



FINANCIAL STATEMENTS

2002 - 2003

Brunel University

Financial statements for the year ended 31 July 2003

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Brunel University

Annual financial report for the year ended 31 July 2003

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) and an 'Enterprise' group of companies, with Brunel University Enterprises Limited (BUEL) as the holding company. BUSL and BUEL are wholly owned subsidiary companies of the University. BUEL itself has two subsidiaries, Brunel Science Park Limited (BSPL) and Episport Limited. The University's other subsidiary, Phalarope Limited (in which the University holds a 50.01% stake), ceased trading on 1 November 1999 and subsequent activity has been confined to the collection of receivables and the settlement of the company's liabilities to Brunel University.

BUSL was originally established as a shared service centre for the BUEL group, but became a wholly owned subsidiary of the University on 1 January 2003. It commenced, on 1 May 2003, a new trade as a Library Services company providing library services to Brunel University. 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. BSPL manages the Science Park activity on the Uxbridge campus.

The BUEL group had approval from the University to invest £135,000 of its 2002/03 profits into commercial exploitation activities. As a result of an adjustment to the amount of Corporation Tax that was paid in respect of the year ended 31 July 2002, a sum of £7,777 was donated to the University by Gift Aid. A further £116,481 was donated to the University by Gift Aid.

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions, and in accordance with applicable Accounting Standards.

Results for the year

The Group's consolidated income, expenditure and results for the year to 31 July 2003 are summarised as follows:-

	2002/03 £000	2001/02 £000
Income	93,088	88,721
Expenditure	(90,887)	(87,376)
	-----	-----
Surplus before tax & minority interests	2,201	1,345
Taxation, sale of goodwill & minority interests	8	(35)
	-----	-----
Surplus attributable to the group	2,209	1,310
Depreciation attributable to revaluations	311	310
	-----	-----
Historical cost surplus	2,520	1,620
	-----	-----

The Group's total income grew by 4.9% compared with 6.1% in 2001/02, and the component elements of income and expenditure are shown in the Consolidated Income and Expenditure Account. The Group achieved a historic cost surplus of £2.52 million (2.7%) for the year, resulting in an accumulated income and expenditure reserve of £45.779 million.

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 accounts understand how the principles have been applied.

The University is an autonomous body established by Royal Charter. Like most public bodies it operates within a st

Brunel University Corporate Governance (cont'd)

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 plans. 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 presents an Annual Report to Council.

Responsibilities of the Council of Brunel University

Independent auditors' report to the Council of Brunel University

We have audited the financial statements which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain assets) and the accounting policies set out in the statement of accounting policies.

Respective Responsibilities of the Council and Auditors

The Council's responsibility for preparing the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions, applicable United Kingdom law and accounting standards is set out in the Statement of the Council's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the University and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 Institutions. We also report to you whether, in our opinion, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the institution, have been properly applied in all material respects for the purposes for which they were received, and whether income has been applied in all material respects in accordance with the institution's statutes and, where appropriate, with the Financial Memorandum dated 1 August 2000 with the Higher Education Funding Council for England, and with the Funding Agreements with the Teacher Training Agency and the Learning and Skills Council respectively. We also report to you if, in our opinion, the institution has not kept proper accounting records, the accounting records do not agree with the financial statements, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises; the annual financial report and the corporate governance statement.

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

Opinion

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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

Brunel University
Statement of principal accounting policies (continued)

Consolidated Income and expenditure account
for the year ended 31 July 2003

		2002-03 £000	2001-02 £000
Income			
Funding Council grants	1	40,050	40,050

Consolidated statement of total recognised gains and losses
for the year ended 31 July 2003

		2002-03	2001-02
	Note	£000	£000
Surplus after depreciation of fixed assets at valuation and taxation		2,209	1,310
Net (income)/expenditure from endowments	23	(131)	(270)
New endowments	23	108	24
		<hr/>	<hr/>
Total recognised gains relating to the year		2,186	1,064
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation			
Opening reserves and endowments		68,773	67,709
Total recognised gains and losses for the year		2,186	1,064
		<hr/>	<hr/>
Closing reserves and endowments		70,959	68,773
		<hr/> <hr/>	<hr/> <hr/>

