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Competitive and Regulatory Environment

The Higher Education Council for England (HEFCE) has a regulatory duty to ensure that universities in receipt of public funds provide value for money and are responsible in their use of these funds. They are also legally responsible for making sure that the quality of learning and teaching is assessed and for assessing the quality of research enabling them to fund selectively by supporting excellence. Higher Education in England is made up of a diverse range of institutions of varying size and complexity with 130 institutions funded. Brunel was the 51st largest recipient of HEFCE funds during the year. HEFCE strongly endorses the principles of institutional and academic autonomy. The autonomy is expressed by each institution having a governing body which is unambiguously responsible for overseeing the institution's activities.

Brunel University operates in a competitive national and international market attracting students and staff from across the nation and around the world to study and work here. The attractions of our intensive research activity informing current teaching at a campus based university are such that we are now home to students from over 100 countries worldwide.

Mission and Strategy of the University:

The University's Mission is:

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

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

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

The development, operation and successful performance of the University during the year 2009/10 has enabled it to fulfil its mission and make good progress towards achieving its strategic objectives which are detailed below.

Students

Demand for places to be a student at Brunel University continues to demonstrate growth, with overall student numbers during 2009/10 being 15,201 representing an overall increase of 2.2% on 2008/09.

Student Numbers	2009/10			2008/09		
	Home/EU	Overseas	Total	Home/EU	Overseas	Total
Undergraduate non degree	273	166	439	331	167	498
Undergraduate	9,475	1,074	10,549	9,429	910	10,339
PGCE	316	4	320	354	5	359
Postgraduate Taught	1,632	1,304	2,936	1,489	1,323	2,812
Postgraduate Research	472	485	957	462	408	870
Total	12,168	3,033	15,201	12,065	2,813	14,878

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Brunel continues to improve the services and facilities that it offers to students as numbers increase. Brunel has a range of health, welfare and advice services on site, in addition to varied social, sporting, arts and religious facilities. During the year, the University Library introduced 24-hour opening during term time and the Library was rated in the top quartile for 'library resources and services' in the 2010 National Student Survey (NSS).

The overall performance of Brunel in the 2010 NSS was similar to the 2009 survey, with a similar average score over all 22 questions (2010: 3.81 and 2009: 3.80) although there were 15 subject areas at an average of 4 or above in 2010 compared with 10 in 2009. The overall result of ranking 117th = out of 140 institutions on being satisfied with the quality of their course was disappointing. While very good results have been achieved with respect to individual questions at University level, there are a number of areas for improvement which we will address through targeted action plans developed by each school within the University.

Brunel has a 40 year long tradition in placement education and most of our undergraduate degree programmes can be taken as four year sandwich courses. We have a dedicated Placements Team that works with students and employers to make the placements process a simple and trouble free process. During the year Brunel celebrated success as the winner of the 'RateMyPlacement' organisation's Best University Award for delivering outstanding student placements into business and industry.

Brunel's Placements and Careers Centre (PCC) has increased its support for students and graduates in the challenging economic climate, through the appointment of a dedicated graduate careers resource. For the third year running, Brunel surpassed its HEFCE employability benchmark, which is the funding body's prediction of likely graduate outcomes in relation to the composition criteria of graduates, such as entry qualifications and social background. We continue to explore and develop innovative models of employer and graduate engagement, including on-campus interviews for high volume external recruiters, extensive outreach to local employers, the appointment of a dedicated resource to develop social media and our Facebook page and the development of an iPhone vacancy application. Despite the recession, we carried 2,611 separate graduate job advertisements, many of which were for multiple jobs, on our intranet site, a 19% increase.

Much of the work of the PCC has been dedicated to assisting 2008-09 graduates, as well as 2009-10 final year students. In the challenging employment market, this help has been vital to our students and has contributed to Brunel's graduates encountering only a marginal increase in the levels of unemployment to 9.8% for 2008-09 graduates at the time of the survey from 9.5% in 2007-08, a level that is below the national average. Within the 2008-09 graduates, there has been a welcome increase to 8.4% (2007-08 6.7%) in the percentage of graduates going into management roles, although unsurprisingly in the current market there has been an increase in the percentage of probable 'stop gap' jobs of sales and customer service to 15.9% (2007-08: 11.3%).

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

The University is a vibrant place and one of the attractions is having 4,550 units of accommodation available to students at the Uxbridge campus. Brunel's halls of residence are all on-campus, and therefore all within close proximity to the teaching, social and sporting facilities. All accommodation is modern and network access is available in all rooms, through which the internet can be accessed at no additional cost, with a choice of either en suite or standard facilities as well as studio flats for couples.

Accommodation availability is guaranteed for all new first year undergraduates including those from the local area and we also offer guaranteed accommodation for all new full-time postgraduates who have confirmed their acceptance and met the conditions for a course.

Possible future trends that could impact upon student numbers include the ranking of the University compared with its peers. As well as detailed actions within schools, the University as a whole is increasing the number of academic staff to improve its staff student ratio at a time when other universities are reducing staff numbers. We believe that this will have a positive impact on the student satisfaction and our relative ranking to other universities in the sector. The cap operating on the recruitment of new home and EU (HEU) undergraduate students has been set at a level which is sustainable for Brunel for the medium term although it reduces flexibility in HEU undergraduate admissions from year to year but we believe we will remain consistently attractive to students in a more competitive environment – nationally and internationally.

With the diminishing funds available for home and EU students, there is likely to be increased competition for international students where we already have a successful programme for these students and attractive accommodation and other facilities. There are though dangers in the reduced availability of student visas for overseas university students and any material impact of movement in foreign exchange rates which could also deter potential students.

Staff

The University recognises the great importance of its staff in achieving our futures success. We therefore seek to build a community where everyone feels they have much to contribute and where that contribution is recognised and appreciated.

Our average staff numbers increased during the year from 2,423 to 2,470 which was an increase of 2% and in a people focussed organisation our staff account for the majority of our expenditure at 56%.

Over the course of the year the University has invested in significant staff development initiatives including the HEA accredited Professional Development in Academic Practice Programme which launched successfully in September 2009 to support academic staff early in their careers.

A Staff Development Strategy Group was formed in 2008 with the following terms of reference:

- To support the delivery of the University Strategic Plan by determining policy and procedures in relation to the provision of an effective Staff Development programme across the university;
- To review procedures to identify staff development need;
- To review Staff Development programmes in relation to identified needs and the relevant funding framework;
- To promote a culture of personal and professional development throughout the university.

Key developments during the past year were:

- Launch of a significantly enhanced Staff Development website which allows flexible access to Staff Development event listings, on-line registration for courses and effective data capture, including participation details;
- Extensive consultation with staff has help inform the development of a needs driven staff development programme;
- Redesigned Academic Staff Appraisal process; the results inform the design of a needs-driven Staff Development programme; career planning is now an integral part of academic appraisal and the approach is aligned with other processes such as Academic Promotion. The results of appraisal are now followed up more effectively, with an emphasis on ensuring effective provision of individual development needs on an ongoing basis.

Following a survey of existing staff, further development programmes were devised including a new ASPIRE Leadership programme running across academic and support functions to develop leadership skills partly by working in mixed groups on enhancement/innovation projects and report the outcome to Brunel's Senior Management Group.

