

FINANCIAL STATEMENTS

2000 - 2001

Brunel University

Financial statements for the year ended 31 July 2001

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Brunel University

Annual financial report (continued)

Capital expenditure

Capital expenditure on land and buildings totalled £3.41 million for the year. The major additions related to the purchase of Site 4 at Pied Heath Road (£810,500), completion of the refurbishment of Block 1, Isambard Close (£435,000), Institute of Cancer Genetics (£401,000), and the Halls of Residence networking (£314,000).

Investment performance

Over the year to 31 July 2001, the medium-term portion of the University's investments under external management by Lazard Asset Management Ltd. outperformed the chosen benchmark (FTA UK Government under 5 Years) by 0.1%, whilst the shorter-term portion under the management of Union Fund Management Ltd outperformed the Invesco Local Authority 7 Day Deposit Index, the Invesco One Month CD Index and the Average Base Rate.

Borrowings

There were no new borrowings in the year to 31 July 2001.

Future Developments

Council gave approval in principle to the masterplan for the development of the Uxbridge site in line with the University's Estate Strategy. The Council also approved the first phase of the strategy, which is intended to release the Twickenham site for sale. The magnitude of the Estate Strategy makes it essential for the University to monitor very carefully the progress of individual projects within the overall masterplan. Work has begun on the construction of a new Hall of Residence on the Uxbridge site. It is anticipated that this will be the start of a number of new Halls of Residence to cope with the expansion in the number of students to be located on the site.

J S Flemming
Chairman of Finance Committee

12 December 2001

Brunel University

Corporate Governance

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in Section 1 of The Combined Code – Principles of Good Corporate Governance and Code of Best Practice (June 1998) insofar as they are applicable to Higher Education institutions. Its purpose is to help the reader of the

Responsibilities of the Council of Brunel University

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 and which enable it to ensure that the financial statements may be prepared in accordance with the University's Royal Charter, the

Report of the auditors to the Council of Brunel University

We have audited the financial statements on pages 8 to 27 which have been prepared under the historical cost convention (as modified by the revaluation of certain assets) and in accordance with the accounting policies set out in the statement of accounting policies on pages 8 to 10.

Respective Responsibilities of the Council and Auditors

The University's Council is responsible for preparing the Annual Financial Report, Td (t)Tj 3.12 0 (e)Tj 6.12

Report of the auditors to the Council of Brunel University (continued)

Opinion

In our opinion:

- (i) the financial statements give a true and fair view of the state of affairs of the University and the Group at 31 July 2001 and of the Group's surplus of income over expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- (ii) in all material respects, income from the Higher Education Funding Council for England, the Teacher Training Agency and the Learning and Skills Council/Further Education Funding Council, grants and income for specific purposes and from other restricted funds administered by the University have been applied for the purposes for which they were received;
- (iii) in all material respects, income has been applied in accordance with the Royal Charter and Statutes governing Brunel University and, where applicable, in accordance with the Financial Memoranda and any other terms and conditions attached to them with the Higher Education Funding Council for England, the Teacher Training Agency, and the Learning and Skills Council/Further Education Funding Council.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London.

14 December 2001

Brunel University

Statement of principal accounting policies

Basis of preparation

These financial statements have been prepared in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) and applicable United Kingdom Accounting Standards.

Basis of accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets and investments.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the University and its subsidiary undertaking Brunel University Services Limited for the financial year to 31 July. The results of the subsidiary undertaking Phalarope Limited (formerly Aspex Microsystems Limited) have also been consolidated and cover the period from 1 July 2018 to 31 July 2019.

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. The University has adopted the transitional provision of FRS 17 as set out in note 32 of the accounts.

Tangible fixed assets

a Land and buildings

Land and buildings are stated at cost or, in the case of buildings for which the cost cannot readily be ascertained, at valuation. The basis of valuation is depreciated replacement cost and the valuation of the Osterley and Twickenham campuses as at 31 January 1995 was performed by Drivers Jonas, Chartered Surveyors. Land is held freehold and is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their expected useful economic lives of fifty years except in the case of certain temporary structures which warrant a shorter period. Improvements to leasehold premises are amortised over the period of the lease.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable, whether through the economic benefits of use or through disposal.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until the accounting period in which they are brought into use.

b Equipment

Equipment costing less than £10,000 per individual item or group of related items is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its expected useful economic life, as follows:

Furniture, printing and catering equipment	-	10 years
Telephone and security equipment	-	7 years
File servers and other central computing equipment, office equipment, other academic equipment	-	5 years
Motor vehicles	-	4 years
Groups of public domain and other personal computers	-	3 years
Equipment acquired for research projects	-	project life

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).

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 and current asset investments are stated at market value.

