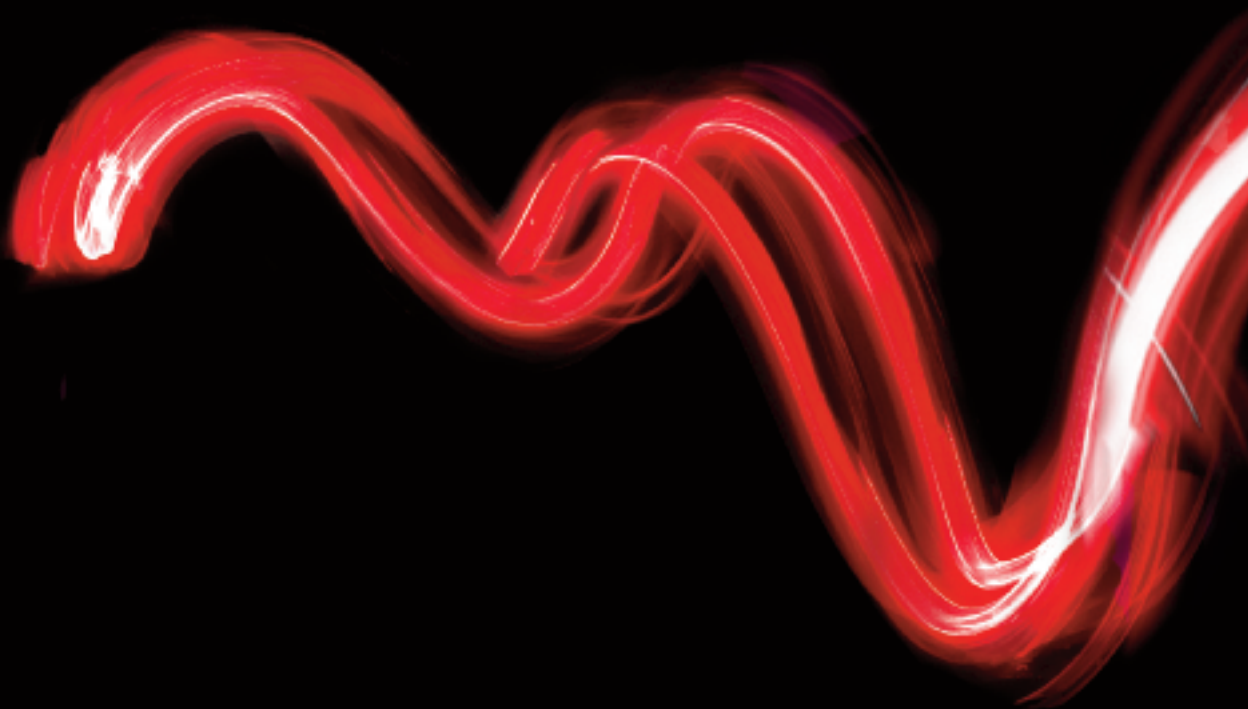


FOR THE YEAR ENDED
31 JULY 2009



Middlesex
University

FINANCIAL STATEMENTS 08/09



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CHAIR'S INTRODUCTION TO THE FINANCIAL STATEMENTS BUILDING ON OUR SUCCESS

Institutional Audit

Middlesex University has always delivered the highest teaching standards to its students and this has been recognised for quite some time by the body that monitors teaching standards in the UK's higher education institutions – the Quality Assurance Agency (QAA). The QAA visited the University in 2009 and the resulting Institutional Audit report praised both the University's teaching and its management. The report had confidence in the University's current and likely future management of its academic standards and of the learning opportunities available to students. There were also accolades for the 'meticulous attention' given to the establishment, development and integration of the

THIS YEAR HAS SEEN THE
UNIVERSITY BUILDING ON A WIDE
RANGE OF ACHIEVEMENTS

University's Dubai campus, initiatives to improve student progression and achievement and the 'distinctive contribution' made by the University's Work Based Learning programmes.

Research

Research at Middlesex continues to improve. A key indicator of improvement in our research standing was the 2008 Research Assessment Exercise (RAE), the latest such assessment undertaken by the Higher Education Funding council for England, covering all higher education institutions in England, Wales and Scotland. Middlesex University submitted fourteen subject areas for assessment. Results, announced in December 2008, confirmed that we have improved our relative position in nearly all areas submitted, and

substantially so in several areas. Analysis of the different rankings produced by national newspapers and other organisations, place Middlesex University in the top 10 post-1992

institutions, with over three quarters of our research rated as 'internationally recognised', 'internationally excellent' or 'world leading'. While traditionally strong areas such as art history; drama, dance and performing arts; philosophy; English; social work and social policy; and geography improved or retained their standing, we made substantial gains in other areas, including business and management (second best in the post-1992 sector in research power rankings), computing science and subjects allied to medicine. These gains have resulted in the resultant quality related research (QR) funding increasing from around £1m to £3.4m per annum.

Our research aims to make a difference to communities and economy, both at home and around the world. This is exemplified by 1) Professor Richard Bayford, based in our School of Health and Social Sciences, who has been granted £1.7m grant by the Engineering and Physical Sciences Research Council (EPSRC), to further develop his research into the use of nanotechnology for health care, especially cancer imaging; and 2) an EPSRC grant of £768k to Mike Bradley, School of Engineering and Information Sciences, for a research project aimed at enhancing access to modern technology for older people and other potential users. These projects sit alongside numerous others funded by research councils, the NHS, charitable funder, government departments and the EU.

Flagship Hendon campus

The University honoured its ex-Chair of Governors, Professor Edgar Neufeld, at the official opening of its newest building Hatchcroft, on the Hendon campus, when

it named a large lecture theatre after him. It was at this event that Hatchcroft's 'excellent' Building Research Establishment Assessment Method status was announced.