The criteria for academic promotion have been revised to better support the objectives of the Strategic Plan. The criteria centre around three themes: Research & Knowledge Transfer, Learning, Teaching & Student

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Support, Collegiality & Management. Workshops have been held for School Promotion Panels and for intending applicants. The articulation and dissemination of the criteria, together with the processes for evaluating applicants' achievement will continue to be reviewed and refined in the light of experience.

Based on nominations from staff and students, in May 2010 27 people were awarded Special Thanks and Recognition (STAR) awards by the Vice Chancellor to celebrate and recognise their exceptional level of commitment beyond the scope of their normal roles.

Research

The world is facing a greater number of complex challenges than at any other time in its history. The University believes that to address these issues most effectively, future research activity must adopt a more fluid and cross-disciplinary framework, free from the traditional subject and structural barriers. We have therefore developed further our four Collaborative Research Networks (CRNs), which focus on the broad themes of

- Ageing
- Energy and Environmental Sustainability
- Complexity
- Creative Industries.

The CRNs bring together teams of more than 70 academic researchers from across the University, who actively pursue partnerships and collaborations with universities, businesses and public sector organisations to develop research of the highest quality and to increase the social, cultural and economic impact from their work. The networks have already secured over £2.25 million in research grant funding for Brunel, and we envisage that they will play an increasingly important role in the life of the university and take a major role in the international effort to solve some of the major challenges facing the modern world.

In October the University set up the Brunel Innovation Centre (BIC) in Cambridge in collaboration with TWI, an independent research and technology organisation. The centre has ambitious plans to develop a joint research capability in acoustic wave technologies which will address industrially driven research challenges in the energy and advanced engineering sectors. The BIC has already secured four European Framework Programme 7 (FP7) projects which will work with companies across Europe to develop new techniques to inspect and monitor rail tracks, to detect and remove fouling such as food waste deposits from industrial plants and to research state of the art inspection technologies capable of operating at temperatures up to 580 degrees centigrade. Funding secured by Brunel for these projects totals Euros 2 million.

In January Brunel was selected to lead a new £9 million ESPRC Centre for Innovative Manufacturing in Liquid Metal Engineering (LiME). The Centre will work with 15 Industrial partners including Jaguar LandRover and the Universities of Oxford and Birmingham to achieve the vision of a sustainable metallurgical industry aiming for full metal recirculation through advanced technologies for reuse, remanufacture and recycling of secondary metals. The metals industry is worth £17 billion a year to the UK economy and our manufacturers are facing huge challenges to meet client demands for more durable and lightweight components and structures while minimising energy consumption, carbon footprint and overall carbon impact.

182 new research grants and contracts were awarded to Brunel in 2009/10 (2008/09:176) with a combined value of £16.4 million (2008/09: £13.5m). The income from research grants is recognised in the financial statements over a period of up to three years. Income continues to be secured from a diverse portfolio of funding bodies with the UK Research Councils and the European commission accounting for 73% of the total.

The implications of the government expenditure reductions for external research contracts are not yet clear but the researchers employed against specific research projects are normally on fixed term, conditional contracts. If we are not awarded research grants in future, then we do not need to recruit the researchers or spend on the consumables which are needed for the projects. We would lose the contribution of approximately £5 million a year to existing overheads of which approximately half derives from UK

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government sources. As the average research grant is for 3 years, any decrease in the number or value of new grants would allow sufficient notice to manage the responses to the downturn.

Operating Results 2009/10

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

	2009/10	2008/09
	£m	£m
Income	169.5	157.8
Expenditure	<u>(163.8)</u>	<u>(153.0)</u>
Operating Surplus	5.7	4.8
Reserves excluding pension liability	165.4	158.2
Cash and short term investments	56.2	37.6

The year under review has been challenging with the political uncertainty through the election period and beyond leading to economic uncertainty over government funding decisions. The University has increased its income, managed its expenditure carefully and increased its operating surplus over last year to £5.7m or 3.4% of Income.

The financial strategy is to deliver the finances to enable the University to fulfil its mission and to meet its strategic and operational objectives in a sustainable way. The key performance measure of the strength of a buffer against large unexpected financial pressures is the level of reserves (excluding pension liability). These reserves are at a level of 98% of income which will be one of the highest reported in the sector. In the previous year the HEFCE benchmarks for this key performance measure across the University sector was a mean of 44% and a third quartile of 55% and Brunel remains comfortably in excess of that.

Total reserves include a £4.2m increase due to the actuarial adjustment of past service cost indexation, which reflects the recognition of revised estimates of the impact of future inflation on pension scheme liabilities. In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The University has considered the LGPS scheme rules and associated members' literature and has concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). This treatment is in accordance with interim guidance issued by the Urgent Issues Task Force of the Accounting Standards Board.

The key performance measure of ability to respond to short term financial pressures is that of Net liquidity. Brunel University's cash position stands at £56.2m or 134 days of general expenditure (excluding depreciation). This figure is high in comparison to the University sector where the mean for the previous year was 83 days but with the first and third quartiles ranging between 46 and 114 days. A key factor to take account of in the cash level is the major capital construction of a new, state of the art building for the Business School which will be completed in April 2012.

The Council has twice reviewed the financial sustainability of the University. The first time by reviewing the position of the University and the sector using the summary KPM benchmarks supplied by HEFCE and the TRAC data. Following the year end, the Council held an away day in which it reviewed the University's financial position, the likelihood and timing of significant cuts in funding and the University's ability to withstand and respond to those possible cuts. The overall conclusion of these reviews is that although there is a considerable uncertainty regarding future funding for the Higher Education sector, Brunel is currently in a strong financial position relative to the sector.

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Income

Total income increased in 2009-10 by £11.7m or some 7.4% in cash terms. Over a 5 year period the University's income has seen a significant increase with a Compound Annual Growth Rate of 9.4% and an increasing reliance on Tuition fees which now account for 38% of Income as compare to 28% at the start of the period. This is illustrated in the table below:

	2010	2009	2008	2007	2006
	£m	£m	£m	£m	£m
Total income	169.5	157.8	141.2	131.8	118.3
Sources of Income					
Grants from Funding Bodies	34%	33%	36%	38%	41%
Tuition Fees and Education					
Contracts	38%	37%	33%	31%	28%
Research grants and contracts	7%	9%	11%	9%	10%
Other income	21%	21%	20%	22%	21%
	100%	100%	100%	100%	100%

The University is preparing for its overall income to be reduced over the medium term and awaiting the announcements on government funding before deciding on its detailed responses. For the coming year ahead, Brunel University has been allocated an increased grant by HEFCE in cash terms and anticipates overall income to increase by around 3% in cash terms for the coming year.

Expenditure

The University has been keen to ensure value for money in allocating the resources required to maintain and develop the capacity, quality and infrastructure of our teaching, research and associated services. A benchmarking comparison with peer Universities for the prior year showed that we had lower expenditure per student than 11 of our 13 selected peers once adjusted for expenditure funded by external research grant providers.

The University has managed to consolidate its additional students within its existing infrastructure and has therefore managed to hold the Compound Annual Growth Rate in expenditure to below that rate of income growth at one of 6.7%. This can be illustrated in the table below.

