




FINANCIAL STATEMENTS

2005 - 2006

Brunel University

Financial statements for the year ended 31 July 2006

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Report of the auditors to the Council of 	

Brunel University
Annual financial report for the year ended 31 July 2006

Scope of the financial statements

Details of the University's majority shareholdings in other companies are set out in note 5.03999 0

Brunel University
Annual financial report (continued)

Capital expenditure

Investment performance

Borrowings

Future Developments

J McGrath
Chair of Finance

Brunel University Corporate Governance

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, investments and general business of the University. It has a majority of members from outside the University (described as independent members), from whom its chair and deputy chair must be drawn. Members also include representatives of the staff of the University, and the student body. None of the independent members receive any payment, apart from the reimbursement of expenses, for the work they do for the University.

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

The principal academic and administrative officer of the University is the Vice-Chancellor, who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. Under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the accounting officer of the University and, in that capacity, can be summoned to appear before the Public Accounts Committee of the House of Commons.

Council conducts ordinary business at four meetings in each year, and much of its detailed work is initially handled by way of standing committees, in particular the Finance Committee, the Nominations Committee, the Remuneration Committee and the Audit Committee. The decisions of these committees are reported formally to the Council.

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

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.

Brunel University
Corporate Governance (cont'd)

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 e

Brunel University
Statement of Primary Responsibilities of the Council

The principal responsibilities of the Council Primary Responsibilities

Council's responsibilities for the Financial Statem

Independent auditors' report to the Council of Brunel University

Respective Responsibilities of the University's Council and the auditors

The Universit

Basis of audit opinion

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

Opinion

In our opinion:

- i.
- ii.
- iii. in all material respects, income from the Higher Education Funding Council for England and the Teacher Development Agency, and grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2006 have been applied for the purposes for which they were received; and,
- iv. in all material respects, income received during the year ended 31 July 2006 has been applied in accordance with the University's Statutes and, where appro

KPMG LLP
Chartered Accountants and Registered Auditors
Birmingham

December 2006

Brunel University
Statement of principal accounting policies (continued)

Leased assets

Investments

Stocks

Consolidated income and expenditure account for the year ended 31 July 2006

		2005-06 £000	2004-05 £000
Income			
Funding Council grants	1	48,302	45,979
Tuition fees and education contracts	2	33,145	31,186
Research grants and contracts	3	11,385	8,622
Other income	4	24,645	21,727
Endowment and investment income	5	780	1,889
Total income		118,257	109,403
Expenditure			
Staff costs	6	73,426	62,377
Other operating expenses	7	43,887	39,066
Depreciation	12	6,712	5,062
Interest payable	8	2,483	1,395
Total expenditure		126,508	107,900
(Deficit)/Surplus on continuing operations after depreciation of fixed assets at valuation and before taxation	11	(8,251)	1,503
Income from disposal of assets		4,940	0
		(3,311)	1,503
Taxation recoverable/(payable)	10	0	0
	25	(3,311)	1,503
(Deficit)/Surplus for the year retained within general reserves		(3,311)	1,503

All results are from continuing operations.

Note of historical cost surplus for the year ended 31 July 2006

	Note	Group 2005-06 £000	Group 2004-05 £000
		(3,311)	1,503
Difference bet	24	169	169
Realisation of property revaluation gains of previous years	24	0	0
Historical cost (deficit)/surplus before taxation		(3,142)	1,672
Historical cost (deficit)/surplus after taxation		(3,142)	1,672

Brunel University

Consolidated statement of total rlment o

Balance sheets

as at 31 July 2006

	Note	Group		University	
		2006	2005	2006	2005
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	12	199,642	168,359	191,007	159,697
Investments	13	123	98	33	33
		<u>199,765</u>	<u>168,457</u>	<u>191,040</u>	<u>159,730</u>
Endowment assets	14	1,863	1,836	1,863	1,836
Current assets					
Stock	15	95	86	80	71
Debtors	16	12,540	11,691	21,308	19,630
Investments	17	15,172	8,188	15,172	8,188
Cash at bank and in hand		92	4,182	0	4,172
		<u>27,899</u>	<u>24,147</u>	<u>36,560</u>	<u>32,061</u>
Creditors:					
amounts falling due within one year	18	(32,439)	(31,718)	(31,314)	(30,072)
Net current assets/(liabilities)		<u>(4,540)</u>	<u>(7,571)</u>	<u>5,246</u>	<u>1,989</u>
Total assets less current liabilities		<u>197,088</u>	<u>162,722</u>	<u>198,149</u>	<u>163,555</u>
Creditors:					
amounts falling due after more than one year	19	(59,249)	(22,784)	(59,244)	(22,779)
Provisions for liabilities and charges	21	(1,103)	(1,171)	(1,103)	(1,171)
Net assets excluding pension liability		<u>136,736</u>	<u>138,767</u>	<u>137,802</u>	<u>139,605</u>
Pension liability	32	(20,282)	(18,948)	(20,282)	(18,948)
Net assets including pension liability		<u>116,454</u>	<u>119,819</u>	<u>117,520</u>	<u>120,657</u>
Deferred capital grants	22	23,764	23,590	23,764	23,590
Endowments					
Specific	23	1,288	1,272	1,288	1,272
General	23	575	564	575	564
		<u>1,863</u>	<u>1,836</u>	<u>1,863</u>	<u>1,836</u>
Reserves					
Revaluation reserve	24	12,242	12,410	12,242	12,410
Income and expenditure reserve excluding pension liability	25	98,867	100,931	99,933	101,769
Pension reserve	41	(20,282)	(18,948)	(20,282)	(18,948)
Income and expenditure reserve including pension liability		<u>78,585</u>	<u>81,983</u>	<u>79,651</u>	<u>82,821</u>
Total funds		<u>116,454</u>	<u>119,819</u>	<u>117,520</u>	<u>120,657</u>

