



FINANCIAL STATEMENTS

2004 - 2005

Brunel University

Financial statements for the year ended 31 July 2005

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Brunel University

Annual financial report for the year ended 31 July 2005

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). 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 trades 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, and also the management of the Science Park activity. BSPL is a dormant company.

Details of the University's majority shareholdings in other companies, all non-trading, are set out below:

	Number of shares held	Nominal value	Cost (£)	% of issued share capital
FlexnLok Limited	1	£1	1	100%
Learning Interactive Limited	49	£1	49	100%
Purebreathe Limited	1	£1	1	100%
Rheomatix Limited	100	£1	100	100%
Sprintink Limited	1	£1	1	100%
Synbiogen Limited	1	£1	1	100%

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 2005 are summarised as follows:-

	2004/05 £000	2003/04 £000
Income	109,403	101,742
Expenditure	(107,206)	(97,581)
Surplus before tax & minority interests	2,197	4,161
Taxation, sale of goodwill & minority interests	0	0
Surplus on disposal of assets	0	37,559
Surplus attributable to the group	2,197	41,720
Depreciation attributable to revaluations	169	169
Realisation of property revaluation gains	0	10,897
Historical cost surplus	2,366	52,786

Brunel University
Annual financial report (continued)

The Group's total income of £109.4 million grew by 7.5% compared with 9.3% in 2003/04, and the component elements of income and expenditure are shown in the Consolidated Income and Expenditure Account. Whilst the Group achieved a historical cost surplus of £2.37 million for the year, resulting in an accumulated income and expenditure

Capital expenditure

Investment performance

Borrowings

Future Developments

J McGrath
Chair of Finance Committee

29 November 2005

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 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 strong framework of regulation. 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 Governing Bodies of Universities and Colleges in England, Wales and Northern Ireland published in April 2001 by the Committee of University Chairmen.

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 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 public and other funds and assets for which it is responsible, in accordance with the responsibility assigned to the Council in the Charter and Statutes and the Financial Memorandum with HEFCE. Such a system is designed to manage rather than eliminate the risk of failure to achieve business, operational, compliance and financial objectives, and it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically.

The Council has adopted a risk management policy, and has identified where the principal management responsibility rests for risk management. The Council is of the view that an ongoing process for identifying, evaluating and managing the University's significant risks has been in place, and operating effectively, since 31 July 2003. A Risk Management Group has been established, whose responsibilities include the commissioning and ongoing maintenance of a risk management strategy, and the identification of the control strategy for each of the significant risks. The Risk Management Group provides to the Audit Committee reports on the progress in implementing the risk strategy, which in turn provides advice to the Council on the effectiveness of the policies, and also monitors the implementation of risk management. The University's internal auditor reviews the adequacy and effectiveness of the risk management process and the system of internal control, makes recommendations for improvement, where needed, and provides regular reports thereon to the Audit Committee. The internal auditor also provides Council with an independent opinion each year on the adequacy and effectiveness of the University's risk management, control and governance processes. The Council has ensured that the meeting calendar enables risk management and internal control to be considered on a regular basis during the year.

Summary of the University's structure of Corporate Governance

The University's Council comprises lay members, academic staff and students appointed under the Statutes of the University. The majority of members are non-executive. The role of the Chairman of Council is separate from the role of the University's Vice-Chancellor as Chief Executive. Council is responsible for the strategic direction of the University while the executive officers are responsible for the operational management of the institution. Council approves all major developments, and receives regular progress reports thereon and on the discharge of other Council responsibilities. Council conducts ordinary business at four meetings in each year and by way of standing committees which include a Finance Committee, a Nominations Committee, a Remuneration Committee and an Audit Committee. 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 lay members of Council. In the case of the Audit Committee, it is comprised entirely of lay members appointed by Council from amongst its members, and co-opted lay members appointed by Council. The Chair of Council is ex-officio on all Council and Joint Committees, except the Audit Committee.

