



Financial Statements
2013 – 14

Brunel University London
Financial Statements for the year ended 31 July 2014

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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 was updated as part of the Strategic Plan for the University, which covers the period from 2012 to 2017. The Strategic Plan is focused around three Priorities, which are articulated through a number of Objectives, to be achieved over the planning period and beyond. The Priorities and Objectives are:

- Advancing Excellence in our Academic Provision:
 - *Building on our research successes to meet the global challenges of the 21st century*
 - *Securing the benefits of a research-led education for our students*
 - *Improving the quality of learning opportunities for all our students*
 - *Competing more effectively*
- Crossing Institutional Boundaries on the Basis of Open Innovation:
 - *Expanding our reach*
- Organising for Success:
 - *Providing an enabling culture in which all students and staff feel that they can excel*
 - *Ensuring the University is an attractive, safe and inspirational place*
 - *Communicating our successes*
 - *Ensuring the University is financially and environmentally sustainable and beneficial to society*

Strategic Developments

Our commitment to excellence and quality is a recurring theme throughout the Strategic Plan which sets out a strong aspiration to greatly improve our educational and research activities, and a path to move up the league tables significantly. The Plan is set against a backdrop of change within the Higher Education (HE) sector and the University has positioned itself to respond positively and swiftly to the changing environment. The University has introduced a successful Transformational Change Programme (TxP) to help achieve its strategic goal of focusing on academic excellence and improving our academic infrastructure to enable us to reshape and refocus the delivery of education and research.

The main organisational change arising from the TxP Programme is the formation of three Colleges in place of the eight Schools, and the introduction of three major interdisciplinary Research Institutes, consolidating our activities and providing strategic opportunities for focused growth. The administrative and support services of the University have been redesigned to support this new structure. The reorganisation was approved by the University's Council and Senate, with detailed implementation work undertaken during 2013/14 and the new structure has operated from 1st August 2014.

The three new Colleges are i) Business, Arts and Social Sciences; ii) Engineering, Design and Physical Sciences; and iii) Health and Life Sciences, comprising larger academic departments making them better able to support interdisciplinary collaborations. Colleges will be the strategic drivers of transformational change and will have a key responsibility for quality and standards assurance. Each College is led by a Dean supported by two Vice-Deans (Research and Education), academic department heads and by a college wide administration. Directors have been appointed to the three Research Institutes which are i) Energy Futures; ii) Environment, Health and Societies; and iii) Materials and Manufacturing. Each Institute has a responsibility for establishing and delivering the strategic direction for its research within the University's stated ambition as defined in the University Strategic Plan.

Alongside the preparatory work for TxP, and in response to the increased competition between universities for students, the University undertook an audit of its branding. This project identified the need to raise the

profile of the University, make clear our position within the HE Sector and our London location. To oversee the implementation of the findings of the project, the Communications, Marketing & Branding Strategy Committee was formed and engaged extensively with focus groups including the student body, alumni, staff, governors, employers and other stakeholders. The new branding for the University took effect from 1st August 2014, and 'Brunel University London' became the University's legal name in September 2014 when the supplemental charter was formally received.

Competitive and Regulatory Environment

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

Brunel University London is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and HEFCE is the principal regulator of the University as a charitable institution.

The principal regulator to which the university is accountable is the Higher Education Funding Council for England (HEFCE). The University receives funding grants from HEFCE for teaching and research. The terms and conditions for the payment of grants to the university by HEFCE are governed by the new HEFCE Memorandum of Assurance and Accountability, which is applicable from 1st August 2014, replacing the previous HEFCE Financial Memorandum which was operable to 31st July 2014. The Memorandum of Assurance and Accountability sets out the formal relationship, in the form of terms and conditions made under section 65 of the Further and Higher Education Act 1992, between HEFCE and the higher education institutions (HEIs) and further education colleges (FECs) that it funds, and their governing bodies and accountable officers. It reflects HEFCE's responsibility to provide annual assurances to Parliament that: i) funds provided are being used for the purposes for which they were given; ii) risk management, control and governance in the HE sector are effective; and iii) value for money is being achieved. HEFCE also monitors the financial and managerial health of universities. The University is required to submit a series of financial, data and accountability returns as part of the regulation process. HEFCE is also responsible for making sure that the quality of learning, teaching and research is assessed, enabling them to fund selectively by supporting excellence and takes account of the collective interest of students in how it operates. The 2014 Memorandum of Assurance and Accountability has, therefore, been designed to address both the collective student interest and the public interest.

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 HEIs continuing to charge fees for HEU undergraduate students of above £6,000 a year up to the limit of £9,000 are required to submit an Access agreement to The Office for Fair Access (OFFA). The University charges HEU students £9,000 a year for 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.

Research funding for the sector from UK 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 EU and non-Government sources, as it follows its research-intensive strategy.

Students

Overall student numbers as recorded at the 1st December 2013 were 13,504, which decreased slightly by 405, or 2.9% from the 2012/13 1st December level. The largest reduction was in postgraduate taught (PGT) numbers which decreased by 338, or 11%; HEU students saw a reduction of 225 and International students declined by 113. The University aims to increase the number of students joining the University, consistent

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Operating and Financial Review

with maintaining the quality of the programmes and maintaining entry requirements. Our HEU undergraduates numbered just over 8,500 and were our largest group at 63% of our total population. Their numbers also declined slightly by 192 or 2% from last year - lower numbers of first year student numbers enrolled compared with the cohort leaving as we continued our strategic position of maintaining the quality for our entry requirements - and this was partially offset by a small increase in our International undergraduate numbers of 32 students. Postgraduate research (PGR) student numbers increased by 93 or almost 10% to 1,063 reflecting the University's strategic approach to growing and expanding its research.

Student Numbers	2013/14			2012/13			Variance		
	HEU	Int'l	Total	HEU	Int'l	Total	HEU	Int'l	Total
Undergraduate	8,516	1,208	9,724	8,708	1,176	9,884	(192)	32	(160)
PGT	1,570	1,147	2,717	1,795	1,260	3,055	(225)	(113)	(338)
PGR	528	535	1,063	497	473	970	31	62	93
Total	10,614	2,890	13,504	11,000	2,909	13,909	(386)	(19)	(405)

The University is proud to attract a diverse range of students reflecting the diversity in society and has maintained this since the 2012/13 change to the HEU undergraduate tuition fees. The diversity of our students is across all the categories - by gender (54% male and 46% female), ethnicity (39% white, 27% Asian, 15% black and 19% other/unknown) and also by students who derive from groups under-represented in HE. 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 HE sector as a whole. We also exceed our benchmark target and the sector average for students from state schools.

The University celebrated with 4,383 students who graduated in the year 2013/14, of whom 2,558 were awarded a bachelor's degree and 1,825 a postgraduate degree.

The results of the 2014 National Student Survey show that Brunel students are the most satisfied of all students at university in London. The University therefore climbed nearly 30 places to 25th out of 154 Higher Education institutions, ranked by overall satisfaction rate. The University improved its position again, with 89% of students at Brunel satisfied overall with their experience at university; up 2% on last year and marking a fourth year of consistently strong results within a highly competitive sector.

Subjects including accounting, economics and finance, civil engineering, creative writing, music and occupational therapy all showed particular improvement since last year's survey. Courses covering film and TV studies, anthropology, English, history and politics all remained consistently strong, while in physiotherapy 100% of students were satisfied with their courses, making the university top in the UK for the subject.

In addition, for the third year running, Brunel's students are the most satisfied in London with the work of their Students' Union, which was supported by the University with funding of £1.1 million in the year to undertake its activities.

Brunel Business School won the Business School of the Year Award at this year's *Times Higher Education* Awards, awarded to the business school demonstrating the most outstanding performance in the past academic year. The award is open to all business schools in the UK, including those situated within universities and those in the private sector. The basis of the award included recognition of the School's long-term strategy to move from large undergraduate teaching towards establishing a 'balanced economy' of teaching and research, thus becoming a more significant international player with the credentials to be selective in its recruitment of staff and students. Separately, the Business School also won The Outstanding Employer Engagement Initiative, which recognises a strategic and innovative approach to delivering employers' workforce development needs. The initiative proposed for the award, the MSc in Applied

Corporate Brand Management with Professional Practice, launched in 2011 and incorporates a 16-week internship to guarantee relevant, industry-based experience for all participants.

Student Support

As part of the TxP Programme, and in recognition of changing demands, the University is reorganising and refocussing its provision of student support for learning and teaching and also professional development. The University recognises the importance of driving innovation in learning and teaching and embracing the emerging technological innovations in order to remain competitive in the changing and challenging HE market. It is against this backdrop that the Brunel Educational Excellence Centre (BEEC) was established. It brings together expertise from a range of existing departments - Academic Skills Service (ASK), Academic Practice Unit, Media Services, Learning Technology, and English Language Support - into a University Centre that provides a coordinated approach to the support, enhancement and innovation of learning and teaching at Brunel. The Centre engages with staff and provides access to practical support and guidance to help staff support our students in realising and achieving their academic aspirations. Academic staff who specialise exclusively in education provision now spend one day a week focused on projects designed to deliver innovative learning and teaching.

ASK, based in the University Library, specialises in teaching all Brunel students the skills needed to learn independently and thrive academically, whatever the subject. ASK offers 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. Work began in Summer 2014 on co-locating all student services within the same building, with the arrival this summer of Student Health and Wellbeing, Timetabling, Admissions and Course Enquiries. This will continue next summer with the development of a 'one-stop shop' facility for student services.

The School of Professional Development (SPD) enhances the professional skills of all students in the University and prepares them for their job and for life. It does this through the provision of training in professional skills (for example the 'Ready Programme' and modern language provision), and through the Placement and Careers Centre (PCC) that will seek to advise students on their potential career opportunities, as well as help students find placements and jobs. Within the SPD the Graduate School targets provision for postgraduate students and early career researchers. Also part of the SPD, the Innovation Hub provides a dedicated space that aims to provide students with technical support, business start-up advice and networking and collaborating opportunities. The SPD provides an integrated service to students which combines training, support and knowledge of the requirements and nature of employers.

