



**Financial Statements
2006-07**

Brunel University
Annual financial report for the year ended 31 July 2007

Scope of the financial statements

The financial statements comprise the consolidated results of the University and its subsidiary undertakings. The University's subsidiary companies consist of Brunel University Services Limited (BUSL), Brunel University Enterprises Limited (BUEL) and Brunel Science Park Limited (BSPL).

BUEL was established to pursue activities that are not open to the University as a charity, principally through the commercial exploitation of assets held by, and generated within, the University, and also the management of the Science Park activity. BUSL traded, until 31 October 2006, as a Library Services company providing library services to Brunel University; it is now a dormant company. BSPL is a dormant company.

Brunel University
Annual financial report (continued)

Investment performance

Since August 2005 the short and medium-term portions of the University's investments have been managed in house. Actual performance of 5.27% for the year outperformed the chosen benchmarks of Average Base Rate (5.14%) and the Financial Times 7 day rate (5.15%).

Borrowings

Student halls of residence are required to be self-financing. The Group has negotiated a loan facility of £100 million to finance the construction costs of the student halls of residence. Borrowing costs have been fixed through the use of a 40 year interest rate swap arrangement, and this will enable the University to set its rents for the student residences at the lowest possible levels. The University drew down £15 million of this facility during the year.

Future Developments

In line with the University's Estate Strategy, Council approved the disposal of the Runnymede site, and completion of the disposal took place during September 2007. Following the considerable investment over recent years the University is now research intensive, which represents a successful outcome to the strategy pursued. The University has now consolidated its activities onto the Uxbridge campus, and over the forthcoming years will continue to invest in student residencies and academic buildings in order to improve the services it is able to offer its students.

J McGrath
Chair of Finance Committee

Independent auditors' report to the Council of Brunel University

We have audited the Group and University financial statements (the 'financial statements') of Brunel University for the year ended 31 July 2007 which comprise the Consolidated Income and Expenditure Account, the Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Council, in accordance with the Charter 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 it in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the University Council and Auditors

The University Council's responsibilities for preparing the Council report and the group financial statements in accordance with the Statement of Recommended Practice:- Accounting for Further and Higher Education (2003), applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 7,

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (2003). We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England and Training and Development Agency for Schools. We also report to you whether in our opinion the Council Report is not consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Council Report and the Corporate G0026 D0CoMdpl35 page 7, reconcil4 -1.144 Tdd5(o)-loso re144 Tdd5(o)-

Independent auditors' report to the Council of Brunel University (cont'd)

Opinion

In our opinion:

- i. the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the University and the Group at 31 July 2007 and of the Group's surplus of income over expenditure for the year then ended;
- ii. the financial statements have been properly prepared in accordance with the Statement of Recommended Practice:- Accounting for Further and Higher Education (2003);
- iii. in all material respects, income from the Higher Education Funding Council for England and the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2007 have been applied for the purposes for which they were received; and,
- iv. in all material respects, income during the year ended 31 July 2007 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England and the funding agreement with the Training and Development Agency for Schools.

KPMG LLP
Chartered Accountants
Registered Auditor

Brunel University Corporate Governance

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

The University is an autonomous body established by Royal Charter. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, the latest version of which was approved by the Privy Council in May 2005. Like most public bodies it operates within a strong framework of regulation, and endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). Not only does the University comply with all mandatory requirements, but it also strives to operate that guidance which represents best practice. The University has adopted the Guide for Members of Higher Education Governing Bodies in the UK published in November 2004 by the Committee of University Chairmen.

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. It may have another body, the Court, which does not have any legal or other powers in respect of the University.

The University's Council is the executive governing body, and is responsible for setting the strategic direction of the University, responsible for the finance, property, inhe University, resvaf7(s)-3(tc)330.00oiay 20s tcs tdjtabl

Brunel University Corporate Governance (cont'd)

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

In respect of its strategic and development responsibilities, Council receives recommendations and advice from the Strategic Planning and Review Committee, a joint committee of Council and Senate, the body responsible for the University's academic affairs. The committee's membership includes three independent members appointed by Council from amongst its members.

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

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

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

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

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

The University's Council is responsible for the University's system of internal control and for reviewing its effectiveness. It has established the processes to comply with the direction from the Higher Education Funding Council for England (HEFCE) for the identification, evaluation and management of the key risks facing the University. The Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the interests of the University.

