

Brunel UNIVERSITY LONDON



**Financial Statements
2011 – 12**

Brunel University
Financial Statements for the year ended 31 July 2012

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Brunel University

Operating and Financial Review

Mission and Strategy of the University

The University's Mission is:

"To create knowledge and advance understanding, and equip versatile graduates with the confidence to apply what they have learnt for the benefit of society"

This Mission has been updated as part of the new Strategic Plan for the University, which covers the period from 2012 to 2017. Work on the Strategic Plan started in 2011 and engaged all parts of the University and the University Council in its development. It has been designed to confirm Brunel's place in the top third of UK Higher Education Institutions, as a university with a robust plan of development, a strong aspiration to continue to improve its educational and research activities, and a clear sense of self-determination.

At Brunel, staff and students work and study together on a single, modern campus in Uxbridge, West London. This has state-of-the-art facilities for learning and teaching, and which provides great opportunities for people to enjoy the personal and social benefits of an integrated community. We will take advantage of the last 10 years of continual investment in our estate and infrastructure, and plan the next phase of the campus development to ensure that it continues providing a secure and solid foundation for us to produce high quality research and education.

This Strategic Plan for 2012-2017 provides the direction needed for us to raise our standing so that we become an internationally recognised, top ranking university with global reach through our graduates and our research impact.

Competitive and Regulatory Environment

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

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

The terms and conditions for the payment of grants to the university by HEFCE are governed by the HEFCE Financial Memorandum. The University is required to submit a series of financial, data and accountability returns as part of the regulation process. Brunel University is an exempt charity under the terms of the Charities Acts 2011 and HEFCE is the principal regulator of the University as a charitable institution.

The University has a broad mix of students, with regulated limits to fees for UK and European Union undergraduate (HEU) students, but flexibility to set fee levels for postgraduate and international students.

All higher education institutions wishing to charge fees for HEU students of above £6,000 a year up to the limit of £9,000 are required to submit an Access agreement to The Office for Fair Access (OFFA). The University will be charging HEU students £9,000 a year for most of its undergraduate degrees which will allow us to maintain our strong focus on research-led teaching and student employability, and to continue to invest in our facilities and curriculum. The University is committed to ensuring that all those with the potential to benefit from studying here have the opportunity to do so, whatever their background. We aim to continue and expand the activities that have proved successful in widening access and delivering positive outcomes for students from under-represented backgrounds at the university. The University has had its latest proposals for charging tuition fees and associated Fair Access activities for 2013/14 onwards approved by OFFA.

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During 2011/12, The University successfully participated in the tender for provision of physiotherapy training at undergraduate and postgraduate level for NHS London. The tender process was used by NHS London to improve quality and cost effectiveness in the provision of training places and the University was successful in increasing its share from previous contract levels.

Changes in the tier system of visa requirements introduced by the UK Borders Agency in April 2012 have had an adverse impact on the sector's international student numbers, in particular on volumes from India and Pakistan. The University is working to develop applications and recruitment from a broader range of countries than in previous years.

Research funding for the sector from Government sources continues to be frozen in cash terms, and this funding is expected to be constrained for the foreseeable future. The University continues to attract increased overall levels of research grant funding, including from non-Government sources, as it follows its research-intensive strategy.

Students

Overall student numbers for 2011/12 decreased from record levels in 2010/11, from 15,446 to 15,073, a reduction of 2.4%. The largest reduction was in postgraduate taught numbers, from 3,460 in 2010/11 to 3,124 in 2011/12, a reduction of 9.7%. This was mainly driven by international student numbers and reflects a return to levels more in line with those of 2008/09 and 2009/10, following a one-off increase in 2010/11. There were small reductions in undergraduate degree and non-degree numbers, but postgraduate research numbers increased against 2010/11, reflecting the University's strategic approach to developing its research activities.

Student Numbers	2011/12			2010/11		
	Home/EU	Overseas	Total	Home/EU	Overseas	Total
Undergraduate non degree	224	75	299	230	118	348
Undergraduate PGCE	9,152	1,145	10,297	9,202	1,143	10,345
	305	7	312	314	5	319
Postgraduate Taught	1,712	1,412	3,124	1,755	1,705	3,460
Postgraduate Research	521	520	1,041	492	482	974
Total	11,914	3,159	15,073	11,993	3,453	15,446

The diversity of our students is reflected in the proportions of our students by gender (54% male and 46% female), ethnicity (40% white, 30% Asian, 20% black and 10% other) and also by students who derive from groups under-represented in Higher Education. The percentage of undergraduate students who are in receipt of the Disabled Student's Allowance (DSA), which is one of the monitored targets of our Widening Participation Strategy, has increased for all modes of attendance since 2008-09, and is increasing at a faster rate than for the English Higher Education sector as a whole. In particular, the number of part-time undergraduate students receiving DSA is nearly four times the sector average. We also exceed our benchmark target and the sector average for students from state schools and for students from social classes 4-7.

The results of the 2012 National Student Survey show that the University maintained and in most categories increased further its scores, building on the outstanding achievement in 2011, when Brunel was ranked as the UK's most improved university for student satisfaction. This performance demonstrates the continued impact of combined efforts of staff and the Students Union to improve the student experience at the University. With the continued implementation of the University's Learning and Teaching strategy we remain on track to achieve the objective of being in the upper quartile by 2014.

The University enjoys excellent working relationships with the Union of Brunel Students. This was particularly important during the debates surrounding the setting of tuition fees for 2012/13 onwards, including defining the University's Access Agreement scholarships and bursaries. This was a challenging time for both the Union and the University, with no outcome possible that could be described as genuinely

ideal. Although the Union argued strongly and coherently against the increase, the University worked to maintain good relations and ensure the Union's important input in devising a generous OFFA agreement, focusing on bursaries rather than fee-waivers, that would meet the needs of future students.

The University continues to invest in the services and facilities that it offers to students. Brunel has a range of health, welfare and advice services on site, in addition to varied social, sporting, arts and religious facilities. The study facilities and support include the University Library which offers an extensive collection of books, journals and other information including online databases, 16,000 eBooks and over 30,000 eJournals which are available through the Library website. There are 1,200 study spaces and nearly 400 PCs and there is wifi capability throughout the building. Inductions, information skills training and one-to-one support are also offered. The Library's layout was completely refurbished in 2011 following student feedback and is available for 24-hour service during the week. Students now have access to the Bloomberg economic and finance data system, with terminals that are available to all students. This facility will increase potential employability, giving students direct experience of a system used throughout the banking and finance industry. The Library also provides the Academic Skills Service (ASK) which specialises in teaching all Brunel students the skills needed to learn independently and thrive academically, whatever the subject. ASK offer workshops, drop-ins, individual advice and resources on such skills as academic writing, critical thinking, note-making, time management, oral communication, maths and numeracy and is highly rated by our student users.

The University has 4,550 units of accommodation available to students at the Uxbridge campus. The halls of residence are all on-campus, and therefore all within close proximity to the teaching, social and sporting facilities. All accommodation is modern, with a choice of either en suite or standard facilities as well as studio flats for couples. Accommodation availability is guaranteed for all new first year undergraduates including those from the local area and we also offer guaranteed accommodation for all new full-time postgraduates who have confirmed their acceptance and met the conditions for a course.

Brunel University Sport's state-of-the-art facilities are open to students, staff and members of the community and activity programmes run throughout the year. We are committed to providing opportunities for all to take part in sport and active recreation. The sports facilities can be used by anyone with disabilities and we aim to provide a welcoming and friendly environment that is supportive to all our users, with lift and ramp access. Outdoor Facilities include a 3G synthetic pitch, a six lane athletics arena, grass pitches, multi-use synthetic pitches, plus tennis and netball courts. Indoor facilities include a large fitness centre, climbing wall, exercise studio, netball hall, sports hall and squash courts. In addition, Brunel's Indoor Athletics Centre is the centrepiece of the University's performance sport facilities. The Centre is also a UK Athletics Regional Performance Centre and is the training venue for many of UK Athletics finest athletes. Brunel recently provided a pre-Olympic training base for both the South Korean Olympic and the Canadian Paralympics squads, and the athletic facilities are used for training purposes each year by Usain Bolt, the 2012 Olympic 100m and 200m champion.

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, including new opportunities in Contemporary Education and Sport Sciences. Brunel's Placement and Careers Centre (PCC) has maintained its support for students and graduates in the continuing challenging economic climate. The PCC's three teams – Placement, Job Shop and Careers – are dedicated to helping students achieve both short and long term career goals, working with students from their first day and continuing for two years after graduation, providing information, guidance, advice and practical help.

The Placement team works with students and employers to make the placement process a simple and trouble free process. The PCC won an award at the 2012 National Placement and Internship Awards for the third year running adding 'Best UK Placement/Careers Service' to 'University with a Forward Thinking Attitude to Work-Based Learning' in 2011 and 'Best Placement Service' in 2010.

Ensuring excellent employment prospects for our graduates continues to be one of the University's highest priorities. To ensure that future students are still able to take advantage of placement opportunities, the fee for a placement year will again be reduced to just £1,000 or waived entirely for students from under-represented groups. The fee contributes towards the continued support and assessment structures that form an integral part of each placement. The University has Work Placement Officers to support students

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both on placement and seeking a placement. During a placement year, students have access to University facilities and services, both on campus and online.

PCC support to students includes one-to-one consultations with careers consultants (using technology such as Skype to reach out to graduates no longer living in the local area), workshops for final year students, using digital media for making recordings of workshops accessible, events such as Employability Week with a series of events targeting future employment issues and also the summer Graduate Recruitment Fair. The formation of an Enterprise Zone / Innovation Centre will provide a renewed focus on student employability and graduate skill levels by giving students the opportunity to experience real business activity on campus, as well as providing a vehicle to support the Graduate Entrepreneur Scheme.

For the fifth year running, Brunel surpassed its HEFCE employability benchmark, which is the funding body's prediction of likely graduate outcomes in relation to the composition criteria of graduates, such as entry qualifications and social background. We continue to develop innovative models of employer and graduate engagement, including on-campus interviews for high volume external recruiters, extensive outreach to local employers and a highly developed social media presence. Despite continued difficult economic times, to date PCC has advertised 5,533 job vacancies (sandwich placements, graduate training schemes, part-time and immediate graduate jobs) an increase of 11% on the previous year.

Much of the work of the PCC has been dedicated to assisting 2010-11 graduates, as well as 2011-12 final year students. In the challenging employment market, this help has been vital to our students. While the number of graduates unemployed and seeking work has risen from 8.6% in 2010 to 9.8%, overall 86.1% of 2011 Brunel leavers had positive employment or continued educational outcomes. Sandwich placement leavers in particular continue to experience more favourable employment outcomes including 79.4% of those employed in graduate level jobs and a salary premium of almost £5,000.

