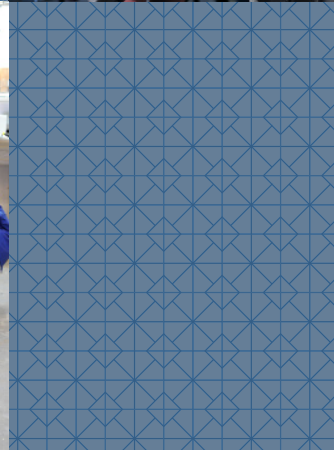
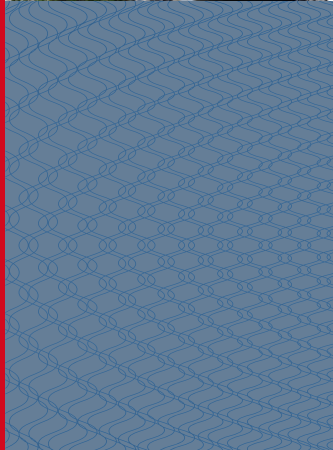
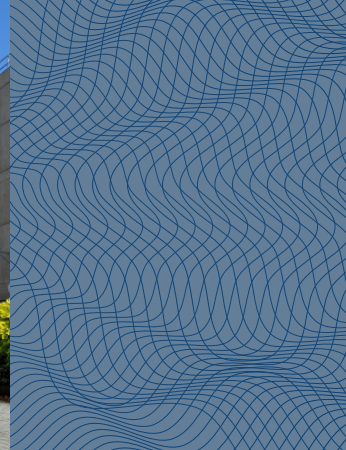




Brunel
University
London



Financial Statements

2018/19



Contents

	Page
Strategic Report 2018/19	5–21
Statement and Report on the University's Charitable Purpose and Public Benefit Activities	23–26
Corporate Governance Report	27–28
Remunerations Committee Report	29–31
Statement of Primary Responsibilities of the University Council	32
Council's Responsibilities for the Financial Statements	33
Independent Auditor's report to the Council of Brunel University London	34–35
Consolidated Statement of Comprehensive Income and Expenditure	36
Consolidated and University Statement of Changes in Reserves	37
Consolidated and University Balance Sheet	38
Consolidated Cash Flow Statement	39
Statement of Accounting Policies for the Year Ended 31 July 2019	40–44
Statement of Accounting Estimates and Judgements	45–46
Notes to the accounts for the Year Ended 31 July 2019	47–66
Membership of Council, Committees and Professional advisers	68–70



Strategic Report 2018/19

Mission and Strategic Vision

When Brunel was awarded its Royal Charter in 1966 we were given a distinct purpose and an incredible opportunity. The campus was to be the home of technological education, championing innovation and advancement, and giving the UK the knowledge base it needed to compete on the international stage. We conceived a brand of education, and later research, which was overwhelmingly geared towards the needs of industry. Our ambition was to equip students for the world of work and to address society's challenges on a global scale.

The challenges have changed, but our aims are as innovative and ambitious as they always were – to develop research and educational programmes informed by, and tailor-made for, those who benefit; and to give students the academic education and personal skills needed to become a success in the real world.

These aims are articulated in the University's mission:

'To bring benefit to society through excellence in education, research and knowledge transfer'.

The University has adopted a Strategic Vision, "Brunel 2030 – A university for a changing world". The Vision articulates our commitment to bring benefit to society through excellence in education, research and knowledge transfer. It also describes our key goals and values.

"Brunel 2030 – A university for a changing world" positions the University to deliver our strategic vision of:

'Strengthening our position as a leading multidisciplinary research-intensive technology university delivering economic, social and cultural value and placing excellence, innovation and an entrepreneurial spirit at the heart of everything we do'.

- True to the words of our Royal Charter, we will continue to lead and innovate with new models of research, education and knowledge transfer, placing the needs of society at the heart of our academic activity.
- We will build on our heritage of working closely with businesses, governments and the not for profit sector to fulfil our mission.
- We will establish strategic partnerships and commercial ventures to strengthen our position and support the University's long-term sustainability.
- We will be at the pinnacle of technology universities in the UK and firmly established in the top tier internationally of this special group of institutions.
- Our success will be a tribute to our students and staff, who will share this vision and work as one to achieve it.



**Placed 9th in the 2017
Economist University
Graduate Salary Ranking**



**Ranked 25th in
the sector for
graduate salaries**



**Awarded a Collaborative
Award for Teaching
Excellence (CATE) in
2019 for implementing
digital examinations**



**93% of Brunel graduates
were in work or further study,
with 70.6% in graduate
level work or further
study within six months**



**33 members of academic and
professional staff appointed
to become the first cohort
of Academy Fellows, who
will be a leading voice on
learning and teaching**



**Voted 5th best Careers
Service in the country in the
2019 Student Hut Survey**

Strategy

“Brunel 2030 – A university for a changing world” adopts five distinct themes that underpin the vision and recognises the values upon which our success is founded. And, though our role as educators and innovators will change in the coming years, these goals, values and vision will remain at the heart of everything we do and the driving force behind our future achievements.

1. Education and Student Experience

A key goal in the Education Strategy is to improve student engagement and adopt approaches to teaching and learning that embed deep learning and critical thinking. Building on recent research and our own pilot studies, we are introducing a more interactive approach in the classroom which encourages students to think, discuss and challenge, rather than absorb information passively. This is reducing the amount of teaching delivered through face-to-face didactic, lecture-based approaches. The new Teaching and Learning Centre, which is due to open in late 2021, will incorporate these new approaches to learning. Student feedback demonstrates that our students enjoy these more interactive approaches, and staff report more satisfaction in their teaching.

In August 2019 the University was awarded a Collaborative Award to Teaching Excellence (CATE) for its implementation of digital examinations. This prestigious national award is given to teams that have had demonstrable impact on learning and teaching, and recognises the sector-leading work at Brunel. From September 2019, digital assessment is being used in all departments, and we continue to realise efficiencies in assessment administration as well as the environmental benefits of reduced paper usage.

The Brunel Academy for Transformation of Teaching was established in September 2018 to provide a focus for academic and professional staff that are actively engaged in enhancing education and sharing good teaching practice internally and externally. Brunel has recently appointed 33 members of academic and professional staff to become the first cohort of Academy Fellows, who will be a leading voice on learning and teaching and be the cornerstone of an innovative and inspiring community of practice. More than 40 staff new to teaching achieved the dual awards of a Postgraduate Certificate in Academic Practice and a Fellowship of the Higher Education Academy.

Students First

Despite ongoing efforts to drive improvements in the quality of the Student Experience, the National Student Survey (NSS) scores have been disappointing in recent years. A taskforce has been established to tackle this issue by creating a new partnership approach between academics, senior leadership and the professional services, ensuring joint working to improve the student experience. The University continues to work in partnership with the Union of Brunel Students. The University will continue to build upon its achievements over the next three years such as the highly successful and continually expanding Lecture Capture Initiative of the 2017/18 academic year, which saw a massive increase in this facility. The overall goal remains to improve the Student Experience.

The University has continued to develop its plan to grow its numbers through the introduction of new undergraduate programmes delivered on campus, which are designed to meet societal needs and prepare students for successful careers. These include Accountancy, Banking and Finance, Life Sciences and Global Challenges (introduced in 2018/19), Chemical Engineering (from 2019/20) and a Medical School scheduled to take its first students in 2021/22.

Further avenues for growth include developing online programmes, in partnership with Interactive-Pro, with two new online master's courses to be launched in 2019/20, and delivery of transnational education (TNE) in collaboration with strategic partners in China and Bahrain. Working with Chongqing University of Posts and Telecommunications (CQUPT), the Brunel-CQUPT BEng programme in Electronic and Communications Engineering was launched in 2018/19, with other programmes in development.

Working initially with employers with whom we already have a strong strategic partnership, such as the NHS, we are developing a range of

apprenticeship programmes over the next three years, including Arts in Health (introduced in 2018/19). The Registered Nurse, Advanced Clinical Practitioner and Nursing Associate apprenticeships will be launched in 2019/20. One of the country's first Institute of Technology (IoT) centres – The West London Institute of Technology – will be established in Uxbridge, led by Harrow and Uxbridge College (HCUC), with Brunel as the higher education provider in the partnership, working with other anchor partners including Fujitsu, Heathrow and West London Business. We will continue to use the apprenticeship agenda to extend our reach to support organisations across West London and the adjacent Home Counties.

Supporting success

We are particularly conscious of the attainment gap evident across the sector between black and white students. The Student Success project has committed to halve the attainment gap between black and white students by 2020/21 from a baseline of 20% (2014/15); 2017/18 data reveals the gap to have reduced to 15%. In partnership with the Union of Brunel Students, the University is committed to removing any barriers to success and supporting students; helping them to achieve their full potential. The expectation is that our students will benefit from a clear, joined-up approach – from pre-entry through to post-graduation support. To measure success, the University has made closing the attainment gap a University Key Performance Indicator that is monitored annually. In parallel, the University has focused on improving the student attrition rate, which has reduced to below 10% for 2017/18.

The Professional Development Centre (PDC) strives to prepare students for the world of work, by offering an innovative suite of career development workshops, professional advice, placements and work experience opportunities, in addition to entrepreneurship support and the opportunity to learn

a foreign language. The most recent Destination of Leavers from Higher Education (DLHE) survey results highlight a general improvement in graduate outcomes over the last five years. The latest figures show that 93% of Brunel graduates were in work or further study, with 70.6% in graduate level work or further study. Placements continue to provide a clear advantage, with 82.6% of placement students progressing to a graduate level job or further study within six months. Just under 23% of undergraduates successfully secured a one-year placement.

In terms of graduate salaries, the Longitudinal Education Outcomes (LEO) national data set confirms our graduates earn higher salaries than their peers, with Brunel ranked 25th in the sector for graduate salaries. In total, 16 out of 19 Brunel subjects have above-average earnings, with three of our subjects ranked top 10 in the country. The University featured 9th in the 2017 Economist University Graduate Salary Ranking for added value, which takes into consideration the profile of students at each institution, demonstrating the impact of Brunel graduates in the labour market.

The University has also scaled up engagement with our employability programmes, volunteering, placement and entrepreneurship support to positively impact Brunel students' employment outcomes. As recognition of its impact, the PDC was voted 5th best Careers Service in the country in the 2019 Student Hut Survey. The effectiveness of the Entrepreneurship Hub was highlighted by two students winning the 2018 Mayor of London's Entrepreneurship Award, with another student start-up securing the Santander Universities Entrepreneurship Award 2018. These three student start-ups enjoyed prize money totalling £65,000.



The effectiveness of the Entrepreneurship Hub was highlighted by two students winning the 2018 Mayor of London's Entrepreneurship Award

2. Research

In 2018/19 the University undertook a review of its research strategy. The process was consultative with substantial engagement across the University. Our new strategy takes a challenge-led approach at University level, organising our research activity around five strategic challenge areas aligned with industrial and global challenges (Human and Planetary Health; Connected Communities; Digital Futures; Sustainable and Energy Futures; and Smart Manufacturing). It aims to get the University in the best possible position to capitalise on opportunities at a time of significant challenges for our society, economy and planet. During 2019/20, a detailed implementation plan will be developed to enable the delivery of the benefits anticipated in the new strategy.

UK Research Partnership Investment Fund (UKRPIF)

2018/19 saw further success for the University's Advanced Light Metals Research Park, with the award of £16 million from Research England to build and equip the new Future Metallurgy Centre. The Centre will support fundamental research in light metals and solidification science, an area where Brunel has an internationally leading position in the global scientific community through the work of the Brunel Centre for Advanced Solidification Technology (BCAST). The new facility will underpin the existing Advanced Metals Casting Centre (AMCC) (developed with financial support from The Engineering and Physical Sciences Research Council (EPSRC) and industry) and the Advanced Metals Processing Centre (AMPC) (developed with funding from Research England and industry partners), which provide industrial scale-up facilities to support innovation across the UK automotive sector. These existing facilities are already national assets for the automotive sector with companies including Jaguar Land Rover and Nissan, and their suppliers engaged in major multimillion projects using the facilities. The funding from

Research England leveraged a further £39 million in cash and in-kind resources from industry partners (including Constellium, Chinalco, Aeromet International, Grainger & Worrall and Innoval Technology) that will support research projects over the next 10 years.

International Investment Initiative (I3)

The University's plans to build on the strategic research relationship with Tampere University, Finland, received a significant boost following the successful award of funding in July 2019 from Research England's I3. The award will enable us to scale up the partnership in complementary areas over the next five years, driven by a strong industrial imperative and alignment to regional strategies and national policies. We will develop our current collaborations in materials and manufacturing, biomedical engineering and structural integrity and extend links to new areas in water resources, digital technology and ageing and wellness, where both institutions have research strength and extensive partner networks.

Global Challenges

Addressing Global Challenges with locally-owned solutions is a key priority for Brunel. At the heart of our approach is to create new knowledge and drive innovation to develop more equitable access to sustainable development and to address global development needs through research cooperation, networking and knowledge sharing.

Two research projects funded in 2018/19 epitomise this approach. The SolarSaver project, supported by InnovateUK, will develop a solar powered modular food drying system to reduce food production losses for off-grid Africa and other developing regions and create highly nutritious products and long shelf-life food ingredients while recovering water. The second project, GOLIATH, is an EU-funded project that will develop optimised, integrated and internationally harmonised approaches for testing

Metabolic Disrupting Compounds (MDCs). MDCs are a category of environmental pollutants that have been shown to disrupt metabolic physiology or are associated with metabolic disorders including obesity, diabetes, and non-alcoholic fatty liver disease. The project will be pivotal in the development of an international strategy for testing MDCs, and help to reduce the worldwide rise in metabolic disorders that have reached 'Goliathan' proportions.

Science and Innovation Audit (SIA) and the partnership with Heathrow Airport

Brunel has a history of collaboration and partnership with businesses, both from a local and global perspective. A key relationship relevant to innovation and skills and employability is the partnership with Heathrow Airport and its supply chain.

The University is an active participant in the Heathrow Skills Partnership, created to deliver the skills and employment opportunities set out in Lord Blunkett's Skills Task Force Report which sees expansion as a once in a generation opportunity to tackle youth unemployment, skills and equality and diversity in the workplace. The West London Institute of Technology, noted in the previous section of this report, is another example of collaborative partnership in education and training.

Heathrow was also the focus of a Science and Innovation Audit of the UK's strengths in developing sustainable airports, led by Brunel on behalf of the UK Government. Published in early 2019, the SIA featured a consortium representing LEPs, SMEs, universities, research organisations, business and trade organisations, industry, and local and national government. The study focused on four themes; Sustainable Construction, Big Data and Cyber Security, Operational Excellence and Intelligent Mobility. The report identified both the current challenges to innovation and the substantial opportunities for future economic growth in the sector.

Research Excellence Framework (REF) 2021

Preparations for our submission to REF2021 continue with the appointment of senior academics to lead on the 16 Units of Assessment (UoAs) to which the University will submit. All UoAs have selected their areas of strength that will be used to structure the environment statements, currently under development, and guide the selection and grouping of the outputs. All necessary structures have been implemented to ensure the monitoring of progress for submission. The University Code of Practice for the conduct of the exercise was submitted in June 2019 as required by REF.



Success for the University's Advanced Light Metals Research Park, awarded £16 million from Research England to build and equip our new Future Metallurgy Centre

3. Our University community

The health and wellbeing of our employees and students is of paramount importance to us and a key priority in our three-year plan. The goal is to build on our strengths; we have a nationally recognised Student Support and Welfare service (with no waiting time for appointments), a strong Health and Wellbeing programme of events and increasingly integrated stress monitoring and management in line with the HSE guidelines and supported through our Human Resources Reward team and soon to be improved occupational health provision. The addition of a new University-wide mentoring programme and further promotion of our Employee Assistance Programme will add depth and strength to our infrastructure of support.