In respect of its strategic and development responsibilities, Council receives recommendations and advice from the 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 lay members appointed by Council from amongst its members.

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 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'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 is required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council has adopted the going concern basis as it is satisfied that the University has adequate resources to continue in operation for the foreseeable future.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England, the Teacher Training Agency and the Learning and Skills Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Higher Education Funding Council and the respective Funding Agreements with the other bodies and with any other conditions which the three bodies may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure so that the benefits that should be derived from the application of public funds by the Council are not put at risk.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic, administrative and support departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular review of key performance indicators and business risks and of financial results involving variance reporting;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the University Council;
- comprehensive Financial Regulations, promoted by Finance Committee and adopted by Council;
- a professional internal audit service with a programme approved by the Audit Committee and whose head provides that committee with a report on internal audit activity that assists it in formulating its opinion on the effectiveness of the University's system of risk management, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

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 of the state of affairs of the University and the Group at 31 July 2005, and of the Group's surplus of income over expenditure, recognised gains and losses and cashflows for the year then ended, and are 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, and grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2005 have been applied for the purposes for which they were received; and,
- iii. in all material respects, income received during the year ended 31 July 2005 has been applied in accordance with the University's Statutes and, where appropriate, with the financial memorandum dated October 2003 with the Higher Education Funding Council for England, the funding agreement with the Teacher Training Agency, and the funding agreement with the Learning and Skills Council.

KPMG LLP
Chartered Accountants and Registered Auditors
Birmingham

December 2005

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 Institutions (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 undertakings for the financial year to 31 July. Intra-group sales and profits are eliminated fully on consolidation. The consolidated financial statements do not include those of the Union of Brunel Students as it is a separate body in which the University has no direct financial interest nor has it control or significant influence over policy decisions.

Recognition of income

Income from research grants and contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. Such income that was earned, but not invoiced, at the year end is included as accrued income.

All income from investments is credited to the Income and Expenditure Account on a receivable basis. Income from specific endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to Specific Endowments.

Recurrent grants from funding councils are recognised in the period in which they are receivable. Non-recurrent grants from funding councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the useful economic life of the assets. Specific grants from funding councils are recognised to the extent of the relevant expenditure incurred during the year, together with any related contributions to overhead costs, or when the related terms and conditions of the grants have been fully satisfied.

Maintenance of premises

The University has a long-term maintenance programme which is periodically reviewed and for which sums are set aside on a regular basis. The programme covers both major cyclical activities and major maintenance costs expected to occur on an irregular basis. Both long-term and routine corrective maintenance is charged to the income and expenditure account as incurred, unless it is classified as a capital asset under FRS 15.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Brunel University
Statement of principal accounting policies (continued)

Pension schemes

Tangible fixed assets

a Land and buildings

b Equipment

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	-	

Brunel University
Statement of principal accounting policies (continued)

Leased assets

Investments

Stocks

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

Cash flows and liquid resources

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(1) of the Taxes Act 1988. Accordingly the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains

The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT is included within the appropriate expenditure heading. The University's subsidiary companies are subject to Corporation Tax and VAT in the same way as any other commercial organisation.

Consolidated income and expenditure account
for the year ended 31 July 2005

		2004-05 £000	2003-04 £000
Income			
Funding Council grants	1	45,979	42,944
Tuition fees and education contracts	2	31,107	28,129
Research grants and contracts	3	8,701	8,675
Other income	4	21,727	20,257
Endowment and investment income	5	1,889	1,737
Total income		109,403	101,742
Expenditure			
Staff costs	6	61,817	56,958
Other operating expenses	7	39,066	35,001
Depreciation	12	5,062	4,413
Interest payable	8	1,261	1,209
Total expenditure		107,206	97,581
		2,197	4,161
Surplus on disposal of assets	12	0	37,559
		2,197	41,720
Taxation recoverable/(payable)	10	0	0
	11	2,197	41,720