HATCHCROFT ATRIUM HENDON CAMPUS



Construction began in September on a further state-of-the-art building on the Hendon campus – a home for art, design and media programmes. The new building is due to be completed in time for the beginning of the 2011/12 academic year, at which point students and staff will move to Hendon from the Cat Hill and Trent Park campuses. The Greater London Authority has described the building as a 'world class design'. This is the third stage of an ongoing project to create 'fewer but better' Middlesex campuses and the University has identified its flagship campus at Hendon as the campus that offers the most scope for expansion and consolidation. This part of that consolidation, the construction of a building for art, design and media programmes, sees the University investing around £80m on this architecturally significant and environmentally sustainable building.

The continued consolidation of teaching and learning at the Hendon campus reflects the strong ongoing partnership the University enjoys with the London Borough of Barnet.

An International University

Middlesex University has operated as a successful international university for many years. About 30 per cent of its students come from countries other than the UK.

The University's campus in Dubai, which was opened in 2005, is thriving. 2008 was the first year that the 158 students graduating from the Dubai campus had carried out the whole of their undergraduate degree courses at Middlesex University Dubai, rather than having transferred from other higher education institutions. It was the first Middlesex University Dubai Graduation ceremony to include the award of an Honorary Degree to His Excellency Sultan Bin Sulayem who was recognised for his dedication and commitment to the economic development of the United Arab Emirates.

The University is known within the higher education sector the world over as one of the first UK universities to open international offices. Not only does this network of international offices recruit students, but it enables the University to establish partnerships with other higher

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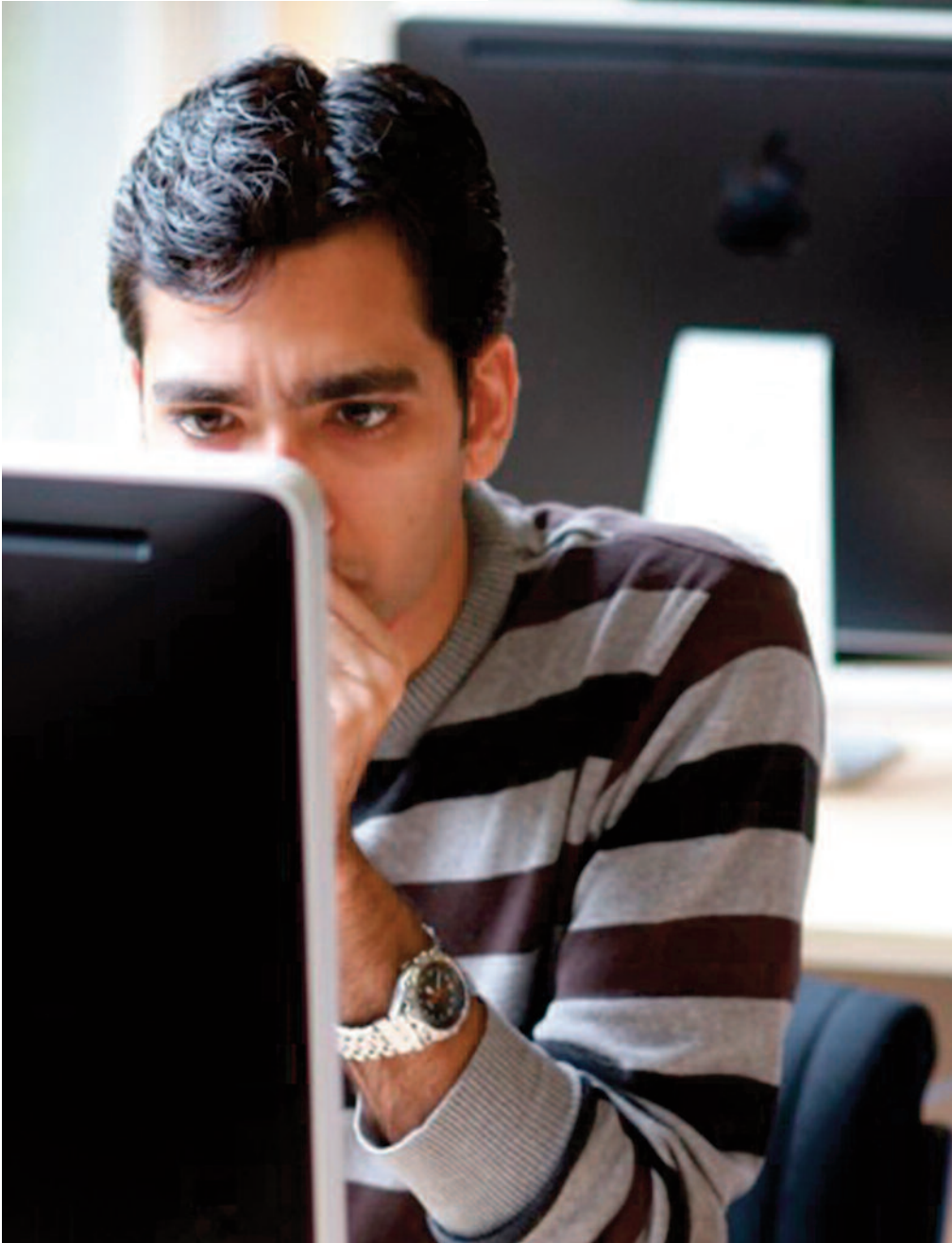
education institutions the world over. The University's first international office, in India, celebrated its 10 year anniversary this year.

