:

External Auditors remuneration in respect of audit services	57	95
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(The 2007/08 expenditure includes an under accrual of £21k relating to 2006/07)

External Auditors remuneration in respect of non-audit services	14	26
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9 Taxation

UK corporation tax (recoverable)/payable	-	-
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10 Exceptional items

Surplus on sale of assets	-	44,351
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During 2007/08 the Runnymede campus was disposed of. The University is now located on a single campus in Uxbridge where, part funded by the sale proceeds of other campus sites, new academic and residential accommodation has been constructed.

Notes to the accounts
For the year ended 31 July 2009

11 Tangible assets
Group and University

	Freehold Land and Buildings £'000	Assets in Course of Construction £'000	Equipment £'000	Total £'000
Cost or valuation				
At 1 August 2008:				
Cost	269,043	33,136	15,687	317,866
Less: Disposals in year	(540)	-	(2,376)	(2,916)
Additions at cost	1,989	9,232	1,908	13,129
Transfers between accounts	29,576	(32,377)	2,801	-
At 31 July 2009:				
Cost	300,068	9,991	18,020	328,079
Depreciation				
At 1 August 2008:	36,473	-	8,395	44,868
Charge for the year	7,423	-	2,869	10,292
Impairments	-	-	1,615	1,615
Eliminated in respect of disposals	(353)	-	(2,366)	(2,719)
	43,543	-	10,513	54,056
Net book value 31 July 2009	256,525	9,991	7,507	274,023
Net book value 31 July 2008	232,570	33,136	7,292	272,998
Financed by capital grant	24,976	450	1,974	27,400
Other	231,549	9,541	5,533	246,623
Net book value 31 July 2009	256,525	9,991	7,507	274,023

On 31 July 2009, freehold land and buildings included £6.6m (£6.5m, 2007- 08) in respect of freehold land and is not depreciated.

In accordance with FRS 15, the university followed the transitional provision to retain book value of land and buildings.

12 Fixed asset investments

	Group		University	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Investment in CVCP Properties plc	33	33	33	33
Investments in associated companies	97	97	-	-
	130	130	33	33

Notes to the accounts
For the year ended 31 July 2009

Investments in subsidiary companies

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

13 Endowment assets

	Group and University	
	2009	Restated 2008
	£'000	£'000
Balance as at 1 August	1,435	1,864
New endowments invested	205	250
Adjustment in funds placed to I & E (prior year)	-	(402)
Decrease in cash balances held for endowment funds	(274)	(277)
Balances as at 31 July	1,366	1,435
Represented by:		
Cash at bank held for endowment fund	1,366	1,435

14 Debtors

	Group		University	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Debtors	6,957	9,244	6,904	9,137
Amounts due from subsidiary companies	-	-	402	329
Prepayments and accrued income	3,703	3,840	3,703	3,840
	10,660	13,084	11,009	13,306
Amounts falling due after one year:				
Loans	319	305	4	-
HEFCE matched funding	267	-	267	-
	11,246	13,389	11,280	13,306

15 Investments

	Group and University	
	2009	2008
	£'000	£'000
Money market deposits	36,800	24,063
	36,800	24,063

Notes to the accounts
For the year ended 31 July 2009

16 Creditors: amounts falling due within one year

	Group		University	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank Loans	1,021	974	1,021	974
Trade Creditors	19,987	17,187	19,961	17,159
Taxation and social security	106	255	87	250
Accruals and deferred income	17,929	13,235	17,815	13,129
	39,043	31,651	38,884	31,512

17 Creditors: amounts falling due after more than one year

	Group		University	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank Loans	96,434	97,455	96,434	97,455
Other Loans	149	149	149	149
Other creditors	5	5	-	-
	96,588	97,609	96,583	97,604

Analysis of secured and unsecured loans is as follows:

	Group and University	
	2009	2008
	£'000	£'000
In one year or less	1,021	974
Between one and two years	1,219	1,170
Between two and five years	3,520	3,357
After five years	91,844	93,077
	97,604	98,578

For the three loans outstanding totalling £97.5m, the interest rate exposure is managed through an interest rate swap. The funds have been borrowed via Lloyds TSB bank plc and the amounts and rates after applying the swaps of each of the loans are £48.4m at 4.588%, £24.4m at 4.5843% and £24.6m at 4.5823%. All loans are repayable by instalments until June 2045.