Following the launch of the Brunel Mental Health and Wellbeing Strategy for students in 2018, the Mental Health and Wellbeing Strategy for employees launched in October 2019. Its priorities centre on the need to integrate healthy practices and behaviours into the normal business of the University, with visible behavioural leadership, through such activities as walking meetings, rest breaks and flexible working practices. In September 2019, 32 teams of seven employees completed the 100-day Global Challenge, a huge increase from 11 teams that took part in the first year, 2018. The event ranks teams across the world on the basis of activity – and calculated as steps walked – an initiative that has helped to promote our commitment to the global wellbeing agenda.

The design of our new teaching centre with its spacious, flexible interior fits well with Brunel's ambitions to produce an environment that is adaptable to new methods of learning and can build upon all the work already being done across the campus to innovate and modernise our teaching.

Developing talent

The Staff Development Strategy was launched in 2016, identifying three areas for talent development that apply to all employees. In the next two years there will be a shift to focus on a more holistic approach to capability development and cultural change with the creation of an Organisation Development (OD) function and approach. The new leadership competency framework is starting to embed and the talent development programmes have been strengthened by the second year of the Academic Leadership Programme, ASPIRE for leadership development for high potential managers, and Management in Bites, a self-directed learning programme for leaders and managers at all levels. Leading and managing change and behavioural change will remain central to the OD offering.

Within our organisational structure, equality, diversity and inclusivity remain embedded at a number of levels and within all departments and professional directorates. For the past four years our Brunel Voice employee survey has identified 'equality and diversity' as a strength area for the University. Over the next three years, the Deputy Director of HR will lead a specialist team to raise standards, break down barriers and promote and ensure equality, with focus on the pay gap for gender and ethnicity. We are members of Stonewall and Working Families, with accreditation by Athena SWAN (University membership renewed in 2017/18 and departmental awards also achieved). We are also members of the HR Concordat for Research Excellence, and have recently been awarded Gold Disability Leader Status. With these levels of accreditation we will work to promote good practice across the sector as well as continually raise our standards to ensure inclusion for all staff.

Rewarding our community

Reward and recognition is an important element of the University's people strategy and supports and facilitates performance improvement and engagement. The new principles of the strategy are underpinned by the desire to offer rates of pay that enable the University to attract, engage and retain high performing employees in academic, professional services and support roles with the capabilities, knowledge and experience needed to deliver the 2030 vision, mission and goals. The University has accelerated its work on the reward and recognition agenda and the year ahead will focus on: leadership and senior pay, compliance with good practice, flexible reward and recognition and the gender and ethnicity pay gap. The University continues to create and promote a more appreciative culture through the various Reward and Recognition schemes.

We continue to support our alumni as they progress in their careers by building an active and engaged network across the world, keeping them engaged with the University as mentors, supporters and influencers. Colleges and Departments are supported to identify and engage successful alumni to support their course delivery and promotion and we encourage and support departmental events engaging with alumni, for example: the Business School's engagement of MBA MSc graduates, alumni involvement in Made in Brunel, Brunel Engineers and Brunel Digital and a reunion and professional networking event for Music.

Brunel alumni and supporters are a vital part of the University's mentoring programmes, particularly the Women in Brunel Engineering and Computing scheme and the Professional Mentoring programme for Widening Participation students. Currently the University receives more than 750 offers from alumni to become a mentor each year and is able to make use of only 50 of these within the programmes that currently run. Finding a greater number of

outlets and also more students who are prepared to seek a mentor is a key priority in the next three years.

Internationally, events are a key part of our strategy to connect with alumni and in 2018/19 we ran them in the US, Canada, Singapore, Australia, Greece, China, Hong Kong and Malaysia. We have supported alumni activity with our chapters in Korea and Singapore and increased our interaction on Chinese social media alongside growing our online alumni network by 37% year-on-year. We have also conducted four alumni events in the UK and welcomed three alumni groups back to campus to celebrate significant anniversaries. We have published more than 75 alumni profiles online and many of these have followed through into physical posters and banners across campus as part of the #iambrunel project. These alumni – relatable and successful – are a real showcase of Brunel talent and are being used to support recruitment both in the UK and overseas.



We supported alumni activity with our chapters in Korea and Singapore and increased our interaction on Chinese social media while growing our online alumni network by 37% year-on-year

4. Our campus and local community

Brunel's Vision 2030 envisages a University adept at working in partnership, recognised as a civic university and driver of growth, both social and economic, within its region whilst at the same time having a profound global impact through its research and its teaching. We are proud of our local community and the value we add. We continue to explore new ways of encouraging the local community to take advantage of the opportunities available to them through our Public Engagement Programme, Brunel Sports, Brunel Arts and business/conference facilities. Our Outreach activities are locally focused and target students from underrepresented groups with particular emphasis on students living in low participation neighbourhoods, students with disabilities and care-leavers, as set out in the Access and Participation section of this report.

We have developed our first substantial undergraduate TNE programme in China, increasing the number of overseas students studying for a Brunel degree, either as a partnership or in a TNE programme.

Brunel has a history of collaboration and partnership with businesses, both from a local and national/global perspective and the University signed the Civic Universities Pledge as a mark of our commitment to Hillingdon. The University established the successful Central Research Laboratory in Hayes, the UK's first product based accelerator for start-ups. To date, more than 100 businesses have been supported. The University also actively supports businesses through up-skilling, project based work and undergraduate placements (c 1,400 per annum). Our ability to develop partnerships across industry and local and central government is important to the local economy as the recent Science and Innovation Audit on Innovation for Sustainable Airports showed. The University is an active supporter of Chambers of Commerce and local business organisations such as West London Business and initiated

and hosts the successful Hillingdon EXPO, which brings together local businesses of all sizes and encourages interaction between them.

Healthy goals

The University is committed to working with the NHS and the local authority to support improved delivery of health and social care locally. Central to this goal is the creation of an Academic Centre for Health Sciences, which will educate and develop health and care professionals with skills to work effectively in a different environment and support the delivery and translation of patient-centred research. Working with our partners, The Hillingdon Hospitals NHS Foundation Trust and the Central and North West London NHS Foundation, our vision is to deliver cost effective, high quality care to patients and service users, and to create the conditions for improved health and wellbeing in partnership with the local community.

Brunel's campus remains the hub of our University, providing an outstanding environment for staff, students, partners, visitors and the wider community. Maintaining and developing our excellent academic, social, recreational and residential facilities is a central part of our long-term vision. To ensure our students are exposed to the very latest in terms of teaching technology, eight of our large, tiered lecture theatres have had new software installed as well as double screens and cushioned seating. This is the first in a series of upgrades to our teaching spaces with an ambitious programme planned for the coming years.

We have completed a number of refurbishment projects designed to enable new programmes and enhance our learning and teaching facilities. In particular the work required to support the opening of our new Department of Chemical Engineering (new laboratory and teaching facilities and enhanced student social space) was completed with the programme taking its first intake of students in September 2019. Design work is also in hand to provide the facilities for our new Medical School to enable the first intake of students in

2021/22. Significant refurbishment of four lecture theatres within the existing Grade II listed Central Lecture Block have been completed along with upgrades of the mechanical and electrical services; further upgrade work will be undertaken during the summer of 2020.

New methods of teaching

The new Learning and Teaching Centre (LTC) will replace the recently demolished John Crank building at the very heart of the campus. The £50 million LTC will be at the heart of modern, innovative teaching and learning opportunities for students at Brunel when it is completed in late 2021. The design, with the spacious, flexible interior of the building fits well with Brunel's ambitions to produce an environment that is adaptable to new methods of learning and can build upon all the work already being done across the campus to innovate and modernise our teaching.

The University has also undertaken a number of upgrade projects, including the Mill Hall student residence, refurbishment of the Student Services space and additional student social space. New catering outlets have also been added to the existing range of facilities on campus.

The challenge of maintaining ageing 1960s and 1970s building stock has been reviewed and an outline plan of work devised to ensure that they remain safe and fit for purpose; however, this will be a long-term programme of work. Particular attention is being paid to fire safety issues across our building portfolio, drawing on the lessons from the Grenfell House fire.

We have continued to modernise our Information Technology (IT) provision, including increased use of cloud technology, and the migration of core services to an offsite location in Slough while retaining onsite capability in a second data centre. Our cyber strategy and action plans to mitigate the risks to our security are working well, including an education programme for staff and students to raise awareness of phishing and related threats.

5. Global impact

The International Strategy seeks to build on Brunel's strong international ethos and standing, and has four main themes;

- i. internationalisation of teaching, learning and student experience;
- ii. high quality and sustainable international student recruitment;
- iii. enhancing the international recognition of our excellence in research; and
- iv. developing and maintaining international education, research and business partnerships.

Brexit is a major challenge to several aspects of this strategy, including the ability to attract and retain staff and students from the EU and to access EU research funding and networks. In addition ongoing pressure on immigration, and the increasing regulation of student visas, may challenge our ambition to recruit overseas students. We are working to mitigate these issues in several ways, including building a strong network with like-minded European universities (YERUN), seeking alternative sources of international research funding and developing transnational education (TNE) opportunities to educate students outside the UK.

We continue to build partnerships with universities, research institutes and business across the world. This year we began implementing a new International Partnerships Strategy, which aims to provide a framework for the collaborative development of partnerships in line with the University's vision and strategic objectives. The strategy will help ensure a coherent and efficient approach to identifying, developing and sustaining international partnerships that enhance the University's reputation, while establishing new routes to student recruitment, research collaboration and revenue generation.

We will work to increase the number of students coming from partners, and expand our partnerships in strategic regional hubs. We have developed our first substantial undergraduate TNE programme in China, which was implemented in

September 2018 and will continue to explore new TNE opportunities. The impact of this work will be to increase the number of overseas students studying for a Brunel degree, either as a partnership or in a TNE programme. We expect that, in future, a substantial proportion (~50%) of the growth in our international students will be from partner organisations.

Key collaborators

We will continue to develop collaborative research funding with partners (industry and universities), seeking to develop links that will enable us to take advantage of new funding streams that will be available. This will enable us to maintain the high level of international collaborative research, boosting the impact of the research as well as raising our reputation.

We are also seeking to internationalise home students studying on the Brunel campus. A Study Abroad Strategy is currently in development that aims to grow and develop Brunel's Study Abroad and Student Exchange programmes to generate new revenue streams while providing unique global mobility options for students. We are expanding the opportunities for students to undertake voluntary activities, work placements, summer schools and academic exchanges as part of their (co)-curriculum. In recent years we have developed opportunities in China, Colombia, South East Asia, India and the USA. The impact of this work will be to give our students the opportunities to have life-changing experiences that help them to develop as global citizens – preparing them to work in an international environment.

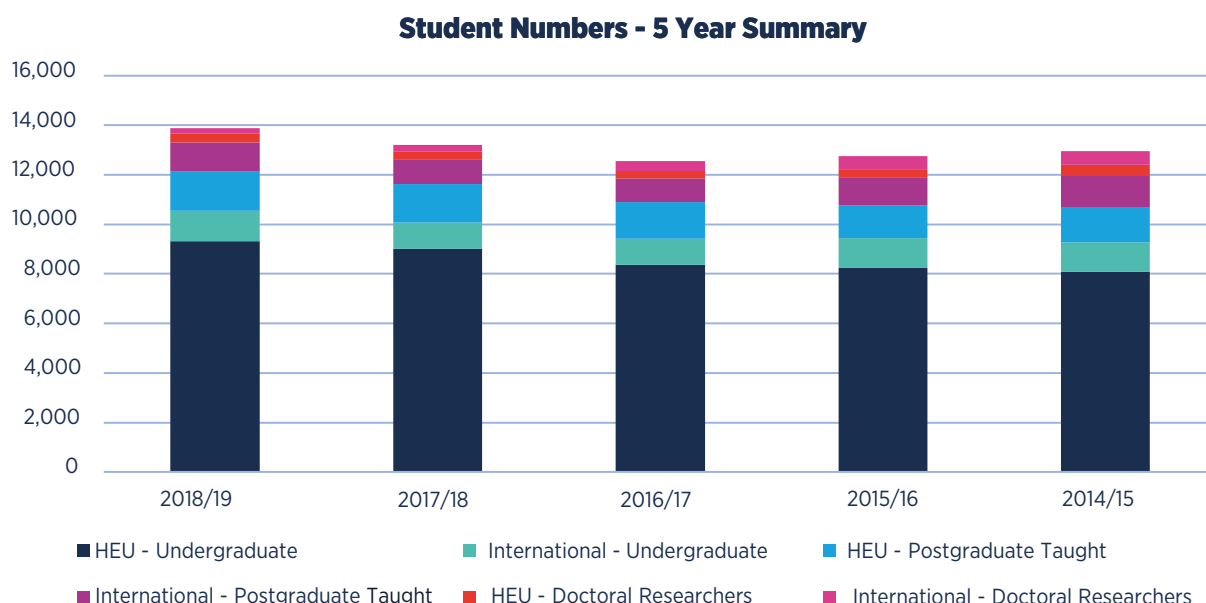
The recruitment of international students is critical to the University, and we will continue to work with agents and our affiliate college to attract a wide range of students across the University. We will improve on our marketing, agent support and customer service and focus it where it will be most effective, while maintaining our high level of UKVI compliance to mitigate the risk of losing our trusted sponsor status.



Established the Central Research Laboratory in Hayes, the UK's first product based accelerator for start-ups. To date, more than 100 businesses have been supported

Financial review

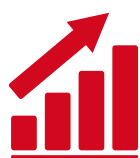
Student numbers



Overall student numbers were 13,892, an increase of 693 over 2017/18, representing 5.3% growth. Total student intake was 2.7% higher than in 2017/18, and the improvement in the student numbers attrition rate was the major factor behind the rest of the total growth in student numbers.

HEU undergraduate numbers increased by 321 students, or 3.6%; a further improvement on the increases in the previous two years. This is testament to the University's concerted actions to reverse the trend of declining numbers of HEU undergraduate numbers seen until 2015/16. HEU postgraduate students saw an increase of 45 for numbers of taught (PGT) students and an increase of 30 HEU doctoral research (PGR) students.

International student numbers increased by 297 students (12.7%) overall. The increase reflects targeted recruitment action in Europe, North America, China and India. We also continue to strengthen our strategic educational partnerships with target universities, to ensure a secure flow of students via programmes in which students spend one or more years of their degree programme at Brunel.