Surplus for the year retained within the fund (b) (1) 0.56 (c) 1.51 (d) 1.51 (e) 1.51 (f) 1.51 (g) 1.51 (h) 1.51 (i) 1.51 (j) 1.51 (k) 1.51 (l) 1.51 (m) 1.51 (n) 1.51 (o) 1.51 (p) 1.51 (q) 1.51 (r) 1.51 (s) 1.51 (t) 1.51 (u) 1.51 (v) 1.51 (w) 1.51 (x) 1.51 (y) 1.51 (z) 1.51 (aa) 1.51 (ab) 1.51 (ac) 1.51 (ad) 1.51 (ae) 1.51 (af) 1.51 (ag) 1.51 (ah) 1.51 (ai) 1.51 (aj) 1.51 (ak) 1.51 (al) 1.51 (am) 1.51 (an) 1.51 (ao) 1.51 (ap) 1.51 (aq) 1.51 (ar) 1.51 (as) 1.51 (at) 1.51 (au) 1.51 (av) 1.51 (aw) 1.51 (ax) 1.51 (ay) 1.51 (az) 1.51 (ba) 1.51 (bb) 1.51 (bc) 1.51 (bd) 1.51 (be) 1.51 (bf) 1.51 (bg) 1.51 (bh) 1.51 (bi) 1.51 (bj) 1.51 (bk) 1.51 (bl) 1.51 (bm) 1.51 (bn) 1.51 (bo) 1.51 (bp) 1.51 (bq) 1.51 (br) 1.51 (bs) 1.51 (bt) 1.51 (bu) 1.51 (bv) 1.51 (bw) 1.51 (bx) 1.51 (by) 1.51 (bz) 1.51 (ca) 1.51 (cb) 1.51 (cc) 1.51 (cd) 1.51 (ce) 1.51 (cf) 1.51 (cg) 1.51 (ch) 1.51 (ci) 1.51 (cj) 1.51 (ck) 1.51 (cl) 1.51 (cm) 1.51 (cn) 1.51 (co) 1.51 (cp) 1.51 (cq) 1.51 (cr) 1.51 (cs) 1.51 (ct) 1.51 (cu) 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Brunel University

Consoli

Balance sheets

as at 31 July 2005

		Group			
		2005	2004	2005	2004
	Note	£000	£000	£000	£000
Fixed assets					
Tangible fi					

Consolidated cash flow statement
for the year ended 31 July 2005

	Note	2004-05 £000	2003-04 £000
Cash flow from operating activities	26	15,401	7,748
Returns on investments and servicing of finance	27	628	528
Taxation	10	0	0
Capital expenditure and financial investment	28		

Notes to the accounts

	2004-05	2003-04
	£000	£000
1 Funding Council grants		
Recurrent grant		
Higher Education Funding Council for England	39,701	36,819
Teacher Training Agency	2,735	2,537
Learning and Skills Council	7	36
Specific grants (HEFCE)		
HE Reach out to Business & Community	25	211
Learning & teaching development	170	170
Rewarding & Developing Staff	214	1,426
Higher Education Innovation Fund	1,308	66
Joint Information Systems Committee	0	5
Other grants	354	384
Specific grants (TTA)		
Other grants	207	292
Specific grants (LSC)		
Other grants	0	0
Deferred capital grants released in year		
Buildings	761	528
Equipment	497	470
	45,979	42,944

2 Tuition fee

Notes to the accounts

	2004-05	2003-04
	£000	£000
4 Other income		
Residences, catering and conference		

Notes to the accounts

6 Staff numbers and costs (cont'd)

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

	2004-05	2003-04
	£000	£000
Salary	166	156
Performance related pay	12	11
Cash equivalent benefit in kind (car)	10	10
Other benefits in kind (accommodation and private health insurance)	8	7
	<u>196</u>	<u>184</u>
Pension contributions	25	23
	<u>221</u>	<u>207</u>

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff. A contribution equivalent to the USS rate is made into a personal pension plan.