Plans are now in place, and a partnership established, to enable Middlesex University to become the first UK university to open a campus in Mauritius. With the support of





MIDDLESEX UNIVERSITY IS THE FIRST UK UNIVERSITY TO OFFER UNDERGRADUATES BA INTERNATIONAL BUSINESS PROGRAMMES WITH A CHOICE OF LANGUAGES – SPANISH, ARABIC, RUSSIAN OR CHINESE



the President of Mauritius, the Right Honourable Sir Anerood Jugnauth, the campus will open to students in January 2010, initially offering degrees in Business and Information Technology-related subjects.

Over 80 delegates attended the first Muslims, Britishness and Citizenship conference in November 2009, which was hosted by Middlesex University. The conference explored and debated current issues of concern to the Muslim community.

The Social Policy Research Centre researched Chinese migration with two key research projects – Cityscapes of Diaspora: Images and Realities of London's Chinatown and The Changing Chinese Community in London.

New courses introduced at London campuses reflect the University's commitment to preparing students for careers that span the world. Middlesex University is the first UK university to offer undergraduates BA International Business programmes with a choice of languages – Spanish, Arabic, Russian or Chinese. Postgraduate students working in international trade can opt for a new

NEW COURSES INTRODUCED AT LONDON CAMPUSES REFLECT THE UNIVERSITY'S COMMITMENT TO PREPARING STUDENTS FOR CAREERS THAT SPAN THE WORLD

Master of Business Administration in Shipping and Logistics which is delivered entirely through e-learning, making it possible to undertake this qualification wherever in the world the student is based.

Work Based Learning

Lord Sebastian Coe gave the keynote speech for the launch of MODNet, the Middlesex Organisational Development Network. An important initiative from the University's Institute for Work Based Learning and

SCHOLARSHIP
UNDERGRADUATE STUDENTS



funded by an £8m grant from the Higher Education Funding Council (HEFCE) for England, MODNet is a partnership with 13 other organisations to provide specialist learning and training programmes which complement employees' existing skills. The grant recognises the University's record in delivering work based learning programmes and is the most substantial grant of this type ever awarded by HEFCE.

Scholarships

The University recognises that for many students access to scholarships and bursaries makes the difference between whether or not they are able to take part in higher education. The University is committed to ensuring that the range of scholarships on offer is suitable for the

diversity of students who choose to study at Middlesex, and regularly assesses the criteria of scholarships to make sure that they are 'fit for purpose'. An example of a new award is the 'Rise Up' scholarship, which reflects the University's socially inclusive approach to higher education. It awards £1,000 to 20 undergraduate students who, despite a disadvantaged educational background, show potential for achievement.

Philanthropic Giving and our Alumni

Middlesex University is committed to having an ongoing relationship and communicating regularly with its graduates. We regard the people who hold a Middlesex University degree as ambassadors for the University. Many Alumni continue to be involved with

the University, donating their time, experience and expertise by mentoring current students, or by making a valued financial donation. A survey of Alumni who have not been in touch with the University in recent years elicited a positive response and the Alumni and Development team are now communicating regularly with these former students. The number of donors to the University has grown, enabling the greater support of students and research projects across the University. The University is taking advantage of the Government's matched funding scheme and is aiming to raise £8m over the next three years.

Sport

Sport and culture are intrinsic to life at Middlesex University. Several Middlesex students won medals at the British Universities and Colleges Sport (BUCS) Championships which took place in March 2009 in Sheffield. Gianni Frankis, who is a recipient of one of the University's Future Gold scholarships, also won a silver medal in the 60m hurdles at the Indoor Athletics Championships and then went on to represent the country at the World Athletics Championships in Berlin in August.

For the first time, the University ran the Olympics-themed Summer School 'Leap into Sports' programme which gave 15 and 16 year olds a taster of what skills and knowledge they will need for a range of different careers that will arise from London 2012 Olympics.

SPORT AND CULTURE ARE INTRINSIC TO LIFE AT MIDDLESEX UNIVERSITY. SEVERAL MIDDLESEX STUDENTS WON MEDALS AT THE BRITISH UNIVERSITIES AND COLLEGES SPORT (BUCS) CHAMPIONSHIPS

Culture

One of the bands nominated for this year's prestigious Mercury Music Prize was formed at Middlesex University. All five

members of jazz band Led Bib studied music and jazz at the Trent Park campus.

In November 2008, Senior Music Lecturer, Dr Francois Evans, conducted the world-famous Philharmonia Orchestra in the Barry Gray Centenary Concert, a stunning extravaganza of 'Thunderbirds' themes.

Middlesex University Fashion students demonstrated their ability to design for practicality as well as aesthetics when they were commissioned by the world renowned Design Museum's Blue Print Cafe to design uniforms for its waiting staff.

Honorary Graduates

Middlesex University awards honorary doctorate degrees to recognise people who are making an outstanding contribution to their profession, to their community or directly to the University.

This year's Honorary Graduates included the Indian musical superstar, AR Rahman, who is probably best known in the UK for having written the music for the film *Slumdog Millionaire*. At the same time as the Honorary Degree, a Memorandum of Understanding was signed between the University and Mr Rahman's KM Music Conservatory in Chennai, India. Other Honorary Graduates included entrepreneur and *Dragon's Den* star, Theo Paphitis, journalist Declan Curry, novelist Iain Banks, Dame Julia Cleverdon, Chief Executive of Diageo plc, Paul Walsh, Chief Executive of Tottenham Hotspur Foundation, Grant Cornwell MBE, Chief Executive of Vitabiotics Ltd., Dr Kartar Lalvani, Professor Noel Mulcahy and composer and film producer Laurie Johnson.