It is the ethos of the University that work experience should be embedded in the student life cycle at Brunel and the PCC offers a one stop shop service to all students and employers. The Job Shop organises on-campus and off-campus jobs for students, the placement team is responsible for facilitating placement for students enrolled on sandwich degrees and the team of careers consultants is responsible for supporting final year students in securing graduate employment. The PCC has 32 members of staff including an Entrepreneurship and Enterprise Consultant, who manages the Innovation Hub working with students to explore new business ideas and commercialisation.

For the seventh year running, Brunel surpassed its HEFCE employability benchmark and is in 20th position out of 95 English universities once specialist institutions (e.g. fashion, arts etc.) have been excluded. Despite the challenging economic situation, the PCC continues to advertise an increased number of job vacancies every year. The Job Shop has again seen a rise in students working on campus and has processed 3,900 timesheets from 714 students who collectively earned over £1 million in 2013/14.

In the graduate destination survey for 2013 first-degree leavers, the percentage of positive outcomes (those leavers who are either employed, engaged in further study, or a combination of work and study) remained high at 88%. The percentage of employed graduates has increased from 71% in 2012 to 72% in 2013, with sandwich placement leavers in particular continuing to experience more favourable employment outcomes. 79% of placement course leavers are in the top three employment categories compared with 47% of the non-placement leavers with a salary premium of approximately £2,600 compared to a non-placement course leaver.

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, 302,000 eBooks and over 88,000 eJournals which are available through the Library website. There are 1,200 study spaces and nearly 400 PCs and there is Wi-Fi capability throughout the building. Inductions, information skills training and one-to-one support are offered to all students. The Library's services are available for 24 hours a day during term-time. Students now have access to the Financial Resources suite including the Bloomberg economic and finance data system and the Data Stream service. This facility increases potential employability, giving students direct experience of systems used throughout the banking and finance industry.

The University offers bursaries and financial support to students of limited financial means, as set out in the Statement and Report on the University's Charitable Purpose and Public Benefit Activities within this Report, and full details are available on the University's website.

Alumni

The Development and Alumni Relations Office (DARO) actively engages with Brunel's 100,000+ strong alumni body through a series of events and communications. In conjunction with the comprehensive communications schedule, including an annual 32-page magazine and quarterly e-newsletters, the University has a wide range of Social Media presences, including Facebook, LinkedIn, Google+ and Twitter. Increasing the level of engagement on Social Media and the range of the University's reach have been key priorities in the past year and the team has recently launched a new alumni community to enable alumni mentoring and interaction. DARO has also hosted networking events with the School of Arts, Made in Brunel in conjunction with Engineering and Design. Notably, the visit of the former Attorney General to Brunel was organised by a former Alumnus of the Year.

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 annual Telephone Campaign is particularly important in this regard and is a major underpinning of the Scholarships and Hardship funds.

The Vice Chancellor met with Alumni through a number of lunch events and Alumni receptions and has also hosted lunches for current and potential supporters of the University. A Donor Thank You event was held on campus in 2013-14 and was extremely successful. Alumni events overseas took place in Malaysia, Bahrain and North America during 2013-14, attended by the Vice-Chancellor or the Deputy Vice-Chancellor for Education and International as part of arranged visits to these areas. The team expect to see an increase in activity in these areas in future years.

Academic departments work with the DARO team to maintain contact with their alumni body, providing services, hosting events and promoting professional networking. 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 contribute to student life.

Staff

The University recognises the fundamental importance of its academic and professional services staff in delivering our mission and also developing and delivering our strategic priorities. Many of our staff members, from both academic and professional departments, made a major contribution to the development of the University's TxP Programme, giving input at every level to both the design and the implementation, and are committed to the successful delivery of its objectives.

As well as the new College and Institute structures, the University's support services are being organised to provide better support to the academic activities of the University, and staff have been consulted with regard to the most appropriate service delivery model for each service. Depending on the service, the model varies, from central provision, to 'hub-and-spoke' and also devolved local provision within Colleges and Institutes.

Our staff numbers for the year averaged 2,492, which represents a reduction of 37, or 1%. The small underlying reduction in overall staff numbers arose mainly from the professional staff resource and tracks the reduction in the student population. Our staff expenditure accounts for the majority of our total expenditure and at 52.9% of income (2012/13 54.8%), this Key Performance Indicator (KPI) is close to the sector average. A factor in the reduction of the staff cost to revenue percentage was the residual effect of the outsourcing of the University's catering operations from January 2013, with the staff costs for 2012/13 including the costs of catering staff for part of the year and the equivalent cost in 2013/14 recorded in non-staff costs.

Staff Support

Set against the backdrop of the organisational re-structure, staff support has focused on communicating with staff and supporting them through the initial phases of the anticipated change curve while continuing the regular staff development of the core skill base necessary to ensure the success of the University.

Training investments during 2013-14 includes:

Managing Change: A structured programme of change management events and workshops has been rolled out across the University to support managers in leading and supporting their teams through the implementation of the Transformational Change programme. This programme will continue, albeit focus will shift from managing and implementing change to addressing the impacts as we travel the change curve as a community.

Implementation and development of the Athena SWAN action plan: Having achieved the Athena SWAN Bronze award it has been an organisational imperative to implement the action plan while supporting the submission of departmental applications for Silver Awards. We have appointed a Pro Vice Chancellor, Equality, Diversity & Staff Development to lead and develop the strategy in this area and have launched Athena Awards for female members of academic staff to support their research activity. The inaugural Athena SWAN annual lecture was delivered this year by Professor Dame Nancy Rothwell, President and Vice-Chancellor at the University of Manchester and was very well received.

Development of the Coaching Community: During 2013-14, 18 members of staff from across the University have undertaken a recognised coaching qualification to support the development of Brunel's coaching community. Delivery of this programme of study has been conducted alongside a trial of how an internal coaching community can work in practice. Feedback received from those participating in the trial is especially pleasing, confirming the evidence that coaching is a valuable organisational tool, supporting staff in achieving their professional goals.

Research

As part of the TxP process, we have organised our research into three Institutes - i) Energy Futures; ii) Environment, Health and Societies; and iii) Materials and Manufacturing - whose work is formed around fifteen Themes working on addressing global challenges through the adoption of inter-disciplinary methodologies. The overall focus for the Institutes is to develop research to promote global sustainability through the application of science and technology. In all the Themes we are internationally competitive through the volume of funding we are already winning, through particularly prestigious grants and awards, and more generally through the high profile we have established for our research and its translation into public benefit in these areas. Also, within each Institute, we have strategic partnerships which support our work, or provide access to techniques, methodologies or equipment, or have assembled unique multidisciplinary teams. This gives us a strong and unique competitive advantage going forward.

Colleges also have responsibility for research and are accountable to the University for overseeing the articulation of the University's Research Strategy into College Research Plans, the delivery of research within the College, and ensuring that the KPIs associated with the College Research Plan are met. Colleges have responsibility for achieving over time an increase in the quality, volume and impact of the College's research activities, including activities undertaken in collaboration with other Colleges, the University's Institutes, other institutions and engagement with business enterprise and industry. As part of that

responsibility, Colleges are responsible for ensuring that there is a successful integration of training and supervision for postgraduate research students registered in its Departments and also maintaining provision for post-doctoral researchers.

In 2013/14 the University was awarded 189 (2012/13:187) new research grants and contracts with a combined value of £23.7 million, an increase of 5% compared with 2012/13's £22.5m – this comparative is stated after excluding a £15m capital grant relating to the National Structural Integrity Research Centre (NSIRC – see below). This growth demonstrates how the University is succeeding in its strategy of focusing on its areas of research strengths. 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 28% of the £23.7 million total for 2013/14 being funded by the UK research councils and 72% from other sources including the EU.

The University's growing reputation for research was reinforced in January 2014 when the Engineering and Physical Sciences Research Council (EPSRC) invited Brunel to become a strategic partner, based on the University's £19.8 million of research income provided by the EPSRC over the past three years, and our very creditable 38.3% success rate in grant applications. The EPSRC is the main UK Government agency for funding research and training in engineering and the physical sciences. The invitation offers Brunel the chance to develop a close strategic relationship with the EPSRC, joining a small group of particularly strongly-funded universities which have been working alongside the agency since 2006.

Separately, Innovate UK (formerly the Technology Strategy Board), published news that the University sits third in the league table of grants given to HEIs in London, after University College London (UCL) and Imperial. On the national scale, Brunel is 14th in Innovate UK's total investment portfolio, and 12th in its list of grants to collaborative research and development partners.

Progress was further demonstrated in August 2014 by the entry into the top 500 of the respected Shanghai Jiao Tong University Academic World University rankings, which are based on research prowess.

During 2013/14 the University progressed its major research initiatives reported in last year's Research section of the Operating and Financial Review:-

- In October 2012 the University was awarded £15 million of funding from HEFCE as part of a new £60 million initiative to establish the NSIRC. Brunel's lead co-partner for the new Centre, which will be based in Cambridge, is the technology engineering research and consultancy organisation TWI Ltd. Other partners will include major companies from the rail, marine, aerospace and energy sectors as well as UCL, the University of Cambridge and the University of Manchester. The Centre will provide the most up-to-date facilities for engineering and materials research in the UK and will build a national research capability which will support economic growth by carrying out application-led research programmes with TWI and industry partners. Construction work on the NSIRC building in Cambridge is expected to be completed in late 2014, with research work starting at the Centre shortly afterwards and the first cohort of masters students starting their courses in the Autumn of 2015.
- The University, partnered by the Universities of Manchester and Birmingham, is leading the establishment of The Centre for Sustainable Energy Use in Food Chains. Launched in September 2013, the Centre will be one of five new End Use Energy Demand (EUED) research centres that will look into the complexities of energy use across society and how energy can be both saved and used more efficiently. The Centre is developing innovative approaches, processes and technologies for energy demand reduction in all stages of the food chain: production, distribution, retail and consumption; and researchers are working closely with some of the UK's major food manufacturers, retailers, equipment manufacturers, scientific and technical providers and knowledge transfer networks. Establishment of the Centre makes Brunel one of the key universities in both the UK and internationally for energy and food sustainability related research.
- In July 2013, the University was successful with its funding bid for the £14 million Advanced Metal Casting Centre (AMCC). This Government-supported programme will take laboratory discoveries

and upscale them for industry to bridge the gap between fundamental research and full-scale industrial trials. It is jointly funded by the EPSRC, Brunel, a major luxury car manufacturer and a global aluminium automotive sheet and extrusions solutions provider. The Centre will initially serve the automotive industry, but the longer term aim is to extend its knowledge to other engineering sectors, including aerospace, defence, electronics and general engineering. The new facility will draw on the work performed at the Brunel Centre for Advanced Solidification Technology (BCAST) to improve the recyclability of metals. Construction work on the Centre commenced in Summer 2014.