	2010	2009	2008	2007	2006
	£m	£m	£m	£m	£m
Total expenditure	163.8	153.0	145.3	140.1	126.1
Analysis of Expenditure					
Staff costs	56%	57%	58%	56%	58%
Other operating expenses	34%	33%	34%	36%	35%
Depreciation	7%	7%	6%	6%	5%
Interest payable	4%	4%	2%	3%	2%
	100%	100%	100%	100%	100%
Total cost (excluding depreciation):Number of students	£10,068	£9,590	£9,806	£9,760	£9,252

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In reviewing the progress over the past years it has become clear that the University's student to staff ratio had increased to a level that exceeds those of our peer group. The University is keen to improve further the student experience and the critical mass of academic researchers and has planned to improve the number of academic staff for the coming year while expecting our peers to reduce the staff numbers so that our ratios are more comparable.

Capital Expenditure

During the year, the University completed the refurbishment of the Heinz Wolff building including a new Category 3 research laboratory, the first of its kind at Brunel. Further work was undertaken to improve the facilities within the Antonin Artaud building, which included completion of the main rehearsal facility to performance standard for the School of Arts. This work had the added benefit of increasing the University's large lecture room capacity to support the main timetable. At a more mundane level, though no less important, the sewage pumping station on Site 1 was replaced removing one of the less pleasant risks from the University's risk register. In all some £6.6m of capital spend took place in-year and taken in conjunction with a busy programme of stock condition works across campus in the Summer months, a significant investment has been made in the research and teaching infrastructure at Brunel continuing the much needed shift in balance from residential to non-residential stock.

In the coming year it is anticipated that some £16.8m will be spent with the major part of that linked to the construction of the Eastern Gateway Building, comprising the new home for the Business School, a large auditorium and some central teaching space, along with a café, gallery and the main reception of the University. The project is due completion in the first half of 2012 and when operational it will significantly enhance teaching, research and social space on campus. Other projects include the refurbishment of the Sports Pavilion on Site 3 that will not only make it DDA compliant, but will also deliver additional teaching space. Finally, the standby power capability for the Second Data Centre and Heinz Wolff Building will be delivered further increasing the resilience of the University's core outputs.

Given the indications of future restrictions on public spending it is highly likely to be significantly harder to obtain funding for capital projects. The University's campus has a significant number of buildings constructed in the 1960s and 1970s, and we are aware of the need to maintain and improve the infrastructure for both environmental and institutional sustainability reasons. A 10-year rolling programme is continually updated to take into account the changing needs and developments in the University and this is subjected to regular scrutiny by the University's governing body.

Cash and Debt

The University generated £19.0m in cash from operating activities and ended the year with a balance of £56.2 m in cash and short term investments. The University has a detailed Treasury management policy in place which includes limits on deposit and the institutions where these can be placed. Although most institutions are offering very low rates on short term investments, the policy has been to seek security rather than return. The policy is reviewed regularly by the Finance Committee who also review the deposit activity each quarter.

The University has long term debt of £96.6m which extends for a further 30 years (until 2040) where a final payment of £27.2 million needs to be paid. The rates after applying the swaps are at 4.6% so the repayment amounts are certain. The University has considered using its cash reserves to pay down some of this debt but has negotiated such a good deal that it believes it should retain the flexibility of keeping the cash on hand during this uncertain period. It would be impossible to re-borrow on such terms in the current market. The borrowings have been used to fund the Student Residences which are fully owned and generating a gross income of £21 million per year which can reasonably be expected to track inflation in the future years while the interest payments are fixed.

The University estimates that on an ongoing basis, a breakeven position of zero surplus will generate operating cash of £7.4 million per year, being approximately the annual depreciation charge net of deferred capital grants. This will be available for investment in the University operations and a surplus will provide a further buffer for more difficult times and cover for any increased investment.

Future trends and outlook

The recent publication of the The Independent Review of Higher Education Funding and Student Finance, chaired by Lord Browne, confirmed the expectation that the Higher Education sector will suffer reductions in publicly funded income over the medium term. The full detail of these reductions is not yet clear and will to an extent depend on the detailed provisions of the government's Comprehensive Spending Review, but we expect the impact to be different by subject, programme, provision, nature of student and we will develop differentiated responses to these changes. With any reductions in government funding, the University will seek alternative income consistent with its mission as well as adapting its range of provision so that it can sufficiently resource the activity. The University has managed its cost base through Value for Money reviews and intends to continue this approach. The consequence of the government's reduction of funding will be more severe for less well funded universities and we believe there may be some opportunities for collaboration and to concentrate further provision within this University. We have reserves available to invest in adapting to the changed circumstances which are inevitable in the years ahead.

The impact of any decline in income is likely to show itself over time in a decline in the quality of infrastructure in the estate. When funding is squeezed, there is normally a delay in capital expenditure, refurbishment, repairs and maintenance. The consequences of too great a delay would be a real increase in cost of the refurbishment and so the University has put in place regular reviews by the Estates Management Committee to keep the infrastructure programme and cost under control. The University is aware of this tendency and has put in mechanisms to counteract it.

Another area where the longer term funding difficulties have a major impact is the likely decline in turnover of academic staff. If retiring staff cannot be replaced, then there will be a lack of 'New Blood' to invigorate the exchange of ideas within the academy and also a decreased mobility of academics between specialist research centres, nationally and internationally. This problem is likely to be exacerbated if the Government's proposed change to extend the retirement age is confirmed, as this will further reduce the turnover and opportunities to recruit new people into the sector.

Professor C Jenks
Vice Chancellor



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

The University has had due regard to the Charity Commission guidance on public benefit, including the details contained in the Advancement of Education for the Public Benefit. Brunel University is an exempt charity under the terms of the Charities Act 2006 and the Higher Education Funding Council for England (HEFCE) is the principal regulator of the University both as a Higher Education Institution and as a Charity. The University has no linked charities attached to it. The members of the Council of the University are the charitable trustees of the University.

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

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

The University provided 3,006 graduates and 2,218 post graduates in the year 2009/10 and also published 219 articles in the Brunel University Research Archive which is an Open Access publishing site from which anyone can download, for free, the results of research published by Brunel academics.

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

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

The strategy has four main strands:

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

Brunel's Urban Scholars programme, a nationally recognised initiative now in its sixth year, targets gifted school pupils who may not have previously thought of higher education. It consists of a four-year programme of monthly university classes in areas such as critical thinking and problem solving.

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

Looked-after children and care leavers. Since 2007 the WP Office has worked closely with the London Borough of Hillingdon Looked-After Children's Education and Care Leavers' teams to provide an annual guidance weekend for Hillingdon looked-after students. We were awarded The Frank Buttle Trust Quality Mark in November 2009 for our work with care leavers to support further a group of young people who are very poorly represented in Higher Education.

Improving transition, progression, retention and employability. Brunel continues to engage in activities in schools, colleges and the community to aid successful transition to HE for WP students. We increased the

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number of off-site workshops and presentations to relevant students, parents, staff and community groups and held an Intro2Uni Week targeted at students with non-traditional qualifications, as well as supporting financially the work of the Counselling Service to increase the range of counselling support offered to vulnerable students and to improve publicity. We expanded two professional mentoring programmes for Levels 2 and 3 WP students, with the National Mentoring Consortium programme for black and minority ethnic students increasing numbers to 20 from 16 and the Brunel WP mentoring programme numbers increasing to 40 from 22.