35 years of Law at Middlesex University

Law has been taught at Middlesex University for longer than at the majority of university law schools in London, and the University is very proud of its generations of successful graduates. 1974 saw the first intake of students to a Law degree at the Hendon campus, although Law has been taught on other programmes in the constituent

STUDENT VOLUNTEERING
WORKING WITH CHILDREN



colleges of the former Middlesex Polytechnic since the 1950s. At a prestigious event to celebrate 35 years of teaching Law at Middlesex keynote speaker, Michael Mansfield QC enthralled a large audience with a talk about his own high profile career and advice for law students about their careers.

The History of Mathematics

Middlesex University's Professor Ivor Grattan-Guinness became the first British

OVER 400 MIDDLESEX STUDENTS WERE RECOGNISED AT A STUDENT VOLUNTEERING CEREMONY FOR THE HUNDREDS OF HOURS THEY HAVE CONTRIBUTED TO VOLUNTARY WORK, OFTEN IN THE LOCAL COMMUNITY.

person to earn a medal in the field of the history of mathematics. He was awarded the Kenneth O. May medal and prize at the 23rd International Congress of History and Technology in Budapest. Professor Grattan-Guinness is the University's Emeritus Professor of the History of Mathematics and Logic.

Engaging children in Science and Engineering

The University's Teaching Resources subsidiary company was commissioned

by the British Geological Survey to build a seismometer that school children could use to monitor and measure earthquakes. The product proved to be a great success in not only providing schools with an economical resource, but also in ensuring that its readings were identical to the extremely precious and sophisticated seismometer used by the British Geological Survey.

A National Science and Engineering Week is held annually with the aim of encouraging children and young people to be interested in these subjects and supporting their further study. Over the last few years, the University has taken part and this year the Hendon campus welcomed a group of 10 and 11 year olds who were engaged in a series of fun science-related challenges to find the most talented young Scientist or Engineer.

Student Volunteering

Middlesex University encourages students to become involved in volunteering, through university initiatives such as Active Community volunteering or the Junction 49 volunteering scheme sponsored by the V Group. It is acknowledged that studying hard, while often holding down a job to make ends meet, leaves little spare time, but the University provides all its students with opportunities to get involved in voluntary work.

Over 400 Middlesex students were recognised at a Student Volunteering Ceremony for the hundreds of hours they have contributed to voluntary work, often in the local community. Their volunteering included work with children with special needs and young families, as well as participation in environmental projects. They have also raised substantial sums for charities such as Cancer Research UK and Red Nose Day.

A group of Theatre Arts students travelled to Uganda to support an educational children's charity. They helped to renovate old buildings and to create new classrooms as well as running drama workshops on health issues.

Conclusion

In 2009 Middlesex University has taken strides and achieved much in reaching the goals set out in the University's Corporate Plan. There are four particular issues upon which the University places considerable emphasis, those which are likely to have the greatest impact on their success.

They are:

- Sustaining the quality of teaching, research and knowledge transfer
- Enhancing the student experience
- Growing income in all areas
- Increasing productivity and efficiency

Although much is still to be achieved, these issues have been successfully tackled with a range of different projects and activities involving staff at all levels.

LORNA COCKING
CHAIR OF THE BOARD OF GOVERNORS
23 NOVEMBER 2009



QUALITY TEACHING
STAFF

FINANCIAL REVIEW

Operating Position

The Group recorded an historic surplus of £2.6m which represents the third consecutive year of improved financial performance. The main areas of income growth were in overseas fees, validation and partnership income as well as the final year of top up fees growth. Research income dipped this year but the value of new

THE GROUP RECORDED AN HISTORIC SURPLUS OF £2.6M WHICH REPRESENTS THE THIRD CONSECUTIVE YEAR OF IMPROVED FINANCIAL PERFORMANCE.

research contracts has risen by 43%. Staff costs have increased by only 3% and although other expenses have risen by 12% this figure would have been only 4.5% without some one-off asset

impairments. The increase in interest payable is due to a large increase in the interest on pension liabilities.

Cash Flow

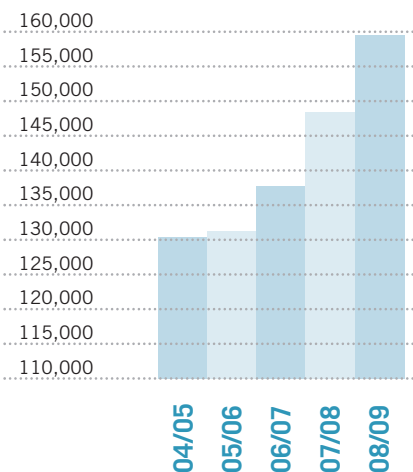
All of the Group's capital expenditure of £16m and loan repayments of £1.6m were funded from cash generated from the business and a small reduction in the year end cash position. Average cash levels throughout the year were maintained at the target levels of one month of cash expenditure which have been set for the period of the estate consolidation strategy.

Balance Sheet

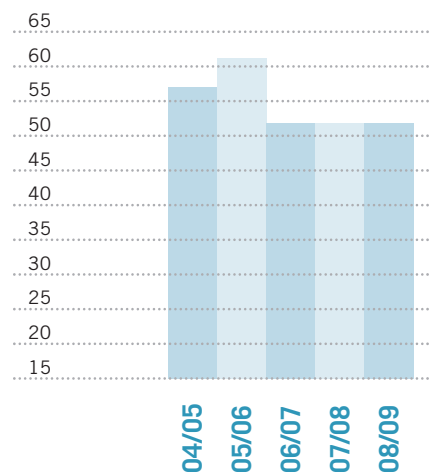
The total net asset position of the Group has fallen by £17m because of an increase in the local government scheme pension liability. This increase has been caused by a high level of actuarial losses arising from a shortfall in the return on assets and changes in the value of assumed future liabilities.

Long-term creditors have decreased slightly as the current loans began to be repaid. A detailed review of the asset register has resulted in £37m of old fully depreciated assets being retired.