The University alongside eight other leading institutions is to create a new London Doctoral Training Partnership (DTP) specialising in training the next generation of environmental scientists, funded by the Natural Environment Research Council. Part of a £100 million programme involving 15 DTPs across the UK, the London group has been allocated 24 studentships per year for the next five years. These will be supplemented by 12 further studentships per year and international fee waivers offered by the participating institutions. Students will receive in-depth, advanced research training, as well as professional and all round training in transferable skills. Brunel's partners in the London DTP are UCL, Birkbeck University of London, the Institute of Zoology, King's College London, the Natural History Museum, Queen Mary University of London, the Royal Botanic Gardens, Kew, and Royal Holloway University of London. The members of the partnership have strong links to businesses, policy-makers, public and third sector organisations. 30 per cent of the studentships will be offered as business-linked studentships, conducting research that is of direct relevance to the business partner. Business organisations involved in the programme include AstraZeneca, Glaxosmithkline, Pfizer, Thames Water, BHP Billiton, Lloyds of London, Microsoft International and Ove Arup. The first students will enroll in 2014/15, and will rotate around each of the participating partners in the first term, choosing their projects and their institution during the second term.

Environmental Sustainability

The University has retained the internationally recognised environmental management standard ISO 14001 during 2013/14. This demonstrates the University's commitment to protecting the environment and marks Brunel as a leading environmentally responsible institution through its operation and delivery of services, teaching and research. Currently only 21 higher education providers hold ISO 14001 accreditation, and of these only a few - including Brunel - hold it for the entire institution.

The University has maintained its position in the Green League table with an Upper Second Class (2:1) rating. This puts Brunel amongst the top half of universities and colleges for environmental performance. Since its creation in 2007, the Green League has grown in significance as the only comprehensive and independent league table of UK universities ranked by environmental and ethical performance. The overall score is based on a University submission on environmental performance over a range of 13 KPIs.

The Carbon Management Plan is being revised to reflect the achievements to date and the changing shape of Brunel. It will detail the revised 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. The university's gas consumption returned to expected levels following the previous year's harsh weather and electricity consumption remained fairly constant reflecting the performance of the investment in energy reduction schemes offsetting the increases through higher academic research use. The Carbon Reduction Action Group continues to look at energy reduction projects, fully utilising the Rolling Green Fund investment to reduce the University's carbon footprint.

Operating Results 2013/14

The operating results for 2013/14 reflect the medium term financial strategy. In 2011/12, the University reported a planned accounting deficit as it invested 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. The 2012/13 results, the first year of the new tuition fee regime, showed a return to surplus albeit at a low level compared with the sector, while the 2013/14 results reflect a higher margin of operating surplus. In accordance with its financial strategy, the University will plan its future investment and expenditure to generate and maintain sufficient cash to meet anticipated expenditure and provide a buffer for contingencies.

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Operating and Financial Review

A summary of the University's Consolidated Income, Expenditure and Outturn for the year ended 31st July 2014 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.

	2013/14 £m	2012/13 £m	2011/12 £m
Income	192.4	183.5	179.3
Expenditure	(186.4)	(181.2)	(183.9)
Surplus/(Deficit) before exceptional items	6.0	2.3	(4.6)
Net operating cash inflow	26.7	13.2	11.3
Reserves excluding pension liability	180.9	173.5	169.9
Cash and short term investments	78.2	53.9	47.9

The University generated positive net cash flow from operating activities at the rate of 13.9% of income (£26.7 million). We have increased our already strong cash balances and are now in a position where we are able to invest in a planned capital programme to address a number of strategic objectives. There is a short term timing element to the cash movement and resulting final cash balances for the 2013/14 year, as the payments for capital expenditure to which we are already committed means that we plan to exceed significantly in 2014/15 the levels of the past two years. We will be continuing to pay for academic infrastructure and equipment for the AMCC, NSIRC and for the Centre for Sustainable Energy Use in Food Chains as detailed in the Research section of this Review.

Income

	2013/14 £m	2012/13 £m	2011/12 £m
Funding Body Grants	32.0	39.7	51.4
Tuition Fees and Education Contracts	98.0	82.6	70.0
Research Grants and Contracts	21.6	19.8	18.1
Other Income	40.3	40.9	39.1
Endowment and Investment Income	0.5	0.5	0.7
Total Income	192.4	183.5	179.3

Total income for 2013/14 was £192.4 million, which represents an increase of £8.9 million or 4.9% compared with 2012/13. This rate of increase of total income follows a period of more moderate growth in 2012/13 (2.3%) and in 2011/12 (0.5%). The University managed the two prior years cautiously, when the modest rate of income increase required us to use our reserves to invest where appropriate, including in our academic resource and our campus infrastructure, reporting the planned operating deficit in 2011/12 and the small surplus for 2012/13.

The sources of funding for universities have changed, demonstrated by the increasing contribution from tuition fees and the reduction in grants received from funding bodies. In 2010/11, prior to the start of reductions in government grant funding, 39% of our total income arose from tuition fees and education contracts compared with 31% of total income arising from grants received from funding bodies. This gap has continued to widen in the second year of transition to the new tuition fees regime, with 51% of total income

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Operating and Financial Review

coming from tuition fees and education contracts and just 17% from Funding Body grants. This trend will continue in 2014/15.

Tuition fees overall increased by £15.4 million, exceeding the reduction in grant funding of 7.7 million. This relative movement contrasted with 2012/13, when the increase in tuition fees of £12.6 million was broadly comparable with the reduction in grant funding of £11.7 million.

Research grant income increased by £1.8 million or 9%, which, building on a 9% increase in 2012/13, is a good performance reflecting the success of the Research Strategy. As noted in the Research section of this Review, income from research grants is recognised in the financial statements over a period averaging three years, as the work is performed. The research grants awarded in 2013/14 of £23.7 million will be reflected in the financial statements in future years as the work is performed.

Other income reduced slightly by £0.6 million, and consists of student resident income, conference, hotel, retail and also income from summer school activity for foreign language students on the campus.

Expenditure

	2013/14 £m	2012/13 £m	2011/12 £m
Staff Costs	101.7	100.5	100.6
Other Operating Expenses	67.0	63.6	66.8
Depreciation	11.9	11.5	10.6
Interest Payable	5.8	5.6	5.9
Total Expenditure	186.4	181.2	183.9

Increased activity and resulting income increases noted above resulted in an increase in a number of operating costs associated with increased income, notably increased research pay costs (£1.2 million) and costs linked to international student recruitment (£0.5 million). Overall expenditure was £5.2 million higher than in 2012/13, lower than the increase to income and management of this expenditure resulted in the increase of the overall surplus to £6.0 million from £2.3million in 2012/13.

Staff costs were £1.2 million (or 1.2%) higher at £101.7 million. The moderate level of increase reflects efforts made to defer recruitment and the associated costs as we planned the investment in academic resources that are being made as part of the TxP process. This investment will be reflected in the operating costs for 2014/15.

Other operating expenses of £67.0 million increased by £3.4 million, with significantly increased maintenance and repairs expenditure (2013/14: £10.4 million, 2012/13: £5.4 million) a feature later in the financial year as we undertook work on a number of our student residence and academic buildings. Maintenance expenditure and capital expenditure on the campus infrastructure are managed together, with the higher level than normal of maintenance expenditure in 2013/14 balanced by a lower level of infrastructure capital expenditure. Some reductions in other cost categories, including agency staff costs (£0.8 million reduction) and travel costs (£0.2 million reduction) were achieved and overall levels of Other Operating Expenses were broadly flat compared with two years earlier in 2011/12.

Depreciation costs increased by £0.4 million compared with 2012/13, reflecting the full year impact of the introduction into use of the University's new Eastern Gateway Building, which is the home of the Brunel Business School and the University's main reception.

Capital Expenditure

Capital expenditure totalled £7.7 million in 2013/14, slightly higher than in 2012/13 (£6.7 million) but substantially reduced from levels in 2011/12 (£15.1 million) and 2010/11 (£18.8 million). 2011/12 and 2010/11 capital expenditure included the costs of constructing the University's Eastern Gateway Building.

Significant expenditure in 2013/14 included construction work on the AMCC and the Centre for Sustainable Energy Use in Food Chains, along with equipment for the AMCC and also the initial components of a £15 million procurement programme of equipment for NSIRC, as detailed in the Research section of this Review. The majority of the planned capital expenditure on NSIRC and the AMCC will be incurred in 2014/15.

A 10-year rolling programme of estate investment and maintenance is continually updated to take into account the changing needs and developments in the University and this is subjected to regular scrutiny by the University's Council.

Cash and Debt

The University generated £26.7 million in cash from operating activities and ended the year with a balance of £78.2 million in cash and short term investments. The cash balances reached around £100 million at their highest and £47 million at their lowest point during the year. The University has long term debt of £90.8 million which extends for a further 26 years (until 2040) when a final payment of £27.2 million needs to be made. The University has a series of interest rate swap agreements, which result in a net interest rate on the long term loans of 4.6% throughout their term. The borrowings have been used to fund the Student Residences which are fully owned and generating a gross income of £24 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. The University has considered using its cash reserves to pay down some of its total debt but considers that it should retain the flexibility of keeping the cash on hand during this uncertain period and also with a view to its medium term capital expenditure options. It would be impossible to re-borrow on such terms in the current market. 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 paid to counter-party risk, with alterations to the policy to include only the highest-rated UK banking institutions on the list of the University's approved counter-parties.

