



Brunel University London

Financial Statements for the year ended 31st July 2018

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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 and, echoing the spirit and vision of our namesake Isambard Kingdom Brunel, we did so with flair and rigour. 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 developed a 15-20 year Strategic Vision, "Brunel 2030 – a university for a changing world", underpinned by three-year rolling plans. This approach enables the University to be agile and responsive to the changing external environment. In the second year of our initial three-year rolling plan we have detailed the steps the University will take to implement the vision, building on the progress made in 2017-18. The plan recognises and embraces the new challenges and opportunities for Brunel in a still uncertain external environment, and a new regulatory framework, following the launch of the Office for Students (OfS) in April 2018.

The Vision articulates our commitment to bring benefit to society through excellence in education, research and knowledge transfer. It describes our key strategic goals and values and positions the University to deliver our vision of:

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

Regulatory and Competitive Environment

The University operates in a competitive national and international market attracting students and staff from across the United Kingdom and around the world to study and work here. The University is an autonomous institution and determines its own mission and strategy, although as a supplier of publicly-funded higher education, it is subject to regulation and legislation to ensure that it acts responsibly in its use of public funds. The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011.

Through the Higher Education and Research Act of 2017 (HERA), the OfS is the principal regulator of the University as a charitable institution, taking over from the Higher Education Funding Council for England (HEFCE) from 1st April 2018.

The 'Regulatory Framework' document (OfS 2018.12) - published by the OfS in March 2018 - in conjunction with the 'Terms and Conditions of Funding for Higher Education Institutions' document (OfS 2018.15) - published in March 2018 - sets out the formal relationship between the OfS and the higher education institutions (HEIs) that it funds, their governing bodies and accountable officers, and the terms and conditions for payment of funding. The documents reflect the OfS's responsibilities and approach to regulation, which they summarise as four primary regulatory objectives that all students, from all backgrounds, and with the ability and desire to undertake higher education:

1. Are supported to access, succeed in, and progress from, higher education;
2. Receive a high quality academic experience, and their interests are protected while they study or in the event of provider, campus or course closure;
3. Are able to progress into employment or further study, and their qualifications hold their value over time;
4. Receive value for money.

The University is required to submit a series of financial, data and accountability returns as part of the regulation process. The OfS is also responsible for making sure that the quality of learning and teaching is assessed, enabling it to fund selectively by supporting excellence and take account of the collective interest of students in how it operates. Under the HERA, United Kingdom Research and Innovation (UKRI) was established, and its subsidiary body Research England, is responsible for the assessment of research, with the Research Excellence Framework (REF) 2020 being a major focus.

In September 2018 Brunel's submission to the OfS to register as a higher education provider was approved unconditionally. A strategy to ensure Brunel meets the regulatory requirements of the OfS has been developed and implemented. In the 2018/19 academic year we will run a mock subject level Teaching Excellence Framework (TEF) in preparation for our submission to OfS in 2019/20.

The University has a broad mix of students, with regulated limits to fees for UK and European Union undergraduate (HEU) students. There is flexibility to set fee levels for postgraduate and international students. All Higher Education Institutions (HEIs) which charge fees for HEU undergraduate students of above £6,165 a year up to the limit of £9,250 are required to submit an Access and Participation Plan to the OfS, which has taken over responsibility for this area from the Office for Fair Access (OFFA). The University is committed to ensuring that all those with the potential to benefit from studying here have the opportunity to do so, whatever their background. We aim to continue the activities that have proved successful in widening access and delivering positive outcomes for students from under-represented backgrounds at the University; over 80% of the University's students are from under-represented groups as defined by the Higher Education Statistics Agency (HESA).

Research funding for the sector and the University derives from Government sources, UK Research Councils, Innovate UK, UK charities, the European Union (EU) and also directly from industry and commerce. Following the invoking of Article 50, which is the act of giving formal notice to the European Council of a member state's intention to withdraw from the EU, as required by the Treaty on European Union, we may see a gradual reduction in funding from EU sources and it will be our challenge to ensure that where possible we attract more funding from UK Government, UK research councils, international and industrial sources.

The Quality Assurance Agency for Higher Education (QAA) is the independent body entrusted with monitoring and advising on standards and quality in UK higher education. The QAA Institutional Review took place in 2016 with the final report confirming that the University met UK expectations. The Report noted in particular good practice features relating to the impact of the Recognised Programme Developers in supporting new programme development and achieving consistency of approach, the wide range of opportunities and support for student transitions into study and progression into the work environment, and the extensive range of support and training provided for staff and students by the Brunel Educational Excellence Centre, which enhances learning opportunities. The full report was published on the QAA website.

Strategy Development and Implementation

"Brunel 2030 – a university for a changing world" re-defined our mission and sets out our strategic vision for the longer term development of the University, identifying the key strategic goals. It highlights five distinct areas of focus that underpin this vision and recognises the values upon which Brunel's success is founded. And, though our strategy as educators and innovators will change in the intervening years, these goals, values and vision will remain at the heart of everything we do and the driving force behind our future achievements, ensuring Brunel continues to meet the needs of a changing world. These five areas of focus, and the specific initiatives which support them, both planned and already being undertaken are detailed below.

From 1st August 2018 the Vice-Chancellor has implemented 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.

Education and Student Experience

A new Education Strategy (2017-2020) has been developed for the University which aligns to Brunel 2030. It is the result of a collaborative consultation process, which included staff and student 'hackathons' to brainstorm and develop the future educational directions and priorities. An accompanying communication plan was implemented in 2017/18 to ensure that communication and outreach activities are robust to educate and engage key stakeholders. In addition to this, a Key Performance Indicator Evaluation Plan has been developed which monitors the implementation of the strategy through a combination of appropriate measures of success.

A key goal in the 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. We are thus reducing the amount of teaching delivered through face-to-face didactic, lecture-based approaches and enhancing the opportunities for interactive learning through the introduction of e.g. team-based learning, flipped teaching, peer to peer learning and project-based approaches. To facilitate this change we will provide training and support to staff and adapt existing space to enable substantive progress before the opening of the Learning and Teaching Centre (see 'Campus' section of this Report) in 2021. We will monitor the impact of the changes rigorously through student feedback (YourView), staff feedback and assessment and examination outcomes, and also progression to graduate level and further study.

The Student Experience Taskforce, replacing the TeachBrunel Taskforce launched in August 2015, will continue to work in partnership with the Union of Brunel Students to drive improvements in the quality of the Student Experience. Led by the Vice-Provost (Students, Staff and Community Engagement), the task force will continue to build upon its achievements over the next three years such as the highly successful 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. Responsibility for improvements in Teaching and Learning has been passed to the newly created Academy for the Transformation of Teaching led by the Vice Provost (Education).

Improvement in teaching is monitored through student feedback and key indicators including attrition, progression, degree awards and employment outcomes. Team Based Learning (TBL) is an innovative teaching approach used by an increasing number of colleagues, and dedicated facilities will be available from September 2018. Digital Assessment continues to be rolled out across the University, and impact is starting to be realised through increased efficiency in assessment administration as well as student satisfaction. Staff new to teaching will now be able to achieve a formal Postgraduate Certificate qualification in teaching which also gives them Fellowship of the Higher Education Academy.

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 Environmental Science and Flood and Coastal Engineering (both introduced in 2017-18), Accountancy, Banking and Finance, Life Sciences and Global Challenges (all starting 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 working with a commercial partner to develop and deliver two on-line masters courses thereby extending our reach into new markets. Furthermore, building on work carried out in 2016-17 we will work with strategic partners to deliver Brunel degrees overseas with the introduction of two new programmes in China and Bahrain in 2018-19. Working initially with employers with whom we already have a strong strategic partnership, such as the NHS, TWI and the Environment Agency, we will be developing a range of apprenticeship programmes over the next three years, including Arts in Health introduced in 2018/19 where we are the provider working with a key strategic partner, the NHS. The Nursing Associate apprenticeship will be launched in the 2018/19 academic year and the BSc Nursing in 2019/20. We will use the apprenticeship agenda to extend our reach and aim, particularly, to support training for small and medium enterprises (SMEs) and larger companies in West London and the adjacent Home Counties.

The University is committed to ensuring that all its students have the opportunity to realise their potential. We are particularly conscious of the attainment gap evident across the sector between black and white students. The Student Success project, led by the Vice-Provost (Education) and overseen by Senate, has committed to halve the attainment gap between black and white students by 2020/21 from a baseline of 22% (2014/15). The University's approach is post-racial and broad based, as sector experience suggests that the problem is multi-factorial and no single solution exists. 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. This is realised through the development of existing initiatives and structures. The expectation is that our students will benefit from a clear, joined up approach - from pre-entry through to post-graduation support. To measure the success of the project, the Executive Board of the University has made closing the attainment gap a University Key Performance Indicator that is monitored annually. In parallel, plans to improve retention are underway and are also being overseen by Senate. 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 2016/17 shows an improvement with the gap closing to 14%.

Looking ahead, we will develop and enhance our rigorous approach to academic governance, and quality assurance to enhance the student experience and meet the needs of the new regulatory framework. The University's submission in respect of the Teaching Excellence Framework (TEF) Year 2 was made in January 2017, resulting in a TEF Silver award. The award is valid for a four year period from July 2017. We will engage proactively with the sector in the development of the TEF, placing emphasis on the development of robust measures of teaching excellence, and work pro-actively with Departments to prepare for the prospective subject-level TEF.

The Professional Development Centre (PDC) strives to prepare students for the world of work, by offering an innovative suite of work experience and professional development opportunities, in addition to entrepreneurship support. The most recent Destination of Leavers from Higher Education (DLHE) survey results shows good improvement, with the total number of students in graduate level activity (graduate level employment or further study) increasing from 59.1% in 2012/13 to 68.6% in 2016/17. Placements continue to provide a clear advantage with 82.6% of placement students progressing to a graduate level job or further study within 6 months; they also earn more than their peers on graduation with earnings of £25,252, as opposed to the overall average of £23,731.

In terms of graduate salaries, the Longitudinal Education Outcomes (LEO) national data set confirms that Brunel continues to perform very well overall, and for the sixteen subject areas we appear in, all but one or two are above the sector median (by institution) for graduate salaries at each point looked at (1, 3 and 5 years after graduation) and 6 subjects are in the top quartile after 6 years. National outcomes and patterns also remain broadly similar to what was seen last year. 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 PDC has continued to develop closer relationships with academic departments to increase employability activity across the majority of courses. The team has also scaled up innovative employability initiatives i.e. READY Programme, Mentoring, BrunelPlus employability award, volunteering, the Innovation Hub and the summer placement programme, to positively impact Brunel students' employment outcomes. The University benefits from a strong entrepreneurial ethos, with students consistently progressing through to the finals of national competitions such as the Santander Universities Entrepreneurship Awards.