The Made in Brunel show is an annual event, 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, held in 2012 at The Bargehouse on London's South Bank and addressed by Dame Ellen MacArthur, attracts a wide range of visitors including trade professionals, trade press, industry specialists, schools, colleges, universities, graduates, the media, high net worth individuals, and people of influence from a wide range of industries. The students, as well as these diverse visitors, are offered unique business opportunities and networking possibilities. Traditionally, Made in Brunel provides an excellent opportunity for Brunel students to find employment. Last year's cohort obtained design and engineering jobs at companies including Jaguar Land Rover, Porsche Design, Dyson, Chanel, Hasbro, Burberry, Reiss and lastminute.com, with some also setting up their own businesses upon graduation.

Sponsorship is one of the ways that Brunel is pursuing to expand the routes through which students can participate in higher education. Brunel is one of 12 leading UK universities that are part of the Ford Blue Oval Scholarship Programme and Ford are currently sponsoring 10 Brunel undergraduates with awards of £10,000 each over the duration of their course. Tata Global Beverages is funding a series of Re-imagination Scholarships over the next two years at £20,000 per annum which are available to students who have been part of the Urban Scholars Programme.

Alumni

The Development and Alumni Relations Office (DARO) actively engages with Brunel's 80,000-strong alumni through a series of events and communications. In conjunction with the comprehensive communications schedule, including an annual 32-page magazine, Facebook and LinkedIn presences and quarterly e-newsletters, the team has in 2011/12 hosted two Vice-Chancellor's lunches, collaborated with the School of Social Sciences to host two networking events, and are in the process of organising the inaugural Alumnus of the Year Performance.

Schools work with the DARO team to maintain contact with groups within the alumni body, providing services, encouraging overseas chapters, hosting events and promoting professional networking. The Business School, for instance, has a dedicated alumni officer and has established chapters in Mumbai, Istanbul and Shanghai as well as hosting regular events in London where alumni offer themselves as a learning resource that extends students' experience into professional practice. The Schools of Engineering

and Design, Law, Social Sciences, Health Sciences and Social Care have all been involved in organising similar events. Social networking environments play an important role for both students and alumni and by bringing these communities together, students are able to explore industry sectors and discuss different career paths, whilst alumni can provide advice, perspectives, and play a role in student life.

Philanthropic support from our alumni is also invaluable, with donations from former students contributing directly to student life at Brunel by supporting scholarships, bursaries, library provision and financial support for those facing financial difficulties. The 2012 Annual Telephone Campaign surpassed previous years' records by raising over £100,000 for the Brunel Scholarships Fund.

Staff

The University recognises the fundamental importance of its academic and support staff in delivering our mission and also developing and delivering our strategic priorities. Our staff have made a major contribution to the development of the University's Strategic Plan and are committed to its implementation.

A particular focus of the Strategic Plan for the University is the theme of people and their networks, helping them connect with others with the primary aim of improving skills and knowledge of our staff which will, in turn, benefit our students and the wider community. Initiatives in 2011-12 have included:

- **Staff Workshops** which concentrate on how staff can enhance the student experience. These are held each term and are designed specifically to share best practice across campus and support networking and collaboration between Brunel colleagues. The workshop held in October 2011 marked our NSS success and staff members were invited to give short talks to academic and administrative colleagues from across campus on how they have contributed to a positive student experience and to share best practice.
- **Open House events.** Building on our previous initiatives, the Brunel 'open house' is the most recent route to support the dissemination of best practice. In January 2012 Schools opened their doors to staff from across campus so that they could learn more about the successes of each School, what they did well and lessons that other Schools and Departments can learn from when implementing their Learning and Teaching Enhancement Plans.
- **Annual Learning & Teaching Symposium.** This year saw a major redesign of the Learning and Teaching Symposium that brought the Brunel community together to learn, share, discuss and debate the issues high on Brunel's Learning and Teaching agenda. To ensure that there was something for everyone, we lined up an exciting range of topics and speakers and a reception for those shortlisted for a UBS Student Led Teaching Award – winners were announced and celebrated at the event.
- **The ReThink Forum**, which is part of the University Learning and Teaching Strategy and is a place for staff and students to discuss, share and be inspired by innovative ideas and enhanced outcomes in Programme Design and Delivery. Rethink Online provides a one-stop portal into a wealth of internal and external resources, guidance, project reports, case studies, discussion zones and events in the broad area of Programme Design and Delivery. Forum events are open to all staff and students and are promoted, supported and reported in ReThink Online.
- **PEP.** The Practice Enhancement through Interaction with Peers (PEP) initiative has been introduced with for all academic staff. It is an annual, self-directed continuing professional development process, which acknowledges that in peer observation the benefit to the observer is as significant as the benefit to the observed.
- **ASPIRE Leadership Development Programme**, running across academic and support functions with the aim of increasing the leadership capacity across the University and assisting with succession planning and talent management. The participants develop leadership skills partly by working in mixed groups on enhancement/innovation projects and reporting the outcome to Brunel's Senior Management Group (SMG) The Programme has been successful and many ideas offered by the project teams have been taken forward by university senior management, including the Reconstructing the First Year experience, Festival of Brunel and B-Connected.

Our average staff numbers increased during the year from 2,609 to 2,643 which was an increase of 1.3%, reflecting our retained commitment to investing in the academic resource to improve the student experience. Staff costs increased by £4.7m, or 4.9% as the full year effect of academic appointments made in 2010/11 was reflected in 2011/12. Our staff account for the majority of our expenditure at 54.7% (2010/11: 55.6%), and this key performance indicator is broadly in line with our peers.

Research

Creating knowledge and advancing understanding are increasingly dependent on cross-disciplinary research and education, and we have positioned ourselves to meet the current and emerging needs of a global society. We have developed five Collaborative Research Networks (CRNs), which focus on the broad themes of:

- Ageing
- Energy and Environmental Sustainability
- Complex Systems
- Creative Industries
- Innovative Manufacturing

This cross-fertilisation of ideas and expertise is fundamental to Brunel's collaborative tradition and is reflected in the way our researchers interact across different disciplines. We are also working with external partners in a strategic way. Building on the principle established by the Brunel Innovation Centre, a world class research centre offering high quality research in an innovative environment, we are aiming to attract outstanding partners across a range of disciplines, drawing on our existing strengths, to complement and underpin the applied research and development activities.

Overall, 179 new research grants and contracts were awarded to Brunel in 2011/12 with a combined value of £17.9 million (2010/11: £17.5m), an increase of 2.3%. The income from research grants is recognised in the financial statements over a period averaging three years, as the work is performed. Income continues to be secured from a diverse portfolio of funding bodies with the UK Research Councils and the European Commission accounting for 71% of the total awards in 2011/12.

Research by Brunel's Institute for the Environment revealing the link between chemicals in rivers and reproductive health has won the Queen's Anniversary Prize for Higher and Further Education. This prestigious biennial award is part of the UK's national honours system and, as such, is the most prestigious form of national recognition open to a UK academic institution. By uncovering a link between exposure to water pollution and sex change in male fish in UK rivers, Brunel's research team provided the impetus for human health research also linking chemical exposure with declining sperm counts, increased incidence of male genital abnormalities, and testicular, breast and prostate cancer in human populations. The Institute's work was selected for the Prize as a leading example of excellence not just in research, but also in its global impact. Through their engagement with policy makers, regulators and industries, the Institute's researchers have been instrumental in helping to find cost-effective ways of managing the risk posed by these chemicals, including new wastewater treatment processes to remove them or restrictions and bans on their production.

A research study into the impact of piracy on the Somalian economy led by researchers from the University's Social Science Department received national and international media prominence in January 2012. The study was based on a combination of statistics on light emission at night, local market prices, and high-resolution satellite imagery that have all been monitored since 2000. The report said that Somali culture means that wealth is often shared throughout extended families, with major regional centres inland rather than the coastal communities receiving the most benefit. Night-time pictures showed a significant increase in light emissions from the regional population centres of Garowe and Bosasso, which suggests an increase in electricity consumption because of economic development. The increase in the highest intensity light spots in those cities came despite a general decline in intensity across Somalia, which is considered attributable to global food and energy price rises and renewed conflict. Analysis of daytime satellite image showed that Garowe almost doubled in area between 2002 and 2009, with significant housing, industrial and commercial developments. The report concluded that significant amounts of ransom money are spent in the regional centres, with the benefits being shared out between a large number of people due to the clan

structures in place. The research study concluded by arguing that a land-based response is necessary to help tackle piracy, with the aim being to offer coastal communities an alternative that brings greater benefits than hosting piracy and that a military response would deprive one of the world's poorest nations of an important source of income and aggravate poverty.

The University's School of Social Science conducts research into the regulation of political life in the UK, including party funding and political lobbying and also into other areas including constituency level campaigning at the last general election by party supporters and members. As part of the research publication and dissemination process, the School's senior members contribute to national media debate and analysis, including BBC2's *Newsnight* and Radio 4's *The Westminster Hour*. More formal contributions to political consultation are also made, including an appearance before the Political and Constitutional Reform Select Committee in February 2012, which addressed the regulation of political lobbying. The University contributes in other ways to the national political debate, including the hosting of the Brunel University Magna Carta Institute's annual lecture, which for 2011/12 was given by former Shadow Home Secretary David Davis on the theme of finding the right balance between state security and counter-terrorism measures, and the individual's rights of freedom.

Researchers from Brunel have participated in the Compact Muon Solenoid (CMS) experiment, which has been undertaken at CERN in Geneva. The CMS is a general-purpose particle detector which investigates a wide range of physics, including the search for the Higgs Boson and other fundamental particles. Preliminary results confirming the discovery of a new particle consistent with the long-sought Higgs Boson, which mark a significant breakthrough in our understanding of the fundamental laws that govern the Universe, were announced at a seminar held at CERN, the European Particle Physics Laboratory, on 4th July 2012. The Brunel group has contributed to the design, construction and operation of the experiment and is now involved in analysing the data collected in 2011-12. It has specific operational responsibilities for the part of the detector that measures the energies of electrons and photons produced in the primary proton collisions. Supported by PhD students, the group is currently focusing on analysis of the properties of the heavy "top" quark, and on the development of new techniques for data analysis to help separate rare events from the large backgrounds encountered.

Brunel's EPSRC Centre for Innovative Manufacturing in Liquid Metal Engineering continued to progress in 2011/12, publishing 65 papers in international journals, filing 5 patents (2 for novel processing technologies and 3 for new materials) and established 6 industrial research fellowships industry and secured a further £5 million in research grants. The Brunel Innovation Centre, a strategic partnership with TWI who are a global leader in technology engineering, won 11 research projects worth 4.5 million euros in 2011 and a further 4 projects worth 2 million euros were won in early 2012.