The financial statements on pages 10 to 35 were approved by the Council on 20 December 2006 and signed on its behalf by:

T Webb
Deputy Chair of Council

Prof. C Jenks
Vice-Chancellor
& Principal

Dr. T Holloway
Director of Finance

Brunel University

Consolidated cash flow statement
for the year ended 31 July 2006

2005-06

2004-05

N

Notes to the accounts

	2005-06 £000	2004-05 £000
1 Funding Council grants		
Recurrent grant		
Higher Education Funding Council for England	41,367	39,701
Teacher Development Agency	2,540	2,735
Learning and Skills Council	0	7
Specific grants (HEFCE)		
HE Reach out to Business & Community	0	25
Learning & teaching development	155	170
Rewarding & Developing Staff	373	214
Higher Education Innovation Fund	1,959	1,308
Joint Information Systems Committee	0	0
Other grants	655	354
Specific grants (TDA)		
Other grants	109	207
Specific grants (LSC)		
Other grants	0	0
Deferred capital grants released in year		
Buildings	691	761
Equipment	453	497
	<u>48,302</u>	<u>45,979</u>
2 Tuition fees and education contracts		
Full-time students charged home fees	11,492	11,464
Full-time students charged overseas fees	12,644	11,203
Part-time fees	2,479	2,614
Doctoral Training Grant *	180	79
Research training support grants	15	10
Short course fees	877	581
Other fees	61	0
NHS education contracts	5,397	5,235
	<u>33,145</u>	<u>31,186</u>
	<u>33,145</u>	<u>31,186</u>
* Doctoral Training Grant previously shown in Note 3		
3 Research grants and contracts		
OST Research Councils	4,705	3,222
UK-based charities	285	439
UK central & local govt., health & hospital authorities	2,970	2,325
UK industry, commerce & public corporations	891	879
European Commission	1,445	1,218
EU other	121	42
Other overseas	175	66
Other sources	793	431
	<u>11,385</u>	<u>8,622</u>
	<u>11,385</u>	<u>8,622</u>

Notes to the accounts

	2005-06 £000	2004-05 £000
4 Other income		
Residences, catering and conferences	16,565	14,444
Science Park	787	613
Libraries	130	45
Sports Centre	671	563
Rent and room hire	121	341
Released from deferred capital grants	69	202
Other services rendered	642	737
Other income	5,660	4,782
	<u>24,645</u>	<u>21,727</u>

5 Endowment and investment income

Transferred from specific endowments	53	56
Income from general endowment asset investments	24	27
Income from current asset investments	703	1,806
	<u>780</u>	<u>1,889</u>

6 Staff numbers and costs

	Number	Number
Average staff numbers during the year by major category:		
Academic and hourly paid lecturers	909	866
Technical	79	80
Administrative & academic support	331	285
Other, including clerical and manual	1,104	1,006
	<u>2,423</u>	<u>2,237</u>

Staff numbers are based on headcount, and other staff numbers for 2005-06 include students recruited through the University's Job Shop.

	£000	£000
Staff costs for the above persons:		
Wages and salaries	58,449	50,606
Social security costs	5,170	4,397
Contributions to occupational pension schemes	6,765	5,899
Pension liabilities	791	560
Restructuring costs	2,251	915
	<u>73,426</u>	<u>62,377</u>

	£000	£000
Employment costs for staff on permanent contracts	54,621	60,902
Employment costs for staff on short-term contracts	15,763	0
Pension liabilities	791	560
Restructuring costs	2,251	915
	<u>73,426</u>	<u>62,377</u>