Overall student numbers were 13,892, an increase of 693 over 2017/18, representing 5.3% growth

Operating results

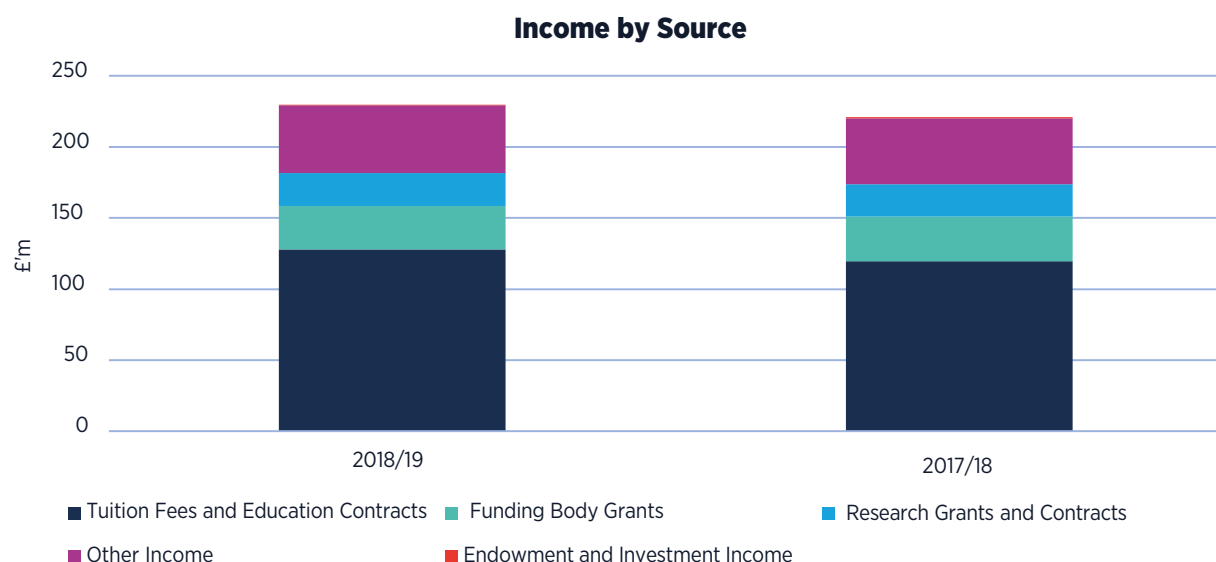
	2018/19	2017/18	2016/17	2015/16	2014/15
	£'m	£'m	£'m	£'m	£'m
Income	229.8	220.7	200.6	201.7	200.6
Expenditure – pre USS Deficit Revaluation and LPFA Age Discrimination Provision	(226.2)	(215.9)	(200.0)	(199.4)	(196.8)
Surplus pre USS Deficit Revaluation and LPFA Age Discrimination Provision	3.6	4.8	0.6	2.3	3.8
USS Deficit Revaluation (see note 20)	(35.0)	-	-	-	(8.9)
LPFA Age Discrimination Provision (see note 30)	(1.0)	-	-	-	-
(Deficit) / Surplus After USS Deficit Revaluation and LPFA Provision	(32.4)	4.8	0.6	2.3	(5.1)
Net Operating Cashflow	23.6	23.1	13.5	12.0	11.9
Cash and Short Term Investments	55.8	52.8	56.0	60.3	69.7

The presentation of this year's financial results has been impacted by the recognition of the latest Universities Superannuation Scheme (USS) pension revaluation. In common with other institutions in the USS, the scheme deficit has been a feature of the University's financial statements since the adoption of FRS102 for 2015/16 reporting (and the 2014/15 comparative restated results.) For 2018/19 the income and expenditure impact of the deficit

provision revaluation (which does not impact the University's cashflow) is significant and an adjusted presentation is shown above to enable a comparison before and after its impact to be made. A further £1.0 million provision in respect of a past service cost adjustment relating to the London Pension Fund Authority (LPFA) Pension Scheme is also shown as a separate item above, with further detail described in note 30 to the financial statements.

The University generated a Surplus before the USS and LPFA adjustments of £3.6 million for the 2018/19 year and the net cash flow from operating activities was £23.6 million, 10.3% of income, slightly increased from £23.1 million in 2017/18. The level of cash (Cash and Short Term Investments) at the end of July 2019 was £55.8 million, up £3.0 million from the £52.8 million held at the end of July 2018.

Income



Total income for 2018/19 was £229.8 million, £9.1 million (4.1%) higher than in 2017/18.

Tuition fees overall increased by £8.4 million, reflecting the increase in the number of students enrolled. Funding Body Grants reduced by £0.9 million, reflecting lower levels of deferred capital grant income from Funding Bodies recognised in 2018/19.

Research grant income for 2018/19 was £0.3 million higher than in 2017/18 on a recognised income basis. Research income reflects the timing of work undertaken on research grants, as income is recognised in the financial statements over a period typically averaging three years.

Other income increased by £1.3 million, or 3.0%, and consisted

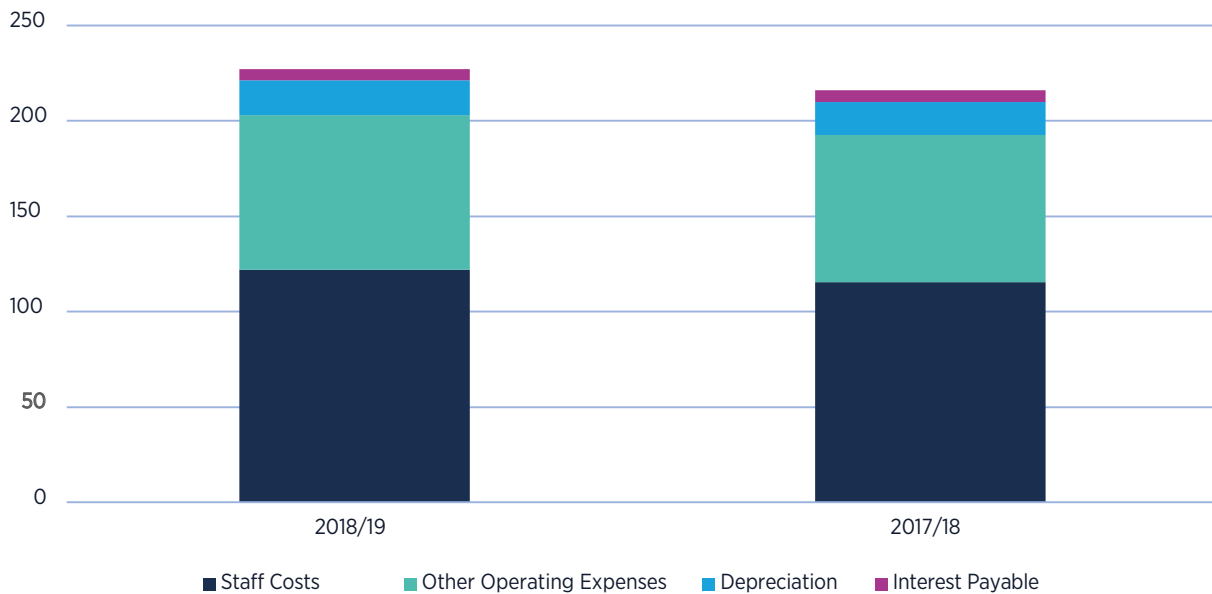
of student residences income, conference, hotel, retail and also income from summer school activity for foreign language students on the campus. Increased levels of income from residences were invested in the residential estate, as part of the planned programme of accommodation improvements and maintenance.



Total income for 2018/19 was £229.8 million, £9.1 million (4.1%) higher than in 2017/18

Expenditure

Expenditure - excluding USS Provision



Excluding the pension adjustments detailed in the Operating Results paragraphs above, expenditure was £10.3 million higher than in 2017/18.

Staff costs of £119.5 million, excluding the pension adjustments, were £4 million (3.5%) higher than in 2017/18. The University has invested resources in its academic provision as well as targeted staff cost investment

in its information technology provision and other support services, including in resources to manage the additional work associated with the new regulatory framework.

Other operating expenses of £82.5 million were £5.5 million higher than in 2017/18, as the University invested in information technology and its estate. Estate maintenance

expenditure and capital expenditure on the campus infrastructure are managed as a whole; while the 2018/19 levels are relatively high for the sector, we will continue to incur significant expenditure in this area and our residential accommodation, constructed in the first decade of this century, will require higher levels of maintenance and refurbishment than in the first years of its life.

Cash and debt

The University generated £23.6 million in cash from operating activities and ended the year with £55.8 million in cash and short term investments. This represents 98 days of expenditure.

Under the University's Treasury Management policy, cash is deposited with financial institutions that have minimum Fitch ratings no lower than A- for long term investment (greater than 365 days), and F1 for short term investments for UK and European banks. Building Societies must have a minimum rating of A-, F1 or total assets in excess of £1 billion. Under the policy, the University can also invest with AAA rated Money Market Funds.

The University has borrowings of £84.7 million (of which £1.6 million is due within one year) which is repayable over 21 years with a final payment of £27.2 million due in 2040. Borrowings have reduced by £1.6 million since July 2018. To mitigate interest rate fluctuations over that period, the University has a series of interest rate swap agreements, which result in a net interest rate on the long term loans of 4.8% throughout their term. The debt is secured against part of the University's property portfolio.

Endowment assets

The University endowment reserves total £1.6 million. All funds are held in cash and in line with the Treasury Policy, funds are invested with financial institutions with ratings as described above.

Capital expenditure

Capital expenditure totalled £15.7 million in 2018/19 (2017/18: £20.4 million), as we continue our planned programme of capital investment to address our strategic priorities. Significant expenditure in 2018/19 included design work in advance of the construction of the new Learning and Teaching Centre (LTC),

demolition of the John Crank building to make way for the LTC, student residence refurbishment work and capital expenditure incurred on information technology projects.

The major development for the University over the next two years will be the development of the LTC. The project is due for completion in the 2021/22 financial year.

The University continues to build upon the work undertaken in recent years and has the financial resources and flexibility to adapt to the changing national and global environments in order to achieve its key strategic goals

Principal risks and uncertainties

The University proactively manages the risks and opportunities it faces through its Executive Board, Audit Committee and Council. The University maintains a Strategic Risk Register which is reviewed every 6 months and a number of risks are identified as priorities. Each item on the risk register is assigned to a risk owner and an assessment is made of its likelihood and impact and mitigating actions. The risks are grouped into a number of categories: Academic Quality, Compliance and Legal, Reputation, Financial Sustainability, Infrastructure, Leadership Governance and Management, and Other.

The five principal risks faced by the University are currently considered to be

- failure to maintain or enhance teaching and learning quality;
- a decline in research ranking through the 2021 Research Excellence Framework ('REF') assessment;
- the ongoing changing external funding environment – in particular the impact of government policy, the

financial impact of adverse REF and Teaching Excellence Framework (TEF) outcomes, the impact of Brexit, especially on student and staff recruitment and research grant income, plus legislative changes and compliance requirements that impact the ability to recruit overseas students;

- the changing regulatory environment faced by UK universities particularly with the introduction of the Office for Students;
- generating sufficient cash to support the University's strategic goals.

Staff costs are the largest individual component of the University's expenditure. Brexit remains an ongoing risk with the continued uncertainty over its outcomes, including in relation to the future ability to recruit academic staff from abroad. Another challenge facing the University, along with many others, is the long-term position of the main UK university sector pension scheme, the Universities Superannuation Scheme (USS). Since the year end, the scheme has completed a 2018 valuation which will see lower cash contributions than was anticipated under the 2017 valuation. However, at the year end the University has adopted the 2017 valuation in its financial statements. The University has participated in all the recent consultations about changes to the scheme and will contribute to all future consultations as scheme members seek to find an acceptable and sustainable long level of support for the scheme.

Financial sustainability

The University's financial strategy is designed to enable the University to fulfil its mission and to meet its strategic and operational objectives in a sustainable way. The University continues to plan for growth whilst managing the associated risks. The University undertakes regularly financial planning reviews and scenario planning, including the likely

impact of the developing sectoral changes, such as competition for students and research grants, and the potential impact of Brexit.

The impact of a number of years of ongoing flat UK undergraduate tuition fee levels per student has a slowly increasing compound pressure on finances particularly whilst costs continue to rise faster than inflation. For example, in line with the sector, there are significant pressures on staff costs, with increased pension costs particularly for the USS (with possibly further increases to follow, subject to outcomes of negotiations and regulatory requirements), and the increases to the national sector pay scales.

The University will seek to further diversify its income sources with the introduction of new online and apprenticeship courses, as well as pursuing further transnational education opportunities. The University also welcomes the government's recent international education proposals.

The University is committed to maintaining its long-term financial sustainability and will take the required actions, which include growing income across a number of areas, looking to use its assets more effectively, particularly unused or underutilised assets, and targeting its expenditure more efficiently. The University has also set a minimum cash holding level to ensure that it maintains a sufficient cash liquidity buffer. The University considers that it is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

and has the financial resources and flexibility to adapt to the changing the national and global environments in order to achieve its key strategic goals, and deliver its mission to bring benefit to society through excellence in education, research and knowledge transfer.

Professor Julia Buckingham CBE
Vice-Chancellor and President

Future outlook

Whilst the challenges facing the University and the wider UK higher education sector cannot be underestimated, with the changing political, social, economic and legislative environment, Brunel is in a sound financial position. The University continues to build upon the work undertaken in recent years



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

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). The Office for Students 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, particularly in exercising the trustees' powers or duties, including the applicable details contained in the Advancement of Education for the Public Benefit.

The objectives 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 bring benefit to society through excellence in education, research and knowledge transfer

And Our Values:

We work to high ethical standards, and are transparent in our dealings and decisions

We treat everyone with dignity and respect; we all have the same opportunity to succeed

We are purposeful and agile in a changing world and work in innovative ways to achieve our goals

We always aim to achieve the best and we value and reward excellence

Access and participation

Brunel has an enviable reputation for both encouraging aspiration and providing high quality, research-led teaching to a very diverse student population. Enabling all students to realise their potential, irrespective of their social or cultural backgrounds, is important to us, and we aspire to be recognised across the world as an engine of social mobility.

Each year Brunel submits an access and participation plan to the OfS which sets out how the University will improve opportunities for students from underrepresented groups to access, succeed at, and progress from higher education. Our access and participation plan is written in partnership with the Union of Brunel Students and outlines our ambition for change, targets, and our plan and investment strategy for delivering these objectives.

the number of full time first degree students in receipt of Disabled Students' Allowance has increased from a baseline of 3.8% set in 2008 to 6.2% in 2017/18

We are committed to robustly evaluating our activities to ensure that we are delivering meaningful and measurable impacts for our students and other stakeholders. In 2018/19 we recruited a full-time Impact Evaluation Analyst to boost our capacity in evaluation and aid monitoring of progress towards meeting our access and participation targets. By working in partnership with practitioners, students and senior leadership we have increased our ability to deliver and share demonstrable results. We are actively engaged in improving the sector's practice and evidence base. Staff have submitted evidence of impact to the newly created Centre for Transforming Access and Student

Outcomes in Higher Education and in 2019 our Impact Evaluation Analyst was appointed chair of AccessHE's Evidence and Evaluation Forum.

Examples of activities and projects aimed at achieving success for all include:

Access to HE

Aim: To increase the entry rates of students from underrepresented groups to higher education.

Brunel attracts a diverse student body, with 78% of the HEU population falling into one or more of the following categories: low household income; POLAR quintile 1; BAME; mature; disabled; and care leavers. The proportion of mature entrants (8.6%) and students from lowest-participation neighbourhoods (3.7% from POLAR quintile 1) are relatively low, whereas the number of full time first degree students in receipt of Disabled Students' Allowance has increased from a baseline of 3.8% set in 2008 to 6.2% in 2017/18.

Brunel's outreach activities in 2018/19 targeted students from underrepresented groups with particular emphasis on students living in low participation neighbourhoods, students with disabilities and care-leavers. Activities on campus included:

- Higher Education awareness visits (Year 6 – Year 13)
- Master classes (Year 11 – Year 13)
- Subject taster days (Year 6 – Year 13)
- Summer schools (Year 8 – Year 13)
- Careers fairs (Year 10)

Activities provided in schools/ colleges and community organisations included:

- Talks for students, parents and community groups around different aspects of higher education, including applying to university, student finance

- and personal statements
- Attendance at parents and options evenings
- Attendance at careers events and HE awareness events, including running workshops
- Support for regional initiatives
- Collaborative events

In line with its commitment to care leavers for which it was awarded the Buttle UK Quality Mark, the University has continued to strengthen its commitment to care leavers. A dedicated Widening Access Officer works collaboratively with the London Borough of Hillingdon Looked After Children (LAC) and Leaving Care Service. We work in partnership to listen to care leavers and develop programmes that work for young people. As part of this we deliver a number of annual events, including a LAC residential on campus, and support events such as Hillingdon's Stepping Out programme where our care leaver Student Ambassadors attend to discuss key challenges and improvements. Our work with virtual schools, including Redbridge, Bucks, Ealing and Croydon, continues to take place with a steady increase of interest from other virtual schools.