Bursaries and Student Financial Support

The University offers bursaries and financial support to a wide range of students of limited financial means from different backgrounds and with different talents.

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

In addition, up to 25 Regional Partnership Scholarships worth up to £3,000 pa are offered to high-performing students who attend a maintained school or college in six West London boroughs and who meet one or more of the under-represented criteria: they have a disability; are a care leaver or come from a low-income background.

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

The Disabled Student's Allowance (DSA) pays for any extra costs UK disabled students may have in attending their course as a direct result of their disability.

The University also supports all students through schemes to assist with the purchase of books and equipment, attendance at conferences and travel grants.

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

Academic Programmes and Projects for Public Benefit

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

Tackling Cancer. Brunel University staff are leading a collaborative venture between Brunel and other academic partner groups across Europe which focuses on diagnostic biomarkers for cancer. New knowledge about abnormal chromosome structures in different common human cancers will enable the group to develop new diagnostic procedures.

The Challenge of Ageing. In Europe alone, it is estimated that, by 2050, the number of people over 60 will have reached 40% of the total population and we will move from having four people of working age for every elderly citizen to just two.

Brunel has set up the Collaborative Research Network in Ageing, bringing together more than 50 academics with expertise in social, physical and biomedical sciences, able to study ageing from the cellular level through to individual human ageing and social policy. The Brunel Institute for Ageing Studies is leading a three-year interdisciplinary project to find ways to reduce the impact of continence difficulties for older people, one of the least socially acceptable signs of ageing.

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The Brunel University Progeria Research Fund provides support for scientific research into the causes of premature ageing in Hutchinson Gilford Progeria Syndrome, a rare genetic disease causing premature ageing in children, who usually die in their teens from heart attacks and strokes. The Brunel team is involved in critical work understanding how the mutation affects the behaviour of individual cells grown from Progeria donors. The research will not only help in the treatment of Progeria but will lead to further research aimed at designing a much-needed cure.

Health and Society. The Centre for Public Health Research brings together academics from across the University representing medical anthropology, biostatistics, health economics and sociology, epidemiology, environmental sciences, health promotion, social policy and human rights, psychology and rehabilitation. Separate work strands focus on, for example:

- fundamental aspects of cell and chromosome structure and function;
- rehabilitation research to enable people with disabilities to fulfil their potential for health and personal development;
- health service-related research encompassing the assessment of health outcomes, sexual and reproductive health and the evaluation of clinical trials;
- researching the rights, care and wellbeing of children, in particular the interface between law, policy and practice and their impacts on children, young people and their families.

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

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

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

A series of targets is identified annually and progress towards their achievement is reported to appropriate committees of the University. In addition, a Carbon Management Plan has been developed which details the targets and methods of supporting the published Higher Education Sectors carbon reduction targets, the mandatory UK Government targets and the Carbon Reduction Commitment Energy Efficiency Scheme

Brunel Volunteers

Brunel Volunteers is part of Brunel's Student Services. It creates volunteering opportunities for students to become involved with events and projects within the local and wider community. These opportunities can help students build skills relevant to future employment and explore different career paths before entering the graduate recruitment market, as well as provide opportunities on which to base coursework. A major initiative of Brunel Volunteers is the Community Action Programme, which is organised in partnership with the Hillingdon Community Trust. Approximately 100 selected and trained student volunteers were placed to undertake a minimum 50 hours volunteering over 2009-10, using links with existing community and voluntary

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

organisations active in the communities in the six southern wards of the London Borough of Hillingdon. Other examples of activities include the Global Poverty Project, an initiative to mobilise those students interested in tackling global poverty and one of the biggest successes of the year was the Summer Daze Fashion Show, an event organised by students to raise money and awareness of the local Community Cancer Centre.

Brunel University Corporate Governance Report

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

The University is a corporation formed by Royal Charter with charitable status. The Council is the University's governing body and, amongst other matters, it is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, the latest 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 is committed to best practice in corporate governance. The Council notes the Combined Code on Corporate Governance and the HEFCE Accounts Direction requirements. In addition the University has had regard to the Governance Code of Practice and General Principles (the Code) published by the Committee of University Chairs (CUC). In response to the Code and in accordance with overall good governance the Council periodically reviews the role of Council and its effectiveness. When last reviewed in 2005 Council was satisfied that its governance arrangements were well aligned with the Code and there were no significant omissions. The latest Council Effectiveness Review is due to conclude in late 2010.

The Charter and Statutes require the University to have two separate bodies, the Council and the Senate, each with clearly defined functions and responsibilities, to oversee and manage its activities. Under the Statutes, the University may have another body, the Court. The University has constituted its Court, which does not have any legal or other powers in respect of the University.

The Council is the governing body of the institution and in exercising its role and powers undertakes to meet the obligations placed upon the institution by the founding Charter of the University. This establishes the University as both a teaching and examining body providing education in various branches of learning as determined by the institution and as a body making provision for research and dissemination of knowledge. Council 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, subject to the Statutes and Ordinances, is to direct and regulate the teaching and research work of the University.

The principal academic and administrative officer of the University is the Vice-Chancellor, who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the accounting officer of the University. The role of Chair of Council is separated from the role of the University's Chief Executive, the Vice-Chancellor. The matters specifically reserved to the Council for decision are set out in the University's Statutes. Council is responsible for the University's ongoing strategic direction, approval of major developments and receiving regular reports from Executive Officers on the day to day operations of its business and its subsidiaries. The Council meets four times a year and has several Committees, all of which are formally constituted with terms of reference. The key Committees are noted below.

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.

Brunel University Corporate Governance Report

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 attendance requirement for members of Council and its Committees was measured over the course of the year 2009/10 and the average attendance achieved was 87%.

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 remains keen on driving its VFM agenda forward and the programme of activity for the 2009/10 academic year will be taken forward in 2010/11.

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

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

Brunel University

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

Brunel University Council's Responsibility for the Financial Statements

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 2010 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 University Council, in accordance with the Charter and Statutes of the University. Our audit work has been undertaken so that we might state to the University Council those matters we are required to state to it in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University Council for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the University Council and Auditors

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 18.

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 dated June 2008, the Financial Memorandum with 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 2010 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 2010 have been applied for the purposes for which they were received; and,
- iv. in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University's statutes and, where appropriate, with the 2008 Financial Memorandum with the Higher Education Funding Council for England dated June 2008, the Financial Memorandum with the Training and Development Agency for Schools.



Chris Wilson
For and behalf of
KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

Date:- 25 November 2010

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.

Agency arrangements

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

Accounting for charitable donations

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

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

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

Tangible fixed assets

a Land and buildings

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

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

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

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

Freehold land is not depreciated

b Equipment

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

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

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

Brunel University

Statement of principal accounting policies

c Books

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

Repairs and Maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred.

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.

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.