Research

The University continues to strengthen the work of the Research Institutes and the College Research Centres to provide a more focused and cohesive research culture. Our focus on large multi-disciplinary grants will continue as will efforts to form partnerships with other institutions for Doctoral Training Centres (DTC) funding. The research strategy is underpinned by an academic recruitment strategy that ensures that all new academic staff are recruited into research areas where the University is competitive, has critical mass, and where there is external funding available. In 2018/19 The University will undertake a formal review of its research strategy, five years after the implementation of the Transformational Change Programme (TxP).

The overarching goals in research are to:

- i. deliver excellent research, focusing on those areas in which we can integrate academic rigour with the needs of governments, industry and the not-for-profit sector, delivering creative solutions to global challenges and bringing economic, social and cultural benefit;
- ii. significantly grow and diversify our research income and increase the volume, quality and sustainability of our research activities, building areas of significant research critical mass with international reach and influence;
- iii. strengthen our research culture, seeking to attract, develop and retain exceptional academic staff and forge long-lasting partnerships in the UK and internationally to accelerate the impact of our research on the people, societies and economies that will benefit the most;
- iv. further develop our research environment to provide an inspiring and supportive setting for world class academics and researchers;
- v. enhance our national and international reputation, by raising the profile of our world-leading Research Institutes and Research Centres, the quality of their pioneering research and the impact of their collaborations with partners from across the globe.
- vi. grow our PGR numbers and review the training offered by the Graduate School.

Fundamental to a healthy research environment are the number and quality of the post graduate research population. Work is underway to grow our intake of PhD student numbers by 5% per year in-line with institutional population growth targets. Further work in developing and participating in DTCs will enhance the PhD students' experience and support timely completion, helping us to achieve our ambitious target of 90% completion (within four years) by 2020. A key focus will be talent development and ensuring that our PhD students and early career researchers are given the support and training they need to maximise their career potential encompassing both employability and transferable skills.

Brunel holds the HR Excellence in Research Award, in recognition of its continued commitment to the career development and management of its research staff. The award recognises our success in supporting the professional development of our researchers and in implementing the national Concordat to Support the Career Development of Researchers. In 2019 Brunel will look to implement the recommendations arising from the independent review of the Concordat. A review of our Research Environment will be undertaken as part of the review of the Research Strategy. Increased research performance and income, increased business engagement and commercialisation of our research as well as improved PGR completion rates should result in Brunel being in the top 30 in REF2021.

The University continues to support the Brunel Centre for Advanced Solidification Technology (BCAST), through the pursuit of industrial and public funding investment. The UK metal casting industry adds £2.6 billion per year to the UK economy, employs 30,000 people, produces 1.14 million tons of metal castings per year and underpins the competitive position of every sector of UK manufacturing. Since its launch in 2002 BCAST has secured £108 million of funding and resources from Government funding agencies - HEFCE, via the UK Research Partnership Investment Fund (RPIF), and the Engineering and Physical Sciences Research Council (EPSRC), for example, through the Great Technologies capital programme, and also from industry. We will continue to engage and develop our relationships with key strategic industrial partners to support grant applications including Innovate UK, EPSRC and UKRPIF and broaden the number of industries involved in BCAST.

Final panel guidance for REF2021 will be published in the 2018/19 year and will include guidance on the development of the Code of Practice. The REF module on the institutional research output database (BRAD) will be live in 2018/19 and, while assessment of the quality of the outputs is now in its second cycle, capture on the system will provide a repository for institutional quality monitoring. Plans developed in 2017/18 focusing on working with academic colleagues to increase the quality of the outputs will continue with at least quarterly meetings with the REF senior team to monitor progress.

Our University Community

The health and wellbeing of our staff and students is of paramount importance to us and a key priority in our current three year plan. The goal is to build on our strengths; we have a nationally recognised counselling service, a strong 'Well@Brunel' programme of events and increasingly integrated stress management in line

with the HSE guidelines and supported through our Human Resources (HR) business partner network and improved occupational health provision. The addition of a new university-wide mentoring programme and an Employee Assistance Programme will add depth and strength to our infrastructure of support.

Following the recent approval of the Brunel Mental Health and Wellbeing Strategy for students, the Mental Health Strategy for staff will be developed, based 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. In September 2018 ten university teams, of which Brunel is one, will have completed the 100 day Global Challenge which ranks teams across the world on the basis of steps walked, an activity which should help to promote our commitment to the global wellbeing agenda.

The Staff Development Strategy was launched in 2016, identifying three areas for talent development that apply to all employees. In the next 2 years there will be a focus on personal and professional development with the creation of job families and leadership competencies. The talent programme will be strengthened through ASPIRE (an internal leadership development programme), one to one coaching, mentoring and management skills modules and use of external development and networking events. The successful Academic Leadership Development programme will run for the second time in 2018/19. This will be complemented by professional skills development and all will be set within the new core values that we launched in December 2016 and which will be integrated into the employment lifecycle.

Within our organisational structure, equality and diversity is embedded at a number of levels and within all departments and professional directorates. For the past three years our Brunel Voice survey has identified 'Equality and Diversity' as a strength area in the University. Over the next 3 years, the Deputy Director of HR will lead a specialist team to raise standards, break down barriers and promote and ensure equality. As members of Stonewall and Working Families and accredited by both Athena SWAN (University membership renewed in 2017/18 and departmental awards also achieved) and the HR Concordat for Research Excellence, we are striving to achieve higher levels of accreditation as well as to commence accreditation within recognised race and disability standards.

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 pay, compliance with good practice, flexible reward and recognition and the gender pay gap. The University aspires to create a more appreciative culture with the launch of the new Reward and Recognition scheme.

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. We manage alumni communications across the University to ensure that Brunel is complying with the requirements of the Data Protection Act, that the level of contact is appropriate and to maintain an accurate record of the level of alumni engagement with the University. 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 e.g.: 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 over 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 in this way is a key priority in the next three years.

Our Campus and Local Community

Local Community:

Brunel's Vision 2030 envisions a University adept at working in partnership, recognised as a civic utility 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 will continue to explore new ways of encouraging the local community to take advantage of the opportunities available to them through the Public Engagement Programme, Brunel Sports, Brunel Arts and business/conference facilities. We saw a large increase in members of the local community on campus in 2017/18 (as a result of 4 large events - Hillingdon Literary Festival, Hillingdon Business Expo, the Public Lecture Series and Shakespeare Week) and we will seek to repeat this success on an annual basis. Our Outreach activities are locally focussed and target students from underrepresented groups with particular emphasis on students living in low participation neighbourhoods, students with disabilities and care-leavers; further detail is set out in the Access and Participation section of the Statement and Report on the University's Charitable Purpose and Public Benefit Activities within these Financial Statements.

We have taken forward at pace our plans to develop local health and care partnerships. The Brunel Partners Academic Centre for Health Sciences (BPACHS) was successfully launched in November 2017 when the University, The Hillingdon Hospitals NHS Foundation Trust and Central and North West London NHS Foundation Trust, officially launched their pioneering new Centre for integrated health education and research. Working with partners to expand academic provision as well as collaborating on research projects that will significantly improve healthcare delivery in the future, the aim is to drive change in the way health and social care is delivered in the community to meet the needs of society. BPACHS will provide a new setting for researching and developing new methods of healthcare delivery, while training future generations of health and social care professionals to succeed in a changing landscape.

The recommendations from the recent Review of Business Engagement, Innovation and Entrepreneurialism, and the subsequent appointment of a new senior lead will ensure a coordinated and ambitious programme for enhanced delivery of this crucial area. The industrial strategy and Sir John Bell's life sciences report will provide guidance whilst developing an Engagement Strategy which will look at the funding streams available to leverage and build critical mass in our strength areas. The University will foster links with local businesses, via for example the Co-Innovate project. We will also act as a focus for innovation and entrepreneurship, encouraging our students to develop their business ideas and supporting other local start-ups through the Central Research Laboratory at Hayes. We also work closely with SMEs in the borough and provide Continuing Professional Development and Continuous Education opportunities. By actively supporting the development of local SME's through Co- Innovate, we will drive growth and the development of new and innovative products and services.

Campus:

Brunel's London campus is 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.

Learning and Teaching Centre (LTC): Set to be located in place of the John Crank building at the very heart of the Campus, the £50 million Centre will also be at the heart of modern, innovative teaching and learning opportunities for students here at Brunel and is scheduled for completion in 2021. The chosen design, with the spacious, flexible interior of the building fits in 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 campus to innovate and modernise our teaching. A Programme Board oversees the project. Demolition of the John Crank Building is being undertaken and the detailed planning submission has been made in September 2018.

Wilfred Brown Building: Work on the Wilfred Brown Building and adjacent Michael Sterling Building was completed in the second half of 2017. The new facilities provide high quality academic space for the Departments of Computer Science and Design and a Science Technology Engineering, Arts and Maths (STEAM) Learning Centre designed to raise the aspirations of young people and encourage them to pursue

careers in the STEAM disciplines. The academic departments moved into their new facilities in September 2017 and activities in the STEAM Centre commenced shortly afterwards. Occupation of the Wilfred Brown Building frees up other space on campus and enables the relocation of a range of departments that will enhance the colocation of college-based activity and the sense of academic community. The STEAM Centre aims enthuse children of all ages about science and technology. It features an array of exhibitions and work areas to help inspire young minds. As one of the newest buildings on campus, many technologies have been incorporated into this building, including photovoltaic panels, temperature regulation systems (including a ground source heat pump) and rainwater harvesting.

The development of the Metals Research Park is well underway, with the view to co-locating all the various components of BCAST and expanding this successful area of research through collaboration with industry and government. Phase one of the Advanced Metal Casting Centre (AMCC1) has been in use since 2015/16 and phase two was completed during 2017. A workshop in conjunction with the UK Research Partnership Investment Fund (UKRPIF) and partners was held in June 2018, with the objective of contributing to the design of the UKRPIF evaluation framework, affording the opportunity to showcase the new phase 2 facility. The potential for a third research facility, AMCC3, to replace the LiME Laboratories located in the University's Towers Buildings, is being explored.

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.

Information Technology (IT) - Work has continued to modernise our IT provision, including increased use of Cloud technology, and the migration of core services to an offsite location at Slough whilst retaining onsite capability in a second data centre. The increased cyber security threat that has been highlighted in the media in recent months has led to a review of our provision and the establishment of a small team to direct our immediate response to the threats shape our cyber strategy and an action plan to mitigate the risks. The work has included an education programme that has as its priority increasing staff and student awareness of Phishing and related threats.

Global impact

The International Strategy seeks to build on Brunel University London's strong international ethos and standing. The International Strategy has 4 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) develop and maintain 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. We have over the last few years developed good partnerships with universities in Brazil, China and South East Asia. We will work to increase the number of students coming from these partners, and expand our partnerships in India and other countries. We have developed our first substantial undergraduate TNE programme in China, which was implemented in September 2018, and plans are advanced for a Master's programme in Bahrain from January 2019. 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.

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. 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 Brazil, China and South East Asia, India and the USA. The impact of this will be to give our students the opportunities to have life-changing experiences that help them 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 and will maintain our high level of UKVI compliance to mitigate the risk of losing our trusted sponsor status.