The University also works to raise attainment in schools. The Urban Scholars programme is focussed specifically on providing enriched learning experiences for gifted and talented students aged 12 – 18 years, from the greater London area. The students, from socially deprived areas and in receipt of free school meals, are selected on the basis of their academic talent or the potential to achieve highly, which is nurtured at monthly Saturday sessions at Brunel University London. Scholars respond positively to the programme, not only by demonstrating higher academic success and orientation towards university education, but also by acquiring a greater level of self-confidence, resilience and a capacity for rational thinking. Case studies of past scholars indicate that the programme has had a great impact on their lives and aspirations.

The Brunel Young Scholars scheme hopes to stir the 'missing ingredient' into primary education by supplying parents of 800 children receiving Pupil Premium with materials designed to help them identify and hone their child's individual talents and boost their learning potential and wellbeing. Parents are provided with materials which help them recognise and nurture their child's talents and passions, including an activity book covering topics such as raising aspirations, setting up home projects and developing critical thinking.

The Brunel Young Scholars scheme hopes to stir the 'missing ingredient' into primary education by supplying parents of 800 children receiving Pupil Premium with materials designed to help them identify and hone their child's individual talents and boost their learning potential and wellbeing

Success in HE

Aim: To reduce the non-continuation rates (commonly known as 'drop-out rates') and attainment gaps between students from underrepresented groups.

Brunel's non-continuation rates overall compare favourably with the sector but our ambition is to close institutional gaps in attrition and attainment, particularly for Black and BTEC students, and build on current support for care leavers and mature students. Activity to support this in 2018/19 included a number of high profile projects in addition to our ongoing work to support all students.

The Student Success Project aims to deliver success for all students as measured by attainment (degree outcome) and retention rates. The project was initiated as a result of analysis showing that there is a significant difference in degree outcomes for students with different characteristics, with the greatest gap between students of black and white ethnic backgrounds. We have

committed in our Access Agreement to halving the attainment gap between black and white students by 2020/21 from a baseline of 20% in 2014/15. The University's approach is broad, as sector experience suggests that the problem is multi-factorial and no single solution exists. A project manager was appointed in September 2016 to lead on a diverse range of activities related to Awareness, Curriculum, Assessment, Retention and Support, and data for 2017/18 shows an improvement with the gap closing to 15%.

The Mental Health Project aims to provide a wide variety of interventions to support our students. These include:

- improving the engagement with student support services by students from underrepresented groups
- the Brunel Buddies Scheme
- increasing the facility of providing specific disability benefit support
- providing alternative therapies to reduce stress
- offering subsidised gym membership to move inactive students into physical exercise
- running a number of counselling workshops to assist students with a variety of needs

We are evaluating the impact of the various interventions in order to ensure that the most valuable aspects of the project are taken forward.

A dedicated Widening Access Officer provides support for care leavers, estranged students, mature students, young carers and refugees. For the third year a Graduation support package, which covers the cost of graduation robes and photographs, was offered to undergraduate care leavers, and the number of students benefitting from this package has significantly increased. Since 2017/18 the package has been extended to include estranged students. As part of the University's collaboration with, and membership of, external networks a Widening Access Officer was elected chair of the AccessHE Mature and Part Time Student Forum.

Progression to employment/ further study

Aim: To improve the rates of progression of students from underrepresented groups into graduate-level employment or further study, and to reduce the gaps between these groups and other students.

Activity to support the retention and employability of students from underrepresented groups during 2018/19 included the continuation of the Brunel Summer Internship Scheme, with 320 students completing a programme of employability workshops and 95 students successfully completing summer internships. An independent evaluation concluded that the scheme had positive outcomes for student employability, skills development and academic study.

The Brunel Professional Mentoring Programme continued to run in 2018/19. The programme includes face-to-face and e-mentoring for second and third year undergraduates from under-represented backgrounds. Additionally, the Ethnic Minority Undergraduate Scheme targets students from ethnic minority backgrounds and is managed in collaboration with the National Mentoring Consortium (NMC). All strands draw on experienced individuals from employers in the private and public sectors to serve as mentors. There were 174 matched mentoring pairs in 2018/19. In recent years the scheme has expanded to include mini internships and other career development events such as practice video interviews and mock group assessments. Over 40 employers currently support the scheme including, the Foreign and Commonwealth Office, Blake Morgan LLP, GlaxoSmithKline, HM Revenue & Customs, Jaguar Land Rover, PricewaterhouseCoopers, Government Legal Service and Brunel University London.

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 400 new undergraduate scholarships for Home and EU students in 2018/19. A similar number of students will benefit in 2019/20.

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 publicised on the University's external and internal websites.

We have committed in our Access Agreement to halving the attainment gap between black and white students by 2020/21 from a baseline of 20% in 2014/15

Open research and open access publishing

Open research

Brunel University London has a long-established commitment to open research as part of our mission to bring benefit to society. We believe that research outputs should be discoverable, accessible and available free of charge to anyone at the point of access, a view shared by national and international public funding bodies.

Brunel's policy framework, documented in our Research Integrity Code, underpins the ongoing investment in infrastructure, tools, services, advocacy and skills development to support open research and the public open science agenda. These enable the University to continually improve the quality of its research and accelerate its impact on those who stand to benefit the most.

We encourage and expect all our researchers to make research outputs available at the earliest stage possible, under open licensing where feasible, to allow free reuse and dissemination, so that knowledge can be shared and built upon to stimulate further scientific advancement, creativity, innovation and economic growth.

We continue to invest in infrastructure and resources to strengthen a healthy open research culture within Brunel. The Information Services Directorate, which includes Library and IT services, plays a key role in supporting open research and fostering good practice, working closely with other academic and administrative departments to provide integrated support for open research.

Open access

Research publications from journal articles, conference proceedings, doctoral theses and datasets by staff and students are made openly available and accessible in Brunel University Research Archive (BURA) and Brunel figshare, the institutional repositories for research publications and underpinning data respectively.

Brunel researchers choose open access publication routes by default wherever possible to maximise public access to research. To share research outputs quickly, the University recommends that outputs are published using either Gold or Green Open Access mechanisms. Gold Open Access is where the content is freely and permanently available on publication, with Green Open Access routes, where authors deposit manuscripts in the repository on acceptance for publication, which are then made available after a short publisher embargo period, typically from 6-24 months.

Brunel researchers are encouraged to choose cost effective open access publishing options in line with funder requirements, in consultation with Library Services on publication routes and licensing choices to maximise reuse and help the University achieve the best return on investment for public funds.

In the year ending 31 July 2019, 2,078 outputs, including 316 doctoral theses, were deposited in the public facing institutional repository, BURA, bringing the total number of items to 17,423, increasing the collection by 11.9%. In the same period, 47 open datasets underpinning publications were deposited in Brunel figshare.

Between 1 August 2018 to 31 July 2019, 1,240 open access journal articles were published by Brunel researchers. Over 70% of these are openly available, with 38% of these via Green Open Access routes. The University Library spent over £300,000 on Open Access publication charges in this period, covering the costs of publishing 208 articles. Only 27% of articles published in this period were closed access, with almost all of these due to publisher restrictions.

Services and support

A dedicated specialist unit, Scholarly Communication and Rights, in Library Services manages the core infrastructure and skills development supporting open research. The Library works to embed open science skills in the University's research culture, delivering training to staff and students in a number of ways, including centralised programmes run through the Graduate School, and tailored on demand support to individual staff, research groups and academic Colleges. The team is responsible for the publications and data repositories and research information database, and delivers training and bespoke support to staff and students at all levels.

Among key initiatives undertaken this year was a pilot to embed research data management training into a taught postgraduate programme, in partnership between an academic College and Library Services, launched in Spring 2019. The pilot aimed to develop highly transferable skills at a crucial early stage in the research career. Another initiative was a high profile public Open Science event in October 2018, to raise awareness of the public benefit of open access and explore barriers to openness in the scholarly publication environment.

The unit also monitors open research publishing and reports annually on these to government and public funders, and plays a key role in supporting the University's preparations for the Research Excellence Framework 2020/21 assessment of research quality.

Brunel encourages responsible management of research outputs, particularly those where they include confidential, security or commercially sensitive content or intellectual property, to maintain the right balance between the interests of public and industrial funders and sponsors and research participants.

Brunel Volunteers

Brunel Volunteers is a department which sits within our Professional Development Centre and works with charities, community groups and organisations to facilitate volunteering opportunities for students and staff to engage with in the local and wider community. The opportunities offered not only support charities, not for profit organisations and community projects, they help students to build skills relevant to future employment and explore different career paths before entering the graduate recruitment market.

In 2018/19 Brunel Volunteers worked with 59 external organisations which enabled 667 Brunel students to complete 17,658 volunteering hours. The department has assisted with a number of key community volunteering activities in Hillingdon and beyond. These include: foodbank initiatives for Hillingdon Foodbank and Bell Farm Christian Centre, Pield Heath House School events, London Borough of Hillingdon Christmas Extravaganza, Trinity Homeless BIG Sleepout and Barclays Bank Charity Christmas wrapping.

Numerous on-campus volunteering activities were organised and activities supported. Peer to peer support was offered to new students via the Brunel Buddies scheme. In total 497 new students received support from 148 Brunel Buddy volunteers. Volunteers also assisted at Brunel Fireworks and supported the Hillingdon

Junior Citizens event which took place at Brunel in March 2019.

Good Deeds Day – a Brunel University London and Uxbridge College partnership event – took place in February 2019 and 53 Brunel students volunteered their time to deliver numerous 'good deeds' within the local Uxbridge/Hillingdon area. Good Deeds Day is supported within the local community by Pavilions – Uxbridge, INTU Uxbridge and LOVE Uxbridge and fundraises for The Mayor of Hillingdon's Charitable Trust.



In 2018/19 Brunel Volunteers worked with 59 external organisations which enabled 667 Brunel students to complete 17,658 volunteering hours



We introduced over 400 new undergraduate scholarships for Home and EU students in 2018/19

Corporate Governance Report

The following report is provided to enable readers of these Financial Statements to obtain an understanding of the University's governance and legal structure. The report is applicable for the financial year to 31 July 2019, and for the period extending to the date of signature of these financial statements.

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. The University has also 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 has responsibility for ensuring the appropriate processes are in place, and being followed, to maintain and improve the academic standards of the University.

The Conditions of Registration (specifically Condition E3) of the Office for Students (OfS) require that Council:

- accepts responsibility for the interactions between the University and the OfS and its designated bodies;

- ensures the University's compliance with all of its conditions of registration and with the OfS's accounts direction;
- nominates to the OfS a senior officer as the 'accountable officer' who has the responsibilities set out by the OfS for an accountable officer from time to time. The Vice-Chancellor and President is the accounting officer of the University.

Council approves major developments and receives regular reports from the 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 the supporting Statutes. The versions applicable in 2018/19 were approved by the Privy Council in July 2014.

In 2018/19, the matters specifically reserved to the Council for decision were set out in the University's 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 receives 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 in accordance with relevant best practice and accordingly, the Council has taken account of the UK Corporate Governance Code, and the OfS Accounts Direction requirements. The University agreed in principle to adopt the Committee of University Chairs (CUC) Higher Education Code of Governance 2014 (the Code) at its meeting of Council on 29 January 2015. The Code was revised in June 2018.

The Senate is the academic authority of the University, as delegated by Council, and draws its membership entirely from the academic staff and the students of the University. The Senate, subject to the Statutes and Ordinances, oversees the academic standards of the University and the regulation of academic matters.

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. The Vice-Chancellor and President 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 and President.

As Chief Executive of the University, the Vice-Chancellor and President exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments, and shaping of the institutional ethos. The Executive Board including 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. With effect from 1 August 2018 the Vice-Chancellor strengthened the governance of the University through a reorganisation of the executive team, with the introduction of the role of Provost, three Vice-Provosts and three Vice Provost & Deans who have specific responsibility for academic matters within the University. Responsibility for administrative services is shared between the Chief Operating Officer and the Chief Financial Officer. Council is kept informed of the key decisions and discussions of the Executive Board through the Vice-Chancellor's Report which is also given to the University's Senate meetings.

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. 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 five times in the 2018/19 academic year. There are several Committees of Council that are formally constituted with written terms of reference and specified membership, including a significant proportion of independent members, from whom the chair is selected. In the case of the Audit Committee, it is entirely composed of independent members appointed by Council from amongst its members, and co-opted independent members appointed by Council. The Chair of Council is ex-officio on all Council and Joint Committees, except the Audit Committee.

In respect of its strategic and development responsibilities, Council receives recommendations and advice from the 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 Remunerations Committee reviews and determines the salary and conditions of service of the Vice-Chancellor and her direct reports and the severance arrangements of higher paid staff as defined from time to time in the Accounts Direction made by the OfS. It also receives a report from the Vice-Chancellor on the performance of the senior management team. The Remuneration Committee Report for 2018-19 is set out in the next section of these financial statements, starting at page 29.

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. 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 an independent member of Council and its membership is made up of the Chairs of Council, Finance Committee and Audit Committee, three further independent member of Council, three members of the University Executive (including the Vice-Chancellor) and the Union of Brunel Students President. Special Projects Committee meets on an ad hoc basis and reports its findings to Council.

Council also appoints members to joint committees with Senate such as the Honorary Degrees Committee. This committee is formally constituted with terms of reference and includes three independent members of Council.

The Ethics Advisory Committee exists to support Council and the University in ensuring that the aims and objectives of the Ethical Framework are fulfilled and is charged with responsibility for considering ethical matters referred to it by Council, Senate, the Vice-Chancellor, the Executive or any other Committee or body within the University.

Day-to-day management of the University is conducted through 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 in 2018/19 was around 89%.

The University's Council is responsible for the University's system of internal control and for reviewing its effectiveness. The system has operated effectively for the financial year to 31 July 2019, and for the period extending to the date of signature of these financial statements. It has established the processes to comply with the direction from the Regulator 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. Such a system is designed to manage, rather than eliminate the risk of failure to achieve business, operational, compliance and financial objectives, and it can therefore only provide reasonable and not absolute assurance of effectiveness.

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

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

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

Remunerations Committee Report

Introduction

This is the annual report to Council which describes the role and work of the Remunerations Committee for the academic year to 31 July 2019 and sets out how it discharged its responsibilities. In particular to note that decisions taken and approved by the Remunerations Committee for the Vice-Chancellor and President and other senior roles related to their performance during the 2017/2018 year.

Context

The 2018 report of the Committee noted the publication by the Committee of University Chairs (CUC) of a Senior Staff Remunerations Code and new requirements from the Office for Students (OfS). It also recorded changes which the Remunerations Committee had made in response, in particular changes to the terms of reference and its openness about decisions and data.

Senior pay continues to be a sensitive issue, in the sector and more generally. The Remunerations Committee at Brunel University London wishes to comply with the obligations set out by the CUC and OfS and also to demonstrate good practice. It has to strike a balance in its decisions, between the need for value for money and for justifiable levels of pay and the requirement to secure the leadership talent which the University needs to succeed in a competitive and difficult market.

The Committee's membership and remit and the work undertaken in 2018/2019 is outlined below. There is also a justification of the remuneration of the Vice-Chancellor and President, which takes account of recent comments by OfS about Universities' 2017/18 financial statements.

Remit and membership

The terms of reference for the Committee concern the remuneration of the Vice-Chancellor and her direct reports, severance decisions above a threshold, broader remits to review salary increases for professors and senior managers and to consider reward schemes in the institution. The terms of reference are available here: brunel.ac.uk/about/documents/pdf/co05.pdf

The Committee's members were:

Mr Peter Teague (Chair),
Independent member of Council

Ms Lucinda Hunt, Deputy Chair
of Council & Independent
member of Council

Professor Mike Spyer,
Chair of Council

Dr Kevin Thomas, Independent
member of Council

Mr Praveen Kanakamedala,
Independent member of Council

The Secretary to the Committee was Jilly Court (Secretary to the Council). Meetings were also attended by Jane Drysdale (Director of Human Resources), Gemma Bailey (Deputy Director of Human Resources), Anne McNeil (Governance Administrator) and Peter Smith (Senior Client Partner at Korn Ferry and independent adviser to the Committee). No Committee member or attendee was present during discussion of their own remuneration.