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 2010

	Notes	Year Ended 31 July 2010 £'000	Year Ended 31 July 2009 £'000
Income			
Funding body grants	1	57,552	51,676
Tuition fees and education contracts	2	64,505	57,765
Research grants and contracts	3	12,570	13,784
Other Income	4	34,246	33,190
Endowment and investment income	5	598	1,357
Total Income		169,471	157,772
Expenditure			
Staff costs	6	90,921	86,663
Other operating expenses	8	55,827	50,090
Depreciation	10	10,644	10,292
Interest payable	7	6,394	5,933
Total Expenditure		163,786	152,978
Surplus after depreciation of tangible fixed assets at valuation and before tax		5,685	4,794
Taxation	9	-	-
Surplus before exceptional items		5,685	4,794
Surplus for the year transferred to accumulated income endowment funds		-	-
Surplus for the year retained within general reserve		5,685	4,794

All items of income and expenditure arise from continuing operations

Statement of Group Historical Cost Surplus and Deficits

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

Notes from pages 22 to 48 form part of these Financial Statements.

Statement of Group Total Recognised Gains and Losses
Year Ended 31 July 2010

	Notes	Year Ended 31 July 2010 £'000	Year Ended 31 July 2009 £'000
Surplus on continuing operations after depreciation of fixed assets at valuation, disposal of assets and tax		5,685	4,794
Endowment income retained in year	19	519	139
Endowments withdrawn	19	(313)	(447)
Movement in assets		-	9
Appreciation of endowment assets	19	3	34
Actuarial loss in respect of pension schemes	23	(1,754)	(12,853)
Past Service Cost Indexation	23	4,156	-
New Endowments	19	15	205
Total recognised gains/(losses) relating to the year		8,311	(8,119)
Prior year adjustments		-	(1,229)
Total gains/(losses) recognised since last financial statement		8,311	(9,348)
Reconciliation			
Opening reserves and endowments		124,113	132,232
Total recognised gains /(losses) for the year		8,311	(8,119)
		132,424	124,113

Notes from pages 22 to 48 form part of these Financial Statement

Balance Sheets
As at 31 July 2010

	Note	Group		University	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
Fixed assets					
Tangible fixed assets	10	269,992	274,023	269,992	274,023
Investments	11	113	130	33	33
		270,105	274,153	270,025	274,056
Endowment assets	12	1,590	1,366	1,590	1,366
Current assets					
Stock		153	132	153	132
Debtors	13	10,410	11,246	10,552	11,280
Investments	14	55,092	36,800	55,092	36,800
Cash at bank and in hand		1,085	818	1,042	763
		66,740	48,996	66,839	48,975
Creditors					
Amounts falling due within one year	15	(37,059)	(39,043)	(36,889)	(38,884)
Net current assets		29,681	9,953	29,950	10,091
Total assets less current liabilities		301,376	285,472	301,565	285,513
Creditors					
Amounts falling due after more than one year	16	(95,513)	(96,588)	(95,513)	(96,583)
Less Provisions for liabilities and charges	17	(1,127)	(1,166)	(1,127)	(1,166)
Total net assets excluding pension liabilities		204,736	187,718	204,925	187,764
Net Pension liabilities	23	(34,540)	(35,403)	(34,540)	(35,403)
Total net assets including pension liabilities		170,196	152,315	170,385	152,361
Deferred capital grants	18	37,772	28,202	37,772	28,202
Endowments					
Permanent	19	769	494	769	494
Expendable	19	821	872	821	872
		1,590	1,366	1,590	1,366
Reserves					
Income and expenditure account					
Excluding pension liabilities		165,374	158,150	165,563	158,196
Pension reserve		(34,540)	(35,403)	(34,540)	(35,403)
		130,834	122,747	131,023	122,793
Total funds		170,196	152,315	170,385	152,361

Notes from pages 22 to 48 form part of these Financial Statements

The financial statements on pages 26 to 48 were approved by the Council on 24th November 2010 and signed on its behalf by:

Chair of Council – T Webb

Vice Chancellor and Principal – Professor C Jenks

Consolidated Cash Flow Statement
Year ended 31 July 2010

	Notes	Year Ended 31 July 2010 £'000	Year Ended 31 July 2009 £'000
Net cash inflow from operating activities	21	18,970	28,929
Returns on investments and servicing of finance			
Income from investments	5	3	34
Other interest received	5	595	1,323
Interest paid	7	(6,394)	(5,933)
		(5,796)	(4,576)
Taxation		-	-
Capital expenditure and financial investment			
Payments made to acquire assets	10	(6,626)	(13,129)
Loss on Disposal of fixed assets		13	197
Fixed asset investment additions		(25)	-
Deferred capital grants received	18	13,039	358
		6,401	(12,574)
Management of liquid resources	22	(18,292)	(12,737)
Financing		(1,016)	(972)
Increase/(Decrease) in cash		267	(1,930)
Reconciliation of net cash flow to movement in net debt			
Increase/(Decrease) in cash for the period	22	267	(1,930)
Changes in short term deposits		18,292	12,737
Change in net debt		1,245	905
		19,804	11,712
Net debt at beginning of year		(58,625)	(70,337)
		(38,821)	(58,625)

Notes from pages 22 to 48 form part of these Financial Statements

Notes to the accounts
For the year ended 31 July 2010

	Notes	Year Ended 31 July 2010 £'000	Year Ended 31 July 2009 £'000
1 Funding body grants			
Recurrent grant			
Higher Education Funding council		49,803	44,883
Training and Development Agency		2,498	2,820
Specific grants		2,035	1,654
Deferred capital grants released in year			
Building	18	1,962	1,237
Equipment	18	1,254	1,082
		57,552	51,676
2 Tuition Fees and education contracts			
Full-time home and EU fees		30,384	26,849
Full-time international students		24,275	20,813
Part-time students		2,568	2,643
NHS education contract		4,453	4,523
Short course fees		2,117	2,276
Other Fees		708	661
		64,505	57,765
3 Research grants and contracts			
Research councils		5,942	6,073
UK Charities		654	723
Industry and commerce		2,456	2,212
Governmental		3,158	4,174
Other sources		360	602
		12,570	13,784
4 Other income			
Residences, catering, conferences and retail		25,805	24,660
Other income		8,376	8,466
Released from deferred capital		65	64
		34,246	33,190
5 Endowment and Investment income			
Income from permanent endowments		1	8
Income from expendable endowments		2	26
Income from short term investments		595	1,323
		598	1,357

Notes to the accounts
For the year ended 31 July 2010

	Year Ended 31 July 2010 £'000	Year Ended 31 July 2009 £'000
6 Staff costs		
Salaries	73,889	71,782
Social security costs	6,011	5,891
Contributions to occupational Pension Scheme	10,644	9,114
Other pension liabilities	49	(337)
Restructuring costs	328	213
	<u>90,921</u>	<u>86,663</u>

Emoluments of the Vice-Chancellor

Salary	241	209
Benefits	2	-
Pension contributions	37	29
	<u>280</u>	<u>238</u>

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

	Number	Number
£100,000 to £109,999	10	7
£110,000 to £119,999	4	4
£120,000 to £129,999	3	2
£130,000 to £139,999	-	-
£140,000 to £149,999	1	3
£150,000 to £159,999	1	-
£160,000 to £169,999	1	-

	Number	Number
Average staff numbers by major category		
Academic and hourly Paid lecturers	889	893
Administrative and Academic support	411	391
Technical	74	71
Other	<u>1,096</u>	<u>1,068</u>
	<u>2,470</u>	<u>2,423</u>

There was no compensation for loss of office payable to senior post-holders in this year. (2008/09: nil)

13 Trustees of the University, none of whom were employed by Brunel University, received an annual payment of £250 each totalling £3,250 (2009: 13 trustees £3,250).