Financial Sustainability

The summarised financial strategy continues to be to deliver the finances to enable the University to fulfil its mission and to meet its strategic and operational objectives in a sustainable way. The University monitors the achievement of this strategy through various analyses, with the principal high level series of indicators being the seven KPIs prescribed by HEFCE. HEFCE formally assesses all universities on an annual basis against these indicators as part of its regulatory role and also publishes consolidated forecasts for the sector, based on the returns of all institutions.

The KPI of the University's ability to respond to short term financial pressures is that of Net liquidity. The University's cash position stood at £78.2 million or 164 days of general expenditure (excluding depreciation) at 31st July 2014, an improvement on last year's figure of 116 days when the sector mean was 123 days. The KPI of surplus to income for 2013/14, at 3.1% is improved from the 2012/13 surplus margin of 1.3% and the KPI of operating cash flow as a percentage of income for 2013/14 was 13.9%, which is a significant improvement from last year's figure of 7.2%, when the sector mean was also 7.2%.

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 may 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 undertaken in November 2014 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 new tuition fee structure for undergraduates has increased competition between universities and the forthcoming abolition of student number controls is likely to increase this trend. There is also growing pressure on research funding as the Government and funding bodies increasingly favour larger centres of excellence, or organisations with effective partnerships which can add significant value to the research work. As research funding is focused on solving big global challenges which are, by their very nature, interdisciplinary, it is essential that we have a cohesive academic environment which supports both the research and the teaching missions of the University by fostering collaboration while recognising that the academic disciplines are the bedrock of our teaching and fundamental research.

To address the changing funding landscape and enable us to secure Brunel's position as an internationally competitive research-intensive university, we have undertaken the TxP programme outlined in the first section of this report, to focus our teaching and research in the fields where we are competitive. The benefits to be realised from TxP for education include the development of innovative approaches to teaching and improved quality of teaching, enhanced placement and employment prospects for undergraduate and postgraduate students and early career researchers, the recruitment of high quality students and a raised value, reputation and competitiveness of Brunel degrees. For research, the planned benefits include increased quality, volume and impact of research, creation and expansion of critical mass in key areas of research areas in which Brunel is, or has the potential to be, internationally competitive and also increased postgraduate research student numbers. In summary, TxP will ensure the long term sustainability of the University.

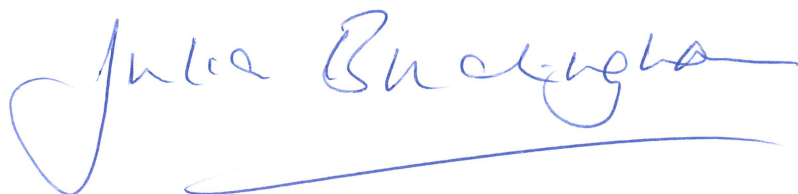
The University has prepared its financial forecast for the future years to 2015/16, and submitted it to HEFCE in July 2014 as part of the annual regulatory requirements. The forecast considered the likely impact of the developing sectoral changes, including the phased impact of the new tuition fee regime through to the end of the four year period. Research grant income is forecast to increase, as we continue to increase the levels of research grants awarded to the University, although we will not know the financial implications of the 2014 Research Excellence Framework (REF) until 2015. The University anticipates increased levels of capital expenditure over the period of the forecast, when compared with the most recent three year period, which in accordance with the University's Strategic Plan will be focused on its teaching and research infrastructure. Due to the significant levels of cash that the University has accumulated, the financial strategy does not require the generation of significant accounting surpluses. As a result we will seek to maintain repairs and maintenance and improvements to the estate and its infrastructure including investments that cannot be capitalised. This approach of managing expenditure to targeted levels will help the University to deliver on its Strategic Plan and optimise the student experience. We will still target significant operating surpluses, plan to be sufficiently cash generative at the operating level and seek to maintain Discretionary reserves at the level of 95% of income.

The main risk to this overall assessment is the volatility of student recruitment. There is increased competition from other HEIs in the UK and abroad, and 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. In the medium term, the numbers of UK postgraduate taught students may decline as uncertainties about Government funding for postgraduate courses continue. With total debt for tuition fee loans increasing for undergraduate studies, there may be an adverse impact on funding for postgraduate education from that cohort of graduates who may be less inclined, or able, to take out loans for further Masters study. There could be a significant reduction in the number of undergraduate students that the University is able to recruit, in particular for certain subjects. 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. Our experience in the 2014/15 student recruitment cycle has given us some reassurance that the potential for this scenario to have a major impact on the long term outlook for the University is limited, but nevertheless the University is monitoring sector wide developments closely and will respond to them.

The University faces significant medium term risks arising from its membership of final salary pensions schemes. The Universities Superannuation Scheme (USS), London Pension Fund Authority (LPFA) and the Teachers' Pension Scheme (TPS) are all in the process of making, or planning to undertake, changes which will increase the costs payable to the schemes by the University. Combined with increases to employer National Insurance contributions from 1st April 2016 for contracted out pension schemes, we have included in our forecasts to HEFCE an increase in the University's annual staff costs of £4 million (circa 4%) by 2016/17 excluding any effects of inflation or staff number changes. There are also non-financial risks to the University from potential changes to the benefits provided by the schemes, including the impact on recruitment and retention of academic staff should there be fundamental changes to the defined benefit nature of the USS in particular. The University is contributing to the ongoing sector consultation on the USS and is also engaging with the LPFA on the implementation of changes to that scheme.

Government policy towards Higher Education funding is subject to change, particularly over the forthcoming year, with a General Election taking place in May 2015. While the financial implications of a significant policy change will not be clear until some time after the Election, we remain cautious on the overall framework for Government funding of Higher Education.

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.



Professor Julia Buckingham
Vice Chancellor and President

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

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

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

Widening Participation (WP)

Members of Council are keen to ensure that the benefits of learning are available to all potential students, whatever their background, who have the ability to successfully complete their chosen course and that the University aims to create a student body that is balanced and diverse in terms of cultural background and experience. To achieve these aims the University has developed a Widening Participation Strategic Statement (WPSS) that seeks to increase take-up of Higher Education by under-represented groups.

The current WPSS has four main aims:

- To increase the number of students attending Brunel from Low Participation Neighbourhoods (LPNs).
- To increase the number of disabled students at Brunel in receipt of the Disabled Students' Allowance (DSA) and enhance the support available to students who disclose a disability.
- To encourage care-leavers to apply to Brunel and to support their progression and retention.
- To improve the successful transition, progression, retention and employability of all WP students.

WP activities in 2013-14 were targeted at students from under-represented groups with particular emphasis on students with disabilities and care-leavers. The aim is to consolidate work carried out to date to ensure that Brunel continues to exceed its WP benchmarks in key areas and endeavours to meet its benchmarks in areas where it currently falls short by concentrating its activities on specific institutions and groups.

The University's performance against the main aims of the Strategic Statement is detailed below. The statistical data is the most recent verified and published by the Higher Education Statistics Agency (HESA) and refers to 2012/13:

- The number of young full time first degree students from LPNs has increased from the baseline of 4.8% set in 2008 to 7.3% in 2012/13 using the same Polar 2 method of calculation.
- The number of full time first degree students in receipt of the DSA has increased from a baseline of 3.8% set in 2008 to 9.2% in 2012/13.
- In autumn 2012 Brunel was re-awarded the Buttle UK Quality Mark for a further three years for its work with care leavers. A Care Leaver/Foyer Federation bursary of £1,000 per annum first introduced for entrants in 2013 was awarded to 16 undergraduates from a care background.
- Evidence of activity to support the transition, progression, retention and employability of all WP students during 2013/14 includes the introduction of a WP Internship project to support the employability of under-represented undergraduates.

The WP Office has also continued to operate two strands of Professional Mentoring for UK second year undergraduates from widening participation backgrounds and under-represented ethnic minorities. The

Ethnic Minority Undergraduate Scheme (EMUS) targets undergraduates from ethnic minority backgrounds and is managed in collaboration with the National Mentoring Consortium (NMC). Both programmes draw on experienced individuals from employers in the private and public sectors. Mentors receive full training and give their time voluntarily over a period of seven months. The scheme was cited by OFFA and HEFCE in April 2014 as an example of good practice.

Brunel's WP Programme was cited as an example of best practice by the Government's Office for Fair Access (OFFA) in its annual report which stated: "Brunel University's approach to access encompasses not only outreach and financial support but also activity to improve retention and success. It focuses on employer engagement to improve job prospects, including a programme of mentoring for undergraduates by professionals who work in a sector or industry related to the student's subject or career aspiration".

Bursaries and Student Financial Support

The University offers bursaries, fee waivers and financial support to a wide range of students of limited financial means from different backgrounds and with different talents, and introduced over 500 new undergraduate scholarships for 2013/14, with a similar number available for 2014/15. More than one in five applicants who join Brunel next year will receive financial support from the University.

In addition to this assistance, there is a range of postgraduate scholarships, studentships and bursaries for both masters and doctoral students.

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

Research

As well as the larger strategic research activities detailed in the main Research section of this Review, additional examples of societal public benefit research activities undertaken in 2013/14 by the University include:

Family Drug and Alcohol Courts – Professor Judith Harwin at Brunel led the independent evaluation of the pilot Family Drug and Alcohol Court (FDAC). The report found parents who had been through the FDAC process as opposed to ordinary care proceedings were more likely to stop misusing substances and, if they did so, more likely to be reunited with their children. FDAC families who were reunited at the end of proceedings had lower rates of neglect or abuse in the first year following reunification than reunited families who had been through ordinary care proceedings.

The evaluation recommends that the Government should roll out FDAC more widely. It also highlights the need for greater support for reunited families when care proceedings finish, and for cases to finish more quickly when parents do not engage with the process.

Improving Maths Teaching for Infants - London Mayor's Schools Excellence Fund has awarded funding for a two year project called 'Maths Talk at Key Stage 1'. The two year project will be led by Brunel and infant teachers will be offered high quality training to enhance their maths knowledge and use cutting edge teaching techniques focusing on language and interaction. Overall, the team hopes to improve results in maths and encourage more children to be interested in the subject throughout school. The project will continue the long tradition of practice-developing research in Education at Brunel in combination with a theoretical perspective derived from the study of language in educational settings.