Manufacturing systems researchers at Brunel are working in partnership with global motor manufacturers to develop a new artificial intelligence-driven energy management system for the automotive industry. The 'EuroEnergest' project, aims to reduce energy consumption in specific areas of the automotive industry such as HVAC (heating, ventilation and air conditioning) by a minimum of 10%. It is expected that the systems will interact with industrial loads and available power sources to optimise the demanded power costs, as well as maximising local and low-carbon energy sources. The project will include a deep analysis of CO2 emissions and the process needed for measuring and modelling the manufacturing carbon footprint.

Brunel has been awarded the European Commission's HR Excellence in Research accreditation for its commitment to providing high quality training and career development for researchers. The award acknowledges the University's alignment with a number of UK and EU codes of practice for the support of researchers in higher education, relating to recruitment processes, degree provision, and career progression frameworks. Brunel is one of only 38 UK institutions to hold the award.

Environmental Sustainability

The University has an Environmental Policy which aims to limit any detriment or harm by managing its activities, buildings and estates in a way which promotes environmental sustainability; conserves and enhances natural resources; prevents environment pollution and brings about a continual improvement in its environmental performance. The 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 Carbon Management Plan has been developed which details the targets and methods of supporting the published Higher Education Sectors carbon reduction targets, the mandatory UK Government targets and the Carbon Reduction Commitment Energy Efficiency Scheme. The University has committed to carbon reduction targets, against a 2005/06 baseline, of 48% by 2020/21, with a milestone reduction of 20% by 2012/13. Under current projections, the University is 1% short of meeting its 2012/13 milestone and through its Environmental Strategy Group will continue to look at projects for alternative means of energy, utilising the Rolling Green Fund, to reduce our carbon footprint.

Brunel was placed 53rd out of 145 universities in People and Planet's Green League 2012, an independent league table measuring the environmental and ethical performance of UK universities. The University improved its score compared to 2011 and maintained a 2:1 award, only seven places away from 1st class status. Performance remains strong in most areas, and Brunel gained additional points this year for the implementation of its environmental management system, an increase in the number of staff responsible for environmental issues, and an emphasis on embedding sustainability within the curriculum.

Operating Results 2011/12

The operating results for 2011/12 represent the first step of the medium term financial strategy where the University invests ahead of the three to four year period where grant funding is largely replaced by each new cohort of students paying higher levels of tuition fees. Despite major uncertainty across the Higher Education landscape we elected to accelerate our investment in improving the quality of teaching and student experience at Brunel, while increasing research activity and its impact, thereby enhancing the University's academic strength. The University has brought forward its investment in the infrastructure of the campus through the building refurbishment programme. This work is needed and by doing it now we take advantage of the keen pricing available in the current market conditions. When this investment is combined with the known reduction in government grant funding, this has resulted in a planned operating deficit for the 2011/12 financial year at a low enough level that we still generated positive cash flows from our operating activities.

A summary of the University's Consolidated Income, Expenditure and Outturn for the year ended 31 July 2012 is provided in the table below which also identifies the operating cash flow, accumulated reserves excluding pension liability and the total cash and short term investments at the year end.

	2011/12	2010/11
	£m	£m
Income	179.3	178.5
Expenditure	(183.7)	(172.4)
(Deficit) / Surplus within general reserve	(4.4)	6.1
Net operating cash inflow	11.3	25.7
Reserves excluding pension liability	169.9	172.7
Cash and short term investments	47.9	57.5

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Operating and Financial Review

The small operating deficit for the 2011/12 year was within budget and it is important to realise that, even with the deficit at a level of 2.4% of income for the year, the University still generated positive net cash flow from operating activities at the rate of 6.3% of income (£11.3 million). Even at the end of a year of investment for the University we have strong cash balances with which to face any difficulties which may arise in the future.

Income

Total income for the year was broadly equivalent to last year with a small increase in 2011-12 of £0.8m or 0.5% over the prior year.

Research grant income increased by £3.3m or 22%, which is an excellent performance reflecting the success of the strategy of steadily building up the number and value of new grants awarded and the current activity builds on the work started in previous years.

Other income from residences, retail, catering and conferences also rose by £1.7 million with the University busy both at the start of the year and, at the end of the year, hosting the South Korean Olympic team's pre-Games training camp, and also several Olympic support organisations.

Tuition fees overall were broadly flat but the grant funding was reduced by £4.5 million in the year as levels of teaching and other specific grants were reduced ahead of the new tuition fee regime which starts in 2012/13.

Over a 5 year period the University's income has seen a significant increase with a Compound Annual Growth Rate of 4.9%. The sources of funding have changed over the period and there has already been an increasing reliance on tuition fees and reduction in grants received from funding bodies. This rate of change will only accelerate in the future. At the start of the 5 year period our percentage of grants received was higher than that of tuition fees by 36% to 33% but that has already switched with the ratios now being of tuition fees at 39% to just 29% of grants. This is illustrated in the table below:

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Total income	179.3	178.4	169.5	157.8	141.2
Sources of Income					
Grants from Funding Bodies	29%	32%	34%	33%	36%
Tuition Fees and Education Contracts	39%	39%	38%	37%	33%
Research grants and contracts	10%	8%	7%	9%	11%
Other income	22%	21%	21%	21%	20%
	100%	100%	100%	100%	100%

Expenditure

As noted in the introduction to the Operating Results for 2011/12, the University has continued to commit expenditure on its academic provision and on the estate infrastructure of the campus during 2011/12.

Staff costs rose by £4.8m, or 5.0% as we continue to invest in additional academic staff as part of our strategic commitment to improving our teaching and research activities. Our student : staff ratio for the year improved to 17.5 from 18.0 and continues the progress from the previous year. While we have increased the number of academic staff, the overall costs have been constrained because the national pay settlement for our staff was again below inflation.

The non-pay costs increase of £6.7m included a £3.5m increase in estates stock conditioning work ahead of the start of the 2012/13 academic year and also in advance of the campus being used extensively over the Summer 2012 period for a range of pre-Olympic activities. To generate our increased income, we spent £1.4m extra on catering and other supplies and £1.3 million more than last year on consumable and minor equipment for our grant funded research activity.

The University has managed its cost base through Value for Money reviews and intends to continue this approach. Post-Project Evaluations (PPE) have been conducted in 2011/12 for the reorganisation of the University's Estates Department and for a review of the Residences Department, both originally undertaken in 2009. The University has been keen to ensure value in allocating the resources required to maintain and develop the capacity, quality and infrastructure of our teaching, research and associated services.

Capital Expenditure

The vast majority of the University's capital expenditure is usually spent on the estate of the campus and out of total capital expenditure of £15.1m for the year, £11.1m was spent on the estate. A 10-year rolling programme is continually updated to take into account the changing needs and developments in the University and this is subjected to regular scrutiny by the Special Projects Committee which reports to the University's Council. Following the investment made in the previous decade to upgrade the residential estate of the campus, the priority is now the teaching and research infrastructure of the site.

During the year the Eastern Gateway Building was completed on time and within budget. This is now the home of the Brunel Business School and the main reception of the University. The building will significantly enhance the teaching, research and social space available on the campus and has achieved BREEAM 'excellent' standard with regard to environmental sustainability considerations.

The University also purchased a new transmission electron microscope, which will become operational in late 2012, to further enhance its research capability and enable the University to continue to compete globally through collaborations and partnerships. This facility will be available to external users, including industrial and academic partners, as part of the University's collaborative approach to research.

Cash and Debt

The University generated £11.3m in cash from operating activities despite making an operating deficit, prior to capital expenditure and interest payments and ended the year with a balance of £47.9m in cash and short term investments. The University has long term debt of £94.2m which extends for a further 28 years (until 2040) when a final payment of £27.2 million needs to be made. The University has a series of interest rate swap agreements, which result in a net interest rate on the long term loans of 4.6% throughout their term. The University has considered using its cash reserves to pay down some of this debt but considers that it should retain the flexibility of keeping the cash on hand during this uncertain period. It would be impossible to re-borrow on such terms in the current market. The borrowings have been used to fund the Student Residences which are fully owned and generating a gross income of £23 million per year. This income can reasonably be expected to track inflation in future years whilst the interest payments are fixed.

The University has a detailed Treasury management policy in place which includes limits on deposits and the institutions where these can be placed. Although most institutions are offering very low rates on short term investments, the strategy has been to seek security rather than return. The strategy and the treasury policy are reviewed regularly by the Finance Committee under its Terms of Reference and the Committee also reviews the deposit activity each quarter. Particular attention is currently being paid to counter-party risk, with only the highest-rated banking institutions being included on the list of the University's approved counter-parties.

Financial Sustainability

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

The key performance indicator of the strength of a buffer against large unexpected financial pressures is the level of reserves (excluding pension liability). These reserves are at a level of 95% of income which will be one of the highest reported in the sector, with the 2010-11 measure (98%) ranking at 8th out of 130.

The key performance indicator of ability to respond to short term financial pressures is that of Net liquidity. Brunel University's cash position stands at £47.9m or 101 days of general expenditure (excluding depreciation). This figure is expected to be above average in comparison to the University sector where the ranking for the previous year was 41 out of 130. The cash level has reduced from the relatively high levels in recent years with completion of the major capital construction of a new, state of the art building for the Business School which was completed in 2012.

Separately, the University has conducted an assessment of the going concern status of the University, taking into account the guidance produced by the Final Report and Recommendations of the Sharman Panel of Inquiry which was published in June 2012. This guidance, which will become a requirement in future years, asks the University to review both solvency and liquidity. These are respectively: solvency - the ability of the University to meet its liabilities in full, ensuring there is sufficient capital so that there is an excess of assets over liabilities; and liquidity - the ability of the University to liquidate its assets at the velocity needed to meet its liabilities as they fall due. The formal conclusion of the assessment is that the University meets the requirement that "it has a reasonable expectation it has sufficient resources to continue operations for the foreseeable future and the going concern basis continues to be appropriate for preparing the annual financial statements". The overall conclusion of both 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, and has adopted, and operates, a suitable strategy to address the challenges that the University faces.

Future trends and outlook

The 2011 White Paper 'Students at the Heart of the System' outlined the government's view of the future framework for Higher Education funding in England. The White Paper covered four broad areas: reforming funding; delivering a better student experience; enabling universities to increase social mobility; and reducing regulation and removing barriers for new providers. A key feature of the White Paper that has already been implemented from 2012/13 is the new funding framework of lower levels of tuition grants, higher tuition fees, and the removal of AAB+ students from student number controls.

The University has prepared its financial forecast for the future years to 2014-15, and submitted it to HEFCE as part of the annual regulatory requirements. The forecast considered the likely impact of the developing sectoral changes, including the higher tuition fees, lower grants and relaxation of student number control for EU students through to the end of the forecast period. Once we have confirmed that the University is likely to be in a financially strong and sustainable position in 2014-15, we then decided to pull forward some of our necessary investment into the earlier years as the best route to achieve that outcome. As a result we will have lower surpluses, though still cash positive, during the earlier years while there is a switch in funding from HEFCE teaching grants to individual student tuition fees.