Brunel University
Statement of Primary Responsibilities of the Council

The principal responsibilities of the Council are as follows:

- 1 to approve the mission and strategic vision of Brunel University, long-term academic and business plans, and key performance indicators, and to ensure that these meet the interests of

Council's responsibilities for the Financial Statements

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

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

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

suitable accounting policies are selected and applied consistently;

Brunel University
Statement of principal accounting policies (continued)

Pension schemes

Retirement benefits for the University's staff are provided by the Universities' Superannuation Scheme, the Teachers' Pension Scheme and the London Pensions Fund Authority Pension Fund. These are defined benefit schemes, each of which is described further in the Notes to the Accounts. Pension costs are assessed on the latest published actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services. Unless it is considered prudent to recognise deficiencies over a shorter period, variations from regular cost are spread over the average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

Tangible fixed assets

- a Land and buildings

Brunel University

Statement of principal accounting policies (continued)

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

c Books

The cost of book purchases is written off in the group accounts in the year of acquisition.

Leased assets

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised and charged to the income and expenditure account over the shorter of the lease term or the useful economic life of equivalent owned assets to give a constant rate of charge on the remaining balance of the obligations.

Investments

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

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

Stocks

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

Cash flows and liquid resources

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

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

Provisions

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

Taxation status

The University is an exempt charity within the meaning of Schedule 2 to the Charities Act 1993 and as such is a charity within the meaning of Section 506(

Brunel University
Statement of principal accounting policies (continued)

Post retirement benefits

The University is a member of a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the University. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus, to the extent that it is recoverable, or deficit is recognised in full. The movement in the scheme su

Consolidated statement of total recognised gains and losses

for the year ended 31 July 2007

		2006-07	2005-06
	Note	£000	Restated £000
Surplus/(Deficit) on continuing operations after depreciation of fixed assets at valuation, disposal of assets and taxation	25	12,526	(2,897)
Net income from endowments	23	(150)	(80)
Appreciation in endowment asset investment values	23	0	5
New endowments	23	151	102
Actuarial gain/(loss) in respect of pension scheme	32	6,533	(255)
Total recognised gains/(losses) relating to the year		19,060	(3,125)
 Reconciliation			
Opening reserves and endowments excluding pension scheme		93,104	96,229
Release of Revaluation Reserve on disposal of Osterley		(12,242)	0
Total recognised gains for the year		19,060	(3,125)
Closing reserves and endowments		99,922	93,104

Balance sheets

as at 31 July 2007

		Group			
		2007	2006	2007	2006
			Restated		Restated
	Note	£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	12	232,771	200,056	232,771	191,421
Investments	13	123	123	33	33
		232,894	200,179	232,804	191,454
Endowment asset investments	14	1,864	1,863	1,864	1,863
Current assets					
Stock	15	96	95	96	80
Debtors	16	10,712	12,540	11,620	21,308
Investments	17	4,430	15,172	4,430	15,172
Cash at bank and in hand		2,167	92	1,855	0
		17,405	27,899	18,001	36,560
Creditors:					
amounts falling due within one year	18				

Consolidated cash flow statement

for the year ended 31 July 2007

	Note	2006-07 £000	2005-06 Restated £000
Cash flow from operating activities	26	(2,727)	(1,867)
Returns on investments and servicing of finance	27	(2,128)	(1,289)
Taxation	10	0	0
Capital expenditure and financial investment	28	(10,552)	(45,443)
Management of liquid resources	29	3,680	7,251
Financing	30	14,444	36,665
Increase/(Decrease) in cash for the period	31	2,717	(4,683)

Reconciliation of net cash flow to movement in net debt

Increase/(Decrease) in cash for the period	31	2,717	(4,683)
Increase in endowment asset investments	31	1	22
Cash inflow/(outflow) from liquid resources	31	1,199	(7,251)
(New loans)/Cash used to decrease loans	31	(14,444)	(36,665)
(Decrease)/Increase in assets held for disposal	31	(11,941)	14,240
Change in net debt		(22,468)	(34,337)
Opening net debt at 1 August	31	(43,455)	(9,118)
Closing net debt at 31 July	31	(65,923)	(43,455)