Giving Moderate Muslims a Voice – Brunel research has provided a more nuanced and detailed qualitative analysis of the attitudes of young British Muslims aged 16-20 towards religious belief, identity, politics, society, culture and inter-generational relationships. The research challenged the biases towards quantitative research (opinion polls undertaken by commercial market research companies) on the one hand, and the almost exclusive focus on 'extremists' and 'radicals' or straightforwardly political attitudes and allegiances on the other. Instead it favoured a detailed qualitative investigation of the social discourses of young Muslims

across the whole spectrum of issues confronting them, from politics, belief-racism and cultural integration, to leisure, friendships and relationships with peers and parents. The research has contributed to the wider public understanding of Muslim discourses and the reality of young Muslim life in the UK and policy makers from The Home Office, the Association of Chief Police Officers, the Department of Children, Schools and Families and counter-extremism agency PREVENT have all drawn extensively on the research in formulating tools and techniques to help young people resist the temptations of fundamentalism.

Open Access (OA) Publishing

The aim of OA publishing is to make primary, peer-reviewed literature available, free of charge at the point of use. Open Access publishing has received wide press coverage in recent years 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. Brunel is committed to Open Access and has mandated that all researchers, subject to publisher's permissions, should add a version of their full text published research outputs to the Brunel University Research Archive (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.

From the beginning of August 2013 to the end of July 2014 1,116 articles were added to BURA. BURA currently has 7,952 records and it is anticipated that BURA records will increase greatly as the University adheres to the Government's mandate to make all funded research available on Open Access and the HEFCE policy for all REF outputs to be made available through Open Access on acceptance is mandated by the University.

Public Lecture Series

Brunel University's annual Public Lecture Series has been running since 2009. Attendance at the lectures is free and is open to the public. The format was amended for this year, with a Spring and an Autumn series, and each lecture delivered by one high-profile speaker with follow-up discussion involving audience participation. For the Spring 2014 phase, the broad overarching theme was 'Visions of the Future'. Professor AC Grayling, a renowned philosopher, and the Master of the New College of the Humanities, presented his vision on the future of secularism and religion, the Rt Hon David Willetts MP and former minister for Higher Education, spoke on the theme his vision on the future of Higher Education and finally, Professor Lord Robert Winston, one of the UK's most respected scientists, spoke on the intriguing topic of 'Meddling with the Future'.

Heathrow Aviation Engineering University Technology College

The Heathrow Aviation Engineering University Technical College (UTC), which Brunel is sponsoring, along with British Airways, Heathrow Airport and Virgin Atlantic, opened on 8 September 2014. Its new £7.8 million building, on the same site as Northwood School, is nearing completion and 140 pupils have accepted the offer of a place. Under the leadership of the Principal, a teaching team of 14 staff has been recruited and the UTC has passed the pre-opening checks carried out by both OFSTED and the Education Funding Agency.

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

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

Brunel Volunteers

Brunel Volunteers is part of Brunel's Student Services. The department works with charities and organisations to facilitate volunteering opportunities for students and staff to engage with within the local and wider community. These opportunities not only 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 2013/14 440 Brunel Volunteers completed 9,056 hours of volunteering in the local community. Beneficiaries of the work of Brunel Volunteers included WRVS, Northwood School, Age UK Hillingdon, Different Strokes and Hillingdon Women's Centre. An example of the type of activities supported by Brunel Volunteers is the Maths Mentoring Scheme, where volunteers with a mathematics background have been providing maths tutoring to students at Northwood School.

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

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

The Council is the governing body of the institution and in exercising its role and powers undertakes to meet the obligations placed upon the institution by the founding Charter of the University and on its members as Charity Trustees. This establishes the University as both a teaching and learning institution providing education in various branches of scholarship as determined by the University and also as an institution making provision for research and dissemination of knowledge. Council is responsible for setting the strategic direction of the University, and for the finance, property, investments and general business of the University and is required to present audited financial statements for each financial year. Council approves major developments and receives regular reports from Executive Officers on the day to day operations of its business and its subsidiaries. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, the versions applicable in 2013/14 were approved by the Privy Council in May 2005 although there have been minor amendments since. At the Privy Council meeting on 16 July 2014 Her Majesty approved an Order granting a Supplemental Charter to the University. From 1 August 2014 the formal name of the University is Brunel University London and a new constitution for the University has been published.

In 2013/14, the matters specifically reserved to the Council for decision were set out in the University's Statutes, from 1 August 2014 they will be set out in the Supplemental Charter and the Ordinances. Like most public bodies it operates within a strong framework of regulation, and endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). Council has a majority of members from outside the University (described as independent members), from whom its chair and deputy chair must be drawn. Members also include representatives of the staff of the University, and the student body. None of the independent members receive any payment, apart from the reimbursement of expenses, for the work they do for the University. Not only does the University comply with all mandatory requirements, but it also strives to operate that guidance which represents best practice and accordingly, the Council has taken account of the UK Corporate Governance Code, the HEFCE Accounts Direction requirements, HEFCE's Financial Memorandum and its successor document from 1st August 2014 [the Memorandum of Assurance and Accountability] and also 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 its role of Council and its effectiveness. As part of this governance process, a review of the size of Council has commenced and the first stage of the revisions has started of the 2014/15 academic year.

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. Senate completed an effectiveness review as part of the TxP Programme over the course of the 2013/14 academic year.

The principal academic and administrative officer of the University is the Vice-Chancellor and President, who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the new Memorandum of Assurance and Accountability 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 the institutional ethos. The Deputy Vice-Chancellors, 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 2013/14 academic year. It is anticipated that it will meet on six occasions in 2014/15. 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 entirely comprises independent members appointed by Council from amongst its members, and co-opted independent members appointed by Council. The Chair of Council is ex-officio on all Council and Joint Committees, except the Audit Committee.

In respect of its strategic and development responsibilities, Council receives recommendations and advice from the Executive Board.

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

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

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

The Audit Committee meets at least three times a year to consider reports from the External and Internal Auditors containing recommendations for the improvement of the University's systems of risk management and internal control and the management's responses and implementation progress. It also receives and considers reports from time to time from HEFCE. Whilst executive officers attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Committee meets with the External Auditors and the Internal Auditor on their own for independent discussions at least annually. The Committee and Internal Auditor each present an Annual Report to Council. It is the Audit Committee that formally recommends the annual audited accounts to Council.

Special Projects Committee undertakes due diligence enquiries and necessary scrutiny on behalf of Council on matters of strategic or fundamental importance to the University. It is chaired by the Deputy Chair of Council and its membership is made up of a Member of Finance Committee, a Member of Audit Committee, three members of Council [two being independent members of Council]. Special Projects Committee meets on an *ad hoc* basis and reports its findings to Council.

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

Council has an Ethics Advisory Committee for the University to monitor ethical issues that arise from Council and Senate policy, strategic decisions and to advise specifically on the impact of ethical issues or dilemmas that are relevant to the business of the University.

Day-to-day management of the University is conducted through the Vice-Chancellor's Advisory Group and

the Executive Board. The Executive Board normally meets monthly to consider the strategic and financial direction of the University.

The attendance record for members of Council and its Committees was monitored over the course of the year and the average attendance achieved in 2013/14 was again 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 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 [and the Memorandum of Assurance and Accountability] with HEFCE. Such a system is designed to manage, rather than eliminate the risk of failure to achieve business, operational, compliance and financial objectives, and it can therefore only provide reasonable and not absolute assurance of effectiveness.

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

The Council has adopted a risk management policy, and has identified where the principal management responsibility rests for risk management. The Council is of the view that an ongoing process for identifying, evaluating and managing the University's significant risks has been in place, and operating effectively, since 31 July 2003. Following the approval of a new risk framework Council has undertaken the following activities in 2013/14:

- Overseen the maintenance and updating of the Risk Register with its own risk scores;
- revised the Risk Appetite Statement and score;
- tasked a sub group of Council to work with the Vice-Chancellor and the Deputy Chief Operating Officer to develop a set of performance measures to support the Risk Register.

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

Professor Julia Buckingham is the University's Vice-Chancellor and President and is the principal academic and administrative officer of the University. The three Deputy Vice-Chancellors are her deputies and have specific responsibility for academic matters within the University. The three Pro-Vice-Chancellors have specific responsibilities for major policy areas, whilst responsibility for administrative services is shared between the Chief Operating Officer and the Director of Finance. Council is kept informed of the key decisions and discussions of the Executive Board via the Vice-Chancellor's Report which is also given to the University's Senate meetings.

Brunel University London

Statement of Primary Responsibilities of the University Council

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 KPIs 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 KPIs, which should be appropriately benchmarked against other comparable institutions.

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

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

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

1.9 To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.

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

1.11 To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, to have overall responsibility for the University's assets, property and estate and to comply with the requirements of the sector regulators as defined periodically.

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

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

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

1.15 To ensure that the University's constitution (as laid down in the Charter and Statutes) is followed at all times and that appropriate advice is available to enable this to happen.

Brunel University London

Council's Responsibility for the Financial Statements

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

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

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

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

The Council has taken reasonable steps to:

- ensure that funds from HEFCE and the National College for Teaching and Leadership are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability 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 University 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 KPIs and business risks and of financial results including variance reporting;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the University Council;
- comprehensive Financial Regulations, promoted by Finance Committee and adopted by Council; and,
- a professional internal audit service with a programme approved by the Audit Committee and whose head provides that committee with a report on internal audit activity that assists it in formulating its opinion on the effectiveness of the University's system of risk management, including internal financial control.

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

Independent auditor's report to the Council of Brunel University London

We have audited the Group and University financial statements (the 'financial statements') of Brunel University London for the year ended 31 July 2014 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 23 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit.

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 2014 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 auditor's report to the Council of Brunel University London

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.