	Year Ended 31 July 2010 £'000	Year Ended 31 July 2009 £'000
7 Interest and other finance costs		
Loans not wholly repayable within five years	4,658	4,701
Loans wholly or partly payable within five years	-	5
Net charge on pension scheme	1,736	1,227
	<u>6,394</u>	<u>5,933</u>

Notes to the accounts
For the year ended 31 July 2010

8 Analysis of total expenditure by activity

	Staff costs £'000	Other operating expenses £'000	Dep'n £'000	Interest Payable £'000	2010 Total £'000	2009 Total £'000
Academic departments	53,697	14,941	1,586	-	70,224	64,866
Academic Services	10,695	6,778	186	-	17,659	15,682
Research grants and contracts	4,601	2,666	188	-	7,455	8,914
Residences, catering, conferences & Science Park	6,421	7,965	3,222	4,658	22,266	21,965
Premises	4,089	12,445	4,975	-	21,509	18,332
Administration	9,003	8,640	485	1,736	19,864	17,306
Impairments	-	104	-	-	104	1,615
Other services	2,415	2,288	2	-	4,705	4,298
	90,921	55,827	10,644	6,394	163,786	152,978

**Year Ended
31 July 2010
£'000**

Year Ended
31 July 2009
£'000

Other operating expenses include:

External Auditors remuneration in respect of audit services	45	57
External Auditors remuneration in respect of non-audit services	14	14

9 Taxation

UK corporation tax (recoverable)/payable	-	-
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Notes to the accounts
For the year ended 31 July 2010

10 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 2009:				
Cost	300,068	9,991	18,020	328,079
Less: Disposals in year	-	-	(222)	(222)
Additions at cost	2,795	2,217	1,614	6,626
Transfers between accounts	6,957	(8,023)	1,066	-
At 31 July 2010:				
Cost	309,820	4,185	20,478	334,483
Depreciation				
At 1 August 2009:	43,543	-	10,513	54,056
Charge for the year	7,840	-	2,804	10,644
Eliminated in respect of disposals	-	-	(209)	(209)
	51,383	-	13,108	64,491
Net book value 31 July 2010	258,437	4,185	7,370	269,992
Net book value 31 July 2009	256,525	9,991	7,507	274,023
Financed by capital grant	24,976	450	1,974	27,400
Other	233,461	3,735	5,396	242,592
Net book value 31 July 2010	258,437	4,185	7,370	269,992

On 31 July 2010, freehold land and buildings included £6.6m, (£6.6m, 2008- 09) in respect of freehold land and is not depreciated.

In accordance with FRS15, the university followed the transitional provision to retain book value of land and buildings.

11 Fixed asset investments

	Group		University	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Investment in CVCP Properties plc	33	33	33	33
Investments in associated companies	80	97	-	-
	113	130	33	33

Notes to the accounts
For the year ended 31 July 2010

Investments in subsidiary companies

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

12 Endowment assets

	Group and University	
	2010 £'000	2009 £'000
Balance as at 1 August	1,366	1,435
New endowments invested	15	205
Increase/(Decrease) in cash balances held for endowment funds	209	(274)
Balances as at 31 July	1,590	1,366
Represented by:		
Cash at bank held for endowment fund	1,590	1,366

13 Debtors

	Group		University	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Amounts falling due within one year:				
Debtors	5,352	6,957	5,341	6,904
Amounts due from subsidiary companies	-	-	418	402
Prepayments and accrued income	4,442	3,703	4,442	3,703
	9,794	10,660	10,201	11,009
Amounts falling due after one year:				
Loans	269	319	4	4
HEFCE matched funding	347	267	347	267
	10,410	11,246	10,552	11,280

14 Investments

	Group and University	
	2010 £'000	2009 £'000
Money market deposits	55,092	36,800
	55,092	36,800

Notes to the accounts
For the year ended 31 July 2010

15 Creditors: amounts falling due within one year

	Group		University	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bank Loans	1,075	1,021	1,070	1,021
Trade Creditors	15,035	19,987	15,015	19,961
Taxation and social security	103	106	89	87
Accruals and deferred income	20,846	17,929	20,715	17,815
	37,059	39,043	36,889	38,884

16 Creditors: amounts falling due after more than one year

	Group		University	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bank Loans	95,364	96,434	95,364	96,434
Other Loans	149	149	149	149
Other creditors	-	5	-	-
	95,513	96,588	95,513	96,583

Analysis of secured and unsecured loans is as follows:

	Group		University	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
In one year or less	1,075	1,021	1,070	1,021
Between one and two years	1,259	1,219	1,259	1,219
Between two and five years	3,703	3,520	3,703	3,520
After five years	90,551	91,844	90,551	91,844
	96,588	97,604	96,583	97,604

For the three loans outstanding totalling £96.6m, the interest rate exposure is managed through an interest rate swap. The funds have been borrowed via Lloyds TSB bank plc and the amounts and rates after applying the swaps of each of the loans are £47.9m at 4.588%, £24.2m at 4.5843% and £24.4m at 4.5823%. All loans are repayable by instalments until December 2040.

17 Provisions for liabilities and charges

Group and University	Enhanced Pension Costs £'000
At 1 August 2009	1,166
Expenditure in year	(88)
Transferred from Income and Expenditure account	49
At 31 July 2010	1,127

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 2010

18 Deferred capital grants

	Funding Councils £'000	Other Grants & benefactions £'000	Total £'000
At 1 August 2009:			
Land and Buildings	23,161	2,569	25,730
Equipment	2,252	219	2,471
	<u>25,413</u>	<u>2,788</u>	<u>28,201</u>
Cash Received:			
Land and Buildings	11,519	-	11,519
Equipment	1,383	137	1,520
	<u>12,902</u>	<u>137</u>	<u>13,039</u>
Released to income and expenditure account			
Land and buildings	(1,962)	-	(1,962)
Equipment	(1,254)	(252)	(1,506)
	<u>(3,216)</u>	<u>(252)</u>	<u>(3,468)</u>
Total	<u>35,099</u>	<u>2,673</u>	<u>37,772</u>
At 31 July 2010:			
Land and buildings	32,718	2,569	35,287
Equipment	2,381	104	2,485
	<u>35,099</u>	<u>2,673</u>	<u>37,772</u>

All deferred capital grants relate to the University

Notes to the accounts
For the year ended 31 July 2010

19 Endowments

	Restricted Permanent £'000	Restricted Expendable £'000	2010 Restricted Total £'000	2009 Restricted Total £'000
Balance at 1 August 2009				
Capital	492	845	1,337	1,233
Accumulated income	29	-	29	202
	<u>521</u>	<u>845</u>	<u>1,366</u>	<u>1,435</u>
New endowments	5	10	15	205
Income	279	240	519	139
Appreciation of endowment assets	1	2	3	34
Expenditure	(37)	(276)	(313)	(447)
At 31 July 2010	<u>769</u>	<u>821</u>	<u>1,590</u>	<u>1,366</u>