Balance sheets

as at 31 July 2003

		Group			
		2003	2002	2003	2002
	Note	£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	12	103,401	88,177	102,518	88,177
Investments	13				

Notes to the accounts

	2002-03	2001-02
	£000	£000
1 Funding Council grants		
Recurrent grant		
Higher Education Funding Council for England	35,959	34,734
Teacher Training Agency	2,136	1,981
Learning and Skills Council	156	133
Specific grants (HEFCE)		
HE Reach out to Business & Community	325	325
Research collaboration & development		141
Learning & teaching development	160	187
Rewarding & Developing Staff	166	761
Higher Education Initiative Fund	136	116
Other grants	171	141
Specific grants (TTA)		
Other grants	243	229
Specific grants (LSC)		
Other grants	23	0
Deferred capital grants released in year		
Buildings	305	308
Equipment	225	306
	40,005	39,362
2 Tuition fees and education contracts		
Full-time students charged home fees	11,903	11,139
Full-time students charged overseas fees	7,071	4,895
Part-time fees	2,386	2,406
Bench Fees	64	87
Research training support grants	21	32
Short course fees	351	243
NHS education contracts *	4,691	3,390
	26,487	22,192
* includes £230,148 in respect of 2001/02		
3 Research grants and contracts		
OST Research councils	3,844	3,866
UK-based charities	800	569
UK central & local govt., health & hospital authorities	1,242	1,469
UK industry, commerce & public corporations	999	1,529
European Commission	1,496	1,612
EU other	70	242
Other overseas	207	152
Other sources	418	84
	9,076	9,523

Notes to the accounts

	2002-03	2001-02
	£000	£000
4 Other income		
Residences, catering and conferences	11,458	11,228
Science Park	744	992
Libraries	8	0
Sports Centre	667	712
Rent and room hire	755	312
Released from deferred capital grants	35	38
Other services rendered	827	817
Other income	2,412	2,696
	16,906	16,795
5 Endowment and investment income		

Brunel University

Notes to the accounts

6 Staff numbers and costs (con

Notes to the accounts

	2002-03	2001-02
	£000	£000
7 Other operating expenses (cont)		
Heat, light, power and water	1,841	1,626
Repairs and maintenance	4,483	3,745
Other premises costs	1,790	1,812
Telephones and postage	846	753
Catering supplies	1,029	1,128
Grants to Union of Brunel Students	744	730
Auditors' remuneration - external audit *	69	56
Insurance	448	563
Contribution to provisions	739	626
Other expenditure	1,229	918
	31,737	30,319

**includes £61,930 in respect of the University (2001/2 £50,525)*

8 Interest payable

Loans wholly repayable by instalments after five years	984	932
	984	932

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	Staff	Other			
	costs	operating		Interest	Total
	£000	expenses	Dep'n	payable	£000
		£000	£000	£000	
Academic departments	30,354	7,222	406		37,982
Academic services	3,540	2,860	313		6,713
Research g					

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 2002:				
Valuation	26,744	0	0	26,744
Cost	66,452	9,756	11,188	87,396
Less disposals in year	0	0	(1,898)	(1,898)
Additions at cost	3,932	12,430	2,007	18,369
Transfers between accounts	5,882	(5,882)	0	0
At 31 July 2003:				
Valuation	<u>26,744</u>	<u>0</u>	<u>0</u>	<u>26,744</u>
Cost	<u>76,266</u>	<u>16,304</u>	<u>11,297</u>	<u>103,867</u>
Depreciation				
At 1 August 2002	19,293	0	6,670	25,963
Charge for the year	2,208	0	1,820	4,028
Eliminated in respect of disposals	0	0	(1,898)	(1,898)
At 31 July 2003	<u>21,501</u>	<u>0</u>	<u>6,592</u>	<u>28,093</u>
Net book value at 31 July 2003	<u>81,509</u>	<u>16,304</u>	<u>4,705</u>	<u>102,518</u>
Net book value at 31 July 2002	<u>73,903</u>	<u>9,756</u>	<u>4,518</u>	<u>88,177</u>
Inherited	24,380	0	0	24,380
Financed by capital grant	7,614	3,818	556	11,988
Other	49,515	12,486	4,149	66,150
Net book value at 31 July 2003	<u>81,509</u>	<u>16,304</u>	<u>4,705</u>	<u>102,518</u>