The number of staff, excluding the Vice-Chancellor, who received emoluments, excluding employer's National Insurance contributions, in the following ranges was:

	2004-05	2003-04
£70,000 - £79,999	26	20
£80,000 - £89,999	11	3
£90,000 - £99,999	3	4
£100,000 - £109,999	2	0
£110,000 - £119,999	1	3
£120,000 - £129,999	1	2
£130,000 - £139,999	1	0
£150,000 - £159,999	1	0

7 Other operating expenses

	2004-05	2003-04
	£000	£000
External staffing and services	3,910	3,212
I.T. expenditure (hardware and software not capitalised)	2,899	3,160
Equipment and furniture not capitalised	2,622	2,369
Books, periodicals and electronic resources	2,442	2,218
Fellowships, scholarships and prizes	2,823	2,599
Courses, conferences, travel and subsistence	3,516	2,780
Subscriptions and professional fees	2,706	1,991
Advertising	655	669
Consumables	1,007	1,078
Rent and rates	1,445	1,344

Notes to the accounts

	2004-05	2003-04
	£000	£000
7 Other operating expenses (cont)		
Heat, light, power and water	2,279	1,860
Repairs and maintenance	4,361	3,884
Premises costs	2,022	2,005
Telephones and postage	818	993
Catering supplies	1,094	1,017
Grants to Union of Brunel Students	795	770
Auditors' remuneration - external audit *	51	66
- internal audit	45	53
Insurance	535	505
Contribution to provisions	1,703	809
Other expenditure	1,338	1,619
	39,066	35,001

**includes £47,210 in respect of the University (2003/04 £56,136)*

8 Interest payable

Loans wholly repayable by instalments within five years	7	0
Loans wholly repayable by instalments after five years	1,254	1,209
	1,261	1,209

9

	Staff	Other	Interest	Total
	costs	operating	Dep'n	payable
	£000	expenses	£000	£000
		£000	£000	£000
Academic				

Notes to the accounts

12 Tangible fixed assets

Group

	Land & buildings £000	Assets under construction £000	Equipment £000	Total £000
Cost or Valuation				
At 1 August 2004:				
Valuation	14,435	0	0	14,435
Cost	95,367	27,178	9,614	132,159
Less disposals in year	0	0	0	0
Additions at cost	0	54,734	0	54,734
Transfers between accounts	24,897	(26,285)	1,388	0
At 31 July 2005:				
Valuation	14,435	0	0	14,435
Cost	120,264	55,627	11,002	186,893
Depreciation				
At 1 August 2004				
	22,238	0	5,668	27,906
Charge for the year	3,394	0	1,669	5,063
Eliminated in respect of disposals	0	0	0	0
At 31 July 2005				
	25,632	0	7,337	32,969
Net book value at 31 July 2005	109,067	55,627		

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 2004:				
Valuation	14,435	0	0	14,435
Cost	95,367	21,155	9,614	126,136
Less disposals in year	0	0	0	0
Additions at cost	0	51,914	0	51,914
Transfers between accounts	16,054	(17,442)	1,388	0
At 31 July 2005:				
Valuation	<u>14,435</u>	<u>0</u>	<u>0</u>	14,435
Cost	<u>111,421</u>	<u>55,627</u>	<u>11,002</u>	178,050
Depreciation				
At 1 August 2004	22,238	0	5,668	27,906
Charge for the year	3,217	0	1,665	4,882
Eliminated in respect of disposals	0	0	0	0
At 31 July 2005	<u>25,455</u>	<u>0</u>	<u>7,333</u>	32,788
Net book value at 31 July 2005	<u>100,401</u>	<u>55,627</u>	<u>3,669</u>	159,697
Net book value at 1 August 2004	<u>87,564</u>	<u>21,155</u>	<u>3,946</u>	112,665
Inherited	12,410	0	0	12,410
Financed by capital grant	17,294	3,305	2,991	23,590
Other	<u>70,697</u>	<u>52,322</u>	<u>678</u>	123,697
Net book value at 31 July 2005	<u>100,401</u>	<u>55,627</u>	<u>3,669</u>	159,697