18 Provisions for liabilities and charges

Group and University	Enhanced Pension Costs £'000
At 1 August 2008	1,173
Expenditure in year	(72)
Transferred from Income and Expenditure account	65
At 31 July 2009	1,166

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

Notes to the accounts
For the year ended 31 July 2009

19 Deferred capital grants

	Funding Councils £'000	Other Grants & benefactions £'000	Total £'000
At 1 August 2008:			
Land and Buildings	24,399	2,604	27,003
Equipment	3,044	516	3,560
	27,443	3,120	30,563
Transfers between classifications			
Land and Buildings	-	-	-
Equipment	107	(107)	-
	107	(107)	-
Cash Received:			
Land and Buildings	-	30	30
Equipment	183	145	328
	183	175	358
Released to income and expenditure account			
Land and buildings	1,237	65	1,302
Equipment	1,082	335	1,417
	2,319	400	2,719
At 31 July 2009:			
Land and buildings	23,162	2,569	25,731
Equipment	2,252	219	2,471
Total	25,414	2,788	28,202

All deferred capital grants relate to the University

Notes to the accounts
For the year ended 31 July 2009

20 Endowments

	Restricted Permanent £'000	Restricted Expendable £'000	2009 Restricted Total £'000	Restated 2008 Restricted Total £'000
Balance at 1 August				
Capital	357	876	1,233	1,755
Accumulated income	131	71	202	109
	488	947	1,435	1,864
New endowments	-	205	205	53
Income	-	139	139	95
Appreciation of endowment assets	10	24	34	102
Expenditure	(4)	(443)	(447)	(679)
At 31 July	494	872	1,366	1,435

	Group and University		
	Permanent £'000	Expendable £'000	Total £'000
Scholarship funds	303	325	628
Chairs and lectureships	-	13	13
Prize funds	191	35	226
Other funds	-	499	499
Total	494	872	1,366

21 Reserves

	Group £'000	University £'000
Balance at 1 August 2008	130,797	130,773
Surplus for the year	4,794	4,894
Actuarial loss in respect of pension scheme	(12,853)	(12,853)
Balance at 31 July 2009	122,738	122,814
Balance represented by:		
Income and expenditure reserve	158,141	158,217
Pension reserve	(35,403)	(35,403)
	122,738	122,814

Notes to the accounts
For the year ended 31 July 2009

22 Reconciliation of profit before tax to net cash flow

	2009	2008
	£'000	£'000
Surplus/(deficit) before tax	4,794	(5,318)
Depreciation	10,292	11,056
Unrecognised movement in assets	8	-
Impairments	1,615	-
Deferred capital grants released to income	(2,719)	(2,946)
Interest payable	5,933	2,962
Increase in stock	(7)	(29)
Investment Income	(1,357)	(3,009)
Decrease/(increase) in debtors	2,143	(2,275)
Increase/(decrease) in creditors	7,344	(834)
(Decrease)/Increase in provisions	(7)	106
FRS 17 Pension costs less contributions payable	890	629
	<u>28,929</u>	<u>342</u>

23 Prior Year adjustment

During the year management reviewed and identified a need to make a prior year adjustment to capital under construction (£1.8 million) and the deferred capital grant offsetting this (£0.2 million) led to the need to restate the prior year accounts.

The SORP was introduced in 2007 for 2008 – 2009 required that the general endowment reserves should be transferred to Income and Expenditure for the prior year (£0.4 million)

24 Analysis of changes in net funds

	At August	Cash	Other	At July
	2008	flows	changes	2009
	£'000	£'000	£'000	£'000
Cash at bank and in hand				
Endowment assets	1,435	(69)	-	1,366
Other	2,748	(1,930)	-	818
	4,183	(1,999)	-	2,184
Short term investments	24,063	12,737	-	36,800
Debts due within one year	(974)	(47)	-	(1,021)
Debts due after more than one year	(97,609)	1,021	-	(96,588)
	(70,337)	11,712	-	(58,625)

Notes to the accounts

For the year ended 31 July 2009

25 Pension Schemes

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

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

	2008 - 09 £'000	2007 - 08 £'000
Contributions to USS	6,433	5,944
Contributions to TPF	368	362
Contributions to LPFA	2,249	1,934
Contributions to other pension schemes	-	1
Provision for ex-WLIHE pension increase	64	181
Total Pension cost	9,114	8,422

Universities Superannuation Scheme

Principal accounting policies

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

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

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

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

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

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently

Notes to the accounts

For the year ended 31 July 2009

uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

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

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS17 basis, using a AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

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

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2009, USS had over 130,000 active members and the institution had 985 active members participating in the scheme.

The total pension cost for the institution was £6,433,020 (2008: £5,943,635). This includes £ nil (2008: £ nil) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 14% of pensionable salaries.

Teachers Pension Scheme

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

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

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

London Pensions Fund Authority Pension Scheme (LPFA)

The University participates as an Admitted Body in the LPFA which is administered in accordance with the Local Government Pensions Scheme Regulations 1997. The fund is valued every three years by actuaries, and the projected unit method is used in respect of the Active Sub-Fund in which the University participates. Each participating employer has their own contribution rate reflecting its long term future service rate, adjusted for the funding level in respect of past service. For the year ended 31 July 2009, the employer's contribution rates were 17.3% from 1 April 2009 19.2%. The employee's rate from 1 April 2009 is based on a banded earnings schedule. The employer's contributions were £2.24 million and the employees' contributions were £0.84 million.