The forecast for 2014-15 shows that on the KPI indicator that HEFCE uses to assess the ability of the University to withstand large unexpected financial pressures, the University is planning to be in a strong position with Discretionary Reserves of 92% - well above the forecast sector mean for 2014/15 of 60%. The University is forecasting Net Liquidity, which is the KPI that HEFCE uses to measure the ability to respond quickly to short term financial pressures, of 88 days, above the forecast sector mean of 79 days. The University believes this level of liquidity to be appropriate as the majority of its income sources are relatively stable and predictable compared with other sectors. Other HEFCE indicators for 2014-15 used to assess financial sustainability include a lower Operating Surplus at 0.8% of income but still generating Net Cash Inflow from Operating Activities of 9.5% of income (compared to the forecast sector mean of 7.9%). The University is forecasting to sustain cash reserves at broadly similar levels to 31st July 2012 at each of the anniversary dates through to the end of the forecast period at 31st July 2015.

Given the indications of future restrictions on public spending it will be harder to obtain funding for capital projects. The University's campus was originally constructed in the 1960s and 1970s, and we are aware of the need to maintain and improve the infrastructure for both environmental and institutional sustainability

reasons. The 10-year rolling capital programme noted above is considered by the Special Projects Committee in conjunction with the stock condition works programme that the University also undertakes to ensure that its existing infrastructure is 'fit for purpose' including all necessary Health and Safety requirements. The review of these two programmes together helps to ensure that the separate requirements of construction of new buildings and of maintaining existing buildings are suitably aligned.

The main risk to this overall assessment is that there could be a significant reduction in the number of students that the University is able to recruit. The largest unpredictable changes will be in the number of Home and EU undergraduates who will be affected by the new tuition fee regime and the implementation of the HEFCE number controls. It is not yet clear how the unregulated recruitment volumes for students achieving 'ABB+' grades will change by institution when the threshold for these students changes from 'AAB+' to 'ABB+' for the 2013/14 student intake. The University is monitoring sector wide developments closely and will respond to them.

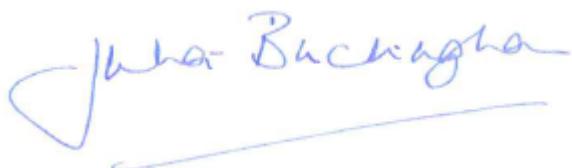
In the longer term the numbers of UK postgraduate taught students may decline as the uncertainties about government funding for postgraduate courses continue. With tuition fee loans increasing for undergraduate studies, there may be an adverse impact on demand for postgraduate education from that cohort of graduates who may be less inclined, or able, to take out loans for further Masters study.

Increased competition from others in the UK and abroad, the changes in regulations of the points-based visa system for international students and the threat of exchange rate variability could also reduce the numbers of international students. On balance, we believe that the facilities provided and the experience of hosting a range of international students for a number of years places us in a good position for future recruitment.

The University will follow developments in the sector closely and has sufficient cash reserves available to it to be able to ensure that we act for the medium and long term benefit of the students, staff and alumni of the University and for society more widely.

Appointment of Vice-Chancellor

I am delighted to have joined Brunel University as Vice-Chancellor on 1st October 2012 and to be implementing the University's new strategic plan over a period of great change in the Higher Education Sector. The Strategic Plan is a product of my predecessor, Professor Chris Jenks, and I will be seeking to build on this and his many other achievements. On behalf of colleagues and members of the University Council I would like to thank Professor Jenks for his outstanding leadership since 2006. The University has developed into a world-class research-intensive institution of some 15,000 students, all based on one campus which has been extensively redeveloped. These undoubted successes have been recognised with the shortlisting in September 2012 of Brunel University for the prestigious University of the Year award at the Times Higher Education Awards for 2012.

A handwritten signature in blue ink that reads "Julia Buckingham". The signature is fluid and cursive, with "Julia" on the top line and "Buckingham" on the bottom line, with a horizontal line through the middle.

Professor Julia Buckingham
Vice Chancellor

Brunel University

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

Brunel University is an exempt charity under the terms of the Charities Act 2011. 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 connected charities attached to it. The members of the Council of the University are the charity trustees of the University. The members of the Council of the University have had due regard to the Charity Commission guidance on public benefit, including the applicable details contained in the Advancement of Education for the Public Benefit.

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

To create knowledge and advance understanding, and equip versatile graduates with the confidence to apply what they have learnt for the benefit of society

The University provided 5,023 graduates in the year 2011/12, of whom 2,628 were awarded a bachelor's degree and 2,395 a postgraduate degree.

The University published 1,998 articles in the Brunel University Research Archive (BURA) which is an Open Access publishing site from which anyone can download, for free, the results of research published by Brunel academics. At the end of July 2012, there were more than 5,800 full-text research outputs on the BURA, with almost one-fifth of these being theses by Postgraduate Research students awarded by Brunel University. BURA continues to grow with an average of 700 new records being added every year over the previous four years. As a result, BURA is now ranked 12th in the UK in terms of its size and full-text content.

Open Access publishing has received wide press coverage recently following the publication of a report by Professor Dame Janet Finch, commissioned by the UK Government, which strongly recommended 'gold' open access, i.e. the payment of a fee by authors to make their outputs freely available upon publication. This approach has been supported by many research funders, including RCUK, who now mandate Open Access publication for the outputs of the research that they fund. Brunel is committed to Open Access and in addition to setting up BURA has mandated that all researchers, subject to publisher's permissions, should add a version of their full text published research outputs to BURA. The University has also mandated that PhD and MPhil researchers, once their award has been approved, must archive their thesis on BURA. To ensure that Brunel researchers can comply with the new Open Access mandates from funders, the University has also set up an Open Access publishing fund which staff and research students can apply to for funding to make their published research article available.

Brunel University's annual Spring Public Lecture Series consists of six evenings of lectures and eighteen speakers. During each lecture, three renowned scholars and researchers present their distinctive views and ideas in an accessible style, followed by questions and discussion. Attendance at the lectures is free and is open to the public. For the Spring 2012 series, the broad overarching theme was 'Hidden Truths' and topics explored by the speakers included the social impact of contemporary developments in electronic technology, urban architecture's impact on people living in cities, energy sustainability, and whether technological developments could threaten quality of life and environment in the long term.

Widening Participation

Members of Council are keen to ensure that the benefits of learning are available to all potential students, whatever their background, who have the ability to successfully complete their chosen course and that the University aims to create a student body that is balanced and diverse in terms of cultural background and experience. To achieve these aims the University has a Widening Participation (WP) strategy that seeks to increase take-up of Higher Education by under-represented groups. A new WP strategy will be produced, which will develop the themes of the 2012-2017 Strategic Plan concerning WP into detailed specific plans. In the interim, we have extended our existing WP Strategic Assessment for 2009-12 by one year, with quantified targets for each of the strands listed below.

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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.

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

The target for Brunel is to increase the HEFCE benchmark figures for students studying at Brunel from low participation neighbourhoods from 4.8% to 5.5%.

Support for students with disability. The support available for Brunel students with disabilities has increased significantly over the past five years. WP funding has been used to improve further the Assistive Technology Centre and to provide pre-induction and induction sessions. The target for Brunel is to increase the number of disabled students in receipt of the Disabled Student's Allowance (DSA) by 0.6% annually.

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. As per our target, we were re-awarded The Buttle UK Quality Mark 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. Our fourth Headstart - Intro2Uni Week - targeted mature students and those with non-traditional qualifications, and we continued to support financially the work of the Counselling Service to increase the range of counselling support offered to vulnerable students.

The Widening Participation (WP) department operates two strands of Professional Mentoring. Both programmes draw on experienced individuals from employers in the private and public sectors. Home UK second and final year undergraduates from widening participation backgrounds and under-represented ethnic minorities are eligible to join either of the mentoring strands. The Ethnic Minority Undergraduate Scheme (EMUS) targets undergraduates from ethnic minority backgrounds and is managed in collaboration with the National Mentoring Consortium (NMC). WP Professional Mentoring is aimed at students from other under-represented groups, including care leavers, first generation within their immediate family to enter higher education, disabled students, students who have experienced serious disruption to formal education and students from low-income areas with low participation in higher education. Mentors receive full training and give their time voluntarily over a period of seven months.

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, and will introduce over 1,000 new scholarships for 2012/13, meaning that one in three applicants who join Brunel next year could receive financial support from the University.

The National Scholarship Programme (NSP) is a Government-backed scheme to provide additional financial support to certain eligible students in their first year. It is funded jointly by the Government and the University with 128 students funded by the Government and 188 funded by Brunel. It has a value of £2,000 fee waiver plus £1,000 taken either as an additional fee waiver, a discount on the cost of on-campus accommodation or a cash award. Eligibility criteria are targeted at students from households with an assessed household income of £25,000 or less and who meet at least one of the following under-represented criteria:

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- be a care leaver
- be a mature student aged 21 or above at the start of their course
- have attended a maintained school or college in one of the six London Boroughs with whom the University operates Widening Participation Partnerships: Brent, Ealing, Hammersmith and Fulham, Harrow, Hillingdon and Hounslow
- have a disability (including dyslexia)
- come from a low socio-economic background
- be in the first generation of their family to study in higher education
- come from a low participation neighbourhood

Brunel Access Scholarships have similar eligibility criteria to the NSP scholarships and the University will provide support to 380 new students each year from under-represented groups and/or mature students. The value for Level 1 students is £1,000, rising to £1,500 for Level 2 students subject to meeting progression criteria and £2,000 for Level 3 students, also subject to meeting progression criteria.

Local Boroughs Scholarships will be awarded to 20 students in 2012, who attended a maintained school or college in one of the six London Boroughs with whom the University operates Widening Participation Partnerships. Scholarships will be awarded on the basis of academic excellence and to students who meet at least one of the other NSP eligibility criteria set out above. Their value will be £5,000 fee waiver plus £1,000 taken either as an additional fee waiver, a discount on the cost of on-campus accommodation or a cash award.

Brunel Alumni Scholarships are funded by Alumni donations, have an annual value of £6,000 (Level 2 and Level 3 awards are subject to meeting progression criteria) and are to be awarded to 5 local applicants who:

- have attended a maintained school or college in one of the six London Boroughs with whom the University operates Widening Participation Partnerships, namely Brent, Ealing, Hammersmith and Fulham, Harrow, Hillingdon and Hounslow;
- who achieve the highest number of UCAS tariff points; and
- who meet the other NSP eligibility criteria.

Brunel Urban Scholarships are non-repayable cash awards of up to £3,000 per year for students who have attended the Urban Scholars programme at Brunel University for a minimum of two years, who achieve academic excellence and who are eligible to receive a tuition fee loan from the Student Loans Company. Details are sent directly to eligible students.

150 Foundation Year Scholarships will be provided for one year (Foundation Year referred to as year 0) to students from under-represented groups who commit to Brunel University during the UCAS Main Scheme (not through Clearing) and meet at least one of the NSP eligibility criteria. The value is £1,000 in year 0 taken either as an additional fee waiver, a discount on the cost of on-campus accommodation or a cash award.