Notes to the accounts

	Group		University	
	2005 £000	2004 £000	2005 £000	2004 £000
13 Fixed asset investments				
Investment in CVCP Properties plc	33	33	33	33
Investment in associated companies	65	75	0	0
	98	108	33	33

Company	Number of shares held	Nominal value	Cost	% of issued share capital
Ability Products Limited (<i>development of medical instrumentation</i>)	5	£1	£5	50%
Active Fasteners Limited (<i>commercialisation of active disassembly technology</i>)	35	20p	£7	36.5%
Advanced Acoustic Emissions (<i>development of early fault detection</i>)	98	£1	£98	49%
BioRegional MiniMills (UK) Limited (<i>development of small scale clean technology</i>)	2	£1	£2	0.5%
Cascade Fund Management Limited (<i>provision of start-up finance</i>)	20	£1	£20	20%
Dynamic Extractions Limited (<i>development of pharmaceutical processing equipment</i>)	224	20p	£35,000	24.9%
Extansys Limited (<i>development of legacy system management software</i>)	24	£1	£24	30.4%
ForceSenSys (<i>development of multi-beam resonating sensor technology</i>)	1	£1	£1	50%
Lifelab Innovations Limited (<i>development of technology in respiratory physiology</i>)	27	£1	£20,000	25.2%
Performance Brunel (<i>development of analysis of sporting performance</i>)	13	£1	£13	1

£36M

Notes to the accounts

18 Creditors: amounts falling due within one year	Group		University	
	2005	2004	2005	2004
	£000	£000	£000	£000
Bank loans	491	473	491	473
Overdrafts	49	18	0	0
Inherited liabilities	0	0	0	0
Trade creditors	14,582	9,612	13,277	8,404
Amounts due to group undertakings	0	0	0	43
Taxation and social security	44	1,331	22	1,331
Accruals and deferred income *	16,552	10,803	16,282	10,782
	31,718	22,237	30,072	21,033

** includes a payment in advance of £3 million as a deposit on the proposed sale of the Osterley campus*

19 Creditors: amounts falling due after more than one year

Bank loans	22,657	23,027	22,657	23,027
Other loans	122	0	122	0
Inherited liabilities	5	5	0	0
	22,784	23,032	22,779	23,027

20 Borrowings

Bank loans and overdrafts are repayable as follows:

In one year or less	540	473
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Notes to the accounts

23 Endowments (cont'd)

	Group and University		
	Specific £000	General £000	Total £000
Scholarship funds	609	0	609
Chairs and lectureships funds	167	0	167
Prize funds	83	0	83
Other funds	413	564	977
Total	1,272	564	1,836

All endowments relate to the University.

24 Revaluation reserve

	Group £000	University £000
At 1 August 2004	12,579	12,579
Eliminated in respect of disposal	0	0
Transfer to income and expenditure reserve in respect of depreciation on revalued assets	(169)	(169)
At 31 July 2005	12,410	12,410

25 Income and expenditure reserve

	Group £000	University £000
Surplus after depreciation of assets at valuation and taxation	2,197	2,247
Release from revaluation reserve	169	169
Historical cost surplus after tax and minorities	2,366	2,416
Balance at 1 August 2004	98,565	99,353
Balance at 31 July 2005	100,931	101,769

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

	2004-05 £000	2003-04 £000
Surplus after depreciation of assets at valuation:		
Continuing operations	2,197	41,720
Depreciation (Note 12)	5,063	4,413
Deferred capital grants released to income (Note 22)	(1,603)	(1,188)
Surplus on disposal of tangible fixed asset (Note 12)	0	(37,559)
Investment income (Note 5)	(1,889)	(1,737)
Interest payable (Note 8)	1,261	1,209
(Increase)/Decrease in stocks (Note 15)	(6)	1
Decrease/(Increase) in debtors (Note 16)	976	(2,558)
Increase in creditors (Note 18)	9,432	3,361
Decrease in provisions (Note 21)	(4)	(14)
Current asset investment (appreciation)/impairment	(26)	100
Net cash inflow from operating activities	15,401	7,748