Notes to the accounts

For the year ended 31 July 2009

The following information regarding the LPFA is based upon the full actuarial valuation of the fund as at 31 March 2007, rolled forward to 31 July 2009 by Barnett Waddingham, an independent firm of actuaries. The major assumptions are:

	At 31 July 2009	At 31 July 2008	At 31 July 2007
Inflation	3.6%	3.8%	3.3%
Rate in increase in salaries	5.1%	5.3%	4.8%
Rate of increase in pensions	3.6%	3.8%	3.3%
Discount rate	6.0%	6.7%	5.8%

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

	Males	Females
Retiring today	19.6	22.5
Retiring in 20 years	20.7	23.6

An additional mortality loading was applied for the 2008 disclosures. By virtue of the roll forward approach this loading will also be applied within these 2009 disclosures.

An allowance is included for 20% of future retirements to elect additional tax-free cash up to HMRC limits.

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

	At 31 July 2009		At 31 July 2008	
	Long term rate of return	Fund Value £'000	Long term rate of return	Fund Value £'000
Equities	7.5%	28,606	7.6%	26,014
Bonds	6.2%	4,320	6.3%	8,723
Alternative Assets/Property	6.7%	6,166	6.8%	9,899
Cash	3.0%	2,842	4.8%	(171)
Total Market Value of assets		41,944		44,465

The following amounts at 31 July 2009 were measured in accordance with the requirements of FRS 17

	At 31 July 2009 £'000	At 31 July 2008 £'000
Estimated asset share	41,944	44,465
Present value of scheme liabilities	(77,347)	(66,125)
Deficit in scheme	<u>(35,403)</u>	<u>(21,660)</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:

Notes to the accounts
For the year ended 31 July 2009

Movement in deficit during the year:

Analysis of amount charged to income and expenditure account

	Year ended 31 July 2009 £'000	Year ended 31 July 2008 £'000
Current service cost (net of employee contributions)	1,914	1,905
Past service costs	-	556
Total operating charge	<u>-</u>	<u>64</u>
	1,914	2,525

Analysis of net return on pension scheme

	Year ended 31 July 2009 £'000	Year ended 31 July 2008 £'000
Expected return on pension scheme assets	3,204	3,552
Interest on pension liabilities	(4,431)	(3,644)
Net return	<u>(1,227)</u>	<u>(92)</u>

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

Actual return less expected return on Pension scheme assets	(6,072)	(6,573)
Experience gains and losses arising on scheme liabilities	-	1,041
Changes in assumptions underlying the present value of the scheme liabilities	(6,781)	(762)
Actuarial loss recognised in STRGL	<u>(12,853)</u>	<u>(6,294)</u>

Movement in deficit in the year

Deficit in scheme at 1 August	(21,660)	(14,737)
Movement in year:		
Current service costs	(1,914)	(1,905)
Contributions	2,250	1,986
Contributions in respect of unfunded benefits	1	2
Past service costs	-	(556)
Impact of curtailments and settlements	-	(64)
Net return on assets	(1,227)	(92)
Actuarial loss	(12,853)	(6,294)
	(35,403)	(21,660)

Notes to the accounts
For the year ended 31 July 2009

Analysis of net return on scheme liabilities

	Year ended 31 July 2009 £'000	Year ended 31 July 2008 £'000
At beginning of the year	66,125	62,486
Service cost	1,914	1,905
Interest cost	4,431	3,644
Actuarial losses/(gains)	6,781	(681)
Losses/gains on curtailments	-	64
Estimated benefits paid (net of transfers in)	(2,725)	(2,601)
Past service cost	-	556
Contributions by Scheme participants	822	754
Unfunded pension payments	(1)	(2)
At end of year	<u>77,347</u>	<u>66,125</u>

Analysis of net return on scheme assets

At beginning of the year	44,465	47,749
Expected return on Scheme assets	3,204	3,552
Actuarial (losses)	(6,072)	(6,975)
Contributions by employer	2,251	1,986
Contributions by Scheme participants	822	754
Estimated benefits paid (net of transfers in and unfunded)	(2,726)	(2,601)
At end of year	<u>41,944</u>	<u>44,465</u>

	Year ended 31 July 2009 £'000	%	Year ended 31 July 2008 £'000	%
Equities	28,606	68.2	26,014	58.5
Target Return Portfolio	4,320	10.3	8,723	19.6
Alternative Assets	6,166	14.7	9,899	22.3
Cash	2,852	6.8	(171)	-0.4
Total	<u>41,944</u>	<u>100.0</u>	<u>44,465</u>	<u>100.0</u>