	Group and University		
	Permanent £'000	Expendable £'000	Total £'000
Scholarship funds	-	269	269
Chairs and lectureships	-	13	13
Prize funds	466	63	832
Other funds	303	476	476
Total	<u>769</u>	<u>821</u>	<u>1,590</u>

20 Reserves

	Group £'000	University £'000
Balance at 1 August 2009	122,747	122,793
Surplus for the year	5,685	5,828
Actuarial loss in respect of pension scheme	(1,754)	(1,754)
Actuarial change in past service indexation	4,156	4,156
Balance at 31 July 2010	<u>130,834</u>	<u>131,023</u>
Balance represented by:		
Income and expenditure reserve	165,374	165,563
Pension reserve	(34,540)	(34,540)
	<u>130,834</u>	<u>131,023</u>

Notes to the accounts
For the year ended 31 July 2010

21 Reconciliation of profit before tax to net cash flow

	2010	2009
	£'000	£'000
Surplus before tax	5,685	4,794
Depreciation	10,644	10,292
Movement in assets	-	8
Impairments	42	1,615
Deferred capital grants released to income	(3,468)	(2,719)
Interest payable	6,394	5,933
Decrease/(Increase) in stock	(21)	(7)
Investment Income	(598)	(1,357)
(Increase)/Decrease in debtors	836	2,143
(Decrease)/Increase in creditors	(2,040)	7,344
Increase/(Decrease) in provisions	(39)	(7)
FRS 17 Pension costs less contributions payable	1,535	890
	18,970	28,929

22 Analysis of changes in net debt

	At August 2009 £'000	Cash flows £'000	Other changes £'000	At July 2010 £'000
Cash at bank and in hand				
Endowment assets	1,366	224	-	1,590
Other	818	267	-	1,085
	2,184	491	-	2,675
Short term investments	36,800	18,292	-	55,092
Debts due within one year	(1,021)	(54)	-	(1,075)
Debts due after more than one year	(96,588)	1,075	-	(95,513)
	(58,625)	19,804	-	(38,821)

23 Pension Schemes

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

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

	2010	2009
	£'000	£'000
Contributions to USS	7,934	6,433
Contributions to TPF	365	368
Contributions to LPFA	2,535	2,249
Contributions to other pension schemes	1	-
Provision for ex-WLIHE pension increase	49	64
Total Pension cost	10,884	9,114

Universities Superannuation Scheme

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

The appointment of directors to the board of the trustees is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a

Notes to the accounts

For the year ended 31 July 2010

minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

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

The latest triennial actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2010 are also included in this note.

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

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

Standard mortality tables were used as follows:

Male members' mortality PA92 MC YofB tables – rated down 1 year

Female members' mortality PA92 MC YofB tables – No age rating

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

Males (females) currently aged 65 22.8 (24.8) years

Males (females) currently aged 45 24.0 (25.9) years

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

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

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

Notes to the accounts
For the year ended 31 July 2010

more stable, historic, salary experience. However, when calculating the past service liability of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

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 fluctuate and at 31 March 2010 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 91% (a deficit of £3,065 million). Compared to the previous 12 months, the funding level has improved from 74% (as at 31 March 2009) to 91%. 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 5.6% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2010 was 80%. An estimate of the funding level measured on a buy-out basis at that date was approximately 57%.

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

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

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

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

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

Notes to the accounts
For the year ended 31 July 2010

At 31 March 2010, USS had over 135,000 active members and the institution had 1018 active members participating in the scheme.

The total pension cost for the institution was £7,933,934 (2009: £6,433,020). This includes £nil (2009: £ nil) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was, 14% until 30 September 2009 and then 16% from 01 October 2009, of pensionable salaries.

Teachers Pension Scheme

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

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

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

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

The University participates as an Admitted Body in the LPFA which is administered in accordance with the Local Government Pensions Scheme Regulations 1997. The fund is valued every three years by actuaries, and the projected unit method is used in respect of the Active Sub-Fund in which the University participates. Each participating employer has their own contribution rate reflecting its long term future service rate, adjusted for the funding level in respect of past service. For the year ended 31 July 2010, the employer's contribution rates were 19.2% from 1 April 2010 21.0%. The employee's rate from 1 April 2010 is based on a banded earnings schedule. The employer's contributions were £2.24 million and the employees' contributions were £0.84 million.

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

31 July	At 2010	At 2009	At 2008	At 2007	At 2006
Inflation (CPI)	2.7%	-	-	-	-
Inflation (RPI)	3.2%	3.6%	3.8%	3.3%	3.1%
Rate of increase in salaries	4.7%	5.1%	5.3%	4.8%	4.6%
Rate of increase in pensions	2.7%	3.6%	3.8%	3.3%	3.1%
Discount rate	5.4%	6.0%	6.7%	5.8%	5.1%

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 2009 disclosures. By virtue of the roll forward approach this loading will also be applied within these 2010 disclosures.

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

Notes to the accounts
For the year ended 31 July 2010

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

	At 31 July 2010		At 31 July 2009	
	Long term rate of return	Fund Value £'000	Long term rate of return	Fund Value £'000
Equities	7.3%	32,638	7.5%	28,606
Target Return Portfolio	4.5%	5,676	6.2%	4,320
Alternative Assets/Property	6.3%	7,095	6.7%	6,166
Cash	3.0%	946	3.0%	2,852
Other Bonds	5.4%	946	-	-
Total Market Value of assets		47,301		41,944

The following amounts at 31 July 2010 were measured in accordance with the requirements of FRS 17

At 31 July	2010 £'000	2009 £'000
Estimated asset share	47,301	41,944
Present value of scheme liabilities	(81,841)	(77,347)
Deficit in scheme	<u>(34,540)</u>	<u>(35,403)</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:

Movement in deficit during the year:

Analysis of amount charged to income and expenditure account

	2010 £'000	2009 £'000
Current service cost (net of employee contributions)	(2,326)	(1,914)
	<u>(2,326)</u>	<u>(1,914)</u>

Analysis of net return on pension scheme

Expected return on pension scheme assets	2,932	3,204
Interest on pension liabilities	(4,668)	(4,431)
Net return	<u>(1,736)</u>	<u>(1,227)</u>

Notes to the accounts
For the year ended 31 July 2010

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

Actual return less expected return on Pension scheme assets	1,313	(6,072)
Experience gains and losses arising on scheme liabilities	9	-
Changes in assumptions underlying the present value of the scheme liabilities	<u>(3,076)</u>	<u>(6,781)</u>
Actuarial (loss) recognised in STRGL	(1,754)	(12,853)
Past service cost indexation	4,156	-
Total Recognised in STRGL	<u><u>2,402</u></u>	<u><u>(12,853)</u></u>

In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The University has considered the LGPS scheme rules and associated members' literature and has concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). At the date of these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue an Abstract towards the end of 2010. Should the abstract call for a different accounting treatment it may be necessary to reflect any change in the financial statements for the following year.