Notes to the accounts

	2004-05	2003-04
	£000	£000
27 Returns on investments and servicing of finance		
Income received from endowment asset investments (Note 5)	83	60
Income received from current asset investments (Note 5)	1,806	1,677
Interest paid (Note 8)		

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	10,152	(5,970)	0	4,182
Overdrafts	(18)	(31)	0	(49)
Net cash	10,134	(6,001)	0	4,133
Short-term investments:				
Endowment asset investments	1,770	34	32	1,836
Other	33,023	(24,861)	26	8,188
Debt due within one year	(473)	(18)	0	(491)
Debt due after one year	(23,032)	248	0	(22,784)
Net funds	21,422	(30,598)	58	(9,118)

32 Pension schemes

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

	2004-05 £000	2003-04 £000
Contributions to USS	4,007	3,565
Contributions to TSS	496	470
Contributions to LPFA	1,166	1,176
Contributions to other pension schemes		

32 Pension schemes (cont'd)

SSAP 24

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

Teachers Pension Scheme

SSAP 24

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

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 (cont'd)

FRS 17

London Pensions Fund Authority Pension Scheme (LPFA)

SSAP 24

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

At 31 July '05

At 31 July

32 Pension schemes (cont'd)

The University's share of the total value of the LPFA fund is estimated to be as follows:

	At 31 July '05		At 31 July '04		At 31 July '03	
	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	7.3%	29,960	7.9%	28,047	8.0%	26,892
Bonds	4.7%	3,662	5.4%	4,090	5.0%	4,338
Property	5.4%	2,579	6.7%	2,697	6.0%	1,681
Cash	4.5%	1,777	4.5%	449	3.5%	0
Total market value of assets		<u>37,978</u>		<u>35,283</u>		<u>32,911</u>

The following amounts at 31 July 2005 were measured in accordance with the requirements of FRS 17:

	At 31 July '05 £000	At 31 July '04 £000	At 31 July '03 £000
Estimated asset share	37,978	35,283	32,910
Present value of scheme liabilities	(56,897)	(47,360)	(44,240)
Present value of unfunded liabilities	(29)	(52)	(30)
Deficit in the scheme	<u>(18,948)</u>	<u>(12,129)</u>	<u>(11,360)</u>

Under the transitional arrangements of FRS 17, no provision has been made for the deficit in the scheme. If provision were made, the following entries would be required:

	At 31 July '05 £000	At 31 July '04 £000	At 31 July '03 £000
Net assets			
Net assets excluding FRS 17 pension (liability) / asset	138,767	130,044	83,091
Net pension (liability) / asset	(18,948)	(12,129)	(11,360)
Net assets including FRS 17 pension (liability) / asset	<u>119,819</u>	<u>117,915</u>	<u>71,731</u>
Income and expenditure (I&E) reserve			
I&E reserve excluding FRS 17 pension (liability) / asset	100,931	98,565	45,779
Pension reserve	(18,948)	(12,129)	(11,360)
I&E reserve including FRS 17 pension (liability) / asset	<u>81,983</u>	<u>86,436</u>	<u>34,419</u>

Under the transitional arrangements of FRS 17, the pension charge for the year calculated under FRS 17 assumptions, is not included in the financial statements, as this is currently calculated on a SSAP 24 basis.