The Vice-Chancellor was present for matters other than her own pay and expenses and the Provost and the Chief Financial Officer attended discussions where their expertise and input was required.

Scope of the Remunerations Committee

The roles whose remuneration was the direct responsibility of the Committee in 2018/19 were:

The Senior Leadership Team and members of the Executive Board:

- The Vice-Chancellor and President
- The Provost (joined August 2018)
- The Chief Operating Officer
- The Chief Financial Officer (joined October 2018)
- Three Vice Provosts (for Education, Research and Students, Staff and Civic Engagement)
- The Principal Strategic Adviser to the Vice-Chancellor
- Three Vice Provosts and Deans of College (Business, Arts and Social Sciences, Engineering, Design and Physical Sciences and Health and Life Sciences)
- The Registrar and Secretary to Council
- The Director of BCAST

The Committee was and remains responsible for the approval of the Vice-Chancellor's expenses.

Reward strategy and policies

The Committee has a documented approach to reward and recognition for the senior roles which is available on request. This refers to the need to attract, engage and retain high performing leaders and to ensure value for money. It also sets out the factors which are taken into account in setting and reviewing remuneration.

These include:

- The scale and nature of the institution and the challenges of the role;
- Information about the remuneration of similar roles in other, comparable institutions;

- The general salary increase for the sector;
- The performance of the individual and the institution in the year;
- The relationship between the pay of senior staff and the median for the institution; and
- Affordability.

Benchmarking

For all roles in its remit, the Committee took account of information on pay for comparable roles in other universities of similar size and type. This information is drawn from the annual survey of senior staff produced by the Universities and Colleges Employers Association (UCEA).

In addition, the University compared the remuneration of the Vice-Chancellor with a specific benchmark group of institutions which were considered to be relevant, and comprised:

Bath
City, University of London
Kent
Loughborough
Queen Mary, University of London
Reading
Royal Holloway, University of London
Southampton
Surrey
Sussex
York

The median base salary for the Vice-Chancellors of these institutions is £269,000 and the median total remuneration is £338,000.

The composition of the comparator group is subject to regular review and will be reconsidered in 2019/20.

Meetings in 2018/19

The Committee held three scheduled meetings during the year, on 6 November 2018, 8 March 2019 and 11 June 2019.

The agendas included:

- Decisions on the pay of roles within the Committee's remit.
- Agreeing the content of the annual remuneration report.
- Considering and approving:
 - The annual report on the gender and ethnicity pay gap.
 - A policy on income from external consultancy.
 - An update to the reward policy for all staff.
- Receiving and commenting on updates concerning:
 - Sector developments in pay and remuneration governance.
 - The process of professorial banding.
- In addition, both at the scheduled meetings and at a number of additional discussions convened for the purpose, the Committee received updates about and agreed the University's response to consultations via UUK concerning the USS pension scheme.

Remuneration of the Vice-Chancellor and President

At the start of the year, the Vice-Chancellor's salary was £310,000. This reflected decisions which had been taken since her appointment, based on benchmarking (see above) and on an assessment of her performance and that of the University.

At the meeting on 6 November 2018, the Committee reviewed the remuneration of the Vice-Chancellor for the year 2017/18. The Chair of Council had:

- Invited feedback from independent members of Council and members of the Executive;
- Made an assessment of the Vice-Chancellor's performance against her objectives for the year; and
- Taken account of the University's development internally – including its readiness to respond to challenges and

risks as well as its performance against the main indicators – and its positioning externally.

The Committee took account of salary and total remuneration benchmarking data and of information on the ratio between the Vice-Chancellor's remuneration and that of staff at Brunel, and how that compared to the sector.

The Committee viewed the overall performance of the Vice-Chancellor positively. It agreed to recognise this with the award of a one-off bonus of £10,000 but no change to salary.

The elements of the Vice-Chancellor's remuneration for the year 2018/19 were:

Salary	£310,000
Bonus payment	£10,000
Benefits	£8,711
Pension contribution	£6,510
Total	£335,221

Note that the Vice-Chancellor does not receive a full pension contribution (only the life assurance element) and does not have the use of any property.

The Vice-Chancellor's salary was 7.4 times the median for all staff; the total remuneration was 6.7 times the median for all staff. For comparison, the median salary ratio for the sector last year was 7.3; the median total remuneration was 7.7.

It is important to note that sector figures are not yet compiled on a fully consistent basis, so there might be some adjustments to this comparative picture over time.

The responsibilities of the Vice-Chancellor include:

- Working with Council to set and communicate strategy.
- Shaping the organisation, its culture and performance to ensure it is capable of delivering that strategy.
- Ensuring delivery of plans and targets – in terms of educational quality, student experience, research profile,

staff engagement, financial resilience, reputation etc.

- Managing relationships with critical stakeholders and partners, to advance Brunel's mission and strategy.
- Performing the role of Accounting Officer.

In addition, Council expects and encourages the Vice-Chancellor to take a leading role in sector debates and fora nationally and to engage with and represent the University to stakeholders and partners in the UK and internationally.

These responsibilities have to be discharged in the context of an organisation of some scale, complexity, distinctiveness, diversity and international reach.

The University was founded in 1966 to provide education and research linked to industry, to equip students for the world of work and to address society's challenges. It was to be – and is – a home of technological education, championing innovation and advancement, and giving the UK the knowledge base it needed to compete on the international stage.

The University now has more than 14,000 students. Over 3,000 are postgraduates and more than 2,300 come from outside the UK and EU. Income is £230 million, with 10% of it from research. There are c 2,000 staff. Teaching and research are enhanced and sustained by international as well as UK funding and by strong international partnerships with institutions in Brazil, the Middle East, China and South East Asia.

The Remunerations Committee sets pay for the Vice-Chancellor taking account of the nature of the role and the institution as described above, but also performance. Many of the performance indicators are linked to the 2030 Strategy (brunel.ac.uk/about/brunel-2030), which has five themes:

- a. Education and the student experience
- b. Research
- c. The University community

d. The campus and the local community

e. Global impact

The University is continuing to work to achieve these goals.

In addition, the Vice-Chancellor is expected to: develop and lead the institution to be financially sustainable; enhance the capability and performance of the leadership team; and represent the University in sector networks and organisations, to partners and stakeholders. Achievements in all these areas inform the judgement of performance.

The Vice-Chancellor's salary is at the upper end – but not the top – of the benchmark group, reflecting her experience and track record of achievement in leading the University. Her total remuneration is around the middle of the benchmark group, because – unlike most others – she does not take a full pension contribution (or cash in lieu) and does not have University accommodation.

The Remunerations Committee believes that the remuneration of the Vice-Chancellor is fully justified, taking account of the scale and nature of the institution, the challenges of the role, benchmarking information and performance over time.

P Teague: Chair of Remunerations Committee

Statement of Primary Responsibilities of the University Council

The principal responsibilities of the Council are as follows:

- 1 To make a contribution to and approve the mission, vision and strategic direction of the University. Subject to consultation with Senate on matters with implications for academic policy, to approve the long term academic and business plans and key performance indicators and to ensure that these meet the interests of the stakeholders and are compliant with the charitable objectives of the University.
- 2 To delegate authority to the Vice-Chancellor and President, as chief executive, for the academic, corporate, financial, estate and personnel management of the institution.
- 3 To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment.
- 4 To ensure the establishment and monitoring of procedures for handling internal grievances and for managing conflicts of interest.
- 5 To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be appropriately benchmarked against other comparable institutions.
- 6 To establish processes to monitor and evaluate the performance and effectiveness of the Council itself.
- 7 To safeguard and promote the good name and values of the University, embracing the principles of corporate social responsibility.
- 8 To appoint the Vice-Chancellor and President 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.
- 9 To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
- 10 To be the employing authority for all staff in the University, to have regard for their well-being and for establishing a human resources strategy.
- 11 To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, 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.
- 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.
- 13 To make such provision as it thinks fit for the general welfare of students, in consultation with the Senate.
- 14 To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
- 15 To ensure that the University's constitution (as laid down in the Charter and Statutes) is followed at all times and that appropriate advice is available to enable this to happen.

Council's Responsibilities 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, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and University and of the Group's surplus or deficit and cash flows for that year.

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

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

The Council has taken reasonable steps to:

- ensure that funds from the OfS, UKRI research funding bodies other Governmental bodies are used only for the purposes for which they have been given and in accordance with the Terms and Conditions of Funding for Higher Education (OfS 2018.15), the OfS and the respective Funding Agreement with research funding bodies and with any other conditions which may from time to time be prescribed;

- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud; and,
- secure the economical, efficient and effective management of the University's resources and expenditure so that the benefits that should be derived from the application of public funds by the Council are not put at risk.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic, administrative and support departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular review of key performance indicators and business risks and of financial results including variance reporting;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the University Council;
- comprehensive Financial Regulations, promoted by Finance Committee and adopted by Council; and

- a professional internal audit service with a programme approved by the Audit Committee and whose head provides that committee with a report on internal audit activity that assists it in formulating its opinion on the effectiveness of the University's system of risk management, including internal financial control.

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

Independent Auditor's Report to the Council of Brunel University London

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Brunel University London ("the University") for the year ended 31 July 2019 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance Sheet, and Consolidated Cash-Flow Statements and Related Notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2019, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of the Accounts Direction dated 19 June 2018 issued by the Office for Students

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Council has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the University or to cease their operations, and as they have concluded that the Group and the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the council of Governors' conclusions, we considered the inherent risks to the Group's business model, including the impact of Brexit, and analysed how those risks might affect the Group and the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the University will continue in operation.

Other information

The Council is responsible for the other information, which comprises the Strategic Review and the Report of the Governors and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Council responsibilities

As explained more fully in their statement set out on page 33, the Council is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the parent University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at frc.org.uk/auditorsresponsibilities

Report on other legal and regulatory requirements

We are required to report on the following matters under the Office for Students and Research England Audit Codes 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 Group or the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's Statutes; and
- funds provided by the Office for Students and Research England have been applied in accordance with the terms and conditions attached to them.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Council, in accordance with the Charters, Statutes of the University. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them 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 and the Council for our audit work, for this report, or for the opinions we have formed.

Richard Hewes
for and on behalf of KPMG LLP,
Statutory Auditor

Chartered Accountants
15 Canada Square
London E14 5GL

____ **November 2019**

Consolidated Statement of Comprehensive Income and Expenditure – Year Ended 31 July 2019

		Year ended 31 July 2019		Year ended 31 July 2018	
	Notes	Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Income					
Tuition fees and education contracts	1	127,967	127,967	119,569	119,569
Funding body grants	2	30,415	30,415	31,256	31,256
Research grants and contracts	3	22,962	22,962	22,695	22,695
Other income	4	47,783	47,678	46,455	46,263
Investment income	6	442	442	319	319
Total income before endowments and donations		229,569	229,464	220,294	220,102
Donations and endowments	5	184	184	438	438
Total income		229,753	229,648	220,732	220,540
Expenditure					
Staff costs	7	155,470	155,401	115,487	115,381
Other operating expenses		82,558	82,521	77,039	76,954
Depreciation	11	18,323	18,323	17,438	17,438
Interest and other finance costs	8	5,818	5,818	5,949	5,949
Total expenditure		262,169	262,063	215,913	215,722
(Deficit) / surplus before other gains /(losses)		(32,416)	(32,415)	4,819	4,818
(Loss) on disposal of fixed assets		(0)	(0)	(9)	(9)
(Deficit) / surplus before tax		(32,416)	(32,415)	4,810	4,809
Taxation	10	0	0	(0)	0
(Deficit) / surplus for the year		(32,416)	(32,415)	4,810	4,809
Actuarial (loss) / gain in respect of pension schemes	30	(2,845)	(2,845)	8,174	8,174
Change in fair value of hedging financial Instruments	18	(9,365)	(9,365)	3,834	3,834
Total comprehensive income / (deficit) for the year		(44,626)	(44,625)	16,818	16,817
Represented by					
Endowment comprehensive income for the year		(10)	(10)	(45)	(45)
Restricted comprehensive income for the year		20	20	(5)	(5)
Unrestricted comprehensive income for the year		(44,636)	(44,635)	16,868	16,867
		(44,626)	(44,625)	16,818	16,817
(Deficit) / surplus for the year attributable to:					
Non-controlling interest		0	0	0	0
University		(32,416)	(32,415)	4,810	4,809
Total Comprehensive (deficit) / income for the year attributable to					
Non-controlling interest		0	0	0	0
University		(44,626)	(44,625)	16,818	16,817

All items of income and expenditure relate to continuing activities. The accompanying notes form part of these financial statements.

Consolidated and University Statement of Changes in Reserves – Year Ended 31 July 2019

	Income and expenditure account			Cashflow Hedge Reserve	Total
	Endowment	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000	£'000
Consolidated					
Balance at 1 August 2017	1,623	160	229,472	(41,259)	189,996
Surplus / (deficit) from the income and expenditure statement	(45)	(5)	4,860	0	4,810
Other comprehensive income	0	0	8,174	0	8,174
Movement in hedge reserve	0	0	0	3,834	3,834
Movement in 2017-18	(45)	(5)	13,034	3,834	16,818
Balance at 1 August 2018	1,578	155	242,506	(37,425)	206,814
Surplus / (deficit) from the income and expenditure statement	(10)	20	(32,426)	0	(32,416)
Other comprehensive income / (expenditure)	0	0	(2,845)	0	(2,845)
Movement in hedge reserve	0	0	0	(9,365)	(9,365)
Total comprehensive income / (expenditure) for the year	(10)	20	(35,271)	(9,365)	(44,626)
Balance at 31 July 2019	1,568	175	207,235	(46,790)	162,188
University					
					Total (no Non Controlling Interest)
Balance at 1 August 2017	1,623	160	229,361	(41,259)	189,885
Surplus / (deficit) from the income and expenditure statement	(45)	(5)	4,859	0	4,809
Other comprehensive income	0	0	8,174	0	8,174
Movement in hedge reserve	0	0	0	3,834	3,834
Movement in 2017-18	(45)	(5)	13,033	3,834	16,817
Balance at 1 August 2018	1,578	155	242,394	(37,425)	206,702
Surplus / (deficit) from the income and expenditure statement	(10)	20	(32,425)	0	(32,415)
Other comprehensive income / (expenditure)	0	0	(2,845)	0	(2,845)
Movement in hedge reserve	0	0	0	(9,365)	(9,365)
Total comprehensive income / (expenditure) for the year	(10)	20	(35,270)	(9,365)	(44,625)
Balance at 31 July 2019	1,568	175	207,124	(46,790)	162,077

The accompanying notes form part of these financial statements.