Financial Review

Student Numbers

Student Numbers	2017/18			2016/17			Variance		
	HEU	Int'l	Total	HEU	Int'l	Total	HEU	Int'l	Total
Undergraduate	9,007	1,074	10,081	8,364	1,061	9,425	643	13	656
PGT	1,547	980	2,527	1,484	933	2,417	63	47	110
PGR	315	276	591	311	399	710	4	(123)	(119)
Total	10,869	2,330	13,199	10,159	2,393	12,552	710	(63)	647

Overall student numbers recorded at the 1st December 2017 census date were 13,199, which represents an increase of 647, or 5.2%, from the 1st December 2016 level.

HEU undergraduate numbers increased by 643 students, or 7.7%: a gratifying improvement on the already encouraging increase in 2016/17 (1.5%) which is testament the University's concerted actions to reverse the trend of declining numbers of HEU undergraduate numbers since 2015/16. HEU postgraduate students saw an increase of 63 for numbers of taught (PGT) students and the number of HEU research (PGR) students was also up.

However, International student numbers declined overall by 63, which represents a fall of 2.6%. The reductions occurred in the PGR category, and reflect the improved completion rate of students that the University has targeted, as well as the competitive market both within the UK and internationally. In response to this reduction and the consequent impact on our tuition fee income, the International Student Recruitment team has expanded its target markets to Europe, North America, China and India. We are also building on the work done to establish strategic educational partnerships with target universities, thereby ensuring a secure flow of students to Brunel via programmes in which students spend one or more years of their degree programme at Brunel.

Operating Results 2017/18

A summary of the University's Consolidated Income, Expenditure and Outturn for the year ended 31st July 2018 is provided in the following table which also identifies the operating cash flow and the total cash and short term investments at the year end.

	2017/18	2016/17
	£m	£'m
Income	220.7	200.6
Expenditure	(215.9)	(200.0)
Surplus/(Deficit) Before Other Gains and Losses	4.8	0.6
Net Operating Cash Inflow	23.2	13.5
Cash and Short Term Investments	52.8	56.0

The University generated a Surplus before Other Gains and Losses of £4.8 million for the 2017/18 year and the net cash flow from operating activities was 10.5% of income (£23.2 million), significantly higher than in 2016/17 (£13.5 million). The result is not only an improvement on the previous year but is stated after a £1.7m additional provision in respect of the USS Pension Deficit Plan to reflect changes in the assumptions used to estimate the University's liability to the recovery plan agreed in 2015. The provision in our accounts is a prudent assessment and in line with guidance from the USS and the sector.

With our levels of cash and short term investments (£52.8 million at 31st July 2018) we are able to invest in a planned capital programme to address a number of strategic objectives, including the construction of the c£50 million Learning and Teaching Centre.

Income

	2017/18	2016/17
	£m	£m
Tuition Fees and Education Contracts	119.6	107.1
Funding Body Grants	31.3	26.4
Research Grants and Contracts	22.7	21.0
Other Income	46.4	45.3
Endowment and Investment Income	0.7	0.8
Total Income	220.7	200.6

Total income for 2017/18 was £220.7 million, 10% higher than in 2016/17 (£200.6m).

Tuition fees overall increased by £12.5 million and Funding Body Grants by £4.9 million, reflecting the increase in the number of students enrolled.

Research grant income was £1.7 million higher than in 2016/17 on a recognised income basis. Income from research grants is recognised in the financial statements over a period averaging three years, as the work is performed and therefore the research grants awarded in 2017/18 of £23.7 million (2016/17: £23.6 million), will be reflected in the financial statements in future years as the work is performed.

Other income increased by £1.1 million, or 2.4%, 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.

Expenditure

	2017/18	2016/17
	£m	£m
Staff Costs	115.5	109.6
Other Operating Expenses	77.0	68.4
Depreciation	17.4	15.8
Interest Payable	6.0	6.2
Total Expenditure	215.9	200.0

Overall expenditure was £15.9 million higher than in 2016/17, reflecting the investment in areas such as academic and professional staffing and increased investment in our estate and IT capability allowed by the increase in income from higher student numbers.

Staff costs of £115.5 million, were £5.9 million (5.4%) higher than in 2016/17. Along with normal inflationary pay cost pressures, which the University has actively managed through the timing and levels of recruitment, costs were further inflated by the £1.7m increase in the USS pension deficit scheme provision.

Other operating expenses of £77.0 million were £8.6 million higher than in 2016/17, as the University invested in information technology and its estate. The University has undertaken a significant project to replace its Finance and Human Resources systems, with the project successfully going live during 2018. The associated project costs have been expensed as the selected solution is 'cloud-based' and not owned by the University. Maintenance and repairs expenditure increased (2017/18: £7.4million, 2016/17: £5.9 million) following a reduction in 2016/17. Maintenance expenditure and capital expenditure on the campus infrastructure are managed as a whole; while the 2017/18 levels are relatively high for the sector, we will continue to incur significant expenditure in this area; 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.

Depreciation costs increased by £1.6 million compared with 2016/17 as certain capital projects were completed and came into use, such as the recent refurbishment of the Wilfred Brown Building which houses the University's STEM Centre.

Cash and Debt

The University generated £23.2 million in cash from operating activities and ended the year with a closing balance of £52.8 million in cash and short term investments. The University has long term debt of £86 million (of which less than £2 million is due within one year) which is repayable over 22 years with a final payment of £27.2 million due in 2040. 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 4.6% throughout their term. The borrowings have been used to fund the Student Residences which are wholly owned by the University and which generate annual gross income of £29 million. This income can reasonably be expected to track inflation in future years whilst the interest payments are fixed.

Capital Expenditure

Capital expenditure totalled £20.4 million in 2017/18 (2016/17: £28.2 million), as we implemented our planned programme of capital investment to address our strategic priorities. Significant expenditure in 2017/18 included the completion of construction work and equipment on the AMCC phase 2 (funded by a £15m grant from HEFCE), work on the Centre for Sustainable Energy Futures, completion of the Wilfred Brown Building refurbishment, student residence refurbishment work and capital expenditure incurred on design work in advance of the construction of the new Learning and Teaching Centre.

The University has undertaken a review of its funding options for its future capital programme, which include self-funding from existing cash reserves and cash flow generation over future years, or seeking additional external debt funding to accelerate the programme. The University's Council will take decisions on the funding options during the course of 2018/19.

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 monitors the achievement of this strategy through various analyses, including the financial sustainability risk categorisation data and outcomes, produced in February 2018, by HEFCE (ahead of the transfer of its responsibilities to the OfS), as part of its Annual Assessment of Institutional Risk. The outcome of the Assessment process for 2017/18 was positive, with the risk categorisation reached by HEFCE on financial sustainability, good management and governance (FSMG) being the best possible. The financial data focuses on the previous year's financial results and as such we need to consider the probable outcomes on the 2017/18 data reported here, in the expectation that the OfS will adopt a similar methodology in its assessment process for 2018/19.

The Key Performance Indicator (KPI) used by HEFCE as a measure of the University's ability to respond to short term financial pressures is that of Net Liquidity Days. The University's cash holdings (including short term investments) stood at £52.7 million or 97 days of general expenditure (excluding depreciation) at 31st July 2018, compared with 2016/17's figure of 111 days. HEFCE noted that a measure of less than 30 days would indicate an issue to be considered. The KPI of operating cash flow as a percentage of income for 2017/18 was 10.5%, (2016/17 – 6.7%). HEFCE noted that a measure below 0% would indicate an issue to be considered. The KPI of surplus to income for 2017/18, at 2.2% (2016/17: 0.3%) is relatively low for the sector but significantly higher than in 2016/17. As noted in previous reports, with our strong levels of balance sheet cash and net liquidity, we have prioritised investment in teaching, research and non-academic services, as well as addressing the strategic estates maintenance issues.

In September 2018 the University submitted its financial forecast for the years to 2022/23 to the OfS as part of the annual regulatory requirements. The forecast considered the likely impact of the developing sectoral changes, including competition for students and for research grants and the potential impact of Brexit. Student numbers, particularly HEU undergraduates, have been forecast in line with our academic plan targets, based on our recent experience, and taking account of potential responses by other institutions to the competitive market for student recruitment and for research funding. Following recent indications, we have forecast flat fee levels per student for the levels of regulated tuition fees that the University will be able to charge from 2018/19 and future years. Research grant income is forecast to increase moderately, as we continue to increase both the levels of grants awarded and also mainstream quality-related research funding from Research England. 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), and the increases to the national sector pay scales. Overall, the University is therefore in an environment of fixed regulated tuition fees and increasing cost pressures and, after factoring in a range of value for money cost saving initiatives, is forecasting modest level of surplus in the years to 2022/23, which will nevertheless be challenging to deliver.

Separately from the updated HEFCE KPIs and the OfS Forecast analysis, the University continues to conduct a formal assessment of the going concern status of the University, taking into account the guidance produced by the Final Report and Recommendations of the Sharman Panel of Inquiry which was published in June 2012. The guidance requires universities to review both: solvency - the ability of the University to meet its liabilities in full, ensuring there is sufficient capital so that there is an excess of assets over liabilities; and liquidity - the ability of the University to liquidate its assets at the velocity needed to meet its liabilities as they fall due. The formal conclusion of the assessment undertaken in November 2018 is that the University meets the requirement that "it has a reasonable expectation it has sufficient resources to continue operations for the foreseeable future and the going concern basis continues to be appropriate for preparing the annual financial statements".

The overall conclusion of our review of financial sustainability is that although there are challenges for the University and for the sector, Brunel has the financial resources and flexibility to achieve its key strategic

goals as outlined in our Strategic Vision document, and to deliver on the five distinct areas of focus detailed within this Strategic Report.

Professor Julia Buckingham
Vice Chancellor and President

Brunel University London is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 (formerly Schedule 2 of the Charities Act 1993). 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 objects of the University are set out in its Royal Charter as being to advance learning and knowledge by teaching, scholarship and learning, and research and enterprise for the benefit of individuals and society at large. The members of Council are particularly concerned that the University should provide education such that students upon graduation are possessed not only of a range of academic learning but know also the relevance of that learning to society. This has been distilled into our Mission Statement:

To 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 University London 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 University London 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.

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 of more of the following categories: low household income; POLAR quintile 1; BAME; mature; disabled; and care leavers. The proportion of mature entrants (11.7%) and students from lowest-participation neighbourhoods (5% 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 7.1% in 2016/17, exceeding the HEFCE benchmark of 6.2%.

Brunel's outreach activities in 2017/18 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:

- Higher Education advice talks for students, parents and community groups
- Preparation for Higher Education workshops
- Attendance at parents and options evenings
- Support for regional initiatives
- Input by academic staff into collaborative events

In line with its Commitment to Care Leavers for which it was awarded the Buttle UK Quality Mark, the University has a Widening Access Officer who has continued to work closely with the London Borough of Hillingdon Virtual School and who organised the annual residential motivational event in June 2018.