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Notes to the accounts

18 Creditors: amounts falling due within one year

	Group		University	
	2003	2002	2003	2002
	£000	£000	£000	£000
Bank loans	578	550	578	550
Overdrafts	2,048	1,845	2,000	1,845
Inherited liabilities	14	14	14	14
Trade creditors	5,404	6,197	4,939	6,126
Amounts due to group undertakings	0	0	541	574
Taxation and social security	1,403	1,284	1,403	1,249
Accruals and deferred income *	11,565	10,079	11,488	9,957
	21,012	19,969	20,963	20,315

** includes a payment in advance of £5.4 million as a deposit on the purchase of Twickenham campus*

19 Creditors: amounts falling due after more than one year

Bank loans	13,690	14,302	13,690	14,302
Inherited liabilities	336	345	331	345
	14,026	14,647	14,021	14,647

20 Borrowings

Bank loans and overdrafts are repayable as follows:

In one year or less	2,626	2,395	2,578	2,395
Between one and two years	484	490	484	490
Between two and five years	1,652	1,551	1,652	1,551
After five years	11,554	12,260	11,554	12,260
	16,316	16,696	16,268	16,696

Inherited liabilities are repayable as follows:

Notes to the accounts

21 Provisions for liabilities and charges

Group and University	
Pensions- related £000	Premature retirement £000
Total £000	Total £000

As at 31 July 2023 450,000 (2022: 489,000) 6,540 (2022: 5,992) 4,411 (2022: 3,808) 1,051 (2022: 1,184) 3,288.79 (2022: 3,288.79)

Notes to the accounts

23 Endowments (cont'd)

	Group and University		
	Specific £000	General £000	Total £000
Scholarship funds	462		462
Chairs and lectureships funds	266		266
Prize funds	70		70
Other funds	258	479	737
Total	1,056	479	1,535

All endowments relate to the University.

24 Revaluation reserve

	Group £000	University £000
At 1 August 2002	23,956	23,956
Transfer to income and expenditure reserve in respect of depreciation on revalued assets	(311)	(311)
At 31 July 2003	23,645	23,645

25 Income and expenditure reserve

	Group £000	University £000
Surplus after depreciation of assets at valuation and taxation *	2,209	2,818
Release from revaluation reserve	311	311
Historical cost surplus after tax and minorities	2,520	3,129
Balance at 1 August 2002	43,259	43,164
Balance at 31 July 2003	45,779	46,293

* The University's surplus for the year includes £340,914 in respect of income received for the assets transferred to Brunel University Services Limited

26 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2002-03 £000	2001-02 £000
Surplus/(deficit) after depreciation of assets at valuation:		
Continuing operations	2,201	1,345
Depreciation (Note 12)	4,028	4,200
Deferred capital grants released to income (Note 22)	(873)	(1,287)
Investment income (Note 5)	(614)	(849)
Interest payable (Note 8)	984	932
(Increase)/Decrease in stocks and work-in-progress (Note 15)	(423)	501
(Increase)/decrease in debtors (Note 16)	449	(10)
Increase in creditors (Note 18)	802	6,986
Increase/(decrease) in provisions (Note 21)	(258)	104
Net cash inflow from operating activities	6,296	11,922

Notes to the accounts

31 Analysis of changes in net funds

	At 1 August £000	Cash flows £000	At 31 July £000
Cash at bank and in hand	1,328	(494)	834
Overdrafts	(1,846)	(203)	(2,049)
Net cash	(518)	(697)	(1,215)
Short-term investments:			
Endowment assets	1,558	(23)	1,535
Other	12,665	(9,415)	3,250
Debt due within one year	(550)	(28)	(578)
Debt due after one year	(14,646)	620	(14,026)
Net funds	(1,491)	(9,543)	(11,034)

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 Pension Fund (LPFA) for other staff. The schemes are defined benefit schemes based on a final pensionable salary. The University also pays pension contributions into a personal defined contribution pension plan (at the same rate as USS contributions) on behalf of the Vice Chancellor.