Notes to the accounts

	2006-07	2005-06
	£000	Restated £000
1 Funding Council grants		
Recurrent grant		
Higher Education Funding Council for England	42,920	41,367
Teacher Development Agency	2,323	2,540
Specific grants (HEFCE)		
Learning & teaching development	338	155
Rewarding & Developing Staff	627	373
Higher Education Innovation Fund	1,047	1,959
Other grants	26	655
Specific grants (TDA)		
Other grants	267	109
Deferred capital grants released in year		
Buildings	1,973	691
Equipment	935	453
	<u>50,456</u>	<u>48,302</u>
2 Tuition fees and education contracts		
Full-time students charged home fees	16,728	11,492
Full-time students charged overseas fees	14,630	12,644
Part-time fees	2,530	2,479
Doctoral Training Grant	349	180
Research training support grants	13	15
Short course fees	964	877
Other fees	60	61
NHS education contracts	5,162	5,397
	<u>40,436</u>	<u>33,145</u>
3 Research grants and contracts		
OST Research Councils	4,420	4,705
UK-based charities	290	285
UK Government and health authorities	3,740	2,970
UK industry, commerce and public corporations	1,054	891
European Commission	1,622	1,445
EU other	171	121
Other overseas	217	175
Other sources	678	793
	<u>12,192</u>	<u>11,385</u>

Notes to the accounts

	2006-07	2005-06 Restated
	£000	£000
4 Other income		
Residences, catering and conferences	19,433	16,565
Science Park	741	787
Libraries	26	130
Sports Centre	593	671
Rent and room hire	323	121
Released from deferred capital grants	395	69
Other services rendered	530	642
Other income	5,271	5,660
	<u>27,312</u>	<u>24,645</u>
5 Endowment and investment income		
Transferred from specific endowments	59	53
Income from general endowment asset investments	33	24
Income from current asset investments	1,295	703
	<u>1,387</u>	<u>780</u>
6 Staff numbers and costs	Number	Number
Average staff numbers during the year by major category:		
Academic and hourly paid lecturers	932	909
Technical	76	79
Administrative and academic support	344	331
Other, including clerical and manual	1,055	1,104
	<u>2,407</u>	<u>2,423</u>
Staff numbers are based on headcount, and other staff numbers for 2006-07 include students recruited through the University's Job Shop.		
	£000	£000
Staff costs for the above persons:		
Wages and salaries	63,224	58,449
Social security costs	5,434	5,170
Contributions to occupational pension schemes	7,578	6,765
Pension liabilities	752	791
Restructuring costs	932	2,251
	<u>77,920</u>	<u>73,426</u>
	£000	£000
Employment costs for staff on permanent contracts	62,235	54,621
Employment costs for staff on short-term contracts	14,001	15,763
Pension liabilities	752	791
Restructuring costs	932	2,251
	<u>77,920</u>	<u>73,426</u>

Notes to the accounts

6 Staff numbers and costs (cont'd)

Emoluments of the Vice-Chancellor, excluding employer's National Insurance Contributions, were:

	2006-07	2005-06
	£000	£000
Salary	165	221
Performance related pay	12	6
Benefit in kind	0	10
	177	237
Pension contributions	25	32
	202	269

	2006-07	2005-06
£70,000 - £79,999	37	32
£80,000 - £89,999	16	15
£90,000 - £99,999	4	4
£100,000 - £109,999	5	5
£110,000 - £119,999	6	3
£120,000 - £129,999	1	2
£130,000 - £139,999	0	0
£140,000 - £149,999	0	3
£150,000 - £159,999	1	0
£160,000 - £169,999	1	0
£170,000 - £179,999	0	0
£180,000 - £189,999	0	0
£190,000 - £199,999	0	0
£200,000 - £200,000		
	269	

Notes to the accounts

	2006-07	2005-06
	£000	Restated £000
7 Other operating expenses (cont)		
Heat, light, power and water	3,720	3,237
Repairs and maintenance	5,347	4,294
Premises costs	1,809	1,759
Telephones and postage	640	754
Catering supplies	1,863	1,261
Grants to Union of Brunel Students	860	840
Auditors' remuneration - external audit	45	42
- internal audit	50	42
Insurance	576	604
Contribution to provisions	2,016	4
Other expenditure	1,381	1,573
	50,156	43,887
8 Interest payable		
Loans wholly repayable by instalments within five years	16	4
Loans wholly repayable by instalments after five years	3,771	2,192
Capitalisation of Interest on constructed assets	(508)	(414)
Net loss on pension scheme	236	287
	3,515	2,069
9 Analysis of 2006-07 expenditure by activity		