Consolidated and University Balance Sheet – 31 July 2019

		As at 31 July 2019		As at 31 July 2018	
	Notes	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Intangible Assets	11	118	118	0	0
Fixed assets	12	422,274	422,274	426,581	426,581
Investments	13	151	33	154	33
		422,543	422,425	426,735	426,614
Current assets					
Stock	14	174	174	224	224
Trade and other receivables	15	26,304	26,258	23,508	23,503
Investments	16	27,000	27,000	39,000	39,000
Cash and cash equivalents	23	28,840	28,830	13,763	13,719
		82,318	82,262	76,495	76,446
Less: Creditors: amounts falling due within one year	17	(60,766)	(60,703)	(48,665)	(48,607)
Net current assets		21,552	21,559	27,830	27,839
Total assets less current liabilities		444,095	443,984	454,565	454,453
Creditors: amounts falling due after more than one year	19	(171,412)	(171,412)	(177,956)	(177,956)
Provisions					
Pension provisions	20	(110,495)	(110,495)	(69,795)	(69,795)
Total net assets		162,188	162,077	206,814	206,702
Restricted Reserves					
Income and expenditure reserve – endowment reserve	21	1,568	1,568	1,578	1,578
Income and expenditure reserve – restricted reserve	22	175	175	155	155
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		207,235	207,124	242,506	242,394
Cash-flow Hedge reserve	18	(46,790)	(46,790)	(37,425)	(37,425)
Total Reserves		162,188	162,077	206,814	206,702

The financial statements were approved by the Governing Body on 26th November 2019 and were signed on its behalf on that date by:

Julia Buckingham, Vice-Chancellor and President

Michael Spyer, Chair of Council

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement – Year Ended 31 July 2019

	Notes	July 2019 £'000	July 2018 £'000
Cash flow from operating activities			
(Deficit) / surplus for the year		(32,416)	4,810
Adjustment for non-cash items			
Depreciation	11&12	18,323	17,438
Decrease / (Increase) in stock	14	50	(39)
(Increase) / Decrease in debtors	15	(2,796)	(2,031)
Increase / (Decrease) in creditors	17	5,786	2,236
Increase / (Decrease) in pension provision	30	37,855	4,541
Impairment of Fixed Assets		1,522	616
Adjustment for investing or financing activities			
Investment income	5	(442)	(319)
Interest payable	8	5,818	5,949
Endowment income		(110)	(120)
Loss on the sale of fixed assets		0	9
Capital Grant Income		(9,987)	(10,009)
Net cash inflow from operating activities		23,603	23,081
Cash flows from investing activities			
Capital Grant Receipts		1,956	1,061
Withdrawal / (Increase) of deposits		12,000	3,000
Investment income		442	319
Payments made to acquire fixed assets		(15,653)	(20,385)
New non-current asset investments		0	1
		(1,255)	(16,004)
Cash flows from financing activities			
Interest paid		(5,818)	(5,949)
Endowment cash received		110	120
Repayments of amounts borrowed		(1,563)	(1,527)
		(7,271)	(7,356)
Increase / (Decrease) in cash and cash equivalents in the year		15,077	(279)
Cash and cash equivalents at beginning of the year	23	13,763	14,042
Cash and cash equivalents at end of the year	23	28,840	13,763

The accompanying notes form part of these financial statements.

Statement of Accounting Policies for the Year Ended 31 July 2019

1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention and the restatement of fixed assets revalued on 31 July 2014 at deemed cost.

2. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2019. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

Associated companies and joint ventures are accounted for using the equity method.

3. Income recognition

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the

period in which students are studying. Where the amount of the tuition fee 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.

Investment income is credited to the statement of income and expenditure on a receivable basis.

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

Grant funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such

time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

- Restricted donations – the donor has specified that the donation must be used for a particular objective.
- 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 University.
- Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital
- 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.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

4. Accounting for retirement benefits

The three principal pension schemes for the University are the Universities Superannuation Scheme (USS), the Teachers Pension Scheme (TPS) and the London Pension Fund Authority Pension Fund (LPFA). The schemes are defined benefit schemes which were externally funded and contracted out of the State Second Pension (S2P) until April 2016. USS and LGPS are valued every three years by professionally qualified independent actuaries, the details of which are described further in the notes to the accounts.

The USS and TPS are multi-employer schemes for which it is not possible to identify the assets and liabilities to the University of members due to the mutual nature of the schemes and therefore the schemes are accounted for as defined contribution retirement benefit schemes.

The USS scheme is a hybrid scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. Brunel is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS102 "Employees Benefits", Brunel therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the I&E represents the contributions payable to the scheme. Since Brunel has entered into an agreement (The Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, Brunel recognises a liability for the contributions payable that arise from the agreement (to the extent

they relate to the deficit) and therefore an expense is recognised.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

5. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the

employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement using the salary rate applying on 31 July.

6. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

7. Service concession arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

8. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

9. Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the time of the transaction and exchange differences arising on translation are recognised in Surplus or Deficit.

10. Fixed assets

Fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses. Land was revalued to fair value on the date of transition to the 2015 FE/HE SORP, and is booked as deemed cost at transition.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Where capitalised assets are acquired with the aid of specific government grants, the related grant is treated as a deferred capital grant and released to the Statement of Comprehensive Income (SOCl) over the expected useful economic life as defined below.

Land and buildings

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University.

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 split into three component parts: structure, fit-out and plant and machinery, the economic life of which is determined by architects' certificate, these will be depreciated over their economic life on a straight line basis. The sum of the component parts economic life will not exceed fifty years. Improvements to leasehold premises are amortised over the period of the lease.

Where buildings are acquired with the aid of specific government 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.

Capitalised equipments are depreciated over their expected useful economic life, as follows:

Catering equipment	10 years
Telephone and security equipment	5 years
File servers, networks infrastructure and other central IT equipment	5 years
Office equipment, academic equipment, printers	5 years
Purchased motor vehicles	4 years
PC's & laptops purchased to kit out a classroom only	4 years
Groups of public domain and other personal computers	3 years
Laboratory equipment	10 years, unless funded by a shorter research grant
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, if received from

government or a research council, 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). All other non-government related grants will be recognised as income in the year of receipt.

Capitalisation

Site clearance costs can only be capitalised as part of enabling works for the construction of a new asset and in such a case is included in the costs of the building and will be written off over the life of the new asset. Site clearance alone (i.e. no subsequent construction) will be expensed.

All lab and office equipment with a single item value above £10,000 is capitalised at cost. Lab and office equipment costing less than £10,000 per individual item or group of related items is expensed in the year of purchase.

IT equipment, including PCs, laptops, servers, network infrastructure, where individual items are above £10,000 will be capitalised. Groups of items that individually are below £10,000, even if in aggregate they exceed £10,000, will be expensed in the year of purchase with the exception of Capital Projects equipping classrooms with PC/fixed laptops, telephone networks (not mobile phones) and laboratory equipment. There may be scope to fund these via government capital receipts.

Software may be capitalised if more than £100k, as long as is used in a live environment and is written off over five years or its expected useful life if shorter. This relates to purchased or developed software, not cloud based and licenced software, which will be expensed in the year of purchase. Expensing of licenced software is standard accounting practice because the assets are never owned by Brunel University London.

Furniture and fittings installed as part of a major building construction, rebuild or renewal and exceeding £50,000 in total may be capitalised

as part of the building project and written off over 3 years. This includes furnishings and fittings that are specialist or would not easily be substituted for use in another department. Otherwise all furniture and fittings will be expensed.

The cost of asbestos removal is a legal requirement and will be expensed when incurred. The only exclusions are for major building works that require complete demolition of a building containing asbestos. In this case the removal will be included in the costs of preparing the site for the new building and included in the cost of the new building when complete.

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is expensed in the period it is incurred. This includes long term maintenance and work arising from stock condition surveys, even if there is an element of betterment in the expenditure.

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

11. Intangible assets

Intangible assets are amortised over five years, representing the remaining estimated economic life of the assets.

12. Heritage assets

Works of art and other valuable artefacts [acquired since 1 August 2007] and valued at over £25,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

13. Investments

Non-current asset investments are held on the Balance Sheet at amortised cost less impairment.

Investments in associates and subsidiaries are carried at cost in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit as a loss or gain on investments.

14. Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

15. Cash and cash equivalents

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.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

16. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- a) the University has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

17. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when

they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are only recognised when more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

18. Derivatives

Derivatives are held on the Balance Sheet at fair value. The University has adopted and complied with the requirements of hedge accounting and as a result movements in fair value are recorded within Other Comprehensive Income.

19. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Statement of Accounting Estimates and Judgements

Valuation of land in fixed assets

The University applied paragraph 35.10(c) of FRS102 to measure the land at fair value on the date of transition to FRS102 and to treat the fair value as the deemed cost. The land had been previously acquired in the 1960s at £6m. A qualified independent chartered surveying firm Gerald Eve inspected the site and provided a valuation based on the market values for each of the various categories of land. This valuation was then taken unadjusted as deemed cost as at 31 July 2014.

Remaining economic lives of buildings

The University took advantage of the same qualified independent chartered surveying firm Gerald Eve to reassess the remaining lives of the buildings which Gerald Eve had apportioned between the structure, fit-out and plant & machinery based on site inspections. Wherever University requirement and direction was that the building would be demolished (such as the computing building), this lesser life was applied by Gerald Eve. This has resulted in some buildings having an economic life that from new would have been in excess of 50 years.

Fair value of SWAPs and their effectiveness as a hedged instrument

The University took out three SWAPs to mirror three loans which charged interest at LIBOR plus 22 basis points. The effect for the University was to translate variable interest rates into a fixed rate by a 100% effective hedging instrument. The University measures the current "out of the market" position by comparing the current market value of the SWAP to the discounted fixed interest repayments over the life of the SWAP using Thompson Reuters software. The "out of the market" position is reflected in the Balance Sheet as the fair value of the hedged instruments.

The loan and SWAP repayment schedule for each of the three deals had repayment dates and amounts which were identical until 2040. The University was unable at the inception of the loan to obtain a 40 year loan as intended because 35 years was the maximum offered at that time. As a result, the three loans all contain a balloon payment on 7 December 2040. The SWAPS were set at 40 years in anticipation that Lloyds would reconsider the final repayment date further into the loan repayment program. Brunel has received written confirmation from Lloyds Bank that they are willing to negotiate an extension prior to 7 December 2040 which Brunel would take to 2045 on the same repayment dates as the SWAP. Thus Brunel considers the SWAPS to be a 100% effective hedged instrument and have applied hedge accounting treatments accordingly.

LGPS pension liability

The University obtains a valuation from Barnett Waddingham who makes decisions on behalf of the University on the financial assumptions used to calculate the net liability of the scheme. These assumptions include the RPI%, CPI% increases, salary increases, pension increases, discount rate and the estimate of the duration of employer liabilities. The University allows Barnett Waddingham to apply their skill and judgement in setting these parameters as the pension experts rather than suggesting any rate.

USS deficit recovery program liability

The University used a model commissioned by the British Universities Finance Directors Group (BUFDG) and discount rates as suggested by BUFDG. Salary growth percentage was taken as 2% scale increase and 1% inflation increase. Staff numbers in future years agreed to the budget produced for July 2019 and assumed flat thereafter until 2034.

The University has concluded that the current schedule of contributions is the correct basis to use but there are additional disclosures in note 30 relating to uncertainties in implementing a new deficit recovery plan based on the 2018 actuarial valuation.

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund the deficit results in the recognition of a liability for the contribution payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in the SOCI in accordance with section 28 of FRS 102. The University is satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

Equipment depreciation

The economic lives of non-building related plant and equipment and vehicles have been based on prior experience of the University.

The reasonableness of these assumptions was benchmarked against peer Universities in March 2012 and has remained unchanged.

Accruals and provisions

Where there is a liability with an uncertainty as to timing or amount for obligations existing at the balance sheet date such as the case with legal accruals, judgement is made of the likelihood of the future pay-out by both considering past case history and the reasonableness of the provision verified by the legal representatives. No such accrual is considered material as to affect the users' interpretation of these Financial Statements.

Vacation accrual

The University holiday year runs from 1 September to 31 August for Academic staff and from 1 April to 31 March for Non-Academic staff. In 2013 all departments were approached and holiday data of 35% of the total staff employed was extracted and analysed on a monthly basis to provide a pattern of holiday taken by the Academic staff and also the Non-Academic staff respectively over the holiday year including typical holiday carried forward. The days of entitlement and the part time/full time status was also considered. This analysis provided an average number of days worked per type where accrued holiday was still to be taken as at 31 July. Applying the gross costs per employee as at 31 July divided by the available total days workable provided a cost of the accrued holiday liability which was extrapolated across both categories. Annually a smaller representative sample is taken to assess the adequacy of the holiday accrual in days.

Enhanced pension provision

Enhanced pensions have been paid to former employees of the West London Institute of Higher Education on a monthly basis by Hounslow Borough Council and reimbursed by Brunel. Hounslow Borough Council supplies the University with listings of the 21 former staff members still alive, their age, gender and marital status. The University uses the Financial Times figures of 31 July "Gilts: UK Actuaries Indices" to obtain the fixed interest 10 year yield and the index linked 5% inflation real yield and assumes a 1% margin over government bonds to be reasonable. These input figures provide a Net Interest Rate table to apply the age, sex, annual payment and marital status of the former employees and calculate a pension per individual. These are summed for all individuals to provide an appropriate pension provision.

Notes to the Accounts for the Year Ended 31 July 2019

Notes	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
1. Tuition fees and education contracts				
Full-time home and EU students	82,666	82,666	76,864	76,864
Full-time international students	36,805	36,805	33,256	33,256
Part-time students	2,590	2,590	2,679	2,679
NHS Education Contract	2,805	2,805	4,082	4,082
Short Course Fees	2,013	2,013	1,609	1,609
Other Fees	1,088	1,088	1,079	1,079
	127,967	127,967	119,569	119,569
2. Funding body grants				
Recurrent grant				
Office for students	19,799	19,799	19,356	19,356
Capital grant released in year	8,152	8,152	9,973	9,973
Specific grants				
West Focus	1,579	1,579	1,323	1,323
Other funding body grants	885	885	604	604
	30,415	30,415	31,256	31,256
3. Research grants and contracts				
Research councils	6,366	6,366	9,665	9,665
Research charities	1,534	1,534	1,167	1,167
Government (UK and overseas)	11,643	11,643	9,740	9,740
Industry and commerce	1,838	1,838	2,030	2,030
Other	1,581	1,581	93	93
	22,962	22,962	22,695	22,695
4. Other income				
Residences, catering and conferences	38,380	38,380	37,744	37,744
Released from Deferred Capital Grant	33	33	36	36
Other income	9,370	9,265	8,675	8,483
	47,783	47,678	46,455	46,263
5. Investment income				
Investment income on endowment	21	72	90	90
Investment income on restricted reserves	22	38	30	30
Other investment income		332	199	199
		442	319	319

		Year ended 31 July 2019		Year ended 31 July 2018	
	Notes	Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
6. Donations and endowments					
New endowments	21	0	0	0	0
Donations with restrictions	22	0	0	0	0
Unrestricted donations		184	184	438	438
		184	184	438	438

7. Staff costs**Staff Costs:**

Salaries	92,898	92,844	87,792	87,710
Social security costs	10,274	10,268	9,749	9,740
Movement on USS provision	33,763	33,763	1,399	1,399
Other pension costs	18,535	18,526	16,547	16,532
	155,470	155,401	115,487	115,381

Emoluments of the Vice-Chancellor:

	2019 £'000	2018 £'000
Salary	310	310
Bonus Payment	10	0
Benefits	8	11
Pension contributions to USS	7	8
	335	329

Vice-Chancellor's Salary and Remuneration Multiples

The University is required to disclose the relationship between the Vice-Chancellor's remuneration and that of all other employees, expressed as a pay multiple. The Vice-Chancellor's basic salary is 7.4 times (8.0 times July 18) the median pay of staff, where the median pay is calculated on a full time equivalent basis for the salaries paid to staff. The Vice-Chancellor's total remuneration is 6.7 times (7.4 times July 18) the median total remuneration of staff, where the median total remuneration is calculated on a full time equivalent basis for the total remuneration of its staff. The University has included the costs of atypical and agency workers.

The University considers the remuneration of the Vice-Chancellor to be justified, taking account of the scale and nature of the institution, the challenges of the role, benchmarking information and performance over time. Further detail is in the Remuneration Committee Report section of these financial statements.