TOTAL INCOME £000s



STAFF COSTS (% OF TOTAL INCOME)



Treasury Management

During the year negotiations were completed on the financing for the new Arts and Media building which will provide state of the art facilities and further consolidation at the Hendon Campus and allow the closure of the Cat Hill campus. Throughout the year all the University's excess cash and endowments were invested in cash in line with the conservative investment policy for surplus funds.

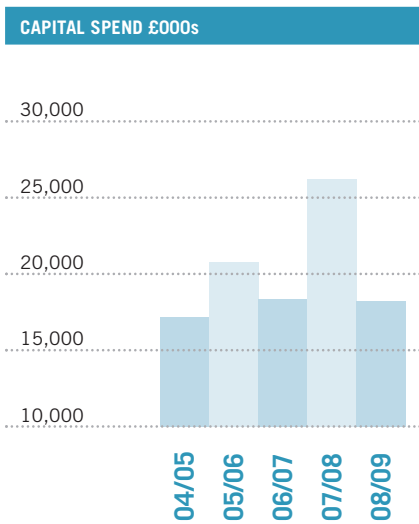
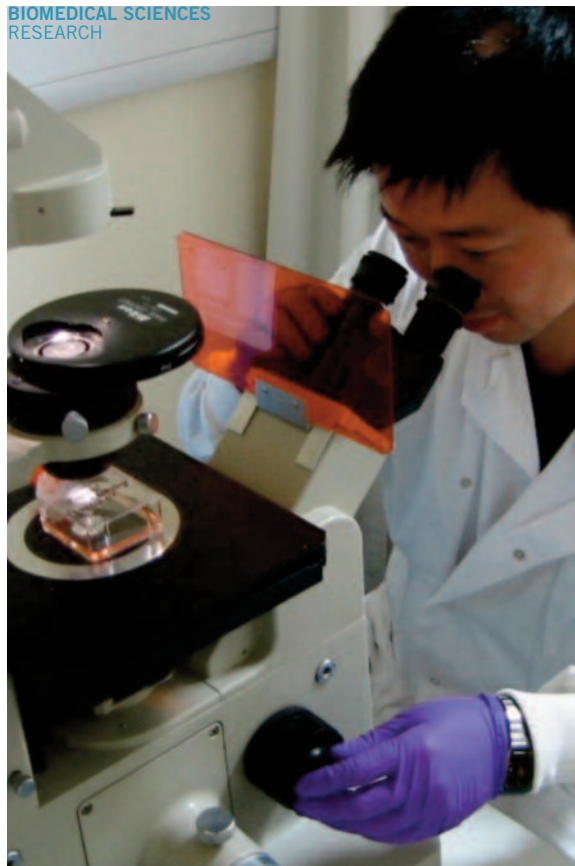
Capital Programme

The University continued its high level of investment in infrastructure. It has now invested £125m over the last 7 years which represents some of the highest level of investment of a post 1992 University.

Major projects during the current year included:

- The completion of the Hatchcroft building housing our engineering, science and social science teaching and research.
- Acquisition of the Model Farm House to provide a new research and business hub.

BIOMEDICAL SCIENCES RESEARCH



The future

The long term target is to produce surpluses of 5% of income and we have established a budget for the coming year to continue the progression towards this target. However, the government's measures to tackle public sector borrowing, the increasing competitiveness of the international market and continuing inflationary pressures will make it very hard to maintain this progression. The University is actively reviewing new areas of income growth and efficiency savings to counteract these cuts.

LORNA COCKING
 CHAIR OF THE BOARD OF GOVERNORS
 23 NOVEMBER 2009

MEMBERSHIP OF THE BOARD OF GOVERNORS

Membership of the Board of Governors during the 2008-09 year and subsequently:

NAME	STATUS	DATES	COMMITTEE SERVED
Mr Peter Cheeseman	Independent Governor		Financial and General Purposes Governance/nominations
Mrs Lorna Cocking (Chair)	Independent Governor		Governance/nominations Senior Staff Conditions of Service
Mrs Dina Gray	Independent Governor		Financial and General Purposes Senior Staff Conditions of Service
Mr Stephen Hand	Independent Governor		Financial and General Purposes
Mr Colin Hughes (Deputy Chair)	Independent Governor		Financial and General Purposes Senior Staff Conditions of Service
Mr Geoff Lambert	Independent Governor		Financial and General Purposes Governance/nominations
Ms June Mulroy	Independent Governor		Audit
Sir Michael Partridge	Independent Governor		Audit
Mr Noorzaman Rashid	Independent Governor		Audit
Dame Janet Ritterman	Independent Governor		Audit
Ms Ann Robinson	Independent Governor		Financial and General Purposes Governance/nominations
Ms Linda Spence	Independent Governor		Financial and General Purposes Senior Staff Conditions of Service
Mrs Suzanne Truttero	Independent Governor		Audit
Cllr Mike Freer	Co-opted Governor		
Mr Andrew Parsons	Co-opted Governor		Audit
Mr Alan Riddell	Co-opted Governor	Appointed 24/11/08	Audit
Dr Tracey Cockerton	Academic Board nominee		Governance/Nominations
Professor Alan Durant (speaking observer)	Academic Board nominee		Financial and General Purposes
Dr Jo Alleyne (speaking observer)	Staff nominee		Financial and General Purposes
Mrs Jenny Compton-Bishop	Staff nominee		Governance/nominations
Ms Agnieszka Gajownik (speaking observer)	Student nominee	01/07/09 to 30/06/10	Financial and General Purposes
Mr Roopreet Singh	Student nominee	01/07/09 to 30/06/10	Governance/Nominations
Professor Michael Driscoll	Vice-Chancellor (ex-officio Board member)		Financial and General Purposes Governance/nominations Senior Staff Conditions of Service Audit (speaking observer)

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 one of the Combined Code on Corporate Governance issued by the London Stock Exchange in 2006. Its purpose is to help the reader of the accounts understand how the principles have been applied.