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, led by Professor Valsa Koshy, 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 will be 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 creative thinking.

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 2017/18 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 22% in 2014/15. The University's approach is post-racial and broad based, 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 2016/17 shows an improvement with the gap closing to 14%.

The Mental Health Project aims to provide a wide variety of interventions to support our students. These range from improving the engagement with student support services by students from underrepresented groups, to the Brunel Buddies Scheme, increasing the facility of providing specific disability benefit support and 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. This was also extended to include

estranged students in 2017/18. 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 2017/18 included the continuation of the Brunel Summer Internship Scheme, with 88 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 2017/18. 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. There were 134 matched mentoring pairs in 2017/18, and in recent years the scheme has expanded to include mini internships and activities for students to experience video interviewing, mock group assessment and other career development events. 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 2017/18. A similar number of students will benefit in 2018/19.

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.

Research

As well as the larger strategic research activities detailed in the main Research section of the Strategic Report, additional examples of societal public benefit research activities undertaken in 2017/18 by the University include:

Centre for Health Effects of Radiological and Chemical Agents (CHRC): The major component of the research programme currently underway in CHRC is a genetic and cytogenetic assessment of nuclear test veterans (NTV) and their families, looking for evidence of genetic damage as a consequence of participating at nuclear weapons test sites in the 1950s and 1960s. The research comprises a biological assessment of NTV family trios (father, mother and child) and control family trios to look for any difference in the number and type of chromosomal changes, or mutations in the DNA, between the two populations. The Centre will examine the impact of witnessing nuclear tests and exposure worry on the cognitive health of aged veterans, assess the genotoxic risks from combined exposures to radiation and chemicals to ask whether prior exposures could lead to heightened sensitivity to further chemical or radiation exposures, and also the correlation between chromosomal abnormalities and potential health risks. The Centre is envisaged as a long term venture with plans to expand the research portfolio to benefit veteran health.

Developing and Testing an Educational Intervention to Improve Uptake of Hepatitis B and C Testing in South East Asians: Hepatitis B (HBV) and C virus (HCV) represent a major public health challenge in the

UK, illness and death relating to them rising disproportionately, particularly first generation South East Asian immigrants living in the UK. The main aim of the research is to use local knowledge to address their cultural, language and educational barriers to disease awareness, testing and treatment. The project is funded by the NIHR Research for Patient Benefit.

The Acting Class: Members of Brunel's Department of Social Sciences, Media & Communications produced a film which talks to struggling actors about the difficulties they face when they don't have the resources to get into and get on in the industry. The film follows actor Tom Stocks who set up Actor Awareness and the film documents his struggle to create opportunities for those outside the elite networks and raise awareness about class exclusion in the acting industry. Actors Chris Eccleston, Julie Hesmondhalgh, Maxine Peake, Samuel West and others talk about why this situation should concern everyone and how things have got harder since they entered the industry. The film is not about acting; it is about the lack of working class representation on our stages and our screens. It's a story of social inequality and how that impacts on the performing arts. <https://theactingclass.info/trailer-mob/>.

Open Research and Open Access Publishing

Brunel University London has a long-established commitment to open research as part of our mission to bring benefit to society. The University believes that research outputs should be discoverable, accessible and available free of charge at the point of access documented in our Research Integrity Code. This is also the view of government and research funders nationally and internationally.

Brunel has implemented open access and open data policies, and by doing so aims to continually improve the quality of our research and accelerate its reach and impact on those who stand to benefit the most. We encourage and expect all researchers to make research outputs available at the earliest possible stage under open licensing allowing free reuse and dissemination, so that knowledge can be shared and built upon.

We continue to invest in infrastructure and resources to support the continued development of a robust and open research culture within Brunel and with those we collaborate with. Research publications from journal articles to conference proceedings 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 data respectively. However, the University recognises that it is not always possible or appropriate to do so, and where there are confidentiality requirements, it expects researchers to safeguard the interests of public funders, sponsors and research participants and share outputs responsibly. Where research needs to be embargoed, we recommend that the shortest possible duration is applied.

To share research outputs quickly, we recommend Gold Open Access (OA), where the institution pays the publishing charges at the outset to make content freely and permanently available, for publicly funded research, as it makes research instantly available at the earliest opportunity. We actively encourage those who receive public funding to publish using Gold OA mechanisms. In supporting Gold Open Access publication for Brunel research, in the year to 31 July 2018, the University Library spent £431,000 covering the publication costs of 224 articles.

Green Open Access, where content is made freely available in the repository, after a short publisher embargo period, typically ranging from 6-24 months, is a cost effective alternative route for researchers without funding. Increasingly as publishing models evolve, more publishers offer zero embargo periods, and we encourage researchers to choose cost effective publishing options with open access in mind, so that we can achieve the best return on investment.

In the year to 31 July 2018, 1,570 items were added to the institutional repository, BURA, bringing the total number of items to 15,345, an increase of 11.4% on the previous year. Of these 70.3% are journal articles. The Information Services directorate plays a key role in supporting open research good practice, working closely with other academic and administrative departments to provide integrated support for open research. Within the directorate, support for open research is led by the Scholarly Communication and Rights team, Library Services.

The Library works to embed open scholarship in the University's research culture, delivering training to staff and students in a number of ways, including centralised programmes run by the Brunel Educational Excellence Centre and Graduate School, bespoke sessions within Colleges and on demand one-to-one support. It also monitors open research publishing and reports annually on these to government and public funders, and has a key role in supporting the University's preparations for the next Research Excellence Framework assessment of research quality in 2021.

Heathrow Aviation Engineering University Technology College

The Heathrow Aviation Engineering University Technical College (UTC), which Brunel is sponsoring, along with Heathrow Airports, the Royal Aeronautical Society, Virgin Atlantic and the RAF, entered its fifth year of operation. Under the leadership of the Principal at the UTC, the teaching team has recently accepted its fifth intake of pupils at key-stages 10 and 12. A highlight of the last year was participation in the Royal Navy Challenge on HMS Sultan, where Heathrow Aviation Engineering UTC entered 11 teams in various categories over the two days, and secured three trophies. The UTC has also benefited from workshops from TESLA, the Royal Engineers and from support from the Heathrow Skills Academy. This year also saw the opening of an Innovation Hub within the UTC supported by Fujitsu. UTC students again visited the Brunel campus to complete some of the experimental work as part of the BTEC in Engineering.

A key feature of the UTC is to provide an excellent grounding in mathematics, science and engineering in a practical context for the 14-19 age group. The UTC meets the educational requirements of a significant proportion of students who would benefit from more practical and technical provision, and will meet the growing local need for technically competent, employable young people to join the expanding aviation and airports industry.

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

Brunel Volunteers

Brunel Volunteers is a department which sits within Brunel 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 2017/18 Brunel Volunteers worked with 70 external organisations which enabled 598 Brunel students to complete 17,333 volunteering hours. The department has assisted with a number of key community volunteering activities in Hillingdon and beyond. These include: MacMillan Coffee Morning, Trinity BIG Sleepout, Pield Heath House School Christmas Fair, Hillingdon Foodbank initiatives, Governors for Schools recruitment and the Michael Sobell Hospice 'Ladies in the Night Walk'.

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 374 new students received support from 117 Buddy volunteers.

Volunteers also assisted at Brunel Fireworks, collected shoeboxes filled with small Christmas gifts for the Brunel Chaplaincy Shoebox appeal and supported a NEW Brunel hosted event 'Junior Citizen's' in the Inspire STEAM learning centre. Staff and students again participated in a 'Neon Night Run' in October 2018 and raised £1,100 for the Royal Brompton and Harefield Hospitals Charity.

Philanthropic Fundraising at Brunel University London

Brunel University London engages in fundraising in support of its mission, vision and values. This is focused towards supporting the following areas:

- . Student Scholarships and Bursaries
- . Supporting talented athletes and musicians to continue their development at Brunel
- . Student projects
- . Supporting students facing financial hardship
- . Supporting research and facilities at Brunel
- . Student prizes

The University also reclaims Gift Aid from HMRC, under the University's exempt charity status from our Royal Charter (RC000079) and adheres to a Code of Conduct for the solicitation and acceptance of gifts, as set out in the Policies and Procedures.

The following statement is provided to enable readers of these Financial Statements to obtain an understanding of the University's governance and legal structure.

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

The Council is the governing body of the institution and in exercising its role and powers undertakes to meet the obligations placed upon the institution by the founding Charter of the University and on its members as Charity Trustees. This establishes the University as both a teaching and learning institution providing education in various branches of scholarship as determined by the University and also as an institution making provision for research and dissemination of knowledge. Council is responsible for setting the strategic direction of the University, and for the finance, property, investments and general business of the University and is required to present audited financial statements for each financial year. Council approves major developments and receives regular reports from Executive Officers on the day to day operations of its business and its subsidiaries. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes. The versions applicable in 2017/18 were approved by the Privy Council in July 2014.

In 2017/18, 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 application of the Code, which was revised in June 2018, is reviewed annually by Council and a statement demonstrating how the University has approached applying the Code is set out on the University's website.

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 is the accounting officer of the University. The role of Chair of Council is separated from the role of the University's Chief Executive, the Vice-Chancellor.

As Chief Executive of the University, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments, and shaping of the institutional ethos. The 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 has 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 new role of 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 after it has considered a joint report from the Vice-Chancellor and Chair of the Council. The Secretary shall be responsible to the Council. Any enquiries about the constitution and governance of the University should be addressed to the Secretary to Council.

The Council met five times in the 2017/18 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 Remuneration 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 2017-18 is set out in the next section of these financial statements, starting at page 25.

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

Special Projects Committee undertakes due diligence enquiries and necessary scrutiny on behalf of Council on matters of strategic or fundamental importance to the University. It is chaired by 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 Vice-Chancellor's Advisory Group and the Executive Board. The Executive Board normally meets monthly to consider the strategic and financial direction of the University.

The attendance record for members of Council and its Committees was monitored over the course of the year and the average attendance in 2017/18 was around 89%.

The University's Council is responsible for the University's system of internal control and for reviewing its effectiveness. It has established the processes to comply with the direction from the 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 31st 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.

Introduction

This report is the annual report to Council which describes the role and work of the Remunerations Committee for the academic year to 31st July 2018 and sets out how it discharged its responsibilities. Note that decisions taken and approved by the Remuneration Committee for the Vice Chancellor and President (Vice Chancellor) and her direct reports, related to their performance during the 2016/2017 year.

Context

2017/2018 was a year of substantial change in remuneration governance in the sector. Following a period of criticism and scrutiny, the Committee of University Chairs (CUC) consulted on a Senior Staff Remuneration Code. When published in June 2018, this included:

- Principles guiding remuneration at senior level.
- Requirements about chairing and membership of the remuneration committee.
- A duty to publish and monitor the relationship between the pay of the head of institution and the median for the institution as a whole.
- Comments about policies on severance payments and external earnings.
- A requirement to provide an annual report to the governing body and a public report.