Nicola May
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
24 November 2014

Brunel University London

Statement of principal accounting policies

Basis of preparation

These financial statements have been prepared in accordance with both the applicable Statement of Recommended Practice - Accounting for Further and Higher Education Institutions (SORP 2007) 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 London

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 London

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 London

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 2014

	Notes	Year Ended 31 July 2014 £'000	Year Ended 31 July 2013 £'000
Income			
Funding body grants	1	31,977	39,729
Tuition fees and education contracts	2	98,075	82,611
Research grants and contracts	3	21,566	19,772
Other Income	4	40,288	40,905
Endowment and investment income	5	513	543
Total Income		192,419	183,560
Expenditure			
Staff costs	6	101,702	100,509
Other operating expenses	8	66,976	63,565
Depreciation	10	11,893	11,493
Interest payable	7	5,809	5,636
Total Expenditure		186,380	181,203
Surplus after depreciation of tangible fixed assets at valuation and before tax		6,039	2,357
Taxation	9	(24)	(62)
Surplus before exceptional items		6,015	2,295
Surplus for the year transferred to accumulated income endowment funds		301	251
Surplus for the year within general reserve		6,316	2,546

All items of income and expenditure arise from continuing operations

Statement of Group Historical Cost Surplus

There is no difference between the 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 2014

	Notes	Year Ended 31 July 2014 £'000	Year Ended 31 July 2013 £'000
Surplus on continuing operations after depreciation of fixed assets at valuation, disposal of assets and tax		6,015	2,295
Actuarial (loss)/gain in respect of pension schemes	23	(4,474)	8,575
New Endowments	19	286	227
Total recognised gains relating to the year		1,827	11,097
Total gains recognised since last financial statement		1,827	11,097
Reconciliation			
Opening reserves and endowments		138,488	127,391
Total recognised gains for the year		1,827	11,097
		140,315	138,488

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

Balance Sheets


As at 31 July 2014

		Group		University	
	Note	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Fixed assets					
Tangible fixed assets	10	272,076	276,783	272,076	276,783
Investments	11	33	67	33	33
		<u>272,109</u>	<u>276,850</u>	<u>272,109</u>	<u>276,816</u>
Endowment assets	12	1,917	1,932	1,917	1,932
Current assets					
Stock		129	179	129	179
Debtors	13	15,820	17,494	15,744	17,616
Investments	14	71,205	44,411	71,205	44,411
Cash at bank and in hand		7,023	9,523	6,844	9,333
		<u>94,177</u>	<u>71,607</u>	<u>93,922</u>	<u>71,539</u>
Creditors					
Amounts falling due within one year	15	(48,910)	(46,010)	(48,763)	(45,831)
Net current assets		<u>45,267</u>	<u>25,597</u>	<u>45,159</u>	<u>25,708</u>
Total assets less current liabilities		319,293	304,379	319,185	304,456
Creditors					
Amounts falling due after more than one year	16	(90,810)	(91,993)	(90,810)	(91,993)
Provisions for liabilities and charges	17	(1,162)	(1,168)	(1,162)	(1,168)
Total net assets excluding pension liabilities		227,321	211,218	227,213	211,295
Net Pension liabilities	23	(42,492)	(36,904)	(42,492)	(36,904)
Total net assets including pension liabilities		184,829	174,314	184,721	174,391
Deferred capital grants	18	44,514	35,826	44,514	35,826
Endowments					
Permanent	19	672	712	672	712
Expendable	19	1,245	1,220	1,245	1,220
		<u>1,917</u>	<u>1,932</u>	<u>1,917</u>	<u>1,932</u>
Reserves					
Income and expenditure account					
Excluding pension liabilities	20	180,890	173,460	180,782	173,537
Pension reserve	20	(42,492)	(36,904)	(42,492)	(36,904)
		<u>138,398</u>	<u>136,556</u>	<u>138,290</u>	<u>136,633</u>
Total funds		184,829	174,314	184,721	174,391

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 20th November 2014 and signed on its behalf by:

Chair of Council –



Vice Chancellor and President –



Consolidated Cash Flow Statement

Year ended 31 July 2014

	Notes	Year Ended 31 July 2014 £'000	Year Ended 31 July 2013 £'000
Net cash inflow from operating activities	21	26,681	13,210
Returns on investments and servicing of finance			
Income from investments	5	4	4
Other interest received	5	509	539
Interest paid	7	(5,809)	(5,636)
		<u>(5,296)</u>	<u>(5,093)</u>
Taxation Paid		(62)	-
Capital expenditure and financial investment			
Payments made to acquire assets	10	(7,203)	(6,708)
Proceeds from the sale of fixed assets		-	599
New endowments received	12	286	227
Endowment funds invested	19	(286)	(227)
Deferred capital grants received	18	<u>11,260</u>	<u>5,213</u>
		4,057	(896)
Management of liquid resources	22	(26,794)	(1,245)
Financing		<u>(1,086)</u>	<u>(1,176)</u>
(Decrease)/Increase in cash		<u><u>(2,500)</u></u>	<u><u>4,800</u></u>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/Increase in cash for the period	22	(2,500)	4,800
Changes in short term deposits		26,794	1,245
Change in net debt less endowment asset		<u>1,108</u>	<u>1,152</u>
		25,402	7,197
Net debt at beginning of year		(37,360)	(44,557)
Net debt at end of year		<u><u>(11,958)</u></u>	<u><u>(37,360)</u></u>

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

Notes to the accounts
Year ended 31 July 2014

	Notes	Year Ended 31 July 2014 £'000	Year Ended 31 July 2013 £'000
1 Funding body grants			
Recurrent grant			
Higher Education Funding Council for England		27,618	35,683
Teaching Agency		126	323
Specific grants		1,915	1,454
Deferred capital grants released in year			
Building	18	1,680	1,665
Equipment	18	638	604
		31,977	39,729
2 Tuition fees and education contracts			
Full-time home and EU fees		51,758	42,177
Full-time international students		35,713	30,683
Part-time students		2,281	2,522
NHS education contract		4,553	4,603
Short course fees		3,285	2,178
Other Fees		485	448
		98,075	82,611
3 Research grants and contracts			
Research councils		7,933	6,766
UK Charities		710	811
Industry and commerce		3,843	3,795
Governmental		8,060	7,791
Other sources		1,020	609
		21,566	19,772
4 Other income			
Residences, catering, conferences and retail		32,274	31,992
Other income		7,949	8,848
Released from deferred capital		65	65
		40,288	40,905
5 Endowment and investment income			
Income from permanent endowments		1	1
Income from expendable endowments		3	3
Income from short term investments		509	539
		513	543

Notes to the accounts
Year ended 31 July 2014

	Year Ended 31 July 2014 £'000	Year Ended 31 July 2013 £'000
6 Staff costs		
Salaries	81,154	81,167
Social security costs	7,163	7,166
Contributions to occupational Pension Scheme	12,367	11,727
Other pension liabilities	42	3
Restructuring costs	976	446
	<u>101,702</u>	<u>100,509</u>

Emoluments of the Vice-Chancellor

	£'000	£'000
Salary	225	237
Benefits	-	-
Pension contributions	36	27
	<u>261</u>	<u>264</u>

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

	Number	Number
£100,000 to £109,999	9	4
£110,000 to £119,999	7	8
£120,000 to £129,999	2	2
£130,000 to £139,999	1	1
£140,000 to £149,999	-	1
£150,000 to £159,999	3	2
£160,000 to £169,999	-	2
£170,000 to £179,999	1	1
£180,000 to £189,999	2	-
£190,000 to £199,999	1	-
£270,000 to £279,999	-	1

	Number	Number
Average staff numbers by major category		
Academic and hourly Paid lecturers	1,007	984
Academic support	441	443
Technical	80	79
Administration Clerical and miscellaneous	537	559
Administration Craftsmen, Manual and Ancillary	133	188
Other	294	276
	<u>2,492</u>	<u>2,529</u>

There was no compensation for loss of office payable to senior post-holders in 2013/14 (2012/13 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 (2013: 14 trustees £3,500).

Notes to the accounts
Year ended 31 July 2014

	Year Ended 31 July 2014 £'000	Year Ended 31 July 2013 £'000
7 Interest and other finance costs		
Loans not wholly repayable within five years	4,435	4,494
Interest on Enhanced Pension Scheme	39	30
Net charge on pension scheme	1,335	1,112
	5,809	5,636

8 Analysis of total expenditure by activity

	Staff costs £'000	Other operating expenses £'000	Dep'n £'000	Interest Payable £'000	2014 Total £'000	2013 Total £'000
Academic departments	61,647	13,870	1,142	-	76,659	76,172
Academic Services	12,275	6,218	464	-	18,957	17,709
Research grants and contracts	7,476	7,662	233	-	15,371	15,248
Residences, catering, conferences & Science Park	4,477	9,746	3,330	4,435	21,988	23,446
Premises	3,732	17,788	6,056	-	27,576	23,179
Administration	9,209	9,153	666	1,374	20,402	20,378
Impairments	-	6	-	-	6	24
Other services	2,886	2,533	2	-	5,421	5,047
	101,702	66,976	11,893	5,809	186,380	181,203

	Year Ended 31 July 2014 £'000	Year Ended 31 July 2013 £'000
Other operating expenses include:		
External Auditors remuneration in respect of Financial Statement Audit	47	46
External Auditors remuneration in respect of other audit services	6	6
External Auditors remuneration in respect of non-audit services	-	1

9 Taxation

UK corporation tax payable by subsidiary company	24	62
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Notes to the accounts
Year ended 31 July 2014

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 2013:				
Cost	338,606	1,151	31,234	370,991
Less: Disposals in year	-	-	(1,484)	(1,484)
Additions at cost	794	4,110	2,299	7,203
Transfers between accounts	21	(482)	461	-
At 31 July 2014:				
Cost	339,421	4,779	32,510	376,710
Depreciation				
At 1 August 2013:	75,645	-	18,563	94,208
Charge for the year	8,585	-	3,308	11,893
Eliminated in respect of disposals	-	-	(1,467)	(1,467)
	84,230	-	20,404	104,634
Net book value 31 July 2014	255,191	4,779	12,106	272,076
Net book value 31 July 2013	262,961	1,151	12,671	276,783
Financed by capital grant	30,290	-	3,043	33,333
Other	224,901	4,779	9,063	238,743
Net book value 31 July 2014	255,191	4,779	12,106	272,076

On 31 July 2014, freehold land and buildings included £6.6m, (£6.6m, 2012-13) 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 works of art 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 2014

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

Year Ended	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Acquisitions at Cost	-	3	8	8	4
Donations received at valuation	-	-	-	-	-
Disposal Proceeds	-	-	-	-	1