THE UNIVERSITY IS COMMITTED TO EXHIBITING BEST PRACTICE IN ALL ASPECTS OF CORPORATE GOVERNANCE.

The Board of Governors

The composition of the Board of Governors is set out on page 12. It is the Board of Governors' responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board of Governors is provided with regular and timely information on the overall financial performance of the University together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Board of Governors meets four times a year.

The Board of Governors conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board of Governors. The committee structure has been revised so that the committees are Finance and General Purposes Committee, a Governance Committee, a Senior Staff Conditions of Service Committee and an Audit Committee.

All governors are able to take independent professional advice in furtherance of their duties at the University's expense and have access to the Clerk to Board, who is responsible for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Clerk are matters for the Board of Governors as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis.

The Board of Governors has a strong and independent non-executive element and no individual or group dominates its decision making process. The Board of Governors considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of Chair and Vice-Chair of the Board of Governors are separated from the role of the University's Chief Executive, the Vice-Chancellor.

Appointments to the Board of Governors

Any new appointments to the Board of Governors are a matter for the consideration of the Board of Governors as a whole. The Board of Governors has a nominations committee which is responsible for the selection and nomination of any new member for the Board of Governors' consideration. The Board of Governors is responsible for ensuring that appropriate training is provided as required. Members of the Board of Governors are appointed for a term of office not exceeding 3 years.

Finance and General Purposes Committee

The Finance & General Purposes Committee meets six times a year. Up to ten Governors, who are not members of Audit Committee, serve on the committee with three student and staff governors attending as non-speaking observers. The Vice-Chancellor and all members of the University's Executive team also attend all meetings.

Monitoring of the University's financial position, financial control systems and risk management is undertaken by the Finance & General Purposes Committee. The Committee examines annual estimates and accounts (including the accounting policies upon which they are based) and recommends their approval to the Board of Governors. It ensures that there is close alignment between the corporate plan, annual budgets and all major investment decisions.

Finance & General Purposes Committee considers any other matters relevant to the financial duties of the Board of Governors and makes recommendations accordingly. The committee also ensures that the Board of Governors has adequate information to enable it to discharge its financial responsibilities.

Consideration of the University's medium-term and strategic plans is also undertaken by the finance and general purposes committee. It is responsible for ensuring that all the financial implications of such plans are taken into account before their approval by the Board of Governors.

In addition, it is responsible for considering the University's capital programme before it can be recommended to the board of governors for approval. Similarly, it considers and makes recommendations to the Board of Governors on the allocation of resources between academic and non-academic areas. All human resource, IT and Student Union matters are considered by this Committee on behalf of the board.

Audit Committee

The Audit Committee meets three times a year, with the University's external and internal auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Higher Education Funding Council for England as they affect the University's business and monitors adherence to the regulatory requirements. While senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee and at each meeting the Committee has the opportunity to meet the External Auditors on their own for independent discussions.

The University's internal auditors monitor the systems of internal control in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Board of Governors on the appointment of internal and external auditors and their remuneration for both audit and non-audit work.

Remuneration Committee

The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Vice-Chancellor and other senior post holders. Details of remuneration for the year ended 31 July 2009 are set out in note 6 to the financial statements.

Internal Control

The University's Governing Body, the Board of Governors, is responsible for ensuring that the University maintains an effective system of internal control. Such a system is



designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. 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. This process has been in place for the year ended 31 July 2009 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

The Board of Governors has delegated the day to day responsibility to the Vice-Chancellor, as Accounting Officer, for reviewing the adequacy of the system of internal financial control and making any appropriate amendments. He is also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal financial control.

The following processes are in place to ensure the effectiveness of the University's internal control and risk management:

- The Board of Governors meets four times a year to consider the plans and strategic direction of the Institution. It is advised by its key committees, receiving regular reports from the Audit and Finance and General Purposes Committees and other reports from management as required. In addition the Board of Governors holds an away day each year to discuss in greater detail a key strand of the Corporate Plan. At the 2009 away day the Board considered the stated assumptions and quantitative aims in the University's Corporate Plan particularly in the light of the global recession and the likely policy and funding changes. The assumptions and aims were reviewed against domestic demand, international demand, funding and research and business development.

- The Finance and General Purposes Committee's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team.
- The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units.
- The senior management team and the Audit Committee also receive regular reports from internal audit which include recommendations for improvement. The Audit Committee's role in this area is to conduct a high level review of the arrangements for internal financial control.
- The Board of Governors' review of the effectiveness of the system of internal control is informed by the work of the internal auditors, Grant Thornton, who operate to the standards defined in the HEFCE code of audit practice.
- An organisation-wide risk register is maintained and is available on the University's intranet. The register is reviewed and updated regularly and management report on the actions taken to mitigate risks. The register and corporate plan are cross referenced to each other as an additional mechanism for the identification of risks. Departmental plans report on the local management of corporate risks, identify risks at an operational level and include plans for the mitigation of these risks.
- Monthly management accounts are presented to Finance and General Purposes Committee and the Board of Governors. The annual budget, financial forecasts, any Corporate Plan revisions and the annual monitoring statement are all presented for formal approval by both the committees.

The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks; that it has been in place for the year ended 31 July 2009 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Governing Body and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education. The University also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen in November 2004.

These processes enable the University to identify those elements of internal control which require further strengthening and these reviews have not identified any significant area of internal control weakness for the University.