Placement Scholarships will be provided in the form of a fee waiver of £1,000 for the sandwich placement year (the whole tuition fee for that year), for all students who meet at least one of the NSP eligibility criteria.

20 PGCE Access Scholarships will be provided to PGCE students who have firmly accepted an unconditional offer on a full time PGCert course and who meet at least one of the following underrepresented criteria: from a low participation neighbourhood, aged 25 or over, disability (including dyslexia) or low socio-economic background.

Other financial support available to students includes the Access to Learning Fund which 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.

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The full range of financial assistance available to students is advertised on the University's 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 Ageing Continence through Theory, Tools and Technology. The TACT3 project is being conducted by an interdisciplinary team of researchers from the Brunel Institute for Bioengineering (BIB) and the School of Health Sciences and Social Care at Brunel as well as researchers from other institutions. The overall aim of this project is to reduce the impact of continence difficulties on older people and thereby assisting them in maintaining a positive identity and good quality of life. There are three research work packages focusing on the built environment, health service provision and assistive technology, with a core and overarching knowledge transfer and project management work package aimed at ensuring the involvement of older people in all aspects of the research. Together the findings from the three research work packages will empower older adults to resist frailty and defer the transition from the third age to the fourth age.

Sustainable materials. Plastic packaging waste currently forms a significant part of municipal solid waste and as such is causing increasing environmental concerns. Plastic packaging is largely non-biodegradable and is difficult to recycle or reuse due to its complex compositions. BICOM (Brunel Institute of Computational Mathematics) has undertaken research into the computational modelling of thermoforming processes for thin polymeric sheets ever since 1989. Packaging structures based on thermoplastic bio materials are now being increasingly used by food retailers, with the result that, as they are bio-degradable or at worst compostable, the amount of waste which is being produced is being reduced.

Family Drug and Alcohol Court. Brunel University contributed to all stages of the London Family Drug and Alcohol Court (FDAC) pilot, a new approach to care proceedings where parental substance misuse is a key element in the decision to bring proceedings. It provided evidence on the rationale and feasibility of setting up the court, evaluated its impact and provided evidence for its continuation. Two new local authorities have adopted FDAC. The work has informed government policy-making in family justice, drug policy and safeguarding of vulnerable children and sustained professional and media interest in the issues. The findings are informing the development of FDAC in Australia. The work has led to involvement in Project Oracle, a GLA initiative to strengthen evaluation quality in third sector youth justice and child protection organisations.

Urban Scholars. The Urban Scholars Programme (USP) is a unique, innovative and sustained intervention study, which was launched at Brunel University in 2000 by Professor Valsa Koshy to address the 'wastage of talent of teenagers' highlighted by Inner London Local Education Authorities. Although education policy discourse in the UK has been dominated by initiatives which are aimed at raising the aspirations and achievement of students from areas of social deprivation, there has been a notable absence of well-researched practical guidance provided to schools and Universities on how to achieve these. Our research which involved 2 cycles of intervention, spanning over 8 years working with inner-city teenagers, has provided insights into how these aims may be achieved. The impact of the USP research has been evident at different levels. The direct beneficiaries of the sustained intervention are the 600 pupils attending the programme, their families and teachers in 33 London schools in areas of high social deprivation. Through dissemination activities and the significant interest from educationists (government policy makers, curriculum authority, Local Authorities, Widening Participation officers and university academics), the project's research outcomes have had significant impact and have reached a much wider audience both nationally and internationally. The programme model and a toolkit are being made available to schools and Universities in the UK.

University Technology College (UTC)

During 2011/12, the Heathrow Aviation Engineering University Technical College, which Brunel University is sponsoring, was approved by the Department of Education. A key feature of the UTC is that it will provide an excellent grounding in mathematics, science and engineering in a practical context for the 14-19 age group. The UTC will meet the educational requirements of a significant proportion of students who would

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benefit from more practical and technical provision, and will meet the growing local need for technically competent, employable young people to join the expanding aviation industry.

Brunel University will form part of the governance structure of the UTC and will provide practical assistance in the form of input to curriculum development and delivery as well as existing support through our Widening Participation and Schools Liaison activities. The UTC, which will have its premises on the same site as Northwood School, will open in September 2014.

Brunel Volunteers

Brunel Volunteers is part of Brunel's Student Services. The department creates volunteering opportunities for students and staff to engage with charities and organisations within the local and wider community.

Not only do these opportunities support charities and community projects, they help students build skills relevant to future employment, and explore different career paths before entering the graduate recruitment market.

During 2011/12 Brunel Volunteers completed 2,744 hours of volunteering in the local community. Beneficiaries of the work of Brunel Volunteers included Harlington Hospice, DASH, Age UK Hillingdon, West London YMCA and the Youth Offending Service. An example of the type of activities supported by Brunel Volunteers is the Girls Rugby Coaching Scheme, where our volunteers coached rugby at 4 local schools in Hillingdon. Following on from this initiative, the first ever Girls Rugby Club was established at the Hillingdon Leisure Centre.

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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 versions of which were approved by the Privy Council in May 2005. Like most public bodies it operates within a strong framework of regulation, and endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). Not only does the University comply with all mandatory requirements, but it also strives to operate that guidance which represents best practice. The University is committed to best practice in corporate governance. The Council has taken account of the UK Corporate Governance Code and the HEFCE Accounts Direction requirements. In addition the University has had regard to the Governance Code of Practice and General Principles (the Code) published by the Committee of University Chairs (CUC). In response to the Code and in accordance with overall good governance the Council periodically reviews the role of Council and its effectiveness. A Governance Task Force was formed in May 2011 and concluded its work on reviewing the size and structure of Council and the number and functions of its Committees in May 2012. A series of recommendations have been implemented and are reflected in this statement. A fuller debate about the size of Council will take place in 2012/13 as part of a review of the University's Charter and Statutes.

The Charter and Statutes require the University to have two separate bodies, the Council and the Senate, each with clearly defined functions and responsibilities, to oversee and manage its activities. Under the Statutes, the University may have another body, the Court. The University has constituted its Court, which does not have any legal or other powers in respect of the University. The role and effectiveness of Court was reviewed in 2009, and Council agreed that its role should continue as the body through which the University maintains influential contact with the wider community. Senate is due to conduct an effectiveness review in 2012/13.

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

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

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

As chief executive of the University, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments, and shaping of

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Corporate Governance Report

the institutional ethos. The Vice Principal, Pro Vice-Chancellors and the senior administrative officers all contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the Council.

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

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

The Council met six times in the 2011/12 academic year but one of these meetings mainly concerned the appointment of the next Vice Chancellor. In 2012/13 it is anticipated that Council will meet on six occasions. There are several Committees of Council that are formally constituted with written terms of reference and specified membership, including a significant proportion of independent members, from whom the chair is selected. In the case of the Audit Committee, it is comprised entirely of independent members appointed by Council from amongst its members, and co-opted independent members appointed by Council. The Chair of Council is ex-officio on all Council and Joint Committees, except the Audit Committee.

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

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

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

The Remuneration Committee reviews and recommends the salary and conditions of service of the Vice-Chancellor 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 HEFCE. Whilst executive officers attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee meets with the External Auditors and the Internal Auditor on their own for independent discussions at least annually. The Committee and Internal Auditor each present an Annual Report to Council. It is Audit Committee, on the advice of Finance Committee, that formally recommends the annual audited accounts to Council.

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

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

The attendance record for members of Council and its Committees was monitored over the course of the year 2011/12 and the average attendance achieved was over 90%.

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

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

The Council has adopted a risk management policy, and has identified where the principal management responsibility rests for risk management. The Council is of the view that an ongoing process for identifying, evaluating and managing the University's significant risks has been in place, and operating effectively, since 31 July 2003. A new risk framework was approved by Council in 2011/12.

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

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

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

The Vice-Chancellor, Professor Chris Jenks, retired at the end of September 2012. Council has appointed Professor Julia Buckingham to succeed him as Vice-Chancellor and Principal from 1 October 2012. The Selection Committee led by the Chair of Council and consisting of nine members of Council, including the Vice-Principal of the University and the President of the Union of Brunel Students, oversaw the consultation, search and interview process for this appointment.

Brunel University

Statement of Primary Responsibilities of the University Council

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

- 1.1** To make a contribution to and approve the mission, vision and strategic direction of the University. Subject to consultation with Senate on matters with implications for academic policy, to approve the long term academic and business plans and key performance indicators and to ensure that these meet the interests of the stakeholders and are compliant with the charitable objectives of the University.
- 1.2** To delegate authority to the Vice-Chancellor, as chief executive, for the academic, corporate, financial, estate and personnel management of the institution.
- 1.3** To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment.
- 1.4** To ensure the establishment and monitoring of procedures for handling internal grievances and for managing conflicts of interest.
- 1.5** To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be appropriately benchmarked against other comparable institutions.
- 1.6** To establish processes to monitor and evaluate the performance and effectiveness of the Council itself.
- 1.7** To safeguard and promote the good name and values of Brunel University embracing the principles of corporate social responsibility.
- 1.8** To appoint the Vice-Chancellor as chief executive, to put in place suitable arrangements for monitoring his/her performance and, where deemed necessary, having responsibility to commence any disciplinary measures it considers appropriate including dismissal.
- 1.9** To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
- 1.10** To be the employing authority for all staff in the University, to have regard for their well-being and for establishing a human resources strategy.
- 1.11** To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, to have overall responsibility for the University's assets, property and estate and to comply with the requirements of the sector regulators as defined periodically.
- 1.12** To be the University's legal authority and, as such, to ensure that systems are in place for meeting the University's legal obligations, including those arising from contracts and other legal commitments made in the name of Brunel University.
- 1.13** To make such provision as it thinks fit for the general welfare of students, in consultation with the Senate.
- 1.14** To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
- 1.15** To ensure that the University's constitution (as laid down in the Charter and Statutes) is followed at all times and that appropriate advice is available to enable this to happen.

Brunel University 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 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 Teaching 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 including variance reporting;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the University Council;
- comprehensive Financial Regulations, promoted by Finance Committee and adopted by Council; and,
- a professional internal audit service with a programme approved by the Audit Committee and whose head provides that committee with a report on internal audit activity that assists it in formulating its opinion on the effectiveness of the University's system of risk management, including internal financial control.

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

Independent 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 2012 which comprise the Consolidated Income and Expenditure Account, the Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of the University Council and Auditors

As explained more fully in the Statement of Primary responsibilities of Council Statement set out on page 24 the University Council is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2012 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

Independent auditors' report to the Council of Brunel University

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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



Chris Wilson
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
28 November 2012

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 including any standards issued more recently than the SORP such as heritage assets FRS 30.