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

	2002-03 £000	2001-02 £000
Contributions to USS	3,275	3,046
Contributions to TSS	394	329
Contributions to LPFA	1,043	919
Contributions to other pension schemes	58	5
Provision for ex-WLIHE pensions increases	73	81
Total pension cost	4,843	4,380

Universities Superannuation Scheme

USS provides a defined benefit scheme for employees of UK universities and some other employer

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32 Pension schemes (cont'd)

FRS 17

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 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.

London Pensions Fund Authority

The University participates as an Admitted Body in the LPFA Fund which is administered in accordance with the Local Government Pensions Scheme Regulations 1997. The fund is valued every three 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.

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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	6.3%-6.6%
Salary scale increases per annum	4.3%
Pension increases per annum	2.8%
Market value of assets at last valuation date	£2,853 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	108%
Employer's contribution rate	9.8%

FRS 17

The following information regarding the LPFA pension fund is based upon the full actuarial valuation of the fund as at 31 March 2001, rolled forward to 31 July 2003 by Hymans Robertson, an independent firm of actuaries. The major assumptions are:

	At 31 July '03	At 31 July '02
Inflation	2.6%	2.4%
Rate of increase in salaries	4.1%	3.9%
Rate of increase for pensions	2.6%	2.4%
Discount rate	6.2%	6.0%

32 Pension schemes (con

Notes to the accounts

32 Pension schemes (cont'd)

	Year ended 31 July 2003 £000
Current service cost	1,440
Past service cost	50
Curtailments and Settlements	50
Total operating charge	1,540
Expected return on pension scheme assets	2,490
Interest on pension liabilities	(2,460)
Net return	30
Actual return less expected return on pension scheme assets	(2,540)
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Brunel University Membership of Council during the 2002-03 year

	Status of Appointment	Date appointed in-year	Date resigned in year	Committees Served
The Rt Hon. Lord Wakeham	DL Chancellor			
Dr H W Try	CBE Pro Chancellor		28/01/03	
Dr D Kingsmill	Pro Chancellor	01/04/03		
Professor S Schwartz	Vice-Chancellor and Principal			
Professor M Sarhadi	Vice-Principal			
Mr W Greaves	Independent Lay Member			Chair: Council, Finance Committee
Mr V Allport	Independent Lay Member			
Cllr M Cranfield-Adams	Independent Lay Member			
Ms R Davies	Independent Lay Member			
Cllr C Ellar	Independent Lay Member			
Mr J Ellwood	Independent Lay Member			Chair: Finance Committee
Mr J Fallow	Independent Lay Member			
Mr J S Flemming	Independent Lay Member			
Mr C H Glass	Independent Lay Member			
Mr J Grant	Independent Lay Member			
Cllr A Haas	Independent Lay Member			
Mr A Hall	Independent Lay Member		19/07/03	Finance Committee
Mr A Kilkerr	Independent Lay Member			Audit Committee
Revd. S Orchard	Independent Lay Member			Finance Committee
Dr D Payne	Independent Lay Member			
Mr B Rigby	Independent Lay Member			Finance Committee
Dr D Rimmer	Independent Lay Member			
Cllr J M Sheasby	Independent Lay Member			Chair: Audit Committee
Mr P M Smith	Independent Lay Member			
Mrs S Staples	Independent Lay Member			Finance Committee
Mr T A C Webb	Independent Lay Member			
Mrs R Wingrove	Independent Lay Member			Finance Committee
Professor W Balachandran	Appointed by Senate		31/08/02	Finance Committee
Professor A Choo	Appointed by Senate		31/08/02	
Professor L De Souza	Appointed by Senate			
Professor C Ioannidis	Appointed by Senate			Finance Committee
Professor A Irwin	Appointed by Senate			
Professor R Newbold	Appointed by Senate			
Professor A Olowofoyeku	Appointed by Senate	01/08/02		
Professor R Paul	Appointed by Senate			Finance Committee
Professor S Watts	Appointed by Senate	01/08/02		
Ms M Gallagher	Elected Academic Member			
Professor G Mitra	Elected Academic Member	01/08/02		
Dr J Newby	Elected Academic Member			
Mr T Watson	Elected Academic Member			
Mr S Finley	Student Members			Finance Committee
Ms A Bennett	Student Members			
Mr S Townley	Student Members			
Ms E Xinos	Student Members			

Professional Advisers

Bankers

Legal advisers ()T