Stocks and work-in-progress

Consolidated income and expenditure account
for the year ended 31 July 2001

2000-01	1999-00
Total	Total
operations	operatio

Balance sheets

as at 31 July 2001

	Note	Consolidated		2001	2000
		2001	2000	2001	2000
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	12	74,570	72,620	74,570	72,620
Investments	13	33	33	33	33
		74,603	72,653	74,603	72,653
Endowment assets	14	1,804	1,628	1,804	1,628
Current assets					
Stock and work in progress	15	2,182	2,555	2,167	2,540
Debtors	16	8,525	5,526	8,564	5,737
Investments	17	16,409	17,731	16,409	17,731
Cash at bank and in hand		1,483	1,036	1,447	977
		28,599	26,848	28,587	26,985
Creditors:					
amounts falling due within one year	18	(12,983)	(11,078)	(12,942)	(11,186)
Net current assets		15,616	15,770	15,645	15,799
Total assets less current liabilities		92,023	90,051	92,052	90,080
Creditors:					
amounts falling due after more than one year	19	(15,261)	(15,896)	(15,261)	(15,896)
Provisions for liabilities and charges	21	(1,343)	(1,509)	(1,343)	(1,509)
Net assets		75,419	72,646	75,448	72,675
Deferred capital grants	22	7,724			

Brunel University

Consolidated cash flow statement for the year ended 31 July 2001

	Note	2000-01 £000	1999-00 £000
Cash flow from operating activities	26	4,764	3,484
Returns on investments and servicing of finance	27	304	(178)
Taxation		0	(3)
Capital expenditure and financial investment	28	(5,126)	(5,782)
Management of liquid resources	29	1,280	(3,881)
Financing	30	(479)	7,021
Increase/(decrease) in net cash	31	743	661

Reconciliation of n

Brunel University

Notes to the accounts

Notes to the accounts

	2000-01	1999-00
	£000	£000
4 Other income		
Residences, catering and conferences	10,722	9,374
Science Park	813	697
Sports Centre	712	395
Rent and room hire	369	399
Released from deferred capital grants	34	38
Other services rendered	1,008	3,451
Other income	2,696	475
	16,354	14,829
5 Endowment and investment income		
Transferred from specific endowments	19	77
Income from general endowment asset investments	24	24
Income from current asset investments	1,194	838
	1,237	939

6 Staff costs

	Number	Number
Average staff numbers by major department	362	312

Brunel University

Notes to the

Notes to the accounts

2000-01
£000

1999-00
£000

11 Surplus on continuing operations

The surplus on continuing operations for the year is made up as follows:

University surplus for the year	2,942	2,645
Surplus generated by the subsidiary undertaking and transferred to the University by Gift Aid	37	7
	2,979	2,652

12 Tangible fixed assets

	Land & buildings £000	Equipment £000	Total £000
Valuation/Cost			
At 1 August 2000			
Valuation	26,744	0	26,744
Cost	57,408	9,855	67,263
Disposals	0	(1,672)	(1,672)
Additions at cost:			
Purchase of Land	810	0	810
Institute of Cancer Genetics refurbishment	401	76	477
Isambard Close Flats refurbishment	435	0	435
Uxbridge residences development	171	0	171
Wilfred Brown Building extension	160	2	162
Lecture Centre refurbishment	171	0	171
I. T. networking	314	727	1,041
Other	953	1,392	2,345
At 31 July 2001			
Valuation	26,744	0	26,744
Cost	60,823	10,380	71,203
Depreciation			
At 1 August 2000			
Charge for the year	15,660	5,727	21,387
Eliminated in respect of disposals	1,746	1,916	3,662

Notes to the accounts

	Consolidated		University	
	2001	2000	2001	2000
	£000	£000	£000	£000
13 Fixed asset investments				
Investment in CVCP Properties plc	33	33	33	33
Investment in subsidiary companies at cost less provision for diminution in value	n/a	n/a	0	0
	33	33		

Notes to the accounts

18 Creditors: amounts falling due within one year	Consolidated		University	
	2001	2000	2001	2000
	£000	£000	£000	£000
Bank loans and overdrafts	1,238	1,355	1,231	1,355
Inherited liabilities	16	16	16	16
Obligations under finance leases	0	0	0	0
Trade creditors	5,177	4,109	5,126	4,097
Amounts due to subsidiary undertakings	n/a	n/a	19	127
Taxation and social security	1,300	1,262	1,300	1,262
Accruals and deferred income	5,252	4,336	5,250	4,329
	12,983	11,078	12,942	11,186

19 Creditors: amounts falling due after more than one year

Bank loans	14,902	15,521	14,902	15,521
Inherited liabilities	359	375	359	375
Obligations under finance leases	0	0	0	0
Loan from subsidiary undertaking	n/a	n/a	0	0
	15,261	15,896	15,261	15,896

20 Borrowings

Bank loans and overdrafts are repayable as follows:

In one year or less	1,238
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Brunel University

Notes to the accounts

21 Provisions for liabilities and charges

Pensions-

**University
Premature**

Brunel University

Notes to the accounts

24 Revaluation reserve

**Consolidated
& University
£000**

At 1 August 2000

24,575

Transfer to income and expenditure reserve
in respect of

Notes to the accounts

	2000-01 £000	1999-00 £000
27 Returns on investments and servicing of finance		
Income received from endowment asset investments	92	90
Income received from current asset investments	1,246	728
Interest paid	(1,034)	(996)
Interest element of finance lease rental payments	0	0
	304	(178)
 28 Capital expenditure and financial investment		
Tangible fixed assets acquired	(5,605)	(5,914)
Tangible fixed assets disposed of	0	0
Fixed asset investment (acquired)/redeemed	0	0
Endowment asset investments (acquired)/liquidated	(176)	6
Deferred capital grants received	528	121
Endowments received	127	5
	(5,126)	(5,782)