Notes to the accounts

6 Staff numbers and costs (cont'd)

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

	Former	Interim	Current	Total	2004-05
	(Aug-Dec)	(Oct-Feb)	(Feb-July)		
	£000	£000	£000	£000	£000
Salary	75	63	83	221	166
Performance related pay	0	0	6	6	12
Cash equivalent benefit in kind (car)	4	0	0	4	10
Other benefits in kind (accommodation and private health insurance)	6	0	0	6	8
	85	63	89	237	196
Pension contributions	11	9	12	32	25
	96	72	101	269	221

	2005-06	2004-05
£70,000 - £79,999	32	26
£80,000 - £89,999	15	11
£90,000 - £99,999	4	3
£100,000 - £109,999	5	2
£110,000 - £119,999	3	1
£120,000 - £129,999	2	1
£130,000 - £139,999	0	1
£140,000 - £149,999	3	0
£150,000 - £159,999	0	1
	2005-06	2004-05
	£000	£000

7 Other operating expenses

Extern

Notes to the accounts

	2005-06 £000	2004-05 £000
7 Other operating expenses (cont)		
Heat, light, power and water	3,237	2,279
Repairs and maintenance	4,294	4,361
Premises costs	1,759	2,022
Telephones and postage	754	818
Catering supplies	1,261	1,094
Grants to Union of Brunel Students	840	795
Auditors' remuneration - external audit *	42	51
- internal audit	42	45
Insurance	604	535
Contribution to provisions	4	1,703
Other expenditure	1,573	1,338
	<u>43,887</u>	<u>39,066</u>

*includes £38,129 (£41,595 for 2005/06 less £3,466 over provision for 2004/05) in respect of the University (2004/05 £47,210)

8 Interest payable

Loans wholly repayable by instalments within five years	4	7
Loans wholly repayable by instalments after five years	2,192	1,254
Net loss on pension scheme	287	134
	<u>2,483</u>	<u>1,395</u>

9 Analysis of 2005-06 expenditure by activity

	Staff costs £000	Other operating expenses £000	Dep'n £000	Interest payable £000	Total £000
Academic departments	40,737	10,651	696	0	52,084
Academic services	5,024	5,825	392	15	11,256
Research grants and contracts	5,499	5,003	285	0	10,787
Residences, catering, conferences & Science Park	5,241	7,088	1,552	2,170	16,051
Premises	3,880	8,188	3,458	0	15,526
Administration	7,519	4,792	299	4	12,614
Other services	5,526	2,340	30	294	8,190
Total per Income and Expenditure Account	<u>73,426</u>	<u>43,887</u>	<u>6,712</u>	<u>2,483</u>	<u>126,508</u>

The depreciation charge has been funded by:

Deferred capital grants released (Note 22)	1,499
Revaluation reserve released (Note 24)	169
General income	5,044
	<u>6,712</u>

10 Taxation

UK corporation tax (recoverable)/payable on the profits of and by Brunel University Enterprises Ltd group

<u>0</u>	<u>0</u>
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11 (Deficit)/Surplus on continuing operations

The (deficit)/surplus on continuing operations for the year is made up as follows:

University (deficit)/surplus for the year	(8,023)	1,553
Surplus on sale of asset	0	0
Retained deficit generated by the subsidiary undertakings	(228)	(50)
Surplus generated by the subsidiary undertakings and transferred to the University by Gift Aid	0	0
	<u>(8,251)</u>	<u>1,503</u>

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Brunel University

Notes to the accounts

18 Creditors: amounts falling due

Group

Univer

Notes to the accounts

21 Provisions for liabilities and charges

**Group and
University
Pensions-
related
£000**

At 1 August 2005

1,171

Expenditure in the year

(68)

Transferred from income and expenditure account

0

At 31 July 2006

1,103

All provisions relate to the University.

22 Deferred capital grants

**Group and University
Funding Other grants &**

Notes to the accounts

	2005-06	2004-05
	£000	£000
27 Returns on investments and servicing of finance		
Income received from endowment asset investments (Note 5)	77	83
Income received from current asset investments (Note 5)	703	1,806
Interest paid (Note 8)	(2,483)	(1,261)
Net cash (outflow)/inflow from returns on investments and servicing of finance	(1,703)	628
28 Capital expenditure and financial investment		
Tangible fixed assets acquired (Note 12)	(52,230)	(54,734)
Proceeds on disposal of tangible fixed assets (Note 12)	4,940	0
Fixed asset investment (acquired)/redeemed (Note 13)	(25)	10
Payments to acquire endowment assets (Note 23)	(102)	(143)
Deferred capital grants received (Note 22)	2,286	8,063
Endowments received (Note 23)	102	143
Net cash outflow from capital expenditure and financial investment	(45,029)	(46,661)
29 Management of liquid resources		
Sale of investments	3,188	961
Withdrawals from deposits	4,063	23,900
Net cash inflow from management of liquid resources	7,251	24,861
30 Financing		
Debt due beyond a year:		
New other loans (Notes 18 and 19)	28	122
New bank loans/(Capital repayments) (Notes 18 and 19)	36,637	(352)
Net cash inflow/(outflow) from financing	36,665	(230)

32 Pension schemes (cont'd)

SSAP 24

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 SSAP 24, 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.