11 Fixed asset investments

	Group		University	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Investment in CVCP Properties plc	33	33	33	33
Investments in associated companies	-	34	-	-
	33	67	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	
	2014 £'000	2013 £'000
Balance as at 1 August	1,932	1,956
New endowments invested	286	227
Increase in cash balances held for endowment funds	(301)	(251)
Balances as at 31 July	1,917	1,932
Represented by:		
Cash at bank held for endowment fund	1,917	1,932

13 Debtors

	Group		University	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Amounts falling due within one year:				
Debtors	7,234	7,009	7,194	6,980
Amounts due from subsidiary companies	-	-	22	180
Prepayments and accrued income	8,528	10,455	8,528	10,456
	15,762	17,464	15,744	17,616
Amounts falling due after one year:				
Loans	58	30	-	-
	15,820	17,494	15,744	17,616

Notes to the accounts
Year ended 31 July 2014

14 Investments

	Group and University	
	2014 £'000	2013 £'000
Money market deposits	71,205	44,411
	71,205	44,411

15 Creditors: amounts falling due within one year

	Group		University	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Bank Loans	1,293	1,233	1,293	1,233
Other Loans	37	-	37	-
Trade Creditors	12,817	15,987	12,765	15,882
Taxation and social security	210	158	200	148
Accruals and deferred income	34,553	28,632	34,468	28,568
	48,910	46,010	48,763	45,831

16 Creditors: amounts falling due after more than one year

	Group		University	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Bank Loans	90,551	91,844	90,551	91,844
Other Loans	259	149	259	149
	90,810	91,993	90,810	91,993

Analysis of secured and unsecured loans is as follows:

	Group		University	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
In one year or less	1,330	1,233	1,330	1,233
Between one and two years	1,530	1,442	1,530	1,442
Between two and five years	4,549	4,257	4,549	4,257
After five years	84,731	86,294	84,731	86,294
	92,140	93,226	92,140	93,226

For the three bank loans outstanding totalling £91.8m, 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 £45.6m at 4.588%, £23.0m at 4.5843% and £23.2m at 4.5823%. All loans are repayable by instalments until December 2040.

Notes to the accounts
Year ended 31 July 2014

17 Provisions for liabilities and charges

Group and University	Enhanced Pension Costs £'000
At 1 August 2013	1,168
Expenditure in year	(86)
Transferred from Income and Expenditure account	<u>80</u>
At 31 July 2014	<u>1,162</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:

	2014	2013
Interest Rate	3.71%	3.32%
Price Inflation	2.87%	2.37%

18 Deferred capital grants

	Funding Councils £'000	Other Grants & benefactions £'000	Total £'000
At 1 August 2013:			
Land and Buildings	29,660	2,375	32,035
Equipment	<u>3,739</u>	<u>52</u>	<u>3,791</u>
	33,399	2,427	35,826
Cash received:			
Land and Buildings	-	-	-
Equipment	<u>10,810</u>	<u>450</u>	<u>11,260</u>
	10,810	450	11,260
Released to income and expenditure account			
Land and buildings	(1,680)	(65)	(1,745)
Equipment	<u>(638)</u>	<u>(189)</u>	<u>827</u>
	(2,318)	(254)	(2,572)
Total	<u>41,891</u>	<u>2,623</u>	<u>44,514</u>
At 31 July 2014:			
Land and buildings	27,980	2,310	30,290
Equipment	<u>13,911</u>	<u>313</u>	<u>14,224</u>
Total	<u>41,891</u>	<u>2,623</u>	<u>44,514</u>

All deferred capital grants relate to the University

Notes to the accounts
Year ended 31 July 2014

19 Endowments

	Restricted Permanent £'000	Restricted Expendable £'000	2014 Restricted Total £'000	2013 Restricted Total £'000
Balance at 1 August 2013				
Capital	499	1,287	1,786	1,559
Accumulated income	213	(67)	146	397
	712	1,220	1,932	1,956
New endowments	-	286	286	227
Interest income	1	3	4	4
Appreciation of endowment assets				
Expenditure	(41)	(264)	(305)	(255)
At 31 July 2014	672	1,245	1,917	1,932

	Group and University		
	Permanent £'000	Expendable £'000	Total £'000
Scholarship funds	518	430	948
Chairs and lectureships	-	13	13
Prize funds	154	118	272
Other funds	-	684	684
Total	672	1,245	1,917

20 Reserves

	Group £'000	University £'000
Balance at 1 August 2013	136,556	136,633
Surplus for the year	6,316	6,131
Actuarial gain in respect of pension scheme	(4,474)	(4,474)
Balance at 31 July 2014	138,398	138,290
Balance represented by:		
Income and expenditure reserve	180,890	180,782
Pension reserve	(42,492)	(42,492)
	138,398	138,290

Notes to the accounts
Year ended 31 July 2014

21 Reconciliation of profit before tax to net cash flow

	2014 £'000	2013 £'000
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax	6,039	2,357
Decrease in cash value of endowments	301	251
Taxation I&E	(24)	(62)
Surplus for the year	6,316	2,546
Depreciation	11,893	11,493
Impairments of Investment at Cost	34	-
Taxation I&E	24	62
Deferred capital grants released to income	(2,572)	(2,362)
Interest payable	5,809	5,636
Decrease/(Increase) in stock	50	(16)
Investment Income	(513)	(543)
Decrease/(Increase) in debtors	1,674	(4,107)
Increase in creditors	2,841	132
Loss/(Profit) on sale of fixed assets	17	(545)
(Decrease) in provisions	(6)	(54)
FRS 17 Pension costs less contributions payable	1,114	968
	26,681	13,210

22 Analysis of changes in net debt

	At August 2013 £'000	Cash flows £'000	Other changes £'000	At July 2014 £'000
Cash at bank and in hand				
Endowment assets	1,932	(15)	-	1,917
Other	9,523	(2,500)	-	7,023
	11,455	(2,515)	-	8,940
Short term investments	44,411	26,794	-	71,205
Debts due within one year	(1,233)	(60)	-	(1,293)
Debts due after more than one year	(91,993)	1,183	-	(90,810)
	(37,360)	25,402	-	(11,958)

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:

	2014 £'000	2013 £'000
Contributions to USS	9,069	8,757
Contributions to TPF	271	293
Contributions to LPFA	3,025	2,676
Contributions to other pension schemes	2	1
Provision for ex-WLIHE pension increase	42	3
Total Pension cost (Note 6)	12,409	11,730

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

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Year ended 31 July 2014

	USS 2011	LGPS 2012	TPS 2004
Investment returns per annum	6.1%	5.2%	6.5%
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 institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee 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 three and a maximum of five are independent 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.

The latest triennial actuarial valuation of the scheme was on 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews 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 2014 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 and 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"] YoB tables – No age rating

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

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:

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

Notes to the accounts

Year ended 31 July 2014

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 trustee has determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. In 2011 the actuary estimated that if experience remained in line with the assumptions made, the shortfall at 31 March 2014 would be £2.2 billion, equivalent to a funding level of 95%.

However, changes in market conditions between March 2011 and March 2014 have had an impact on scheme funding. The next formal triennial actuarial valuation will take place as at 31 March 2014, and work is currently underway to update the actuarial assumptions and allow for any adjustments to the overall funding approach adopted by the trustee board in consultation with stakeholders.

As work on the 2014 valuation is not yet complete the trustee cannot provide the final figure however, an estimate has been provided using the assumptions used to deliver the 2011 actuarial valuation. On that basis, the actuary has estimated that the funding level under the scheme specific funding regime will have fallen from 92% at 31 March 2011 to 85% at 31 March 2014. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions.

The funding level has decreased mainly due to a decrease in real gilt yields, reducing the implied net discount rate and therefore placing a higher value on the schemes liabilities. This increase has been partially offset by a higher than expected investment return.

On the FRS17 basis, using an AA bond discount rate of 4.5% per annum based on spot yields, the actuary estimates that the funding level at 31 March 2014 was 75%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 61%.

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 the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below:

Assumption	Change in assumption	Impact on shortfall
Investment return (Valuation rate of interest)	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
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

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

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Year ended 31 July 2014

accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve was included, in addition, on account of the variability mentioned above.

As at the 2011 valuation 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 measure of price inflation.

Since the valuation effective date of 31 March 2011 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 benefits 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%.

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's role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme's liabilities. These parameters, taken together with the anticipated returns form the basis of the trustee's funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers. The trustee remains confident that it can continue to take a long-term view of scheme funding, backed as it is by a robust Higher Education (HE) sector.

The fund is invested in a wide range of asset classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and to boost the level of confidence in maintaining sufficient investment returns from the fund as a whole. This investment approach is innovative and responsible, and targeted at achieving returns required to meet the scheme's liabilities. Recently, the trustee has invested directly in infrastructure assets. These investments are typically illiquid, but can achieve attractive inflation-linked returns in ways often not available in the publicly traded markets and which can match the scheme's liabilities to a high degree.

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Year ended 31 July 2014

At 31 March 2014, USS had over 162,000 active members and the institution had 1161 active members participating in the scheme.

The total pension cost for the institution was £9,068,745.44 (2013: £ 8,756,530.17). The contribution rate payable by the institution was 16% of pensionable salaries.

Teachers Pension Scheme

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

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

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

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

The University participates as an Admitted Body in the LPFA which is administered in accordance with the Local Government Pensions Scheme Regulations 1997. The fund is valued every three years by actuaries, and the projected unit method is used in respect of the Active Sub-Fund in which the University participates. Each participating employer has their own contribution rate reflecting its long term future service rate, adjusted for the funding level in respect of past service. For the year ended 31 March 2014, the employer's contribution rate was 22.6%, this reduced to 17.1% from 01 April 2014, however the University is required to pay an additional cash contribution from April 2014 to March 2015 totalling £1,511,000.00 in respect of past service benefits. The employee's rate from 1 April 2011 is based on a banded earnings schedule. The employer's contributions were £3.01 million and the employees' contributions were £0.80 million.