Going Concern

After making appropriate enquiries, the Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

LORNA COCKING
CHAIR OF THE BOARD OF GOVERNORS
23 NOVEMBER 2009

STATEMENT OF THE RESPONSIBILITIES OF THE BOARD OF GOVERNORS

In accordance with the University's Instrument and Articles of Government, the Board of Governors is responsible for the administration and management of the University's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Articles, the Statement of Recommended Practice on Accounting in Higher Education Institutions and other relevant UK accounting standards.

In addition, within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England (HEFCE) and the Funding Agreement with the Training and Development Agency (TDA) and the University's Board of Governors, the Board of Governors – through its designated office holder – is required to prepare financial statements for each financial year which give a true and fair view of the University's state of affairs and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Board of Governors has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed; and
- financial statements are prepared on the going concern basis unless it

is inappropriate to presume that the Institution will continue in operation.

The Board of Governors is satisfied that it has adequate resources to continue in operation for

the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Governing Body has taken reasonable steps to:

- ensure that funds from HEFCE, LSC and the TDA are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Councils and the Funding Agreement with the TDA, and any other conditions which the Funding Council or Agency 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, prevent and detect fraud, and ensure that risk management is in place;
- secure the economical, efficient and effective management of the University's resources and expenditure; and
- ensure that the University operates an effective health and safety policy.

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 and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- 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 Board of Governors;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Finance & General Purposes Committee; and
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Governors and whose head provides the Board of Governors with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.



INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF MIDDLESEX UNIVERSITY

We have audited the financial statements of Middlesex University for the year ended 31 July 2009 which comprise the consolidated income and expenditure account, the statement of total recognised gains and losses, the note of consolidated historical cost surpluses and deficits, the Group and University balance sheets, the consolidated cash flow statement and the related notes 1 to 40. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Board of Governors in accordance with the Financial Memorandum dated June 2008. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of The University's Board of Governors and auditors

The Board of Governors' responsibilities for preparing the Annual Report and the financial statements in accordance with the University's statute, the Statement of Recommended Practice Accounting for Further and Higher Education and other applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of the Board of Governors' responsibilities. The Board of Governors are also responsible for the maintenance and integrity of the corporate and financial

information included on the University's website. Legislation in the United Kingdom governing the preparation and dissemination of financial

information differs from legislation in other jurisdictions.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respects, income has been applied in accordance with the University's Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England and the Training and Development Agency for Schools.

We also report if, in our opinion, the information given in the Board of Governors' report is not consistent with the financial statements, if the University has not kept adequate accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any

apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

We are not required to consider whether the statement of internal control (included as part of the Corporate Governance Statement) covers all risks and controls, or to form an opinion on the effectiveness of the University's corporate governance procedures or its risk and control procedures.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Governors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group and University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- The financial statements give a true and fair view of the state of affairs of the University and the Group as at 31 July 2009 and of the surplus of the Group for the year then ended;
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education;
- In all material respects, income from the funding council and the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2009 have been applied for the purposes for which they were received; and
- In all material respects, income during the year ended 31 July 2009 has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum, with the Funding Council and the funding agreement with the Training and Development Agency for Schools.

DELOITTE LLP
CHARTERED ACCOUNTANTS AND
STATUTORY AUDITORS
ST ALBANS, UNITED KINGDOM
24 NOVEMBER 2009

ACCOUNTING POLICIES

A. Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of inherited land, buildings and assets in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 and applicable UK accounting standards.

The financial statements consolidate the accounts of the University and its material subsidiary undertakings. The consolidated financial statements do not include those of the Middlesex University Students' Union as the University has no financial interest and no control or significant influence over policy decisions.

The University's business activities and future activities are set out in the Chairs Introduction to Financial Statements on page 1. After reviewing the University financial position, forecasts and financial facilities, the Board have a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the University has continued to adopt the going concern basis in preparing the annual report and accounts.

B. Recognition of Income

Income from Funding Council Recurrent Grants, Tuition Fees and Education Contracts is included in the period in which it is receivable. Income from Restricted Donations, Research Grants, Contracts and Other Services Rendered is included to the extent of the spend incurred during the year, together with any related contributions towards overhead costs. All income from short-term deposits is credited to the Income and Expenditure Account on a receivable basis. All income from endowments is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted endowments.

C. Foreign Currencies

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 either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

D. Investments

Investments are stated at cost less provision for impairment in value.

E. Tangible Fixed Assets

Freehold land and buildings, long leasehold and short leasehold premises are included at cost or valuation together with subsequent refurbishment expenditure, less amounts written off by way of depreciation. In the case of properties and assets inherited by the University under the Education Reform Act 1988, these are included at valuation at the time of inheritance. Freehold land is not depreciated. Finance costs that are directly attributable to the construction of

land and buildings are capitalised as part of the costs of those assets. Equipment costing less than £2,500 is generally written off in the year of acquisition. Depreciation is provided on capitalised tangible fixed assets, other than freehold land, over the following periods:

Freehold Buildings	50 years
– minor improvements	10 years
Equipment	
– computer hardware and software	4 years
– other (including vans and vehicles)	5 years
– executive motor cars	3 years
Books	5 years

Assets in the course of construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to the end of the year. They are not depreciated until they are brought into use.

Following the implementation of Accounting Standard FRS15 'Tangible Fixed Assets' during the year ended 31 July 2000, the University adopted a policy of not revaluing fixed assets. The carrying amounts of tangible fixed assets previously revalued were retained at their book value.

Grants received to finance the acquisition of tangible fixed assets are treated as deferred capital grants and released to income on a straight line basis over the same period as the related asset is depreciated.