Notes to the accounts

32 Pension schemes (cont'd)

	Year ended 31 July 2005 £000	Year ended 31 July 2004 £000	Year ended 31 July 2003 £000
Current service cost	1,628	1,431	1,440
Past service cost	6	45	50
Curtailments and Settlements	61	89	50
Total operating charge	1,695	1,565	1,540
Expected return on pension scheme assets	2,622	2,464	2,490
Interest on pension liabilities	(2,756)	(2,762)	(2,460)
Net return	(134)	(298)	30
Actual return less expected return on pension scheme assets	3,972	21	(2,540)
Experience gains and losses arising on the scheme liabilities	693	66	(20)
Changes in assumptions underlying the present value of the scheme liabilities	(10,791)	(67)	0
Actuarial gain/(loss) recognised in STRGL	(6,126)	20	(2,560)
Deficit in scheme at 1 August	(12,128)	(11,360)	(8,355)
Movement in year:			
Current service costs	(1,628)	(1,431)	(1,440)
Contributions	1,132	1,070	1,065
Contributions in respect of Unfunded Benefits	3	5	0
Past service costs	(6)	(45)	(50)
Impact of Curtailments and Settlements	(61)	(89)	(50)
Net return on assets	(134)	(298)	30
Actuarial (loss)/gain (2,0)	(6,126)	20	(2,560)
Deficit in scheme at 31 July	(18,948)	(12,128)	(11,360)
Difference between the expected and actual return on assets	3,972	Recognised in STRGL	

Notes to the accounts

38 SSSS* hardship funds (TTA)

2004-05
£000

2003-04
£000

Balance brought forward at 1 August

(1)

0

FundinA

Brunel University

5 year summary of consolidated financial statements (unaudited)

2005	2004	2003	2002	2001
£000	£000	£000	£000	£000

Funding

Brunel University
Membership of Council during the 2004-05 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 S Schwartz	Vice-Chancellor and Principal			
Professor M Sarhadi	Vice-Principal			
Mr J Ellwood	Independent Lay Member			Chair: Council, Chair: Nominations Committee, Chair: Remuneration Committee, Finance Committee
Mr V Allport	Independent Lay Member			
Cllr R Cadbury	Independent Lay Member			
Cllr M Cranfield-Adams	Independent Lay Member			
Mr J Fallow	Independent Lay Member			
Mr W Greaves	Independent Lay Member			
Cllr A Haas	Independent Lay Member			
Mr A Kilkerr	Independent Lay Member			Audit Committee
Mr R Lougee	Independent Lay Member	26.10.04		Audit Committee
Dr J McGrath	Independent Lay Member			Chair: Finance Committee, Remuneration Committee
Mr J Mitchell	Independent Lay Member	01.02.05		
Dr J Murphy	Independent Lay Member			
Revd. S Orchard	Independent Lay Member			Finance Committee
Dr D Payne	Independent Lay Member			
Dr D Rimmer	Independent Lay Member			
Cllr G J Samuel	Independent Lay Member	16.03.05		
Mr 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			Finance Committee, Nominations Committee
Mrs R Wingrove	Independent Lay Member			Finance Committee
Dr S Benson	Appointed by Senate		26.10.04	
Professor L De Souza	Appointed by Senate			Finance Committee
Professor D Lloyd	Appointed by Senate	26.10.04		
Professor M Irving	Appointed by Senate	26.10.04		
Professor R Macredie	Appointed by Senate	26.10.04		
Professor A Olowofoyeku	Appointed by Senate			
Professor R Paul	Appointed by Senate		26.10.04	Finance Committee
Dr M Rand-Weaver	Appointed by Senate	26.10.04		
Professor S Tassou	Appointed by Senate	26.10.04		Finance Committee
Professor S Watts	Appointed by Senate		26.10.04	
Ms M Gallagher	Elected Academic Member			
Professor K Darby-Dowman	Elected Academic Member	26.10.04		
Dr M Reed	Elected Academic Member	26.10.04		
Mr T Watson	Elected Academic Member			
Mr B Milliken	Student Member			Finance Committee
Ms S Batt	Student Member			
Mr J Singh-Sohal	Student Member			
Mr H Patel	Student Member			

Professional Advisers

Bankers

HSBC Bank plc, Uxbridge

External auditors

KPMG LLP, Birmingham

Investment managers

Lazard Asset Management Ltd, London

Legal advisers

Eversheds, London
Nabarro Nathanson, London
Mills & Reeve, Cambridge

Indirect tax advisers

Ellis Chapman & Associates,
Manchester