The Office for Students (OfS) also set out new requirements for the disclosure and explanation of the pay of the head of institution and other senior staff.

The Remunerations Committee at Brunel wishes to comply with the obligations set out by the CUC and OFS and also to demonstrate good practice. The Committee has made a number of changes already and more will follow in 2018/2019.

Before setting out new arrangements, we describe the work undertaken in 2017/2018.

Remit and membership

The terms of reference in 2017/2018 concerned the remuneration of the Vice Chancellor and her direct reports, severance decisions above a threshold and 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 on Brunel University's website.

During 2017/2018, there was a number of changes to the membership of Council Committees. The Remuneration Committee membership by the final meeting of the year was:

Peter Teague (Chair), independent member of Council
Lucinda Hunt, Deputy Chair of Council & independent member of Council
Professor Mike Spyer, Chair of Council
Dr Kevin Thomas, independent member of Council
Praveen Kanakamedala, independent member of Council

The Secretary to the Committee was Jim Benson (Secretary to the Council) and meetings were also attended by Jane Drysdale (Director of Human Resources). No Committee member or attendee was present during discussion of their own remuneration.

The Remunerations Committee members have the experience needed for their role, but also agreed at the meeting on 12th June 2018 to appoint an external adviser, who is in place for the 2018/19 cycle: Peter Smith, Senior Client Partner at Korn Ferry.

Scope of the Remunerations Committee

The roles whose remuneration was the direct responsibility of the Committee in 2017/18 were:

- The Vice Chancellor and President
- The Chief Operating Officer
- The University Secretary and Secretary to Council

- The Chief Financial Officer (although the role was vacant)
- Three Deputy Vice Chancellors
- The Principal Strategic Adviser to the Vice Chancellor
- Three Deans of College
- The Pro Vice Chancellor

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

Following the restructure of the Senior Leadership Team and changes to the Committee's terms of reference (see below), coverage in 2018/19 will be the Vice Chancellor, her four direct reports and the six Vice Provosts.

Reward strategy

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.

The policy for senior roles will be reviewed during 2018/19.

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.

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 constituents of the comparator group are subject to regular review and the overall approach to benchmarking will be reviewed during 2018/2019.

Meetings in 2017/18

The Committee, which met six times during the year, considered:

Senior salaries, including for new appointments;
Pay reviews for the direct reports of the Vice Chancellor;
Severance arrangements;

A review of pay and reward for academic staff, which led to a review of academic career and development guidelines and the replacement of the Research Incentive Scheme with an 'Awards for Excellence' programme;

The impact of pension tax changes on the remuneration offer for senior staff;

Updates on issues within the remit, such as the pay of professors and senior managers;

Updates on national developments with pensions;

The draft and then final CUC Code; and

The changes to the Senior Leadership Team and the appointment of the Provost.

Remuneration of the Vice Chancellor and President

At the start of the year, the Vice Chancellor's salary was £310,000. This reflected decisions 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 19th September 2017, the Committee reviewed the performance of the Vice Chancellor for the year 2016/17. 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 (see Vice Chancellor's Activities below).

The Committee viewed the overall performance of the Vice Chancellor positively and would have considered a pay adjustment. However, the Vice Chancellor expressed to the Committee her desire not to receive a pay increase and so, after consideration, none was given.

The elements of the Vice Chancellor's current remuneration for 2017/18 were:

Salary	£310,000
Benefits	£11,000
Pension contribution	£8,000
Total	£329,000

This is the same total as in the previous year. Note that the Vice Chancellor does not receive a full pension contribution (only the life assurance element) and does not have the use of a house.

The Vice Chancellor's salary was 8 times the median for all staff; the total remuneration was 7.4 times the median for all staff. No comparative statistics are yet available.

Decisions about other Senior Staff

The Committee was kept informed throughout the year about pay policy and process for all employees of the University. The Committee considered and approved the pay recommendations for the direct reports of the Vice Chancellor and other senior staff and scrutinised the approach to ensure transparency and consistency. During the pay review process for her direct reports, and apart from for one individual whose pay was significantly below the market benchmark, the Vice Chancellor and the Committee respected requests from senior staff that their pay should not be increased at that time.

New developments

The Committee has already adopted new terms of reference for 2018/2019 which will shortly be published on the Brunel University website and are available on request. They are intended to update the remit to reflect the new CUC and OFS requirements.

The Committee has also agreed that benchmarking data will include information on the wider (non-university) market where it is relevant to the skills and the role.

The work programme for 2018/19 will include: all the elements covered in the terms of reference; a review of policies on severance and on external earnings; a reassessment of the approach to benchmarking; and any other issues which arise from OFS, local or sector pressures.

The Committee will keep arrangements for reporting and disclosure under review in the light of sector developments and regulatory requirements and is intending to report to Council twice a year from now on.

P Teague: Chair of Remuneration Committee

The principal responsibilities of the Council are as follows:

1.1 To make a contribution to and approve the mission, vision and strategic direction of the University. Subject to consultation with Senate on matters with implications for academic policy, to approve the long term academic and business plans and key performance indicators and to ensure that these meet the interests of the stakeholders and are compliant with the charitable objectives of the University.

1.2 To delegate authority to the Vice-Chancellor, as chief executive, for the academic, corporate, financial, estate and personnel management of the institution.

1.3 To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment.

1.4 To ensure the establishment and monitoring of procedures for handling internal grievances and for managing conflicts of interest.

1.5 To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be appropriately benchmarked against other comparable institutions.

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

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

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

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

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

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

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

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

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

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

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 HEFCE, the OfS, UKRI research funding bodies and the National College for Teaching and Leadership (NCTL) are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability with HEFCE (which was applicable until 31st March 2018) and the respective Funding Agreement with research funding bodies and the NCTL 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.

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 2018 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 2018, 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.

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Council of Governors is responsible for the other information, which comprises the Strategic Report on the University's Charitable Purpose Benefit Activities, Corporate Governance Report, Statement of Primary Responsibilities of the University Council, and Council's Responsibilities for the Financial Statements. 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 29, 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 www.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;
- funds provided by the Office for Students and Research England have been applied in accordance with [these conditions and] the terms and conditions attached to them; and
- funds provided by HEFCE have been applied in accordance with the Memorandum **of Assurance and Accountability and any other 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 and Statutes of the University. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to 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.

Andrew Sayers
for and on behalf of **KPMG LLP, Statutory Auditor**
Chartered Accountants
15 Canada Square
London E14 5GL
____ November 2018

Brunel University London
Consolidated Statement of Comprehensive Income and Expenditure
Year Ended 31 July 2018

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	119,569	119,569	107,067	107,067
Funding body grants	2	31,256	31,256	26,377	26,377
Research grants and contracts	3	22,695	22,695	20,858	20,858
Other income	4	46,455	46,263	45,546	45,384
Investment income	5	319	319	395	395
Total income before endowments and donations		220,294	220,102	200,243	200,081
Donations and endowments	6	438	438	369	369
Total income		220,732	220,540	200,612	200,450
Expenditure					
Staff costs	7	115,487	115,381	109,570	109,465
Other operating expenses		77,039	76,954	68,423	68,366
Depreciation	11	17,438	17,438	15,811	15,811
Interest and other finance costs	8	5,949	5,949	6,253	6,253
Total expenditure		215,913	215,722	200,057	199,895
Surplus before other gains /(losses)		4,819	4,818	555	555
(Loss) on disposal of fixed assets		(9)	(9)	0	0
Surplus before tax		4,810	4,809	555	555
Taxation	10	0	0	(40)	0
Surplus/ for the year		4,810	4,809	515	555
Actuarial gain/(loss) in respect of pension schemes	30	8,174	8,174	15,897	15,897
Change in fair value of hedging financial Instruments	18	3,834	3,834	11,153	11,153
Total comprehensive income / (deficit) for the year		16,818	16,817	27,565	27,605
Represented by					
Endowment comprehensive income for the year		(45)	(45)	(53)	(53)
Restricted comprehensive income for the year		(5)	(5)	(44)	(44)
Unrestricted comprehensive income for the year		16,868	16,867	27,662	27,702
		16,818	16,817	27,565	27,605
Surplus / (Deficit) for the year attributable to:					
Non-controlling interest		0	0	0	0
University		4,810	4,809	515	555
Total Comprehensive income / (deficit) for the year attributable to					
Non-controlling interest		0	0	0	0
University		16,818	16,817	27,565	27,605

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

Brunel University London

Consolidated and University Statement of Changes in Reserves – Year Ended 31 July 2018

Consolidated

	Income and expenditure account			Cashflow Hedge Reserve	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2016	1,676	204	212,963	(52,412)	162,431
Surplus/(deficit) from the income and expenditure statement	(53)	(44)	612	0	515
Other comprehensive income	0	0	15,897	0	15,897
Movement in hedge reserve	0	0	0	11,153	11,153
Movement in 2016-17	(53)	(44)	16,509	11,153	27,565
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
Total comprehensive income for the year	(45)	(5)	13,034	3,834	16,818
Balance at 31 July 2018	1,578	155	242,506	(37,425)	206,814

University

	Income and expenditure account			Cashflow Hedge Reserve	Total (no Non Controlling Interest)
	Endowment £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1 August 2016	1,676	204	212,812	(52,412)	162,280
Surplus/(deficit) from the income and expenditure statement	(53)	(44)	652	0	555
Other comprehensive income	0	0	15,897	0	15,897
Movement in hedge reserve	0	0	0	11,153	11,153
Movement in 2016-17	(53)	(44)	16,549	11,153	27,605
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
Total comprehensive income for the year	(45)	(5)	13,033	3,834	16,817
Balance at 31 July 2018	1,578	155	242,394	(37,425)	206,702

Accompanying notes form part of these financial statements.