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

31 July	At 2014	At 2013	At 2012	At 2011	At 2010
Inflation (CPI)	2.6%	2.5%	1.8%	2.7%	2.7%
Inflation (RPI)	3.4%	3.3%	2.6%	3.5%	3.2%
Rate of increase in salaries	4.4%	4.2%	3.5%	4.5%	4.7%
Rate of increase in pensions	2.6%	2.5%	1.8%	2.7%	2.7%
Discount rate	4.2%	4.7%	3.9%	5.3%	5.4%

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

	Males	Females
Retiring today	21.4	24.8
Retiring in 20 years	23.8	27.1

The following assumptions have been made :

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age;

Notes to the accounts

Year ended 31 July 2014

- No members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

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

	At 31 July 2014		At 31 July 2013	
	Long term rate of return	Fund Value £'000	Long term rate of return	Fund Value £'000
Equities	6.7%	26,604	6.4%	27,426
Target Return Portfolio	6.1%	17,316	4.9%	16,922
Alternative Assets	n/a	-	5.4%	4,668
Cash	3.2%	8,382	0.5%	584
Infrastructure	6.3%	2,021	n/a	-
Commodities	6.1%	645	n/a	-
Property	5.6%	1,659	n/a	-
LDI/ Cashflow Matching	3.4%	3,697	3.4%	8,753
Total Market Value of assets	5.8%	60,324	5.4%	58,353

The following amounts at 31 July 2014 were measured in accordance with the requirements of FRS 17

At 31 July	2014 £'000	2013 £'000
Estimated asset share	60,324	58,353
Present value of scheme liabilities	(102,816)	(95,257)
Deficit in scheme	<u>(42,492)</u>	<u>(36,904)</u>

Movement in deficit during the year:

Analysis of amount charged to income and expenditure account

	2014 £'000	2013 £'000
Current service cost (net of employee contributions)	(2,793)	(2,805)
Losses on Curtailments and Settlements	-	272
	<u>(2,793)</u>	<u>(2,533)</u>

Analysis of net return on pension scheme

Expected return on pension scheme assets	3,141	2,541
Interest on pension liabilities	(4,476)	(3,653)
Net return	<u>(1,335)</u>	<u>(1,112)</u>

Notes to the accounts
Year ended 31 July 2014

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

	2014 £'000	2013 £'000
Actual return less expected return on Pension scheme assets	(2,163)	6,735
Experience gains and losses arising on scheme liabilities	8,039	-
Changes in assumptions underlying the present value of the scheme liabilities	(10,350)	1,840
Actuarial (loss) recognised in STRGL	(4,474)	8,575
Past service cost indexation	-	-
Total Recognised in STRGL	<u>(4,474)</u>	<u>8,575</u>

Movement in deficit in the year

Deficit in scheme at the beginning of the year	(36,904)	(44,511)
Movement in year:		
Current service costs	(2,793)	(2,805)
Contributions	3,013	2,676
Contributions in respect of unfunded benefits	1	1
Past service costs	-	-
Other Finance Income	(1,335)	(1,112)
Settlements and Curtailments	-	272
Actuarial (loss)/gain	(4,474)	8,575
Deficit in scheme at the end of the year	<u>(42,492)</u>	<u>(36,904)</u>

Analysis of net return on scheme liabilities

At beginning of the year	95,257	94,053
Service cost	2,793	2,805
Interest cost	4,476	3,653
Actuarial losses/(gains)	3,135	(1,840)
Losses/gains on curtailments	-	30
Effect of Settlements	-	(1,246)
Estimated benefits paid (net of transfers in)	(3,639)	(2,975)
Past service cost	-	-
Contributions by Scheme participants	795	778
Unfunded pension payments	(1)	(1)
At end of year	<u>102,816</u>	<u>95,257</u>

Analysis of net return on scheme assets

At beginning of the year	58,353	49,542
Expected return on Scheme assets	3,141	2,541
Actuarial Gain (losses)	(1,339)	6,735
Contributions by employer	3,014	2,677
Contributions by Scheme participants	795	778
Estimated benefits paid (net of transfers in and unfunded)	(3,640)	(2,976)
Receipt / (Payment) of bulk transfer value	-	(944)
At end of year	<u>60,324</u>	<u>58,353</u>

Notes to the accounts
Year ended 31 July 2014

	Year ended 31 July 2014		Year ended 31 July 2013	
	£'000	%	£'000	%
Equities	26,604	44.0	27,426	47.0
LDI/Cashflow Matching	3,697	6.0	4,668	8.0%
Target Return Portfolio	17,316	29.0	16,922	29.0
Alternative Assets	n/a	n/a	8,753	15.0
Infrastructure	2,021	3.0	n/a	n/a
Commodities	645	1.0	n/a	n/a
Property	1,659	3.0	n/a	n/a
Cash	8,382	14.0	584	1.0
Total	<u>60,324</u>	<u>100.0</u>	<u>58,353</u>	<u>100.0</u>

History of experience gains and losses
Cumulative

	Year ended 31 July 2014	Year ended 31 July 2013	Year ended 31 July 2012	Year ended 31 July 2011	Year ended 31 July 2010
	£'000	£'000	£'000	£'000	£'000
Difference between expected and actual return on assets:	(2,163)	6,735	(2,488)	(514)	1,313
Amount (£'000)	60,324	58,353	49,542	49,401	47,301
Percentage of scheme assets	(3.6%)	11.5%	(5.0%)	(1.0%)	2.8%
Experience gains on scheme liabilities	7,215	-	(1)	9,931	9
Amount (£'000)	102,816	95,257	94,053	81,800	81,841
Percentage of the present value of the scheme liabilities	7.0%	0.0%	(0.0%)	12.1%	0.0%
Total amount recognised in statement of recognised gains and losses	(4,474)	8,575	(10,493)	3,335	(1,754)
Present value of liabilities	102,816	95,257	94,053	81,800	81,841
Percentage of the present value of the scheme liabilities	(4.4 %)	9.0%	(11.2%)	(4.1%)	(2.1%)

24 Capital commitments

Provision has not been made for the following capital commitments

	Consolidated and University	
	2014 £'000	2013 £'000
Commitments contracted for at 31 July	<u>2,470</u>	<u>1,445</u>

25 Contingent liabilities

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

Notes to the accounts

Year ended 31 July 2014

26 Related party transactions

Transactions between Brunel University London 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 London 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 2014, the University paid a grant of £1,149,000 to the Union (2013: £1,149,000), and provided the Union with accommodation on the campus free of rent and most other occupancy costs.

Brunel University London in 2013 received a 2 year research grant from a knowledge transfer partnership with Clean Air Power Limited with funding split : Clean Air Limited £58,306, Innovate UK (Technology Strategy Board) £118,306.

27 Access to hardship funds (HEFCE)

	2014 £'000	2013 £'000
Balance brought forward at 1 August	-	19
Funding Council grants received	182	195
Interest earned	-	-
Disbursed to students	(168)	(208)
Contributions to fund running costs		
Administration staff costs	(6)	(6)
	<u>8</u>	<u>-</u>

28 Teacher training bursaries

	2014 £'000	2013 £'000
Balance brought forward at 1 August	43	48
Teaching Agency grant received	990	1,685
Disbursed to students	(1,029)	(1,690)
Balance due to Teaching Agency	<u>4</u>	<u>43</u>

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

29 Financial commitments

At July 2014, the University had annual commitments under non-cancellable operating leases which expire as follows

	Land and Buildings £'000	Equipment £'000	2014 £'000	2013 £'000
Within one year	1,133	40	1,173	167
Within two to five years	-	10	10	41
After five years	-	-	-	-
	<u>1,133</u>	<u>50</u>	<u>1,183</u>	<u>208</u>

	Status of Appointment	Date Appointed in-year	Date resigned in year / Completed Term of Office
Professor J Buckingham	Vice-Chancellor & President		
Professor M Sarhadi	Vice-Principal		31.07.2014
Professor A George	Vice-Principal	1.11.2013	
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		
Ms H Ghantiwala	Independent Member	1.08.2014	
Professor K Gregory	Independent Member		
Mr A Little	Independent Member		
Mr P Markwell	Independent Member		
Mrs J Robbins	Independent Member		31.07.2014
Professor K Spyer	Independent Member		
Mr C Thorneycroft-Smith	Independent Member		
Mr G Tomkinson	Independent Member		
Mr R Westhead	Independent Member		
Dr J Bridger	Appointed by Senate		
Professor Z Irani	Appointed by Senate		
Professor W Leahy	Appointed by Senate		
Professor S Tassou	Appointed by Senate		
Professor M Lycett	Elected Academic Member		
Professor R Macredie	Elected Academic Member		
Ms L Hunt	Elected Staff Member		
Ms E Jackson	Elected Staff Member		31.07.2014
Mr M Zaranyika	Student Member		

Brunel University London
Membership of Council and Trustees during the 2013 – 14 year

Committees served during the year: 2013 - 14

Finance Committee Chairman Ms. M. Black Members Mr. T Belisario Professor J. Buckingham Professor K. Gregory Professor Z. Irani Mrs J. Kelly Professor W. Leahy Professor M. Lycett Mr M Zaranyika Dr J. Robinson Professor G. Rodgers Professor M. Sarhadi	Audit Committee Chairman Mrs N. Cole Members Mr S. Coventry (Co-opted) Ms H Ghantiwala (Co-opted) Mrs M. Chapman Mr. G. Tomkinson Mr R. Westhead	Nominations & Remuneration Committees Chair Mrs J. Kelly Members Ms. M. Black Professor J. Buckingham Mr D. Finlayson Professor K. Gregory Professor M. Sarhadi
Strategic Planning & Resources Committee Disbanded in 2013 - powers transferred to the University's Executive Board, Senate and Council	Special Projects Committee Chairman Mr D. Finlayson Members Member of Finance Committee Member of Audit Committee Three members of Council, as appropriate [two being independent members of Council]	
Equal Opportunities and Human Resources Committee Chairman Professor J. Buckingham Members Professor K. Gregory Mrs. J. Robbins Professor M. Sarhadi Mr C Thorneycroft-Smith	Honorary Degrees Committee Chairman Professor J. Buckingham Members Professor K Gregory Mrs J. Kelly Mr C. Thorneycroft-Smith Mr M Zaranyika	
<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	