Basis of accounting

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

Basis of consolidation

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

Recognition of income

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

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

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

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

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

Brunel University

Statement of principal accounting policies

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

Brunel University

Statement of principal accounting policies

Motor vehicles	-	4 years
Groups of public domain and other personal computers	-	3 years
Equipment acquired for research projects	-	project life

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

c Books

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

Heritage Assets

Works of art and other valuable artefacts (heritage assets) valued at over £25,000 are capitalised and recognised in the Balance Sheet at the cost or the value of the acquisition, where such a cost is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean any depreciation would be immaterial. Individual items are periodically re-valued with any surplus or deficit on revaluation being reported in the Statement of Recognised Gains and Losses.

Investments

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

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

Stocks

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

Cash flows and liquid resources

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

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

Provisions

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

Taxation status

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

Brunel University

Statement of principal accounting policies

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

Pension schemes

Retirement benefits for the University's staff are provided by the Universities' Superannuation Scheme (USS), the Teachers' Pension Scheme (TPS) and the London Pensions Fund Authority Pension Fund (LGPS). These are defined benefit schemes, each of which is described further in the Notes to the Accounts. The institution is unable to identify its share of the underlying assets and liabilities of the USS and TPS schemes on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for these two schemes as if they were defined contribution schemes. As a result the amount charged to the Income and Expenditure Account represents the contributions to the schemes during the year.

LGPS Pension costs are assessed on the latest published actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services. Unless it is considered prudent to recognise deficiencies over a shorter period, variations from regular cost are spread over the average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

The assets of the pension schemes are held separately from those of the University. LGPS pension scheme assets are measured using market values. LGPS 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 LGPS pension scheme surplus, to the extent that it is recoverable, or deficit is recognised in full. The movement in the LGPS 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 2012

	Notes	Year Ended 31 July 2012 £'000	Year Ended 31 July 2011 £'000
Income			
Funding body grants	1	51,419	55,918
Tuition fees and education contracts	2	70,046	69,831
Research grants and contracts	3	18,092	14,813
Other Income	4	39,053	37,285
Endowment and investment income	5	678	654
Total Income		179,288	178,501
Expenditure			
Staff costs	6	100,586	95,788
Other operating expenses	8	66,792	59,675
Depreciation	10	10,615	11,023
Interest payable	7	5,897	5,877
Total Expenditure		183,890	172,363
(Deficit)/Surplus after depreciation of tangible fixed assets at valuation and before tax		(4,602)	6,138
Taxation	9	-	-
(Deficit)/Surplus before exceptional items		(4,602)	6,138
(Deficit)/Surplus for the year transferred to accumulated income endowment funds		223	-
(Deficit)/Surplus for the year within general reserve		(4,379)	6,138

All items of income and expenditure arise from continuing operations

Statement of Group Historical Cost Surplus and Deficits

There is no difference between the (deficit)/surplus stated above and the historical cost equivalent

Notes from pages 35 to 51 form part of these Financial Statements.

Statement of Group Total Recognised Gains and Losses
Year Ended 31 July 2012

	Notes	Year Ended 31 July 2012 £'000	Year Ended 31 July 2011 £'000
(Deficit)/Surplus on continuing operations after depreciation of fixed assets at valuation, disposal of assets and tax		(4,602)	6,138
Endowment income retained in year	19		760
Endowments withdrawn	19		(381)
Appreciation of endowment assets	19		3
Actuarial (loss)/gain in respect of pension schemes	23	(10,493)	3,335
New Endowments	19	172	35
Total recognised (losses)/gains relating to the year		(14,923)	9,890
Total (losses)/gains recognised since last financial statement		(14,923)	9,890
Reconciliation			
Opening reserves and endowments		142,314	132,424
Total recognised (losses)/gains for the year		(14,923)	9,890
		127,391	142,314

Notes from pages 35 to 51 form part of these Financial Statements

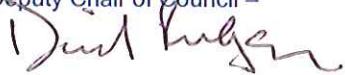
Balance Sheets
As at 31 July 2012

	Note	Group		University	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
Fixed assets					
Tangible fixed assets	10	281,622	277,469	281,622	277,469
Investments	11	67	113	33	33
		281,689	277,582	281,655	277,502
Endowment assets	12	1,956	2,007	1,956	2,007
Current assets					
Stock		163	146	163	146
Debtors	13	13,387	11,697	13,501	11,797
Investments	14	43,166	53,610	43,166	53,610
Cash at bank and in hand		4,723	3,914	4,597	3,884
		61,439	69,367	61,427	69,437
Creditors					
Amounts falling due within one year	15	(45,759)	(43,518)	(45,570)	(43,355)
Net current assets		<u>15,680</u>	<u>25,849</u>	<u>15,857</u>	<u>26,082</u>
Total assets less current liabilities		299,325	305,438	299,468	305,591
Creditors					
Amounts falling due after more than one year	16	(93,226)	(94,403)	(93,226)	(94,403)
Provisions for liabilities and charges	17	(1,222)	(1,173)	(1,222)	(1,173)
Total net assets excluding pension liabilities		204,877	209,862	205,020	210,015
Net Pension liabilities	23	(44,511)	(32,399)	(44,511)	(32,399)
Total net assets including pension liabilities		<u>160,366</u>	<u>177,463</u>	<u>160,509</u>	<u>177,616</u>
Deferred capital grants	18	32,975	35,149	32,975	35,149
Endowments					
Permanent	19	716	718	716	718
Expendable	19	1,240	1,289	1,240	1,289
		1,956	2,007	1,956	2,007
Reserves					
Income and expenditure account					
Excluding pension liabilities	20	169,946	172,706	170,089	172,859
Pension reserve	20	(44,511)	(32,399)	(44,511)	(32,399)
		125,435	140,307	125,578	140,460
Total funds		<u>160,366</u>	<u>177,463</u>	<u>160,509</u>	<u>177,616</u>

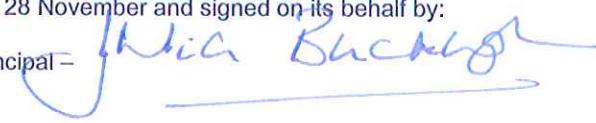
Notes from pages 35 to 51 form part of these Financial Statements

The financial statements on pages 31 to 51 were approved by the Council on 28 November and signed on its behalf by:

Deputy Chair of Council –

David Bulger

Vice Chancellor and Principal –

Jackie Buchanan

Consolidated Cash Flow Statement
Year ended 31 July 2012

	Notes	Year Ended 31 July 2012 £'000	Year Ended 31 July 2011 £'000
Net cash inflow from operating activities	21	11,290	25,732
Returns on investments and servicing of finance			
Income from investments	5	4	3
Other interest received	5	674	651
Interest paid	7	(5,897)	(5,877)
		<hr/> (5,219)	<hr/> (5,223)
Taxation		-	-
Capital expenditure and financial investment			
Payments made to acquire assets	10	(15,127)	(18,791)
Loss on Disposal of fixed assets		359	291
Fixed asset investment additions		-	-
New endowments received	12	172	-
Endowment funds invested	19	(172)	-
Deferred capital grants received	18	173	413
		<hr/> (14,595)	<hr/> (18,087)
Management of liquid resources	22	10,444	1,482
Financing		(1,111)	(1,075)
Increase in cash		809	2,829
		<hr/> 809	<hr/> 2,829
Reconciliation of net cash flow to movement in net debt			
Increase in cash for the period	22	809	2,829
Changes in short term deposits		(10,444)	(1,482)
Change in net debt		1,060	1,492
		<hr/> (8,575)	<hr/> 2,839
Net debt at beginning of year		(35,982)	(38,821)
		<hr/> (44,557)	<hr/> (35,982)

Notes from pages 35 to 51 form part of these Financial Statements

Notes to the accounts

Year ended 31 July 2012

	Notes	Year Ended 31 July 2012 £'000	Year Ended 31 July 2011 £'000
1 Funding body grants			
Recurrent grant			
Higher Education Funding Council for England		45,984	47,882
Teaching Agency		2,244	2,387
Specific grants		1,121	2,919
Deferred capital grants released in year			
Building	18	1,658	1,658
Equipment	18	412	1,072
		51,419	55,918
2 Tuition fees and education contracts			
Full-time home and EU fees		31,869	30,375
Full-time international students		28,232	29,506
Part-time students		2,759	2,744
NHS education contract		4,550	4,671
Short course fees		1,879	1,829
Other Fees		757	706
		70,046	69,831
3 Research grants and contracts			
Research councils		7,117	6,122
UK Charities		920	508
Industry and commerce		2,224	3,141
Governmental		7,586	4,647
Other sources		245	395
		18,092	14,813
4 Other income			
Residences, catering, conferences and retail		30,519	28,044
Other income		8,469	9,176
Released from deferred capital		65	65
		39,053	37,285
5 Endowment and investment income			
Income from permanent endowments		1	1
Income from expendable endowments		3	2
Income from short term investments		674	651
		678	654

Notes to the accounts
Year ended 31 July 2012

	Year Ended 31 July 2012 £'000	Year Ended 31 July 2011 £'000
6 Staff costs		
Salaries	81,541	77,783
Social security costs	7,040	6,542
Contributions to occupational Pension Scheme	11,583	11,051
Other pension liabilities	92	77
Restructuring costs	330	335
	100,586	95,788
Emoluments of the Vice-Chancellor		
Salary	266	243
Benefits	1	1
Pension contributions	17	36
	284	280
Remuneration of other higher paid staff, excluding employer's pension contribution		
	Number	Number
£100,000 to £109,999	6	7
£110,000 to £119,999	7	7
£120,000 to £129,999	-	2
£130,000 to £139,999	3	-
£140,000 to £149,999	1	1
£150,000 to £159,999	2	1
£160,000 to £169,999	2	2
£170,000 to £179,999	-	-
£180,000 to £189,999	1	-
	Number	Number
Average staff numbers by major category		
Academic and hourly Paid lecturers	1,017	943
Academic support	431	433
Technical	77	77
Administration Clerical and miscellaneous	594	624
Administration Craftsmen, Manual and Ancillary	250	288
Other	274	245
	2,643	2,610

There was no compensation for loss of office payable to senior post-holders in 2011/12 (2010/11 nil)

14 Trustees of the University, none of whom were employed by Brunel University, received an annual payment of £250 each totalling £3,500 to cover their expenses (2011: 14 trustees £3,500).