Brunel University London
Consolidated and University Balance Sheet
31 July 2018

	Notes	As at 31 July 2018		As at 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	11	426,581	426,581	424,260	424,260
Investments	13	154	33	153	33
		426,735	426,614	424,413	424,293
Current assets					
Stock	14	224	224	185	185
Trade and other receivables	15	23,508	23,503	21,477	21,478
Investments	16	39,000	39,000	42,000	42,000
Cash and cash equivalents	23	13,763	13,719	14,042	13,966
		76,495	76,446	77,704	77,629
Less: Creditors: amounts falling due within one year	17	(48,665)	(48,607)	(46,101)	(46,017)
Net current assets		27,830	27,839	31,603	31,612
Total assets less current liabilities		454,565	454,453	456,016	455,905
Creditors: amounts falling due after More than one year	19	(177,956)	(177,956)	(192,593)	(192,593)
Provisions					
Pension provisions	20	(69,795)	(69,795)	(73,427)	(73,427)
Total net assets		206,814	206,702	189,996	189,885
Restricted Reserves					
Income and expenditure reserve – endowment reserve	21	1,578	1,578	1,623	1,623
Income and expenditure reserve – restricted reserve	22	155	155	160	160
Unrestricted Reserves					
Income and expenditure reserve – unrestricted		242,506	242,394	229,472	229,361
Cash-flow Hedge reserve	18	(37,425)	(37,425)	(41,259)	(41,259)
Total Reserves		206,814	206,702	189,996	189,885

The financial statements were approved by the Governing Body on 22nd November 2018 and were signed on its behalf on that date by:

Julia Buckingham, Vice-Chancellor and President

Michael Spyer, Chair of Council

Brunel University London
Consolidated Cash-Flow Statement
Year ended 31 July 2018

	Notes	July 2018 £'000	July 2017 £'000
Cash flow from operating activities			
Surplus / (loss) for the year		4,810	555
Adjustment for non-cash items			
Depreciation	11	17,438	15,811
(Increase) / Decrease in stock	14	(39)	(75)
(Increase) / Decrease in debtors	15	(2,031)	(3,034)
Increase / (Decrease) in creditors	17	2,236	1,676
Increase / (Decrease) in pension provision	30	4,541	33
Impairment of Fixed Assets		616	0
Adjustment for investing or financing activities			
Investment income	5	(319)	(395)
Interest payable	8	5,949	4,242
Endowment income		(120)	(98)
Loss on the sale of fixed assets		9	0
Capital Grant Income		(10,009)	(5,212)
Net cash inflow from operating activities		23,081	13,503
Cash flows from investing activities			
Capital Grant Receipts		1,061	15,701
Withdrawal / (Increase) of deposits		3,000	2,000
Investment income		319	395
Payments made to acquire fixed assets		(20,385)	(28,225)
New non-current asset investments		1	0
		(16,004)	(10,129)
Cash flows from financing activities			
Interest paid		(5,949)	(4,242)
Endowment cash received		120	98
Repayments of amounts borrowed		(1,527)	(1,459)
		(7,356)	(5,603)
(Decrease) / Increase in cash and cash equivalents in the year		(279)	(2,229)
Cash and cash equivalents at beginning of the year	23	14,042	16,271
Cash and cash equivalents at end of the year	23	13,763	14,042

Brunel University London

Statement of Accounting Policies

for the year ended 31 July 2018

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 2018. 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:

- a) Restricted donations - the donor has specified that the donation must be used for a particular objective.
- b) 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.
- c) 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
- d) 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.

Brunel University London

Statement of Accounting Policies (continued)

for the year ended 31 July 2018

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.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

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.

Brunel University London

Statement of Accounting Policies (continued)

for the year ended 31 July 2018

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 (SOI) 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:

• Printing and 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	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 research grant	10 years, unless funded by a shorter
• 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 (ie 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.

Brunel University London

Statement of Accounting Policies (continued)

for the year ended 31 July 2018

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 5 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. 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.

12. 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.

13. Stock

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

14. 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.

15. 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.

Brunel University London

Statement of Accounting Policies (continued)

for the year ended 31 July 2018

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.

16. 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

17. 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.

18. 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.

Brunel University London

Notes to the Accounts

for the year ended 31 July 2018

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 1960's 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 3 SWAPs to mirror 3 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 3% scale increase and 1% inflation increase. Staff numbers in future years agreed to the projections supplied in July 2018 to HEFCE based on the same trend as HEFCE projection and assumed flat thereafter until 2031.

The University has concluded that the current schedule of contributions is the correct basis to use but there are additional disclosures in note 33 relating to uncertainties in implementing a new deficit recovery plan based on the July 2017 actuarial valuation.

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.

Brunel University London

Notes to the Accounts

for the year ended 31 July 2018

Statement of Accounting Estimates and Judgements (continued)

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.

Brunel University London
Notes to the Accounts
for the year ended 31 July 2018

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
1. Tuition fees and education contracts					
Full-time home and EU students		76,864	76,864	67,187	67,187
Full-time international students		33,256	33,256	30,701	30,701
Part-time students		2,679	2,679	2,384	2,384
NHS Education Contract		4,082	4,082	5,074	5,074
Short Course Fees		1,609	1,609	925	925
Other Fees		1,079	1,079	796	796
		119,569	119,569	107,067	107,067
2. Funding body grants					
Recurrent grant					
Higher Education Funding Council		19,356	19,356	19,566	19,566
Capital grant released in year		9,973	9,973	5,176	5,176
Specific grants					
HEFCE West Focus		1,323	1,323	1,139	1,139
HEFCE Other grants		604	604	496	496
		31,256	31,256	26,377	26,377
3. Research grants and contracts					
Research councils		9,665	9,665	9,871	9,871
Research charities		1,167	1,167	1,257	1,257
Government (UK and overseas)		9,740	9,740	7,409	7,409
Industry and commerce		2,030	2,030	2,004	2,004
Other		93	93	317	317
		22,695	22,695	20,858	20,858
4. Other income					
Residences, catering and conferences		37,744	37,744	35,691	35,691
Released from Deferred Capital Grant		36	36	36	36
Other income		8,675	8,483	9,819	9,657
		46,455	46,263	45,546	45,384
5. Investment Income					
Investment income on endowment	21	0	0	0	0
Investment income on restricted reserves	22	0	0	0	0
Other investment income		319	319	395	395
		319	319	395	395
6. Donations and endowments					
New endowments	21	90	90	98	98
Donations with restrictions	22	30	30	100	100
Unrestricted donations		318	318	171	171
		438	438	369	369

Brunel University London
Notes to the Accounts
for the year ended 31 July 2018

7. Staff costs	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Staff Costs:					
	Salaries	87,792	87,710	86,929	86,847
	Social security costs	9,749	9,740	9,457	9,448
	Movement on USS provision	1,399	1,399	(1,483)	(1,483)
	Other pension costs	16,547	16,532	14,667	14,653
		115,487	115,381	109,570	109,465

Emoluments of the Vice-Chancellor:	2018 £'000	2017 £'000
Salary	310	310
Benefits	11	13
Pension contributions to USS	8	6
	329	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 8.0 times 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 7.4 times 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. As allowed in the Office for Students guidance, the University has not included the costs of atypical and some agency workers. This is due to it not being possible to gather the additional information required in the time available between the guidance being issued and the finalisation of the financial statements.

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 £31,337:

	No.	No.
£100,000 to £104,999	7	8
£105,000 to £109,999	4	3
£110,000 to £114,999	1	2
£115,000 to £119,999	1	4
£120,000 to £124,999	4	1
£125,000 to £129,999	1	2
£130,000 to £134,999	4	1
£135,000 to £139,999	0	0
£140,000 to £144,999	0	2
£145,000 to £149,999	3	2
£150,000 to £154,999	3	2
£155,000 to £159,999	0	0
£160,000 to £164,999	0	0
£165,000 to £169,999	0	0
£170,000 to £174,999	0	0
£175,000 to £179,999	1	1
£180,000 to £184,999	0	1
£185,000 to £190,000	1	0
£190,000 to £194,999	1	1
£310,000 to £315,000	1	1
	32	31*

The basis of disclosure was changed in 17-18 to exclude starters and leavers within the year. As a result the previously disclosed 36 staff members is now 31.

Average fte staff numbers by major category:	No.	No.
Academic	743	754
Administrative	359	371
Professional	455	456
Ancillary, Maintenance, Miscellaneous	124	129
Technical	78	90
Student Work Placements	60	15
Hourly Paid Lecturers and Others	45	55
	1,864	1,870

There was £1,186k combined compensation for loss of office paid to 73 staff members in 2017/18 (£2016/17 £894k, 65 staff members).

Brunel University London

Notes to the Accounts for the year ended 31 July 2018

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 2018 £'000	Year Ended 31 July 2017 £'000
Key management personnel compensation	2,805	2,833

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 9 council members was £5,104 (2017 - £3,250 to 15 council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

Related Parties

Brunel University London has a research contract sponsored by Universities UK for £133,950 running from 1 March 2018 to 31 March 2019.

Brunel University London paid £55,000 to Imperial College Health Partnership for member contributions.

Brunel University London paid West London Business £9,266 annual subscription and two sums of £3,600 as category sponsors of the West London Business awards.

Brunel University London received £3,771 from CRAC related to attendance of two workshops. Brunel also paid CRAC £2,203 for a Vitae membership subscription.

Brunel University London
Notes to the Accounts
for the year ended 31 July 2018

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
8. Interest and other finance costs					
Loan Interest		4,173	4,173	4,242	4,242
Net charge on pension scheme	33	1,776	1,776	2,011	2,011
		5,949	5,949	6,253	6,253

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
9. Analysis of total expenditure by activity				
Academic Department	92,904	92,904	90,841	90,841
Academic Services	26,326	26,326	23,587	23,587
Research Grants and Contracts	16,565	16,565	16,685	16,685
Residences, catering and conferences & Science Park Premises	23,534	23,343	22,387	22,225
Administration	28,386	28,386	25,519	25,519
Other Services	24,245	24,245	16,141	16,141
	3,953	3,953	4,897	4,897
	215,913	215,722	200,057	199,895

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Other operating expenses include:				
External auditors remuneration in respect of audit services excluding VAT	51	51	50	50
External auditors remuneration in respect of non-audit services excluding VAT	6	6	6	6

	2018		2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
10. Taxation				
Recognised in the statement of comprehensive income				
Current tax expense	0	0	40	0
Deferred tax expense	0	0	0	0
	0	0	40	0

Brunel University London
Notes to the Accounts
for the year ended 31 July 2018

11. Fixed Assets	Freehold Land and Buildings £'000	Plant and Machinery £'000	Assets in the Course of Construction £'000	Total £'000
Consolidated				
Cost				
At 1 August 2017	473,246	61,527	39,459	574,232
Additions	6,497	5,395	8,493	20,385
Transfers	25,214	10,920	(36,134)	0
Impairment	(589)	0	0	(589)
Disposals	0	(4,178)	0	(4,178)
At 31 July 2018	504,368	73,664	11,818	589,850
Depreciation				
At 1 August 2017	108,535	41,437	0	149,972
Charge for the year	8,905	8,533	0	17,438
Disposals	0	(4,141)	0	(4,141)
At 31 July 2018	117,440	45,829	0	163,269
Net book value				
At 31 July 2018	386,928	27,835	11,818	426,581
At 31 July 2017	364,711	20,090	39,459	424,260
University				
Cost				
At 1 August 2017	473,246	61,527	39,459	574,232
Additions	6,497	5,395	8,493	20,385
Transfers	25,214	10,920	(36,134)	0
Impairment	(589)	0	0	(589)
Disposals	0	(4,178)	0	(4,178)
At 31 July 2017	504,368	73,664	11,818	589,850
Depreciation				
At 1 August 2017	108,535	41,437	0	149,972
Charge for the year	8,905	8,533	0	17,438
Disposals	0	(4,141)	0	(4,141)
At 31 July 2018	117,440	45,829	0	163,269
Net book value				
At 31 July 2018	386,928	27,835	11,818	426,581
At 31 July 2017	364,711	20,090	39,459	424,260

At 31 July 2018 freehold land and buildings included £124.4m (2017 – £123.3m) 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.