Notes to the accounts

	2006-07	2005-06
	£000	Restated £000
11 Surplus/(Deficit) on continuing operations		
The (deficit) on continuing operations for the year is made up as follows:		
University (deficit) for the year	(8,029)	(7,609)
Surplus on sale of asset	20,801	4,940
Retained deficit generated by the subsidiary undertakings	(246)	(228)
Surplus generated by the subsidiary undertakings and transferred by Gift Aid	0	0
	<u>12,526</u>	<u>(2,897)</u>

12 Tangible fixed assets

Group

	Land & buildings £000	Assets under construction £000	Equipment £000	Total £000
Cost or Valuation				
At 1 August 2006:				
Valuation	14,435	0	0	14,435
Cost as restated	162,728	46,930	12,807	222,465
Less disposals in year	(5,023)	0	(5,519)	(10,542)
Additions at cost	7,126	38,796	0	45,922
Transfers between accounts	39,520	(43,101)	3,581	0
Transfer to current asset investments	(3,354)	(443)	0	(3,797)
At 31 July 2007:				
Valuation	<u>14,435</u>	<u>0</u>	<u>0</u>	<u>14,435</u>
Cost	<u>200,997</u>	<u>42,182</u>	<u>10,869</u>	<u>254,048</u>
Depreciation				
At 1 August 2006 as restated	27,726	0	9,118	36,844
Charge for the year	6,205	0	2,262	8,467
Eliminated in respect of disposals	(2,451)	0	(5,645)	(8,096)
Transfer to current asset investments	(1,503)	0	0	(1,503)
At 31 July 2007	<u>29,977</u>	<u>0</u>	<u>5,735</u>	<u>35,712</u>
Net book value at 31 July 2007	<u>185,455</u>	<u>42,182</u>	<u>5,134</u>	<u>232,771</u>
Net book value at 1 August 2006 as restated	<u>149,437</u>	<u>46,930</u>	<u>3,689</u>	<u>200,056</u>
Inherited	0	0	0	0
Financed by capital grant	16,933	12,890	2,216	32,039
Other	168,522	29,292	2,918	200,732
Net book value at 31 July 2007	<u>185,455</u>	<u>42,182</u>	<u>5,134</u>	<u>232,771</u>

The transitional rules set out in FRS15 - Tangible Fixed Assets - have been applied and accordingly, the book values at implementation have been retained.

Notes to the accounts

12 Tangible fixed assets (cont)

University

	Land & buildings £000	Assets under construction £000	Equipment £000	Total £000
Cost or Valuation				
At 1 August 2006:				
Valuation	14,435	0	0	14,435
Cost as restated	154,096	46,930	12,332	213,358
Less disposals in year	(4,791)	0	(5,428)	(10,219)
Additions at cost	15,526	38,797	383	54,706
Transfers between accounts	39,520	(43,102)	3,582	0
Transfer to current asset investments	(3,354)	(443)	0	(3,797)
At 31 July 2007:				
Valuation	<u>14,435</u>	<u>0</u>	<u>0</u>	<u>14,435</u>
Cost	<u>200,997</u>	<u>42,182</u>	<u>10,869</u>	<u>254,048</u>
Depreciation				
At 1 August 2006 as restated				
	27,380	0	8,992	36,372
Charge for the year	6,205	0	2,262	8,467
Eliminated in respect of disposals	(2,105)	0	(5,519)	(7,624)
Transfer to current asset investments	(1,503)	0	0	(1,503)
At 31 July 2007	<u>29,977</u>	<u>0</u>	<u>5,735</u>	<u>35,712</u>
Net book value at 31 July 2007	<u>185,455</u>	<u>42,182</u>	<u>5,134</u>	<u>232,771</u>
Net book value at 1 August 2006 as restated				
	<u>141,151</u>	<u>46,930</u>	<u>3,340</u>	<u>191,421</u>
Inherited				
	0	0	0	0
Financed by capital grant				
	16,933	12,890	2,216	32,039
Other				
	<u>168,522</u>	<u>29,292</u>	<u>2,918</u>	<u>200,732</u>
Net book value at 31 July 2007	<u>185,455</u>	<u>42,182</u>	<u>5,134</u>	<u>232,771</u>

Notes to the accounts

	Group		University	
	2007	2006	2007	2006
	£000	£000	£000	£000
13 Fixed asset investments				
Investment in CVCP Properties plc	33	33	33	33
Investment in associated companies	90	90	0	0
	<u>123</u>	<u>123</u>	<u>33</u>	<u>33</u>