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 2002
Investment returns per annum	6.0%
Salary scale increases per annum	3.7%
Pension increases per annum	2.7%
Market value of assets at last valuation date	£19,938 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	101%
Employer's contribution rate	14%

FRS 17

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.

SSAP 24

It is not possible to identify the University's share of the underlying assets and liabilities in the TPS scheme and hence, using the exemption under SSAP 24, 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.

The pensions costs are assessed not less than every five years in accordance with the advice of the government actuary, using the prospective benefits method. 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 2001
Investment returns per annum	7.0%
Salary scale increases per annum	5.0%
Pension increases per annum	3.5%
Market value of assets at last valuation date	£142,880 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	97%

The employer contribution rate has been 13.5% since 1 April 2003.

32 Pension schemes (con

32 Pension schemes (cont'd)

Long

Notes to the accounts

32 Pension schemes (cont'd)

	Year ended 31 July 2006 £000	Year ended 31 July 2005 £000
Current service cost (net of employee contributions)	2,181	1,628
Past service cost	38	6
Curtailments and Settlements	83	61
Total operat		

Notes to the accounts

38 SSSS* hardship funds (TDA)	2005-06	2004-05
	£000	£000
Balance brought forward at 1 August	0	(1)
Funding Council grants received	36	31
Disbursed to students	(22)	(30)
Balance carried forward at 31 July	14	0

* *Secondary Shortage Subject Scheme*

39 Teacher Training Bursaries	2005-06	2004-05
	£000	£000
Teacher Development Agency grant received	2,141	2,160
Disbursed to students	(1,856)	(2,007)
Balance due to Teacher Development Agency	285	153

40 Financial Commitments**2005-06****2004-05**

Brunel University

Notes to the accounts

41 Pension reserve

**Group
£000**

University

Brunel University

5 year summary of consolidated financial statements (unaudited)

	2006	2005	2004	2003	2002
	£000	£000	£000	£000	£000
Funding Council grants	48,302	45,979	42,944	40,005	39,362
Tuition fees and education contracts	33,145	31,186	28,129	26,487	22,192
Research grants and contracts	11,385	8,622	8,675	9,076	9,523
Other income	24,645	21,727	20,257	16,906	16,795
Endowment and investment income	780	1,889	1,737	614	849
Total income	118,257	110,218	102,442	93,028	89,521

Brunel University Membership of Council during the 2005-06 year

	Status of Appointment	Date appointed in-year	Date resigned in year	Committees Served
The Rt Hon. Lord Wakeham DL	Chancellor			
Dr D Kingsmill	Pro Chancellor			Remuneration Committee, Nominations Committee
Professor C Jenks	Vice-Chancellor and Principal	16.2.2006		
Professor S Schwartz	Vice-Chancellor and Principal		31.12.2005	
Professor M Sarhadi	Vice-Principal			
Mr J Ellwood	Independent Member			
Mr V Allport	Independent Member			
Cllr R Cadbury	Independent Member		1.8.2005	
Mr J Fallow	Independent Member		22.3.2006	
Cllr A Haas	Independent Member		1.8.2005	
Mrs J Kelly	Independent Member	8.2.2006		
Mr A Kilkerr	Independent Member			Audit Committee
Mrs M Lenton	Independent Member	1.8.2005		
Mr R Lougee	Independent Member			Audit Committee
Dr J McGrath	Independent Member			
Mr J Mitchell	Independent Member			Finance Committee
Dr J Murphy	Independent Member			
Revd. S Orchard	Independent Member		1.8.2005	Finance Committee
Dr D Payne	Independent Member		1.8.2005	
Dr D Rimmer	Independent Member			
Cllr G J Samuel	Independent Member		1.8.2005	
Mr J M Sheasby	Independent Member			Chair: Audit Committee
Mr P M Smith	Independent Member			
Mrs S Staples	Independent Member		1.8.2005	Finance Committee
Mr T A C Webb	Independent Member			
Mrs R Wingrove	Independent Member		1.8.2005	Finance Committee
Professor J Beasley	Appointed by Senate	1.8.2005		Finance Committee
Professor L De Souza	Appointed by Senate			Finance Committee
Professor A Olowofoyeku	Appointed by Senate			
Professor P Wiegold	Appointed by Senate	1.8.2005		
Professor K Darby-Dowman	Elected Academic Member			Finance Committee
Dr M Rand-Weaver	Elected Academic Member			
Lady K Chisholm	Elected Staff Member	1.8.2005		
Mr D Snowden	Elected Staff Member	1.8.2005		
Mr J Baines	Student Member			Finance Committee

Professional Advi