Brunel University London

Notes to the Accounts

for the year ended 31 July 2017

12 Heritage assets

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:

	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Acquisitions purchased with University funds	0	133	16	3	0	3
Total cost of acquisitions purchased	0	133	16	3	0	3
Total acquisitions expensed	0	16	3	0	3	8

13 Non-Current Investments

Consolidated

At 1 August 2017

Additions
Re-assessment of Impairments

At 31 July 2018

University

At 1 August 2017

Additions
Re-assessment of Impairments

At 31 July 2018

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
Dynamic Extractions Limited who provide high performance counter current Chromatography (HPCCC) core technology instruments and systems	120	0
	153	33

Brunel University London
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for the year ended 31 July 2017

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
14 Stock					
General consumables		224	224	185	185
		<u>224</u>	<u>224</u>	<u>185</u>	<u>185</u>

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
15 Trade and other receivables					
Amounts falling due within one year:					
Research grant receivables		9,088	9,088	6,804	6,804
Other trade receivables		9,993	9,975	10,097	10,071
Prepayments and accrued income		4,427	4,427	4,576	4,576
Amounts due from subsidiary companies		0	13	0	27
		<u>23,508</u>	<u>23,503</u>	<u>21,477</u>	<u>21,478</u>
Amounts falling due after more than one year		0	0	0	0
		<u>23,508</u>	<u>23,503</u>	<u>21,477</u>	<u>21,478</u>

	Notes	Year ended 31 July 2018		Year ended 31 July 2017	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
16 Current Investments					
Short term deposits		39,000	39,000	42,000	42,000
		<u>39,000</u>	<u>39,000</u>	<u>42,000</u>	<u>42,000</u>

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 2018 the weighted average interest rate of these fixed rate deposits was 0.76% (2017: 0.68%) per annum and the weighted average period for which the interest rate is fixed on these deposits was 231 (2017: 232) days. The fair value of these deposits was not materially different from the book value.

Brunel University London
Notes to the Accounts
for the year ended 31 July 2018

17. Creditors: amounts falling due within one year

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Bank Overdraft	0	0	0	0
Secured loans	1,563	1,563	1,490	1,490
Unsecured loans	0	0	37	37
Trade payables	8,862	8,861	10,803	10,798
Social security and other taxation payable	3,584	3,574	3,376	3,367
Accruals and deferred income	34,656	34,609	30,395	30,325
	48,665	48,607	46,101	46,017

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 2018		Year ended 31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Other Income	8,954	8,920	8,572	8,517
Research grants received on account	15,986	15,986	12,335	12,335
Capital Grants from HEFCE and other Government sources < 1 year	394	394	102	102
Income in Advance < 1 year	25,334	25,300	21,009	20,954
Capital Grants from HEFCE and other Government sources > 1 year	55,800	55,800	65,040	65,040
Total income in Advance	81,134	81,100	86,049	85,994

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 3 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 SWAP's have an end date of 7 December 2045.

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

	2018 £'000	2017 £'000
Brought forward 1 August	41,259	52,412
Change in fair value of hedging instrument recognised in SOCI in year (100 effective)	(3,834)	(11,153)
Carried forward 31 July	37,425	41,259

The SWAPs were set up on the same dates as the loans with the same repayment profiles until 2040 and to run for the 5 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 6 monthly interval.

The University considers the 3 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.

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Notes to the Accounts
for the year ended 31 July 2018

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

	Year ended 31 July 2018		Year ended 31 July 2017	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Deferred income	55,800	55,800	65,040	65,040
Derivatives	37,425	37,425	41,259	41,259
Secured loans	84,731	84,731	86,294	86,294
Unsecured loans	0	0	0	0
	177,956	177,956	192,593	192,593
Analysis of secured and unsecured loans:				
Due within one year or on demand (Note 20)	1,563	1,563	1,527	1,527
Due within one and two years	1,628	1,628	1,563	1,563
Due between two and five years	5,408	5,408	5,147	5,147
Due in five years or more	77,695	77,695	79,585	79,585
Due after more than one year	84,731	84,731	86,295	86,295
Total secured and unsecured loans	86,294	86,294	87,822	87,822
Secured loans repayable by 2040	86,294	86,294	87,785	87,785
Unsecured loans repayable by 2018	0	0	37	37
	86,294	86,294	87,822	87,822

The secured loans are the following:

Lender	Amount £'000	Term	Interest rate %	Borrower
Lloyds	42,862	2040	4.59	University
Lloyds	21,617	2040	4.58	University
Lloyds	21,815	2040	4.58	University
	86,294			

Brunel University London
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for the year ended 31 July 2018

20. Provisions for liabilities

	Pension enhancement on termination £'000	Obligation to fund deficit on USS Pension £'000	LGPS Defined Benefit Obligations (Note 30) £'000	Total Pension Provisions £'000
Consolidated				
At 1 August 2017	1,122	17,370	54,935	73,427
Utilised in year	(60)	1,720	(5,292)	(3,632)
Additions in 2017/18				
At 31 July 2018	1,062	19,090	49,643	69,795
University				
At 1 August 2017	1,122	17,370	54,935	73,427
Utilised in year	(60)	1,720	(5,292)	(3,632)
Additions in 2017/18				
At 31 July 2018	1,062	19,090	49,643	69,795

Pension enhancement

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

	Consolidated
Discount rate	2.44%
Inflation	3.05%

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

Brunel University London
Notes to the Accounts
for the year ended 31 July 2018

21. Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted Permanent endowments £'000	Expendable endowments £'000	Total 2018 £'000	Total 2017 £'000
Balances at 1 August 2017				
Capital	445	1,002	1,447	1,723
Accumulated income	176	0	176	(47)
	621	1,002	1,623	1,676
New endowments	3	87	90	98
Investment income	0	0	0	0
Expenditure	0	(135)	(135)	(151)
At 31 July 2018	624	954	1,578	1,623
Represented by:-				
Capital	445	954	1,399	1,447
Accumulated income	179	0	179	176
At 31 July 2018	624	954	1,578	1,623
Analysis by type of purpose:				
Lectureships	0	13	13	13
Scholarships and bursaries	469	492	961	957
Prize Funds	155	127	282	282
General	0	322	322	371
	624	954	1,578	1,623
Analysis by asset:				
Cash & cash equivalents			1,578	1,623
Total Assets			1,578	1,623

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Notes to the Accounts
for the year ended 31 July 2018

22. Restricted Reserves

Reserves with restrictions (all donations) are as follows:-

	2018 Total £'000	2017 Total £'000
Balances at 1 August 2017	160	204
New donations	30	100
Investment income	0	0
Expenditure	(35)	(144)
	(35)	(144)
At 31 July 2018	155	160

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

	2018 Total £'000	2017 Total £'000
Scholarships and bursaries	26	22
Prize funds	17	13
General	112	125
	155	160

23. Cash and cash equivalents

	At 1st August 2017 £'000	Cash Flows £'000	At 31st July 2018 £'000
Consolidated			
Cash and cash equivalents	14,042	(279)	13,763
	14,042	(279)	13,763

24. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2018:

	31 July 2018		31 July 2017	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted by	5,466	5,466	7,888	7,888
	5,466	5,466	7,888	7,888

25. Contingent liabilities

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

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Notes to the Accounts for the year ended 31 July 2018

26. Lease Obligations

Total rentals payable under operating leases:

	31 July 2018 Land and Buildings £'000	Plant and Machinery £'000	Other leases £'000	Total £'000	31 July 2017 £'000
Future minimum lease payments due:					
Not later than 1 year	1,490	0	0	1,490	1,256
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	1,490	0	0	1,490	1,256

27. Non adjusting Post Balance Sheet Events

On 26 October, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. We are working with the London Pensions Fund Authority (LPFA) to understand the extent to which the judgment crystallises additional liabilities for our pension scheme. The extent to which the judgment will increase the liabilities in the LPFA scheme is not possible to identify at this point. For the University's other defined benefit schemes, the Universities Superannuation Scheme (USS) and Teachers' Pension Scheme (TPS), the provision included within the financial statements at note 20 will only be impacted to the extent the change in benefits increases cash financing required for USS.

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
Cumberland Initiative Limited	Dormant – never traded	100% owned
HecoAnalytics Limited	Dormant – never traded	100% owned
Testavec Limited	Dormant – never traded	100% owned
Syngenious Limited	Dormant – never traded	100% owned
Vizzatas Limited	Now dormant	15.15% owned
Vulcanaer Limited	Bus emissions equipment research	100% owned

29. Connected charitable Institutions

Brunel University London does not have any connected charitable institutions.

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Notes to the Accounts

for the year ended 31 July 2018

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.

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

	Year Ended 31 July 18 £'000	Year Ended 31 July 17 £'000
USS contribution	10,865	10,930
TPF contribution	285	246
LPFA contribution	5,368	3,476
Other Pension scheme contributions	14	1
Provision for the ex-WLIHE pension increase	(61)	(39)
	16,471	14,614
	16,471	14,614

(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.

(ii) The Universities Superannuation Scheme

Significant accounting policies

Brunel University London participates in the Universities Superannuation Scheme (USS - "The Scheme"). The Scheme is a hybrid pension 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 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. 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.

Critical accounting judgements

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. Additional disclosure relating to the USS liability measurement is set out on pages 58 and 59.

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for the year ended 31 July 2018

30. Pension Schemes (USS continued)

The total pension cost for the University was £10.9m (2017–17 £10.9m).

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at March 2014 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway but not yet completed.

Since the university cannot identify its share of the Retirement Income Builder section of the Scheme assets and liabilities, the following disclosures reflect those relevant for the Scheme as a whole.

The 2014 valuation was the third 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 £41.6 billion and the value of the Scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2018	2017
Discount rate	2.64%	2.57%
Pensionable salary growth	n/a	n/a
Pension increase (CPI)	2.02%	2.41%

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows: -

	2018	2017
Mortality base table	<u>Pre-retirement</u> 71% of AMCOO (duration 0) for males and 112% of AMCOO (duration 0) for females <u>Post retirement</u> 96.5% of SAPS S1NMA "light" for males and 101.3% for females.	98% of SAPS S1NA "light" YOB unadjusted for males 99% of SAPS S1NA "light" YOB with a -1 year adjustment 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.	CMI_2014 with a long term rate of 1.5% p.a.

The current life expectancies on retirement at age 65 are:

	2018	2017
Males currently aged 65 years	24.5	24.4
Females currently aged 65 years	26.0	26.6
Males currently aged 45 years	26.5	26.5
Females currently aged 45 years	27.8	29.0
Scheme Assets	£63.6bn	£60.0bn
Scheme Liabilities	£72.0bn	£77.5bn
Deficit	£8.4bn	£17.5bn
Funding level	88%	77%

Additional disclosure related to the USS actuarial valuation of July 2017

In accordance with the requirements of the SORP, the University currently recognises a provision for its obligation to fund past deficits arising within the USS. The recovery plan in the 2014 actuarial valuation requires employers to contribute 2.1% of salaries towards repairing the deficit over a period of 17 years, of which 14 remain. Details of this provision, which has been discounted at a rate of 2.16% as at 31 July 2018, are included in note 20 to the financial statements.