The University's wholly owned subsidiary, Brunel University Enterprises Ltd, has the following minority shareholdings in companies incorporated in England and Wales:

Company	Cost	% of issued share capital
Ability Products Ltd (<i>development of medical instrumentation</i>)	£5	33.3%
Advanced Acoustic Emissions (<i>development of early fault detection</i>)	£98	49.0%
BioRegional MiniMills (UK) Ltd (<i>development of small scale clean technology</i>)	£2	0.5%
Cascade Fund Management Ltd (<i>provision of start-up finance</i>)	£20	20.0%
Dynamic Extractions Ltd (<i>development of pharmaceutical processing equipment</i>)	£35,000	24.9%
FlexnLock Ltd (<i>development of articulated polymer structures</i>)	£37	37.5%
ForceSenSys (<i>development of multi-beam resonating sensor technology</i>)	£25,000	13.9%
Lifelab Innovations Ltd (<i>development of technology in respiratory physiology</i>)	£20,000	25.2%
Performance Brunel (<i>development of analysis of sporting performance</i>)	£13	43.3%
Polymus Ltd (<i>development of plastic actuators</i>)	£10,000	10.0%
R.T. Circuits Ltd (<i>development of lithographic circuits</i>) (see Note 13)	£0	0.2%

Note: R.T. Circuits Ltd is a subsidiary of Brunel University Enterprises Ltd.

14 Endowment asset investments

	Group and University	£000	£000
Valuation at 1 August 2006		1,863	1,836
Additions		243	179
Disposals		(242)	(102)
		<u>1,863</u>	<u>1,913</u>
		Valuation at 31 July 2007	

15 Stock

Stock

16 Debtors

Group

University

Amounts falling due within 12 months

Debtors

Taxation and social security

Amounts owed by group under contracts

Prepayments and accrued income

Amounts falling due after 12 months

Loans

Notes to the accounts

Notes to the accounts

22 Deferred capital grants

	Group and University		Total £000
	Funding Councils £000	Other grants & benefactions £000	
At 1 August 2006:			
Land and buildings	16,674	2,318	18,992
Equipment	4,528	244	4,772
	21,202	2,562	23,764
Cash received:			
Land and buildings	10,970	317	11,287
Equipment	366	478	844
	11,336	795	12,131
Released to Income and Expenditure Account:			
Land and buildings	1,973	393	2,366
Equipment	935	372	1,307
	2,908	765	3,673
less Capital grants on land and buildings held for disposal	86	97	183
At 31 July 2007:			
Land and buildings	25,585	2,145	27,730
Equipment	3,959	350	4,309
	29,544	2,495	32,039

All deferred capital grants relate to the University.

Notes to the accounts

	2006-07	2005-06
		Restated
	£000	£000
27 Returns on investments and servicing of finance		

Notes to the accounts

32 Pension schemes

The three principal pension schemes for the University's staff are the Universities' Superannuation Scheme (USS) and the Teachers' Pension Scheme (TPS) for academic staff, and the London Pensions Fund Authority Scheme (LPFA) for other staff. The schemes are defined benefit schemes based on a final pensionable salary. The University also paid pension contributions into a personal defined contribution pension plan (at the same rate as USS contributions) on behalf of the former Vice Chancellor.

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

	2006-07	2005-06
	£000	£000
Contributions to USS	5,458	4,846
Contributions to TPS	379	472
Contributions to LPFA	1,652	1,427
Contributions to other pension schemes	54	16
Provision for ex-WLIHE pensions increases	35	4
Total pension cost	7,578	6,765

Universities Superannuation Scheme

USS provides a defined benefit scheme for employees of UK universities and some other employers. The assets of the scheme are held in a separate trustee-administered fund. The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rate of contribution being determined by the trustee on the advice of the actuary. The contribution rate recommended following the 2002 valuation has regard to the surplus disclosed, the benefit improvements introduced subsequent to the valuation, and the need to spread the surplus in a prudent manner over the future working lifetime of current scheme members. This remains the same following the 2005 valuation.

The assumptions and other data which have the most significant effect on the determination of future contribution levels together with the employers contribution rate, are as follows:

Date of most recently published actuarial valuation	31 March 2005
Investment returns per annum	6.2%
Salary scale increases per annum	3.9%
Pension increases per annum	2.9%
Market value of assets at last valuation date	£21,740 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	109%
Employer's contribution rate	14%

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

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.