Movement in deficit in the year

Deficit in scheme at the beginning of the year	(35,403)	(21,660)
Movement in year:		
Current service costs	(2,326)	(1,914)
Contributions	2,522	2,250
Contributions in respect of unfunded benefits	1	1
Past service costs	4,156	-
Net return on assets	(1,736)	(1,227)
Actuarial loss	<u>(1,754)</u>	<u>(12,853)</u>
Deficit in scheme at the end of the year	<u><u>(34,540)</u></u>	<u><u>(35,403)</u></u>

Notes to the accounts
For the year ended 31 July 2010

Analysis of net return on scheme liabilities

	2010 £'000	2009 £'000
At beginning of the year	77,347	66,125
Service cost	2,326	1,914
Interest cost	4,668	4,431
Actuarial losses/(gains)	3,067	6,781
Losses/gains on curtailments	-	-
Estimated benefits paid (net of transfers in)	(2,251)	(2,725)
Past service cost	(4,156)	-
Contributions by Scheme participants	841	822
Unfunded pension payments	(1)	(1)
	<u>81,841</u>	<u>77,347</u>

Analysis of net return on scheme assets

At beginning of the year	41,944	44,465
Expected return on Scheme assets	2,932	3,204
Actuarial Gain (losses)	1,313	(6,072)
Contributions by employer	2,523	2,251
Contributions by Scheme participants	841	822
Estimated benefits paid (net of transfers in and unfunded)	(2,252)	(2,726)
	<u>47,301</u>	<u>41,944</u>

	Year ended 31 July 2010		Year ended 31 July 2009	
	£'000	%	£'000	%
Equities	32,638	69.0	28,606	68.2
Target Return Portfolio	5,676	12.0	4,320	10.3
Alternative Assets	7,095	15.0	6,166	14.7
Cash	946	2.0	2,852	6.8
Other Bonds	946	2.0	-	-
Total	<u>47,301</u>	<u>100.0</u>	<u>41,944</u>	<u>100.0</u>

**History of experience gains and losses
Cumulative**

	Year ended 31 July 2010 £'000	Year ended 31 July 2009 £'000	Year ended 31 July 2008 £'000	Year ended 31 July 2007 £'000	Year ended 31 July 2006 £'000
Difference between expected and actual return on assets:					
Amount (£'000)	1,313	(6,072)	(6,975)	2,104	1,728
Percentage of scheme assets	47,301	41,944	44,465	47,749	42,318
	2.8%	(14.5%)	(15.7%)	4.5%	4.1%
Experience gains on scheme liabilities	9	-	1,443	20	11
Amount (£'000)	81,841	77,347	66,125	62,486	62,600
Percentage of the present value of the scheme liabilities	0.0%	0.0%	2.2%	0.0%	0.0%
Total amount recognised in statement of recognised gains and losses	(1,754)	(12,853)	(6,294)	6,533	(256)
Present value of liabilities	81,841	77,347	66,125	62,486	62,600
Percentage of the present value of the scheme liabilities	(2.1%)	(16.6%)	(9.5%)	10.5%	0.4%

Notes to the accounts
For the year ended 31 July 2010

24 Capital commitments

Provision has been made for the following capital commitments

Consolidated and University

	2010	2009
	£'000	£'000
Commitments contracted for at 31 st July	4,402	4,209
	<u> </u>	<u> </u>

25 Contingent liabilities

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

26 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 2010, the University paid a grant of £964,000 to the Union (2009: £918,000), and provided the Union with accommodation on all campuses free of rent and most other occupancy costs.

27 Access to hardship funds (HEFCE)

	2010	2009
	£'000	£'000
Balance brought forward at 1 August	44	111
Funding Council grants received	244	277
Funding Council Claw back	-	(72)
Interest earned	7	5
Disbursed to students	(268)	(272)
Contributions to fund running costs	(4)	(3)
Administration staff costs	(3)	(2)
	<u> </u>	<u> </u>
	20	44
	<u> </u>	<u> </u>

28 Teacher Training Bursaries

	2010	2009
	£'000	£'000
Balance brought forward at 1 August	84	228
Teacher Development Agency grant received	1,282	1,578
Disbursed to students	(1,602)	(1,722)
	<u> </u>	<u> </u>
Balance due to Teacher Development Agency	(236)	84
	<u> </u>	<u> </u>

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

Notes to the accounts
For the year ended 31 July 2010

29 Financial Commitments

At July 2010, the University had annual commitments under non-cancellable operating leases as follows

	Land and Buildings £'000	Equipment £'000	2010 £'000	2009 £'000
Within one year	871	382	1,253	1,655
Within two to five years	-	416	416	620
After five years	-	3	3	-
	<u>871</u>	<u>801</u>	<u>1,672</u>	<u>2,275</u>

Brunel University
Membership of Council and Trustees during the 2009 – 10 year

	Status of Appointment	Date Appointed in-year	Date resigned in year
The Rt Hon. Lord Wakeham DL	Chancellor		
Sir Robert Balchin	Pro Chancellor		
Professor C Jenks	Vice-Chancellor & Principal		
Professor M Sarhadi	Vice-Principal		
Mr T A C Webb - Chair	Independent Member		
Mrs J Kelly – Deputy Chair	Independent Member		
Mr T Belisario	Independent Member		
Ms M Black	Independent Member	1.08.2009	
Ms M Chapman	Independent Member		
Ms N Cole	Independent Member		
Mr D Finlayson	Independent Member		
Professor K Gregory	Independent Member	1.04.2010	
Mrs M Lenton	Independent Member		
Mr R Lougee	Independent Member		
Dr J McGrath	Independent Member		
Dr J Murphy	Independent Member		30.09.2009
Mr A Siddiqui	Independent Member		
Mr C Thorneycroft-Smith	Independent Member		
Mr G Tomkinson	Independent Member	1.10.2009	
Professor Z Irani	Appointed by Senate		
Dr W Leahy	Appointed by Senate	1.09.2009	
Professor R Simpson	Appointed by Senate	1.08.2009	
Professor S Capel	Appointed by Senate		
Dr S Naylor	Elected Academic Member		
Professor M Lycett	Elected Academic Member	1.08.2009	
Ms N Bowes	Elected Staff Member	1.08.2009	
Mr B Stiff	Elected Staff Member		
Ms N Foster	Student Member		

Committees served during the year:

Finance Committee

Chairman

Dr J McGrath

Members

Mr T A C Webb
Ms M Black
Ms M Chapman
Mrs J Kelly
Dr J Murphy
Professor Z Irani
Dr W Leahy
Professor M Lycett
Mr B Stiff
Ms N Foster

Audit Committee

Chairman

Mr C Thorneycroft-Smith

Members

Ms N Cole
Mrs M Lenton
Mr R Lougee
Mr A Siddiqui

Remuneration & Nomination Committees

Chairman

Mr T A C Webb

Members

Mr D Finlayson
Mrs J Kelly
Dr J McGrath
Dr J Murphy

Special Projects Committee

Chairman

Mrs J Kelly

Members

Mr D Finlayson
Mr R Lougee
Dr J McGrath
Mr C Thorneycroft-Smith

Professional Advisers

Bankers

HSBC Bank plc, Uxbridge

Legal advisers

Eversheds, London
Nabarro Nathanson, London

External auditors

KPMG LLP, London

Indirect tax advisers

Ellis Chapman & Associates,
Knutsford, Cheshire