Notes to the accounts

Year ended 31 July 2012

	Year Ended 31 July 2012 £'000	Year Ended 31 July 2011 £'000
7 Interest and other finance costs		
Loans not wholly repayable within five years	4,559	4,589
Loans wholly or partly payable within five years	-	-
Interest on Enhanced Pension Scheme	46	49
Net charge on pension scheme	1,292	1,239
	<hr/> 5,897 <hr/>	<hr/> 5,877 <hr/>

8 Analysis of total expenditure by activity

	Staff costs £'000	Other operating expenses £'000	Dep'n £'000	Interest Payable £'000	2012 Total £'000	2011 Total £'000
Academic departments	60,728	15,431	1,106	-	77,265	72,615
Academic Services	11,534	6,759	127	-	18,420	18,665
Research grants and contracts	6,037	6,847	276	-	13,160	10,912
Residences, catering, conferences & Science Park	6,183	9,558	3,340	4,605	23,686	22,428
Premises	3,761	17,452	5,196	-	26,409	23,016
Administration	9,667	8,144	568	1,292	19,671	19,656
Impairments	-	130	-	-	130	100
Other services	2,676	2,471	2	-	5,149	4,971
	<hr/> 100,586	<hr/> 66,792	<hr/> 10,615	<hr/> 5,897	<hr/> 183,890 <hr/>	<hr/> 172,363 <hr/>

	Year Ended 31 July 2012 £'000	Year Ended 31 July 2011 £'000
Other operating expenses include:		

External Auditors remuneration in respect of audit services	43	43
External Auditors remuneration in respect of non-audit services	3	8

9 Taxation

UK corporation tax (recoverable)/payable	-	-
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Notes to the accounts

Year ended 31 July 2012

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 2011:				
Cost	311,384	16,821	23,340	351,545
Less: Disposals in year	(294)	-	(1,108)	(1,402)
Additions at cost	9,632	1,885	3,610	15,127
Transfers between accounts	16,564	(16,587)	23	-
At 31 July 2012:				
Cost	337,286	2,119	25,865	365,270
Depreciation				
At 1 August 2011:				
59,167	-	14,909	74,076	
Charge for the year	8,072	-	2,543	10,615
Eliminated in respect of disposals	(83)	-	(960)	(1,043)
67,156	-	16,492	83,648	
Net book value 31 July 2012	270,130	2,119	9,373	281,622
Net book value 31 July 2011	252,217	16,821	8,431	277,469
Financed by capital grant	32,131	0	844	32,975
Other	237,999	2,119	8,529	248,647
Net book value 31 July 2012	270,130	2,119	9,373	281,622

On 31 July 2012, freehold land and buildings included £6.6m, (£6.6m, 2010-11) in respect of freehold land which is not depreciated.

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

Heritage assets

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

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

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

Notes to the accounts

Year ended 31 July 2012

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

Year Ended	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Acquisitions at Cost	8	8	4	-	26
Donations received at valuation	-	-	-	-	-
Disposal Proceeds	-	-	1	5	8

11 Fixed asset investments

	Group		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Investment in CVCP Properties plc	33	33	33	33
Investments in associated companies	34	80	-	-
	67	113	33	33

Investments in subsidiary companies

The group accounts incorporate the financial information relating to its subsidiary, in which it holds 100% of the shares, 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	
	2012 £'000	2011 £'000
Balance as at 1 August	2,007	1,590
New endowments invested	172	35
Increase/ (Decrease) in cash balances held for endowment funds	(223)	382
Balances as at 31 July	1,956	2,007
Represented by:	=====	=====
Cash at bank held for endowment fund	1,956	2,007

13 Debtors

	Group		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Amounts falling due within one year:				
Debtors	6,175	6,261	6,134	6,220
Amounts due from subsidiary companies	-	-	223	296
Prepayments and accrued income	7,145	5,281	7,144	5,281
	13,320	11,542	13,501	11,797
Amounts falling due after one year:				
Loans	67	155	-	-
	13,387	11,697	13,501	11,797

Notes to the accounts
Year ended 31 July 2012

14 Investments

	Group and University	
	2012 £'000	2011 £'000
Money market deposits	43,166	53,610
	43,166	53,610

15 Creditors: amounts falling due within one year

	Group		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Bank Loans	1,176	1,110	1,176	1,110
Trade Creditors	17,701	18,849	17,688	18,845
Taxation and social security	257	428	247	423
Accruals and deferred income	26,625	23,131	26,459	22,977
	45,759	43,518	45,570	43,355

16 Creditors: amounts falling due after more than one year

	Group		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Bank Loans	93,077	94,254	93,077	94,254
Other Loans	149	149	149	149
	93,226	94,403	93,226	94,403

Analysis of secured and unsecured loans is as follows:

	Group		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
In one year or less	1,176	1,110	1,176	1,110
Between one and two years	1,382	1,325	1,382	1,325
Between two and five years	4,059	3,871	4,059	3,871
After five years	87,785	89,207	87,785	89,207
	94,402	95,513	94,402	95,513

For the three bank loans outstanding totalling £94.2m, 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 £46.8m at 4.588%, £23.6m at 4.5843% and £23.8m at 4.5823%. All loans are repayable by instalments until December 2040.

Notes to the accounts
Year ended 31 July 2012

17 Provisions for liabilities and charges

Group and University	Enhanced Pension Costs £'000
At 1 August 2011	1,173
Expenditure in year	(89)
Transferred from Income and Expenditure account	<u>138</u>
At 31 July 2012	1,222
	<u> </u>

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

The assumptions for calculating the Provision for Enhanced Pension Costs under FRS17 are as follows:

	2012	2011
Interest Rate	2.44%	3.93%
Price Inflation	1.55%	2.60%

18 Deferred capital grants

	Funding Councils £'000	Other Grants & benefactions £'000	Total £'000
At 1 August 2011:			
Land and Buildings	31,258	2,504	33,762
Equipment	1,309	78	1,387
	<u>32,567</u>	<u>2,582</u>	<u>35,149</u>
Cash received:			
Land and Buildings	-	-	-
Equipment	-	173	173
	<u>-</u>	<u>173</u>	<u>173</u>
Released to income and expenditure account			
Land and buildings	(1,658)	(65)	(1,723)
Equipment	(412)	(212)	(624)
	<u>(2,070)</u>	<u>(277)</u>	<u>(2,347)</u>
Total	30,497	2,478	32,975
At 31 July 2012:			
Land and buildings	29,600	2,439	32,039
Equipment	897	39	936
	30,497	2,478	32,975

All deferred capital grants relate to the University

Notes to the accounts
Year ended 31 July 2012

19 Endowments

	Restricted Permanent £'000	Restricted Expendable £'000	2012 Restricted Total £'000	2011 Restricted Total £'000
Balance at 1 August 2011				
Capital	497	890	1,387	1,352
Accumulated income	221	399	620	238
	718	1,289	2,007	1,590
New endowments	1	171	172	35
Interest income	1	3	4	760
Appreciation of endowment assets	-	-	-	3
Expenditure	(4)	(223)	(227)	(381)
At 31 July 2012	716	1,240	1,956	2,007

	Permanent £'000	Expendable £'000	Group and University Total £'000
Scholarship funds	546	398	656
Chairs and lectureships	-	13	13
Prize funds	170	98	556
Other funds	-	731	731
Total	716	1,240	1,956

20 Reserves

	Group £'000	University £'000
Balance at 1 August 2011	140,307	140,460
(Deficit)/Surplus for the year	(4,379)	(4,389)
Actuarial (loss)/gain in respect of pension scheme	(10,493)	(10,493)
Balance at 31 July 2012	125,435	125,578
Balance represented by:		
Income and expenditure reserve	169,946	170,089
Pension reserve	(44,511)	(44,511)
	125,435	125,578

Notes to the accounts

Year ended 31 July 2012

21 Reconciliation of profit before tax to net cash flow

	2012 £'000	2011 £'000
(Deficit)/Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax	(4,602)	6,138
Decrease in cash value of endowments	223	-
(Deficit)/Surplus before tax	(4,379)	6,138
Depreciation	10,615	11,023
Impairments	46	-
Deferred capital grants released to income	(2,347)	(3,036)
Interest payable	5,897	5,877
(Increase)/Decrease in stock	(17)	7
Investment Income	(678)	(654)
(Increase)/Decrease in debtors	(1,690)	(1,287)
Increase/(Decrease) in creditors	2,175	6,424
Increase/(Decrease) in provisions	49	46
FRS 17 Pension costs less contributions payable	1,619	1,194
	11,290	25,732
	=====	=====

22 Analysis of changes in net debt

	At August 2011 £'000	Cash flows £'000	Other changes £'000	At July 2012 £'000
Cash at bank and in hand				
Endowment assets	2,007	(51)	-	1,956
Other	3,914	809	-	4,723
	5,921	758	-	6,679
Short term investments	53,610	(10,444)	-	43,166
Debts due within one year	(1,110)	(66)	-	(1,176)
Debts due after more than one year	(94,403)	1,177	-	(93,226)
	(35,982)	(8,575)	-	(44,557)

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:

	2012 £'000	2011 £'000
Contributions to USS	8,517	8,046
Contributions to TPF	317	335
Contributions to LPFA	2,748	2,668
Contributions to other pension schemes	1	2
Provision for ex-WLIHE pension increase	92	77
Total Pension cost (Note 6)	11,675	11,128

Notes to the accounts

Year ended 31 July 2012

The assumptions and other data relevant to the determination of the contribution levels of the schemes are as follows:

	USS 2011	LGPS 2012	TPS 2004
Investment returns per annum	6.1%	5.2%	3.5%
Salary scale increase per annum	4.4%	3.5%	5.0%
Pensions increase per annum	3.4%	1.8%	3.5%
Market value of assets at date of last valuation	£32,433.5 mil	£49.5 mil	£162,650 mil
MFR proportion of members' accrued benefits covered by the actuarial value of the assets	92%	n/a	97%

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

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 2011. This was the second 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 levels. In particular, he 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 2012 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 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% 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 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality S1NA["light"] YofB tables – No age rating

Female members' mortality S1NA ["light"] YofB tables – rated down 1year

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 CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Notes to the accounts

Year ended 31 July 2012

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% 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 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% 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 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

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 but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liability of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include :

New Entrants

Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age

The Normal pension age was increased for future service and new entrants, to age 65.

Flexible Retirement

Flexible retirement options were introduced.

Member contributions increased

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

Cost Sharing

If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

Pension increase cap

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Notes to the accounts

Year ended 31 July 2012

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonable constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based upon the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are viewed as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using a AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

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 shortfall
Investment Return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 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 funding 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.

At 31 March 2012, USS had over 145,000 active members and the institution had 1104 active members participating in the scheme.