Notes to the accounts

32 Pension schemes (cont'd)

	Long-term rate of return	Fund Value £000	Long-term rate of return	Fund Value £000	Long-term rate of return	Fund Value £000
Equities	7.9%	29,392	7.6%	25,819	7.3%	29,960
Bonds	6.6%	10,447	6.3%	8,143	4.7%	3,662
Property	7.0%	6,383	6.7%	5,031	5.4%	2,579
Cash	5.1%	1,527	4.8%	3,325	4.5%	1,777
Total market value of assets		47,749		42,318		37,978
				At 31 July '07	At 31 July '06	At 31 July '05
				£000	£000	£000
Estimated asset share				47,749	42,318	37,978

Notes to the accounts

32 Pension schemes (cont'd)

	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000	Year ended 31 July 2005 £000	Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
Difference between the expected and actual return on assets	2,104	1,728	3,972	21	(2,540)
Value of Assets	47,749	42,318	37,978	35,283	32,910
Percentage of scheme assets	4.4%	4.1%	10.5%	0.1%	(7.7%)
Experience gains/(losses) on scheme liabilities	20	11	693	66	(20)
Present value of Liabilities	62,486	62,600	56,926	47,411	44,270
Percentage of the present value of scheme liabilities	0.0%	0.0%	1.2%	0.1%	(0.1%)
Total amount recognised in STRGL	6,533	(255)	(6,126)		

Notes to the accounts

38 SSSS* hardship funds (TDA)	2006-07	2005-06
	£000	£000
Balance brought forward at 1 August	14	0
Funding Council grants received/(claw back)	(7)	36
Disbursed to students	0	(22)
Balance carried forward at 31 July	<u>7</u>	<u>14</u>

* *Secondary Shortage Subject Scheme*

39 Teacher Training Bursaries	2006-07	2005-06
	£000	£000
Teacher Development Agency grant received	2,161	2,141
Disbursed to students	(1,721)	(1,856)
Balance due to Teacher Development Agency	<u>440</u>	<u>285</u>

Funding Council hardship funds and bursaries, as detailed in notes 37 to 39, are available solely for students; the University acts only as a paying agent. The funds and related disbursements are therefore excluded from the

40 Financial Commitments

At 31 July 2007, the University had annual commitments under non-cancellable operating leases as follows:

	2006-07	2005-06
	£000	£000
Within one year	1,759	1,587
Within two to five years	799	0
After five years	0	0
	<u>2,558</u>	<u>1,587</u>

41 Pension reserve

Group and University

	£000	£000
Balance at 1 August 2006	(20,282)	(20,282)
Movement in year excluding actuarial gain	(988)	(988)
Actuarial gain for year	6,533	6,533
Balance at 31 July 2007	<u>(14,737)</u>	<u>(14,737)</u>

Brunel University

5 year summary of consolidated financial statements (unaudited)

	2007	2006	2005	2004	2003
	£000	£000	£000	£000	£000
Funding Council grants	50,456	48,302	45,979	42,944	40,005
Tuition fees and education contracts	40,436	33,145	31,186	28,129	26,487
Research grants and contracts	12,192	11,385	8,622	8,675	9,076
Other income	27,312	24,645	21,727	20,257	16,906
Endowment and investment income	1,387	780	1,889	1,737	614
Total income	131,783	118,257	109,403	101,742	93,088
Staff costs	77,920	73,426	62,377	56,958	54,138
Other operating expenses	50,156	43,887	39,066	35,001	31,737
Depreciation	8,467	6,712	5,062	4,413	4,028
Interest payable	3,515	2,069	1,395	1,209	984
Total expenditure	140,058	126,094	107,900	97,581	90,887
Operating surplus/(deficit) before tax and minorities	(8,275)	(7,837)	1,503	4,161	2,201
Surplus on sale of assets	20,801	4,940	0	37,559	0
Realisation of property revaluation gains	12,242	0	0	10,897	0
Balance Sheet					
Fixed assets	232,894	200,179	168,457	118,796	103,509
Endowment asset investments	1,864	1,863	1,836	1,770	1,535
Net current assets/(liabilities)	(13,293)	(4,540)	(7,571)	33,685	(6,738)
Creditors: due after more than one year	(73,700)	(59,249)	(22,784)	(23,032)	(14,026)
Provisions for liabilities and charges					

Brunel University
Membership of Council during the 2006-07 year

Status of Appointment	Date appointed in-year	Date resigned in year
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