History of experience gains and losses

	Year ended 31 July 2009 £'000	Year ended 31 July 2008 £'000	Year ended 31 July 2007 £'000	Year ended 31 July 2006 £'000	Year ended 31 July 2005 £'000
Difference between expected and actual return on assets:					
Amount (£'000)	(6,072)	(6,975)	2,104	1,728	3,972
Percentage of scheme assets	(14.5%)	(15.7%)	4.5%	4.1%	10.5%
Experience gains on scheme liabilities	-	1,443	20	11	693
Amount (£'000)	77,347	66,125	62,486	62,600	56,926
Percentage of the present value of the scheme liabilities	0.0%	2.2%	0.0%	0.0%	1.2%
Total amount recognised in statement of recognised gains and losses	(12,853)	(6,294)	6,533	(256)	(6,126)
Present value of liabilities	77,347	66,125	62,486	62,600	56,926
Percentage of the present value of the scheme liabilities	(16.6%)	(9.5%)	10.5%	0.4%	10.8%

Notes to the accounts
For the year ended 31 July 2009

26 Capital commitments

Provision has been made for the following capital commitments

Consolidated and University

	2009	2008
	£'000	£'000
Commitments contracted for at July 2009	4,209	1,939

27 Contingent liabilities

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

28 Related party transactions

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

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

Brunel University considers the Union of Brunel Students to be a related party due to the level and nature of the transactions between the organisations. During the year to 31 July 2009, the University paid a grant of £918,000 to the Union (2008 £882,600), and provided the Union with accommodation on all campuses free of rent and most other occupancy costs.

29 Access to hardship funds (HEFCE)

	2009	2008
	£'000	£'000
Balance brought forward at 1 August	111	157
Funding Council grants received	277	234
Funding Council Claw back	(72)	-
Interest earned	5	7
Disbursed to students	(272)	(280)
Contributions to fund running costs	(3)	(7)
Administration staff costs	(2)	-
	44	111

30 Teacher Training Bursaries

	2009	2008
	£'000	£'000
Balance brought forward at 1 August	228	440
Teacher Development Agency grant received	1,578	1,674
Disbursed to students	(1,722)	(1,886)
Balance due to Teacher Development Agency	84	228

Funding Council Access grants and bursaries, as detailed in notes 28 and 29, 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.

Notes to the accounts
For the year ended 31 July 2009

31 Financial Commitments

At July 2009, the University had annual commitments under non-cancellable operating leases as follows

	2009	2008
	£'000	£'000
Within one year	1,655	1,692
Within two to five years	620	895
After five years		<u>41</u>
	<u>2,275</u>	<u>2,628</u>

Brunel University
Membership of Council during the 2008 – 09 year

	Status of Appointment	Date appointed in-year	Date resigned in year	Committees Served
The Rt Hon. Lord Wakeham DL	Chancellor			
Sir Robert Balchin	Pro Chancellor			
Professor C Jenks	Vice-Chancellor and Principal			
Professor M Sarhadi	Vice-Principal			
Mr T A C Webb	Independent Member	1.1.2009	10.12.2008	Chair: Council, Chair: Nominations Committee, Chair: Remuneration Committee, Finance Committee
Mr V Allport	Independent Member			Finance Committee
Ms M Chapman	Independent Member			Finance Committee
Mt T Belisario	Independent Member			
Mr D Finlayson	Independent Member			
Mrs J Kelly	Independent Member			Finance Committee, Remuneration Committee, Nominations Committee
Mrs M Lenton	Independent Member			Audit Committee
Mr R Lougee	Independent Member			Audit Committee
Dr J McGrath	Independent Member			Chair: Finance Committee, Remuneration Committee, Nominations Committee
Dr J Murphy	Independent Member			Finance Committee, Remuneration Committee, Nominations Committee
Dr D Rimmer	Independent Member			
Mr A Siddiqui	Independent Member			Audit Committee
Mr P M Smith	Independent Member			
Mr C Thorneycroft-Smith	Independent Member			Chair: Audit Committee
Ms N Cole	Independent Member			Audit Committee
Professor Z Irani	Appointed by Senate			
Professor L DeSouza	Appointed by Senate			Finance Committee
Professor A Olowofoyeku	Appointed by Senate			Finance Committee
Professor S Capel	Appointed by Senate			
Dr S Naylor	Elected Academic Member			
Dr M Rand-Weaver	Elected Academic Member			Finance Committee
Mr D Snowden	Elected Staff Member			Finance Committee
Mr B Stiff	Elected Staff Member			
Mr J Patel	Student Member			Finance Committee

Professional Advisers

Bankers

HSBC Bank plc, Uxbridge

External auditors

KPMG LLP, London

Legal advisers

Eversheds, London

Nabarro Nathanson, London

Indirect tax advisers

Ellis Chapman & Associates,

Knutsford, Cheshire