The total pension cost for the institution was £8,517,383 (2011: £8,143,890). This includes £nil (2011: £ nil) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

Notes to the accounts

Year ended 31 July 2012

Teachers Pension Scheme

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

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

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

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

The University participates as an Admitted Body in the LPFA which is administered in accordance with the Local Government Pensions Scheme Regulations 1997. The fund is valued every three years by actuaries, and the projected unit method is used in respect of the Active Sub-Fund in which the University participates. Each participating employer has their own contribution rate reflecting its long term future service rate, adjusted for the funding level in respect of past service. For the year ended 31 July 2011, the employer's contribution rates were 21.0% from 1 April 2011 22.6%. The employee's rate from 1 April 2011 is based on a banded earnings schedule. The employer's contributions were £2.24 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 2010, rolled forward to 31 July 2012 by Barnett Waddingham, an independent firm of actuaries. The major assumptions are:

31 July	At 2012	At 2011	At 2010	At 2009	At 2008
Inflation (CPI)	1.8%	2.7%	2.7%	-	-
Inflation (RPI)	2.6%	3.5%	3.2%	3.6%	3.8%
Rate of increase in salaries	3.5%	4.5%	4.7%	5.1%	5.3%
Rate of increase in pensions	1.8%	2.7%	2.7%	3.6%	3.8%
Discount rate	3.9%	5.3%	5.4%	6.0%	6.7%

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	20.1	23.6
Retiring in 20 years	22.1	25.5

The following assumptions have been made :

Members will exchange half of their commutable pension for cash at retirement
Active members will retire one year later than they are first able to do so without reduction

Notes to the accounts

Year ended 31 July 2012

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

	At 31 July 2012	At 31 July 2011		
	Long term rate of return	Fund Value £'000	Long term rate of return	Fund Value £'000
Equities	5.6%	35,175	6.8%	34,087
Target Return Portfolio	4.3%	4,954	4.5%	5,434
Alternative Assets/Property	4.6%	7,927	5.8%	6,916
Cash	0.5%	1,486	3.0%	1,976
Other Bonds	0.0%	0	5.3%	988
Total Market Value of assets		49,542		49,401

The following amounts at 31 July 2012 were measured in accordance with the requirements of FRS 17

At 31 July	2012 £'000	2011 £'000
Estimated asset share	49,542	49,401
Present value of scheme liabilities	(94,053)	(81,800)
Deficit in scheme	(44,511)	(32,399)

Movement in deficit during the year:

Analysis of amount charged to income and expenditure account

	2012 £'000	2011 £'000
Current service cost (net of employee contributions)	(2,453)	(2,613)
Losses on Curtailments and Settlements	(621)	(20)
	<hr/>	<hr/>
	(3,074)	(2,633)
	<hr/>	<hr/>

Analysis of net return on pension scheme

	2012	2011
	£'000	£'000
Expected return on pension scheme assets	3,062	3,003
Interest on pension liabilities	(4,354)	(4,242)
Net return	(1,292)	(1,239)
	<hr/>	<hr/>

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

Actual return less expected return on Pension scheme assets	(2,488)	1,706
Experience gains and losses arising on scheme liabilities	(1)	7,711
Changes in assumptions underlying the present value of the scheme liabilities	(8,004)	(6,082)
Actuarial (loss) recognised in STRGL	(10,493)	3,335
Past service cost indexation	-	-
Total Recognised in STRGL	(10,493)	3,335
	<hr/>	<hr/>

Notes to the accounts

Year ended 31 July 2012

Movement in deficit in the year

Deficit in scheme at the beginning of the year	(32,399)	(34,540)
Movement in year:		
Current service costs	(2,453)	(2,613)
Contributions	2,746	2,677
Contributions in respect of unfunded benefits	1	1
Past service costs	-	-
Other Finance Income	(1,292)	(1,239)
Settlements and Curtailments	(621)	(20)
Actuarial loss	(10,493)	3,335
Deficit in scheme at the end of the year	(44,511)	(32,399)
	=====	=====

Analysis of net return on scheme liabilities

	2012 £'000	2011 £'000
At beginning of the year	81,800	81,841
Service cost	2,453	2,613
Interest cost	4,354	4,242
Actuarial losses/(gains)	8,005	(3,849)
Losses/gains on curtailments	-	20
Effect of Settlements	621	-
Estimated benefits paid (net of transfers in)	(3,986)	(3,872)
Past service cost	-	-
Contributions by Scheme participants	807	806
Unfunded pension payments	(1)	(1)
At end of year	94,053	81,800
	=====	=====

Analysis of net return on scheme assets

At beginning of the year	49,401	47,301
Expected return on Scheme assets	3,062	3,003
Actuarial Gain (losses)	(2,488)	(514)
Contributions by employer	2,747	2,678
Contributions by Scheme participants	807	806
Estimated benefits paid (net of transfers in and unfunded)	(3,987)	(3,873)
At end of year	(49,542)	49,401
	=====	=====

	Year ended 31 July 2012 £'000	%	Year ended 31 July 2011 £'000	%
Equities	35,175	71.0	34,087	69.0
Target Return Portfolio	4,954	10.0	5,434	11.0
Alternative Assets	7,927	16.0	6,916	14.0
Cash	1,486	3.0	1,976	4.0
Other Bonds	0	0.0	988	2.0
Total	(49,542)	100.0	49,401	100.0

Notes to the accounts

Year ended 31 July 2012

History of experience gains and losses

Cumulative

	Year ended 31 July 2012 £'000	Year ended 31 July 2011 £'000	Year ended 31 July 2010 £'000	Year ended 31 July 2009 £'000	Year ended 31 July 2008 £'000
Difference between expected and actual return on assets:					
Amount (£'000)	(2,488) 49,542	(514) 49,401	1,313 47,301	(6,072) 41,944	(6,975) 44,465
Percentage of scheme assets	(5.0%)	(1.0%)	2.8%	(14.5%)	(15.7%)
Experience gains on scheme liabilities	(1) 94,053	9,931 81,800	9 81,841	- 77,347	1,443 66,125
Amount (£'000)					
Percentage of the present value of the scheme liabilities	(0.0%)	12.1%	0.0%	0.0%	2.2%
Total amount recognised in statement of recognised gains and losses	(10,493) 94,053	3,335 81,800	(1,754) 81,841	(12,853) 77,347	(6,294) 66,125
Present value of liabilities					
Percentage of the present value of the scheme liabilities	(11.2%)	(4.1%)	(2.1%)	(16.6%)	(9.5%)

23 Capital commitments

Provision has not been made for the following capital commitments

Consolidated and University

	2012 £'000	2011 £'000
Commitments contracted for at 31 July	1,921	9,127
	=====	=====

24 Contingent liabilities

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

25 Related party transactions

Transactions between Brunel University and its subsidiary undertaking Brunel University Enterprises 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 2012, the University paid a grant of £1,063,000 to the Union (2011: £970,000), and provided the Union with accommodation on all campuses free of rent and most other occupancy costs.

Notes to the accounts

Year ended 31 July 2012

26 Access to hardship funds (HEFCE)

	2012 £'000	2011 £'000
Balance brought forward at 1 August	20	20
Funding Council grants received	220	223
Interest earned	-	-
Disbursed to students	(214)	(216)
Contributions to fund running costs	(7)	(7)
Administration staff costs	19	20
	<hr/>	<hr/>
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27 Teacher training bursaries

	2012 £'000	2011 £'000
Balance brought forward at 1 August	(164)	(236)
Teaching Agency grant received	756	1,600
Disbursed to students	(544)	(1,528)
Balance due from / (to) Teaching Agency	48	(164)
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Funding Council Access grants and bursaries, as detailed in notes 26 and 27, are available solely for students. The funds and related disbursements are excluded from the income and expenditure account.

28 Financial commitments

At July 2012, the University had annual commitments under non-cancellable operating leases which expire as follows

	Land and Buildings £'000	Equipment £'000	2012 £'000	2011 £'000
Within one year	1,094	405	1,499	1,278
Within two to five years	-	167	167	481
After five years	-	-	-	-
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Brunel University**Membership of Council and Trustees during the 2011 – 12 year**

	Status of Appointment	Date Appointed in-year	Date resigned in year / Completed Term of Office
Professor C Jenks	Vice-Chancellor & Principal		
Professor M Sarhadi	Vice-Principal		
Mrs J Kelly - Chair	Independent Member		
Mr D Finlayson – Deputy Chair	Independent Member		
Mr T Belisario	Independent Member		
Ms M Black	Independent Member		
Ms M Chapman	Independent Member		
Ms N Cole	Independent Member		
Professor K Gregory	Independent Member		
Mrs M Lenton	Independent Member		
Mr C Thorneycroft-Smith	Independent Member		
Mr G Tomkinson	Independent Member		
Mrs J Robbins	Independent Member		
Mr N Afzal	Independent Member		
Mr P Markwell	Independent Member	1.08.2011	
Mr R Westhead	Independent Member	1.08.2011	
Professor Z Irani	Appointed by Senate		
Dr W Leahy	Appointed by Senate		
Professor R Simpson	Appointed by Senate		
Professor S Capel	Appointed by Senate		
Dr S Naylor	Elected Academic Member		31.07.2012
Professor M Lycett	Elected Academic Member		
Ms N Bowes	Elected Staff Member		31.01.2012
Ms E Jackson	Elected Staff Member	01.02.2012	
Mr B Stiff	Elected Staff Member		
Mr P Phillips	Student Member	1.08.2011	

Brunel University

Membership of Council and Trustees during the 2011 – 12 year

Committees served during the year: 2011 - 12

Finance Committee Chairman Ms. M. Black Members Mrs J. Kelly Prof. C. Jenks Prof. M. Sarhadi Mr. T Belisario Mrs M. Chapman Prof. K. Gregory Prof. Z. Irani Dr W. Leahy Dr. M. Lycett Mr B. Stiff Mr. P. Phillips Prof. G. Rodgers	Audit Committee Chairman Mrs N. Cole Members Mrs M. Lenton Mr. G. Tomkinson Mr R. Westhead (appointed 1 st August 2011) Mr S. Coventry (Co-opted)	Health and Safety Assurance Committee Disbanded-powers transferred to the University's Health and Safety Committee
Strategic Planning & Resources Committee Chairman Prof. C. Jenks Members Prof. M. Sarhadi Mr P. Markwell Mrs M. Chapman Mr G. Tomkinson Mr. P. Phillips	Nominations & Remuneration Committees Chair Mrs J. Kelly Members Ms. M. Black Mr D. Finlayson Prof. K. Gregory Prof. C. Jenks Prof. M. Sarhadi	Equal Opportunities and Human Resources Committee Chairman Prof. C. Jenks Members Mr N. Afzal Prof. K. Gregory Prof. M. Sarhadi Mrs. J. Robbins
Special Projects Committee Chairman Mr D. Finlayson Members Mr C. Thorneycroft-Smith Mrs N. Cole Mrs M. Chapman Prof. K. Gregory Mr. G. Tomkinson Ms. M. Black Prof. C. Jenks	Honorary Degrees Committee Chairman Prof. C. Jenks Members Mrs M. Lenton Mrs N. Cole Mr N. Afzal Mr. P. Phillips Mrs J. Kelly	
<u>Professional Advisers</u>		
Bankers HSBC Bank plc, Uxbridge	Legal advisers Eversheds, London Veale Wasbrough Vizards, Bristol Farrer & Co, London	External auditors KPMG LLP, London
Indirect tax advisers Ellis Chapman & Associates, Knutsford, Cheshire	Internal Auditors Grant Thornton UK LLP, London	