Salary bands of the highest paid and other higher paid staff members are set out in the table below. The table excludes employer's pension contributions and all performance-related elements; the latter ranged from nil to a maximum of £30,000:

	Year ended 31 July 2019	Year ended 31 July 2018
	No.	No.
£100,000 to £104,999	7	7
£105,000 to £109,999	6	4
£110,000 to £114,999	5	1
£115,000 to £119,999	0	1
£120,000 to £124,999	1	4
£125,000 to £129,999	3	1
£130,000 to £134,999	1	4
£135,000 to £139,999	2	0
£140,000 to £144,999	0	0
£145,000 to £149,999	2	3
£150,000 to £154,999	3	3
£155,000 to £159,999	1	0
£160,000 to £164,999	0	0
£165,000 to £169,999	1	0
£170,000 to £174,999	0	0
£175,000 to £179,999	2	1
£180,000 to £184,999	0	0
£185,000 to £189,999	0	1
£190,000 to £194,999	1	1
£195,000 to £199,999	0	0
£200,000 to £204,999	0	0
£205,000 to £209,999	1	0
£310,000 to £315,000	1	1
	37	32

Average fte staff numbers by major category:	No.	No.
Academic	758	743
Administrative	388	359
Professional	474	455
Ancillary, Maintenance, Miscellaneous	120	124
Technical	75	78
Student Work Placements	29	60
Hourly Paid Lecturers and Others	34	45
	1,878	1,864

There was £155k combined compensation for loss of office paid to 18 staff members in 2018/19 (£2017/18 £1,186k, 73 staff members).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel. Brunel considers the 20 (2017 – 19) members of the Executive Board to constitute the key management of the University. Compensation includes salary, benefits and employer's pension contribution.

	Year Ended 31 July 2019 £'000	Year Ended 31 July 2018 £'000
Key management personnel compensation	2,651	2,805

Council members

The University's Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

The total expenses paid to or on behalf of 11 Council members was £4,956 (2018 – £5,104 to 9 Council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

Related parties

Since 1 August 2019 Brunel's Vice-Chancellor and President also holds the office of President of Universities UK (UUK), being elected by ballot of members. Brunel has one research project award made prior to the appointment for £116k from UUK called "Rutherford Fund Strategic Partnership". All Universities are members of UUK and as such, Brunel paid UUK £77k related to 18-19.

The Vice-Chancellor and President is also a group member of the Royal Society involved in widening the curriculum. There are unrelated research grants made from the Royal Society totalling £540k where Brunel is investigating building earthquake and tsunami resilience in Indonesia, also examining receptors involved in Sickle Cell Disease. Additionally, Brunel paid the Royal Society £8 in year.

Brunel University paid £50k for membership to Imperial College Health Partners related to 18-19.

Funding from UKRI has been provided to Neurofenix and Brunel to design a game for patients with neurological impairments.

There have been some small payments (mainly subscriptions) to other organisations: Association of Heads of University Administration £2k; Harlow College and Uxbridge College £12k; University of London £2k; University and College Union £18k.

		Year ended 31 July 2019		Year ended 31 July 2018	
	Notes	Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
8. Interest and other finance costs					
Loan Interest		4,121	4,121	4,173	4,173
Net charge on pension scheme	30	1,697	1,697	1,776	1,776
		5,818	5,818	5,949	5,949

9. Analysis of total expenditure by activity

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Academic Department	90,202	90,202	92,904	92,904
Academic Services	26,977	26,977	26,326	26,326
Research Grants and Contracts	27,224	27,224	16,565	16,565
Residences, catering and conferences & Science Park	22,402	22,296	23,534	23,343
Premises	30,695	30,695	28,386	28,386
Administration	60,226	60,226	24,245	24,245
Other Services	4,443	4,443	3,953	3,953
	262,169	262,063	215,913	215,722
Other operating expenses include:				
External auditors remuneration in respect of audit services excluding VAT	63	60	51	49
External auditors remuneration in respect of non-audit services excluding VAT	13*	13	6	6

* KPMG are providing additional non-audit services in relation to a feasibility study.
The fee to Brunel for the work is £36k, with the share of work completed in 2018/19 being £7k.

10. Taxation

	2019		2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Recognised in the statement of comprehensive income				
Current tax expense	0	0	0	0
Deferred tax expense	0	0	0	0
	0	0	0	0

11. Intangible Assets

	2019		2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Software				
Opening Balance	0	0	0	0
Additions in year	120	120	0	0
Amortisation charge for the year	(2)	(2)	0	0
	118	118	0	0

12. Fixed Assets

	Freehold Land and Buildings	Plant and Machinery	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
Consolidated				
Cost				
At 1 August 2018	504,368	73,664	11,818	589,850
Additions	0	1,060	14,473	15,533
Transfers	10,838	158	(10,996)	0
Impairment	0	0	(1,519)	(1,519)
Disposals	0	0	0	0
At 31 July 2019	515,206	74,882	13,776	603,864
Depreciation				
At 1 August 2018	117,440	45,829	0	163,269
Charge for the year	9,136	9,185	0	18,321
Disposals	0	0	0	0
At 31 July 2019	126,576	55,014	0	181,590
Net book value				
At 31 July 2019	388,630	19,868	13,776	422,274
At 31 July 2018	386,928	27,835	11,818	426,581
University				
Cost				
At 1 August 2018	504,368	73,664	11,818	589,850
Additions	0	1,060	14,473	15,533
Transfers	10,838	158	(10,996)	0
Impairment	0	0	(1,519)	(1,519)
Disposals	0	0	0	0
At 31 July 2019	515,206	74,882	13,776	603,864
Depreciation				
At 1 August 2018	117,440	45,829	0	163,269
Charge for the year	9,136	9,185	0	18,321
Disposals	0	0	0	0
At 31 July 2019	126,576	55,014	0	181,590
Net book value				
At 31 July 2019	388,630	19,868	13,776	422,274
At 31 July 2018	386,928	27,835	11,818	426,581

At 31 July 2019 freehold land and buildings included £124.4m (2018 – £124.4m) in respect of freehold land which is not depreciated.

The land comprising Brunel University Estate was valued as at 31 July 2014 by an external valuer Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation – Professional Standards, January 2014 amendment and the Financial Reporting Standard 102 and the 2014 Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuation was undertaken on a Fair Value basis. The valuation is reported under the special

assumptions to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced and that one building currently subject to redevelopment has been completed.

There have been no donations of heritage assets in the past 5 years. There was an acquisition for £16k of a bronze coated statue of a sheep in the image of Brunel in 2015-16 and a statue, also of Brunel, purchased of £133k but no other acquisitions in the past 5 years.

The table below shows the analysis of acquisitions – All entries for 2016 and before have been expensed as below the threshold for capitalising. Acquisitions for the current and previous four years were as follows:

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Acquisitions purchased with University funds	0	0	133	16	3	0
Total cost of acquisitions purchased	0	0	133	16	3	0
Total acquisitions expensed	0	0	16	3	0	3

13. Non-Current Investments

Fixed Asset Investments £'000

Consolidated

At 1 August 2018

Additions

Re-assessment of Impairments

At 31 July 2019

	154
	0
	(3)
	151

University

At 1 August 2018

Additions

Re-assessment of Impairments

At 31 July 2019

	33
	0
	0
	33

Non-current investments consist of:

	Consolidated £'000	University £'000
CVCP Properties plc who own a property called Woburn House which is used by Higher Education Universities as a centre for administration and training	33	33
Vulcaner Limited who produced a diesel filter for buses	0	0
Dynamic Extractions Limited who provide high performance counter current Chromatography (HPCCC) core technology instruments and systems	118	0
	151	33

14. Stock

	Notes	Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
General consumables		174	174	224	224
		174	174	224	224

15. Trade and other receivables

		Year ended 31 July 2019		Year ended 31 July 2018	
	Notes	Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Amounts falling due within one year:					
Research grant receivables		7,397	7,397	9,088	9,088
Other trade receivables		8,695	8,638	9,993	9,975
Prepayments and accrued income		10,212	10,212	4,427	4,427
Amounts due from subsidiary companies		0	11	0	13
		26,304	26,258	23,508	23,503
Amounts falling due after more than one year		0	0	0	0
		26,304	26,258	23,508	23,503

16. Current Investments

	Notes	Year ended 31 July 2019		Year ended 31 July 2018	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Short term deposits		27,000	27,000	39,000	39,000
		27,000	27,000	39,000	39,000

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2019 the weighted average interest rate of these fixed rate deposits was 1.09% (2018: 0.76%) per annum and the weighted average period for which the interest rate is fixed on these deposits was 341 (2018: 231) days. The fair value of these deposits was not materially different from the book value.

17. Creditors: amounts falling due within one year

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Bank Overdraft	0	0	0	0
Secured loans	1,628	1,628	1,563	1,563
Trade payables	17,179	17,178	8,862	8,861
Social security and other taxation payable	3,510	3,500	3,584	3,574
Accruals and deferred income	38,449	38,397	34,656	34,609
	60,766	60,703	48,665	48,607

Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Other Income	6,673	6,636	8,954	8,920
Research grants received on account	16,718	16,718	15,986	15,986
Capital Grants from HEFCE and other Government sources < 1 year	6,643	6,643	394	394
Income in Advance < 1 year	30,034	29,997	25,334	25,300
Capital Grants from HEFCE and other Government sources > 1 year	41,519	41,519	55,800	55,800
Total income in Advance	71,553	71,516	81,134	81,100

18. Cash-flow Hedge Reserve and fair value of hedged instrument liability

The University entered into three loans with Lloyds Bank at LIBOR plus 20 basis points of £50m, £25m and £25m between the dates of 31 October 2005 to 30 September 2007. The currency of all of these is sterling and the interest is paid in arrears on the last day of its interest period, which is semi-annual. The interest periods have start/end dates of 7 June and 7 December with a final end date on all three facilities being 7 December 2040 and with a final repayment due for the outstanding balance. Brunel has written confirmation that the loans can be renegotiated to extend to 7 December 2045 on the same payment profile as the SWAPs taken out at the same time.

The University set up three sterling SWAPs with Bank of America Merrill Lynch, being £50m at 4.588% on 31 October 2005, £25m at 4.5843% on 30 September 2006 and £25m at 4.5823% on 30 September 2007. Brunel pays interest on each SWAP in arrears on the last day of the interest period. Both the fixed and floating rate payment schedules have payment dates of 7 June and 7 December. All three SWAPs have an end date of 7 December 2045. The three SWAPs were novated to Lloyds in June 2019 on the same terms.

Fair value of the SWAP liability as at 31 July obtained from Thompson Reuters:

	2019	2018
	£'000	£'000
Brought forward 1 August	37,425	41,259
Change in fair value of hedging instrument recognised in SOCI in year (100% effective)	9,365	(3,834)
Carried forward 31 July	46,790	37,425

The SWAPs were set up on the same dates as the loans with the same repayment profiles until 2040 and to run for the five additional years until 7 December 2045 that the loans will eventually be extended to. The SWAPs were designed as a hedging instrument that effectively eliminates the interest rate risk of the variability in cash-flows on the floating rate loan attributable to changes in the 6 month GBP LIBOR by creating certainty of interest payment at the same six monthly interval.

The University considers the three SWAPs to be 100% effective hedges and apply the principles of hedge accounting of 12.23 FRS 102 to disclose a cash-flow hedge reserve for the same total as the fair value of the SWAP liability in the Consolidated Statement of Changes in Reserves.

19. Creditors: amounts falling due after more than one year

	Year ended 31 July 2019		Year ended 31 July 2018	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Deferred income	41,519	41,519	55,800	55,800
Derivatives	46,790	46,790	37,425	37,425
Secured loans	83,103	83,103	84,731	84,731
Unsecured loans	0	0	0	0
	171,412	171,412	177,956	177,956
Analysis of secured and unsecured loans:				
Due within one year or on demand (Note 20)	1,628	1,628	1,563	1,563
Due within one and two years	1,718	1,718	1,628	1,628
Due between two and five years	7,737	7,737	5,408	5,408
Due in five years or more	73,648	73,648	77,695	77,695
Due after more than one year	83,103	83,103	84,731	84,731
Total secured and unsecured loans	84,731	84,731	86,294	86,294
Secured loans repayable by 2040	84,731	84,731	86,294	86,294
	84,731	84,731	86,294	86,294

The secured loans are the following:

Lender	Amount £'000	Term	Interest rate %	Borrower
Lloyds	42,086	2040	4.59	University
Lloyds	21,225	2040	4.58	University
Lloyds	21,420	2040	4.58	University
	84,731			

20. Provisions for liabilities

	Pension enhancement on termination	Obligation to fund deficit on USS Pension	LGPS Defined Benefit Obligations (Note 30)	Total Pension Provisions
	£'000	£'000	£'000	£'000
Consolidated				
At 1 August 2018	1,062	19,090	49,643	69,795
Utilised in year	16	(776)	6,508	5,748
Additions in 2018/19	0	34,952	0	34,952
At 31 July 2019	1,078	53,266	56,151	110,495

	Pension enhancement on termination	Obligation to fund deficit on USS Pension	LGPS Defined Benefit Obligations (Note 30)	Total Pension Provisions
	£'000	£'000	£'000	£'000
University				
At 1 August 2018	1,062	19,090	49,643	69,795
Utilised in year	16	(776)	6,508	5,748
Additions in 2018/19	0	34,952	0	34,952
At 31 July 2019	1,078	53,266	56,151	110,495

Pension enhancement

The assumptions for calculating the provision for pension enhancements on termination under FRS 102 are as follows:

	Consolidated
Discount rate	1.70 %
Inflation	2.75 %

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the USS to deficit payments in accordance with the deficit recovery plan. In calculating this provision, management have estimated future staff levels within the USS scheme for the duration of the contractual obligation and salary inflation. Key assumptions are set out below and further information is provided in note 30. The adoption of the new deficit recovery plan following the 2017 actuarial valuation has given rise to a significant increase in the deficit provision which has increased from £19.1m to £53.3m. £34.9m of this increase is attributable to the change in the deficit contributions' contractual commitments. In note 7 there is a one off pension cost of £34,952k within the salary costs. More details of the actuarial valuation are set out in note 30.

Since the year end, following the completion of the 2018 actuarial revaluation, a new deficit recovery plan has been agreed of which more detail is given in note 30. As at 31 July 2019 and with all other assumptions to calculate the provision unchanged, this would have resulted in a revised provision of £30,902k, a decrease of £22,364k from the current year end provision.

The major assumptions used to calculate the provision are

	2019	2018
Discount rate	1.58%	2.18%
Salary growth	3.00%	4.00%

Sensitivity analysis

As set out in the accounting policy, there some critical judgements made in estimating the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

Change in assumptions at 31 July 2019	Approximate impact
0.5% pa decrease in discount rate	£2,299k
0.5% pa increase in salary inflation over duration	£2,255k
0.5% increase in salary inflation year 1 only	£258k
0.5% increase in staff changes over duration	£2,311k
0.5% increase in staff changes year 1 only	£253k
1% increase in deficit contributions from April 2020	£10,448k
1 year increase in term	£3,750k

21. Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted Permanent endowments £'000	Expendable endowments £'000	Total 2019 £'000	Total 2018 £'000
Balances at 1 August 2018				
Capital	445	954	1,399	1,447
Accumulated income	179	0	179	176
	624	954	1,578	1,623
New endowments	0	72	72	90
Investment income	0	0	0	0
Expenditure	0	(82)	(82)	(135)
At 31 July 2019	624	944	1,568	1,578
Represented by:				
Capital	445	944	1,389	1,399
Accumulated income	179	0	179	179
At 31 July 2019	624	944	1,568	1,578
Analysis by type of purpose:				
Lectureships	0	13	13	13
Scholarships and bursaries	469	505	974	961
Prize Funds	155	130	285	282
General	0	296	296	322
	624	944	1,568	1,578
Analysis by asset:				
Cash & cash equivalents			1,568	1,578
Total Assets			1,568	1,578

22. Restricted Reserves

Reserves with restrictions (all donations) are as follows:

	2019 Total £'000	2018 Total £'000
Balances at 1 August 2018	155	160
New donations	38	30
Investment income	0	0
Expenditure	(18)	(35)
	(18)	(35)
At 31 July 2019	175	155

Analysis of other restricted funds/donations by type of purpose:

	2019 Total £'000	2018 Total £'000
Scholarships and bursaries	21	26
Prize funds	17	17
General	137	112
	175	155

23. Cash and cash equivalents

	At 1st August 2018 £'000	Cash Flows £'000	At 31st July 2019 £'000
Consolidated			
Cash and cash equivalents	13,763	15,077	28,840
	13,763	15,077	28,840

24. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2019:

	Consolidated £'000	31 July 2019 University £'000	Consolidated £'000	31 July 2018 University £'000
Commitments contracted by	5,993	5,993	5,466	5,466
	5,993	5,993	5,466	5,466

25. Contingent liabilities

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

26. Lease obligations

Total rentals payable under operating leases:

	31 July 2019			Total	31 July 2018
	Land and Buildings £'000	Plant and Machinery £'000	Other leases £'000	£'000	£'000
Future minimum lease payments due:					
Not later than 1 year	1,280	0	0	1,280	1,490
Later than 1 year and not later than 5 years	0	0	0	0	0
Later than 5 years	0	0	0	0	0
Total lease payments due	1,280	0	0	1,280	1,490

27. Non adjusting Post Balance Sheet Events

As outlined in both note 20 and note 30 in respect of the USS pension scheme, a new Schedule of Contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of 22m. This adjustment will be reflected in the University's Financial Statements for the year ended 31 July 2020.

28. Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

Company	Principal Activity	Status
Brunel University Enterprises Limited	Running the Brunel University London Science Park and the vehicle for spinout companies.	100% owned
HecoAnalytics Limited	Dormant – never traded	100% owned
Testavec Limited	Dormant – never traded	100% owned
Syngenious Limited	Dormant – never traded	100% owned
Vulcanaer Limited	Bus emissions equipment research	100% owned

29. Connected charitable institutions

Brunel University London does not have any connected charitable institutions.

30. Pension schemes

The three principal pension schemes for the University's staff are:

- Universities Superannuation Scheme (USS)
- Teachers' Pension scheme (TPS) for academic staff
- London Pensions Fund Authority Scheme (LPFA) for other staff

All three schemes are defined-benefit schemes contracted out of the State Second Pension (S2P) the assets of which are held in separate trustee administered funds.

Statement of comprehensive income – net pension cost for the University and its subsidiaries was:

	Year Ended 31 July 19 £'000	Year Ended 31 July 18 £'000
USS	11,721	10,865
TPF	194	285
LPFA	6,616	5,383
Other Pension scheme staff cost	4	14
Total pension staff cost as per note 7	18,535	16,547
Provision for the ex-WLIHE pension increase, non-staff cost	17	(76)
	18,552	16,471

Other Comprehensive Income – actuarial gain in respect of pension schemes for the University and its subsidiaries was:

	Year Ended 31 July 19 £'000	Year Ended 31 July 18 £'000
LPFA	2,803	8,174
Ex-WLIHE	42	0
	2,845	8,174

Statement of financial position – pension liability for the University and its subsidiaries (note 20) was:

	Year Ended 31 July 19 £'000	Year Ended 31 July 18 £'000
USS	53,266	19,090
LPFA	56,151	49,643
Ex-WLIHE	1,078	1,062
	110,495	69,795

Net interest Charge on Pension Scheme (note 8):

	Year Ended 31 July 19 £'000	Year Ended 31 July 18 £'000
USS Deficit Recovery program interest on opening liability	412	321
LPFA Interest cost on scheme liabilities	3,645	3,690
LPFA Interest receivable on scheme assets	(2,386)	(2,261)
Ex-WLIHE interest	26	26
	1,697	1,776

(i) 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.

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

As the scheme is backed by the taxpayer there is no deficit liable to the University and no deficit recovery program and consequent liability placed upon the University.

Because of the mutual nature of the Scheme, the assets are not attributed to individual institutions and a Scheme-wide contribution rate is set. Brunel is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its shares of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee Benefits", Brunel therefore accounts for the Scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to I&E represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the Scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at March 2017 (“the valuation date”), which was carried out using the projected unit method. The valuation as at 31 March 2018 is underway but not yet complete.

The 2017 valuation was the fourth 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. At the valuation date, the value of the assets of the Scheme was £60.0 billion and the value of the Scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Interest Linked yield curves less 1.3% p.a.	
Discount rate (forward Rates)	Years 1-10:	CPI – 0.53% reducing linearly to CPI – 1.32%
	Years 11-20:	CPI +2.56% reducing linearly to CPI +1.7% by year 21
	Years 21+:	CPI +1.7%
	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increase (CPI)	2.11%	2.02%

Mortality base table		2017 Valuation
	Pre-retirement:	71% of AMCOO (duration 0) for males and 112% of AFCOO (duration 0) for females
	Post Retirement:	96.5% of SAPS SINMA “light” for males and 101.3% of RFVOO for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females	

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 years	24.6	24.5
Females currently aged 65 years	26.1	26.0
Males currently aged 45 years	26.6	26.5
Females currently aged 45 years	27.9	27.8

The funding position of the scheme has since been updated on a FRS102 basis:

	2019	2018
Scheme Assets	£67.4bn	£63.6bn
Total scheme liabilities	£79.2bn	£72.0bn
FRS102 total scheme deficit	£11.8bn	£8.4bn
FRS102 total funding level	85%	88%

Key assumptions used are:

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

A new deficit recovery plan was put in place as part of the 2017 valuation and is set out in the new schedule of contributions dated 28 January 2019. This requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. In accordance with the requirement FRS102 and the SORP, the university has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit repayments were 2.1% of salaries up to March 2031.

This significant increase in deficit contribution has given rise to a substantial increase in the deficit provision of the University, which has increased from £19.1m to £53.3m as set out in note 20. £34.9m of this increase is attributable to the change in the deficit contributions' contractual commitment. See also note 7 in respect of the one off pension cost of £34.9m.

The 2018 overall USS multi-company scheme actuarial valuation was finalised after the year end which indicated a shortfall of £3.6bn and a funding ratio of 95%

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation schedule of contributions. This new plan requires deficit payments of 2% of salaries from 1 October 2018 to 31 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019 and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £30,902k, a decrease of £22,364k from the current year end provisions and a lower charge incurred in the statement of comprehensive income of £11,400k.

(iii) 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 3 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 2019, the employer's contribution rate was 14.4% (14.4% March 18). However the University was required to pay a lump sum April 2019 of £2.02m (and £1.92m in April 2018) in respect of past service benefits. The employee's rate from 1 April 2011 is based on a branded earnings schedule. The employer contributions were £4.30m (£4.05m in 2018) and the employee's contributions were £1.01m (£0.92m 2018).

The following information regarding the LPFA is based on the full actuarial valuation of the fund as at 31 March 2007, rolled forward to 31 March 2019 by Barnett Waddingham, an independent firm of actuaries. The major assumptions are:

	2019	2018	2017	2016	2015
Inflation (CPI)	2.40%	2.35%	2.6%	2.1%	2.6%
Rate of increase in salaries	3.90%	3.85%	4.1%	3.9%	4.3%
Rate of increase in pensions	2.40%	2.35%	2.6%	2.1%	2.5%
Discount rate	2.10%	2.65%	2.7%	2.5%	3.7%

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

	Males	Females
Retiring today	20.1	23.5
Retiring in 20 years	21.9	25.4

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, the pension weighted average tranche retirement age. No members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

The following amounts at 31 July 2019 were measured in accordance with the requirements of FRS102

	2019	2018
	£'000	£'000
Estimated Asset Share	99,506	83,349
Present value of scheme liabilities	(155,657)	(138,992)
Deficit in scheme	(56,151)	(49,643)

Analysis of amount charged to the Statement of comprehensive income and expenditure

	2019	2018
	£'000	£'000
Current service cost (net of employee contributions)	(5,573)	(5,399)
Past Service Cost	(1,055)	(0)
Net interest on the defined liability	(1,259)	(1,429)
Actuarial gain/(loss) recognised in SOCI below the surplus for the year	(2,803)	8,174
Losses on Settlements	0	0
Losses on Curtailments	0	0
Administration expenses	(116)	(108)
	(10,806)	1,238

Return on fund assets in excess of interest	6,509	2,810
Change in demographic assumptions	7,440	0
Experience gain on defined benefit obligation	0	0
Other actuarial gains/(losses) on assets	0	0
Change in financial assumptions	(16,752)	5,364
Actuarial gain/(loss) recognised in SOCI below the Surplus for the year	(2,803)	8,174

Movement in deficit in the year

Deficit in scheme at the beginning of the year	(49,643)	(54,935)
Current Service costs	(5,573)	(5,399)
Contributions	4,298	4,054
Contributions in respect of unfunded benefits	0	0
Past service costs	(1,055)	0
Other finance income	(1,259)	(1,429)
Administration charges	(116)	(108)
Settlements and curtailments	0	0
Actuarial gain/(loss)	(2,803)	8,174
Deficit in scheme at the end of the year	(56,151)	(49,643)

Net return on scheme assets at the beginning of the year	89,349	83,096
Interest on Assets	2,386	2,261
Return on Assets less interest and other actuarial gains	6,509	2,810
Other actuarial gains	0	0
Administration Expenses	(116)	(108)
Contributions by Employer	4,298	4,054
Contributions by scheme participants	1006	922
Estimated benefits paid (net of transfers in and unfunded)	(3,926)	(3,686)
Net return on scheme assets at the end of the year	99,506	89,349

	2019	2018
	£'000	£'000
Net return on scheme liabilities at the beginning of the year	(138,992)	(138,031)
Current Service Cost	(5,573)	(5,399)
Past Service Cost	(1,055)	(0)
Interest Cost	(3,645)	(3,690)
Change in Financial Assumptions	(16,752)	5,364
Change in demographic assumptions	7,440	0
Experience gain/(loss) on defined benefit obligation	0	0
Estimated benefits paid (net of transfers in and unfunded)	3,926	3,686
Unfunded pension payments	(1,006)	(923)
Net return on scheme liabilities at the end of the year	(155,657)	(138,992)

Scheme Assets breakdown

	2019		2018	
	£'000	%	£'000	%
Equities	56,719	57	54,168	60
LDI/Cash-flow matching	0	0	0	0
Target return portfolio	19,901	20	19,779	22
Infrastructure	5,970	6	4,444	5
Commodities	0	0	0	0
Property	8,956	9	6,859	8
Cash	7,960	8	4,099	5
Total	99,506	100	89,349	100

History of experience gains and losses cumulative

	2019	2018
	£'000	£'000
Interest on Assets	2,386	2,261
Total scheme assets	99,506	89,349
% of scheme assets	2.4%	2.5%
Experience (gains)/losses on scheme liabilities	0	0
Present value of liabilities	(155,657)	(138,992)
% of present value of liabilities	0%	0%
Actuarial gain/(losses) recognised in SOCI below the surplus	2,803	8,184
Present value of liabilities	(154,602)	(138,992)
% of present value of liabilities	(1.8%)	(5.9%)

Impact of the McCloud/Sargeant judgement on the reported LPFA pension liability

On 27 June 2019 the Supreme Court denied the Government's request for an appeal of the Court of Appeal's judgement in McCloud/Sergeant case that transitional provisions introduced to the reformed judges and firefighters pension schemes in 2015 gave rise to unlawful age discrimination. The ruling relates to the transitional protection offered to some members – broadly those within 10 years of retirement change for the LGPS when the reformed schemes were introduced. The court had found that those too far away from retirement age to qualify for these transitional protection have been unfairly discriminated against. As transitional protection was offered to members of all the public service pension schemes, the government believes that the difference in treatment will need to be remedied across all of those schemes. This includes LGPS scheme.

Allowance has been made in the Financial Statements for the estimated impact on the total liabilities as a result of this case of £1,055k and it has been treated as a past service cost. The projected service cost for 2019/20 has also been increased by £159k and this will continue in future years. The adjustment is based on analysis carried out by the Government Actuary's department (GAD) and the employer's liability profile.



Membership of Council, Committees and Professional Advisers

Membership of Council during the 2018/19 Year

Names	Status of Appointment	Date Appointed	Date Resigned/ Completed Term of Office
Mr T Belisario	Co-opted member of Audit Committee and H & S		
Prof J Buckingham	Vice-Chancellor & President		
Ms H Ghantiwala	Independent Member		
Mr I Goodliffe	Health & Safety External Adviser	21.03.19	
Ms L Hunt	Deputy Chair of Council		
Mr P Kanakamedala	Independent Member		
Prof R Lingwood	Provost	01.08.18	
Mr P Markwell	Independent Member		31.07.19
Mr C Miller	Elected Staff Member	01.08.18	
Mr A Murphy	Chief Financial Officer	08.10.18	
Prof M Rand-Weaver	Vice-Provost, Education	01.08.18	
Mr R Rathore	Student Member	01.08.18	
Ms T Rosingholm	Independent Member		
Ms A Rowlatt	Independent Member		
Ms A Spielman	Independent Member		
Prof M Spyer	Chair of Council		
Mr P Teague	Independent Member		
Dr K Thomas	Independent Member		
Mr P Thomas	Chief Operating Officer		
Dr P D Thomas	Elected Academic	01.08.18	
Ms A Waltham	Independent Member		
Prof J Wood	Independent Member		

Finance Committee
Chairman

Mr P Teague

Members

Prof J Buckingham

Ms L Hunt

Mr P Kanakamedala

Prof R Lingwood [from 01.08.18]

Mr A Murphy [from 08.10.18]

Mr R Rathore [from 01.08.18]

Ms T Rosingholm

Ms A Rowlatt [until 31.07.19]

Prof M Spyer

Dr K Thomas

Mr P Thomas

Audit Committee
Chairman

Mr P Markwell [Chair until 31.07.19]

Members

Mr T Belisario

Ms H Ghantiwala

Mr D Haigh [from 21.03.19]

Ms A Spielman

Prof J Wood

In Attendance

Prof J Buckingham

Prof R Lingwood [from 01.08.18]

Mr A Murphy [from 08.10.18]

Mr P Thomas

Remuneration Committee
Chairman

Mr P Teague

Members

Ms L Hunt

Mr P Kanakamedala

Prof M Spyer

Dr K Thomas

In Attendance

Prof J Buckingham

Prof R Lingwood [from 01.08.18]

Special Projects Committee
Chairman

Dr K Thomas

Members

Prof J Buckingham

Ms L Hunt

Prof R Lingwood [from 01.08.18]

Mr P Markwell [until 31.07.19]

Mr A Murphy [from 08.10.18]

Mr R Rathore [from 01.08.18]

Prof M Spyer

Mr P Teague

Mr P Thomas

Ms A Waltham

Prof J Wood

Nominations Committee
Chairman

Ms L Hunt

Members

Prof J Buckingham

Mr P Kanakamedala

Prof R Lingwood [from 01.08.18]

Mr R Rathore [from 01.08.18]

Prof M Spyer

Mr P Teague

Dr K Thomas

Health and Safety Committee
Chairman

Mr P Thomas

Members

Mr T Belisario

Mr I Goodliffe [from 21.03.19]

Mr R Rathore [from 01.08.18]

Ethics Advisory Committee
Chairman

Prof John Wood

Members

Ms H Ghantiwala

Mr C Miller [from 01.08.18]

Mr R Rathore [from 01.08.18]

Ms A Waltham

Honorary Degrees Committee
Chairman

Prof J Buckingham

Members

Mr P Kanakamedala

Prof R Lingwood [from 01.08.18]

Mr R Rathore [from 01.08.18]

Ms T Rosingholm

Prof M Spyer

Prof J Wood

Professional Advisers during the 2018/19 Year

Bankers	Legal advisers	External auditors
HSBC Bank plc, Uxbridge	Eversheds, London Veale Wasbrough Vizards, Bristol Farrer & Co, London Pinsent Masons, Birmingham	KPMG LLP, London
Indirect tax advisers	Internal Auditors	
Ellis Chapman & Associates, Knutsford, Cheshire	BDO LLP, London	





Financial Statements 2018/19

Brunel University London, Kingston Lane, Uxbridge, UB8 3PH