The 2017 actuarial valuation of USS has been undertaken but this has not yet been formally completed. The 2017 valuation has set out the challenges currently facing the Scheme and the likelihood of significant increases in contributions being required to address those challenges.

In the judgement of the University, as the 2017 valuation has not been formally completed, and there remains various stages of consultation around the key factors specifically related to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation.

However, there are significant risks that the year-end provision as calculated will not reflect the position following the final negotiations, potentially by a very serious amount depending upon what is finally agreed as regards the future deficit contributions and their duration. The University expects to have greater

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for the year ended 31 July 2018

clarity in this respect during the next financial year. Based on inputs to the model, the following sensitivity analysis outlines the potential impact on the existing liability of £19.1m (assuming the same discount rate of 2.16%).

Repayment period remaining	14 years	2.1% contribution (present duration and contribution)	liability £19.1m
	14 years	3.1%	liability £26.7m
	14 years	6.0%	liability £44.8m
	17 years	3.1%	liability £34.0m
	17 years	6.0%	liability £57.0m
	20 years	3.1%	liability £41.6m
	20 years	6.0%	liability £69.9m

(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 2018, the employer's contribution rate was 17.1% and has reduced from April 17 to 14.4% (17.1% March 16). However the University was required to pay a lump sum April 2018 of £1.92m (and £1.92m in March 2017) 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 £4.13m (£5.39m in 2017) and the employee's contributions were £0.92m (£0.92m 2017).

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 2016 by Barnett Waddingham, an independent firm of actuaries. The major assumptions are:

	2018	2017	2016	2015	2014
Inflation (CPI)	2.35%	2.6%	2.1%	2.5%	2.6%
Inflation (RPI)	3.35%	3.5%	3.0%	3.4%	3.4%
Rate of increase in salaries	3.85%	4.1%	3.9%	4.3%	4.4%
Rate of increase in pensions	2.35%	2.6%	2.1%	2.5%	2.6%
Discount rate	2.65%	2.7%	2.5%	3.7%	4.2%

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

	Males	Females
Retiring today	21.1	24.5
Retiring in 20 years	23.4	26.7

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 2018 were measured in accordance with the requirements of FRS102

	2018 £'000	2017 £'000
Estimated Asset Share	89,349	83,096
Present value of scheme liabilities	(138,992)	(138,031)
Deficit in scheme	<u>(49,643)</u>	<u>(54,935)</u>

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30. Pension Schemes (LGPS continued)

	2018	2017
	£'000	£'000
Analysis of amount charged to the Statement of comprehensive income and expenditure		
Current service cost (net of employee contributions)	(5,399)	(4,896)
Net interest on the defined liability	(1,429)	(1,673)
Actuarial gain/(loss) recognised in SOCI below the surplus for the year	8,174	15,922
Losses on Settlements	0	0
Losses on Curtailments	0	0
Administration expenses	(108)	(88)
	1,238	9,265
Return on fund assets in excess of interest	2,810	8,665
Change in demographic assumptions	0	2,397
Experience gain on defined benefit obligation	0	7,924
Other actuarial gains/(losses) on assets	0	2,478
Change in financial assumptions	5,364	(5,542)
	8,174	15,922
Movement in deficit in the year		
Deficit in scheme at the beginning of the year	(54,935)	(69,594)
Current Service costs	(5,399)	(4,896)
Contributions	4,054	5,394
Contributions in respect of unfunded benefits	0	0
Past service costs	0	0
Other finance income	(1,429)	(1,673)
Administration charges	(108)	(88)
Settlements and curtailments	0	0
Actuarial gain/(loss)	8,174	15,922
Deficit in scheme at the end of the year	(49,643)	(54,935)
Net return on scheme assets at the beginning of the year	83,096	67,370
Interest on Assets	2,261	1,721
Return on Assets less interest and other actuarial gains	2,810	8,665
Other actuarial gains	0	2,478
Administration Expenses	(108)	(88)
Contributions by Employer	4,054	5,394
Contributions by scheme participants	922	923
Estimated benefits paid (net of transfers in and unfunded)	(3,686)	(3,367)
Net return on scheme assets at the end of the year	89,349	83,096
Net return on scheme liabilities at the beginning of the year	(138,031)	(136,964)
Current Service Cost	(5,399)	(4,896)
Interest Cost	(3,690)	(3,394)
Change in Financial Assumptions	5,364	(5,542)
Change in demographic assumptions	0	2,397
Experience gain/(loss) on defined benefit obligation	0	7,924
Estimated benefits paid (net of transfers in and unfunded)	3,686	3,367
Unfunded pension payments	(922)	(923)
Net return on scheme liabilities at the end of the year	(138,992)	(138,031)

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30. Pension Schemes (LGPS continued)

	2018	2018	2017	2017
	£'000	%	£'000	%
Scheme Assets breakdown				
Equities	54,168	60	50,942	61
LDI/Cash-flow matching	0	0	0	0
Target return portfolio	19,779	22	17,237	21
Infrastructure	4,444	5	3,745	4
Commodities	0	0	0	0
Property	6,859	8	5,412	7
Cash	4,099	5	5,760	7
	<hr/>		<hr/>	
Total	89,349	100	83,096	100
	<hr/> <hr/>		<hr/> <hr/>	

History of experience gains and losses cumulative

	2018	2017
	£'000	£'000
Interest on Assets		
Total scheme assets	2,261	1,721
% of scheme assets	89,349	83,096
	2.5%	2.1%
Experience (gains)/losses on scheme liabilities	0	(7,924)
Present value of liabilities	(138,992)	(138,031)
% of present value of liabilities	0%	5.7%
Actuarial gain/(losses) recognised in SOCI below the surplus	8,184	15,922
Present value of liabilities	(138,992)	(138,964)
% of present value of liabilities	(5.9%)	(11.5%)

Brunel University London
Membership of Council during the 2017/18 Year

	Status of Appointment	Date Appointed	Date Resigned/Completed Term of Office
Mr T Belisario	Co-opted member of Audit Committee and H & S		
Professor J Buckingham	Vice-Chancellor & President		
Professor A George	Deputy Vice-Chancellor		31.07.18
Ms H Ghantiwala	Independent Member		
Prof K Gregory	Deputy Chair of Council		31.03.18
Ms Leanne Hunt [S]	Elected Staff Member		31.07.18
Ms Lucinda Hunt [I]	Independent Member	Appointed as Deputy Chair from 01.04.18	
Mr P Kanakamedala	Independent Member		
Professor W Leahy	Deputy Vice-Chancellor		31.07.18
Mr P Markwell	Independent Member		
Ms P Otermans	Student Member		30.06.18
Mr J Park	Elected Staff Member		31.12.17
Mr R Rathore	Student Member	01.07.18	
Professor G Rodgers	Deputy Vice-Chancellor		31.07.18
Ms T Rosingholm	Independent Member	01.08.17	
Ms A Rowlatt	Independent Member		
Ms A Spielman	Independent Member		
Professor M Spyer	Chair of Council	Appointed as Chair - 01.08.17	
Mr P Teague	Independent Member		
Dr K Thomas	Independent Member		
Mr P Thomas	Chief Operating Officer		
Ms A Waltham	Independent Member	01.08.17	
Prof J Wood	Independent Member		

Four New Members of Council were appointed on the 1st of August 2018, as follows:

Prof Rebecca Lingwood [Provost];
 Prof Mariann Rand-Weaver [Vice-Provost, Education];,
 Dr Peter D Thomas – Elected Academic; and
 Mr Chris Miller – Elected Staff Member.

Mr Andrew Murphy was appointed as the University's Chief Financial Officer and as a member of Council on 8th October 2018.

Brunel University London

Membership of Committees during the 2017/18 Year

<p>Finance Committee</p> <p>Chairman Mr P Teague</p> <p>Members Professor J Buckingham Professor A George Professor K Gregory [until 31.03.18] Ms L Hunt [I] Mr P Kanakamedala Professor W Leahy Ms P Otermans [until 30.06.18] Mr R Rathore [from 01.07.18] Professor G Rodgers [until 31.07.18] Ms T Rosingholm [from 01.04.18] Ms A Rowlatt [from 01.04.18] Professor M Spyer Dr K Thomas</p>	<p>Audit Committee</p> <p>Chairman Mr P Markwell</p> <p>Members Mr T Belisario Prof J Buckingham Ms H Ghantiwala Ms A Spielman Mr P Thomas Professor J Wood</p>	<p>Remuneration Committee</p> <p>Chairman Prof K Gregory [Chair from 01.08.17 – 31.03.18] Mr P Teague [Chair from 01.04.18]</p> <p>Members Professor K Gregory [until 31.03.18] Ms L Hunt [I] Mr P Kanakamedala Professor W Leahy [until 31.07.18] Ms A Rowlatt [until 31.03.18] Prof M Spyer Dr K Thomas</p>
<p>Special Projects Committee</p> <p>Chairman Dr K Thomas</p> <p>Members Professor J Buckingham Professor A George [until 31.07.18] Professor K Gregory [until 31.03.18] Ms L Hunt [I] Professor W Leahy Mr P Markwell Ms P Otermans [until 30.06.18] Mr J Park [until 31.12.17] Mr R Rathore [from 01.07.18] Professor G Rodgers Prof M Spyer Mr P Teague Mr P Thomas Ms A Waltham [from 01.08.17] Professor J Wood</p>	<p>Nominations Committee</p> <p>Chairman Prof M Spyer [until 31.05.18] Ms L Hunt [I] [Chair from 01.06.18]</p> <p>Members Professor J Buckingham Professor K Gregory [until 31.03.18] Mr P Kanakamedala Professor W Leahy [until 31.07.18] Ms A Rowlatt [stood down on 31.03.18] Mr P Teague [from 01.04.18] Dr K Thomas</p>	<p>Health and Safety Committee</p> <p>Chairman Mr P Thomas</p> <p>Member Mr T Belisario</p>
<p>Ethics Advisory Committee</p> <p>Chairman Prof John Wood [from 01.02.18]</p> <p>Member Professor A George [until 31.07.18] Ms H Ghantiwala Ms P Otermans [until 30.06.18]</p>	<p>Honorary Degrees Committee</p> <p>Chairman Professor J Buckingham</p> <p>Members Professor A George [until 31.07.18] Professor K Gregory [until 31.03.18] Mr P Kanakamedala Professor W Leahy Ms P Otermans [until 30.06.18] Mr R Rathore [from 01.07.18] Professor G Rodgers Ms T Rosingholm Professor M Spyer Professor J Wood</p>	

Brunel University London

Professional Advisers during the 2017/18 Year

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