29 Management of liqui

Notes to the accounts

31 Analysis of changes in net funds

	At 1 August £000	Cash flows £000	Other changes £000	At 31 July £000
Cash at bank and in hand	1,036	447	-	1,483
Overdrafts	(965)	296	-	(669)
Net cash	71	743	-	814
Short-term investments:				
Endowment ass				

Bru

Notes to the accounts

36 Access and hardship funds	2000-01	1999-00
	£000	£000
Balance brought forward at 1 August	43	0
Funding Council grants	737	718
Disbursed to students	752	675
Balance carried forward at 31 July	28	43

37 Teacher Training Bursaries	2000-01	1999-00
	£000	£000
Teacher Training Agency grant received	1,510	0
Disbursed to students	1,579	0
Balance due from Teacher Training Agency	69	0

The eligibility for PGCE Training Bursaries was extended in year to cover certain students who began their training before September 2000. The University has implemented this change and has claimed additional grant from the Teacher Training Agency.

38 SRB Challenge Fund - Executive Studio	2000-01	1999-00
	£000	£000
London Development Agency funding due	67	0
Grant payments to Executive Studio	67	0
	0	0

The University assumed the role of Accountable Body for the above scheme from 1st April 2001, for the final year of a five year programme. The previous Accountable Body was the West London Training and Enterprise Council.

Brunel University

5 year summary of consolidated financial statements

	2001	2000	1999	1998	1997
	£000	£000	£000	£000	£000
Funding Council grants	37,681	37,529	35,776	32,346	32,740
Tuition fees and education contracts	20,733	18,688	18,517	21,467	20,797
Research grants and contracts	7,645	7,304	8,320	8,266	8,235
Other income	16,354	14,829	15,005	13,138	11,430
Endowment and investment income	1,237	939	1,238	1,473	1,287
Total income	83,650	79,289	78,856	76,690	74,489
Staff costs	47,854	46,443	44,729	43,484	43,502
Restructuring costs	280	758	406	906	2,376
Other operating expenses	27,718	25,393	25,033	24,840	23,179
Depreciation	3,662	3,318	3,452	3,474	2,785
Interest payable	1,157	841	794	845	852
Total expenditure	80,671	76,753	74,414	73,549	72,694
Surplus before tax and minorities	2,979	2,536	4,442	3,141	1,795

Balance Sheet

Fixed assets	74,603	72,653	69,643	62,529	58,659
Endowment asset investments	1,804	1,628	1,634	1,702	1,670
Net current assets	15,616	15,770	10,617	14,654	17,564
Creditors: due after more than 12 months	(3,842)	(3,842)	(3,842)	(3,842)	(3,842)
Creditors: due within 12 months	(1,667)	(1,667)	(1,667)	(1,667)	(1,667)
Provisions	(1,667)	(1,667)	(1,667)	(1,667)	(1,667)
Reserves	10,750	10,750	10,750	10,750	10,750
Other	(1,667)	(1,667)	(1,667)	(1,667)	(1,667)
Total	74,603	72,653	69,643	62,529	58,659

Brunel University

Membership of Council as at 31 July 2001

Chancellor

The Rt Hon the Lord Wakeham PC

Vice-Chancellor and Principal

Professor M J H Sterling²

Lay Members

Mr V Allport
Mr R Cadbury
Ms R Davis
Mr J Ellwood (Chair of Audit Committee)¹
Mr J Fallow
Mr J S Flemming (Chair of Finance Committee)²
Mr C H Glass
Mr J Grant
Mr W Greaves (Chair of Council)²
Mr A Hall²
Mr A Kilkerr¹
Revd. S Orchard²
Dr D Payne
Mr B Regan
Mr B Rigby²
Dr D Rimmer
Mr J M Sheasby¹
Mr J Shrigley²
Mrs S Staples²
Mr T A C Webb
Mrs R Wingrove²

¹Member of Audit Committee

²Member of Finance Committee

Advisors

Bankers

HSBC Bank plc, Uxbridge
Yorkshire Bank PLC, Birmingham

Legal advisers (property & loans)

Boodle Hatfield, Oxford & London

Pro Chancellor

Dr H W Try CBE

Vice-Principal

Professor M E Cave

Appointed by Senate

Professor W Balachandran²
Professor A Choo
Professor L De Souza
Professor A Irwin
Professor N Ladommatos
Professor M Moran²
Professor R Paul²

Elected Academic Members

Professor R Macredie
Ms H Morton
Dr J Newby
Dr R Stroud

Student Members

Mr P Gates
Ms S Holliman
Mr M Michael
Mr O Rogan

Investment managers

Lazard Asset Management Ltd, London
Union Fund Management Ltd, London

Indirect tax advisers

Ellis Chapman & Associates, Manchester