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

Heritage Assets

Garden sculptures and other valuable artefacts (heritage assets), valued at over £25,000, have been capitalised and recognised at the cost of the acquisition, where such a cost is reasonably attainable.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

F. Intangible Fixed Assets

Intangible assets are included at cost and amortisation is calculated on a straight line basis to write off Intangible assets over their anticipated useful lives. Estimated useful lives are:

Patents	10 years
Trademarks	10 years

Amortisation is applied from the beginning of the financial year after which expenditure is incurred and provision is made for any impairment.

G. Endowment Assets

Endowment assets are stated at valuation.

H. Leases

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 over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

I. Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

J. Taxation

Middlesex University is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Institution receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

K. Pensions

The two principal pension schemes for the University's staff are the Teachers Pension Scheme (TPS) and the Local government Pension Scheme (LGPS). The schemes are defined benefit schemes which are independently administered. A small number of staff remain on other pension schemes.

Past service costs are recognised immediately in the Income and Expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest costs and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

The difference between the fair value of the assets held in the University's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the University's balance

sheet as a pension scheme liability.

The carrying value of any resulting pension scheme asset is restricted to the extent that the University is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is net of any related deferred tax balance.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the University are charged to the income and expenditure account or the statement of total recognised surplus and deficits in accordance with FRS17 "Retirement Benefits".

L. Repairs and Maintenance

The cost of maintenance is charged to the income and expenditure account as incurred.

M. 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.

N. Assets Identified For Disposal

Assets identified for disposal are stated at the lower of cost or net realisable value.



NOTES TO THE ACCOUNTS



THE RICKETTS QUADRANGLE
HENDON CAMPUS

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2009

	Notes	Year ended: 31 July 2009 £000	Year ended: 31 July 2008 £000
Income			
Funding body grants	1	59,317	56,858
Tuition fees and education grants	2	74,049	66,811
Research grants and contracts	3	3,412	4,339
Other operating income	4	23,063	19,604
Endowment income and interest receivable	5	361	1,059
Total Income		160,202	148,671
Expenditure			
Staff costs	6	80,270	77,832
Staff restructuring costs	6	47	157
Other operating expenses	7	64,946	57,131
Other restructuring expenses	7	-	822
Depreciation	12 & 13	8,292	7,482
Interest payable	8	4,770	3,895
Total Expenditure		158,325	147,319
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of assets but before tax		1,877	1,352
Taxation credit	10	(246)	-
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		2,123	1,352
Transfer from accumulated return within restricted endowments		164	179
Surplus for the year retained within general reserves		2,287	1,531

All results are from continuing operations.

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 JULY 2009

	Notes	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Surplus on continuing operations before taxation		1,877	1,352
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	23	429	804
Historical cost surplus for the period before taxation		2,306	2,156
Historical cost surplus for the period after taxation		2,552	2,156

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2009

	Notes	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		2,123	1,352
New endowments	22	319	105
Actuarial loss on local government pension scheme	33	(17,045)	(3,370)
Foreign exchange translation differences on foreign currency net investment in subsidiaries	24	127	-
Total recognised losses for the year		(14,476)	(1,913)
Heritage Assets value	13	-	2,497
Total (losses)/gains recognised since last financial year		(14,476)	584
Reconciliation			
Opening reserves and endowments		24,857	26,770
Total recognised losses for the year		(14,476)	(1,913)
Closing reserves and endowments		10,381	24,857

BALANCE SHEETS AS AT 31 JULY 2009

	Notes	Group 2009 £000	University 2009 £000	Group 2008 £000	University 2008 £000
Fixed assets					
Intangible assets	12	-	-	-	-
Tangible assets	13	157,994	157,876	154,723	134,634
Investments	14	66	166	66	166
		158,060	158,042	154,789	134,800
Endowment assets	22	755	755	600	600
Current assets					
Stocks	15	478	-	439	1
Fixed assets identified for disposal	13	20,723	20,723	20,574	20,574
Debtors: amounts falling due within one year	16	15,431	14,509	14,997	31,654
Debtors: amounts falling due after more than one year	16	1,871	1,871	1,933	1,933
Cash at bank and in hand	17	10,853	8,390	13,998	10,541
		49,356	45,493	51,941	64,703
Creditors: amounts falling due within one year	18	(45,098)	(43,177)	(41,198)	(37,273)
Net current assets		4,258	2,316	10,743	27,430
Total assets less current liabilities		163,073	161,113	166,132	162,830
Creditors: amounts falling due after more than one year	19	(66,784)	(66,784)	(69,246)	(67,798)
Provisions for liabilities and charges	20	(10,511)	(10,511)	(10,530)	(10,520)
NET ASSETS (excluding pensions liability)		85,778	83,818	86,356	84,512
Net pensions liability	33	(51,488)	(51,488)	(35,333)	(35,171)
NET ASSETS (including pensions liability)		34,290	32,330	51,023	49,341
Deferred Capital Grants	21	23,909	23,909	26,166	26,166
Endowments	22	755	755	600	600
Reserves					
Revaluation reserve	23	37,509	37,509	37,938	37,938
Income and expenditure account (including pension reserve)	24	(27,883)	(29,843)	(13,681)	(15,363)
		10,381	8,421	24,857	23,175
TOTAL FUNDS		34,290	32,330	51,023	49,341

The financial statements on pages 21 to 48 were approved by the Board of Governors on 23 November 2009 and were signed on its behalf by:-

Lorna Cocking
Chair of the Board of Governors

Professor Michael Driscoll
Vice-Chancellor

Melvyn Keen
Director of Finance

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2009

	Notes	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Cash inflow from operating activities	25	16,417	24,185
Returns on investments and servicing of finance	26	(2,308)	(2,163)
Taxation	10	246	-
Capital expenditure and disposals	28	(15,696)	(23,183)
Cash outflow before use of liquid resources and financing		(1,341)	(1,161)
Financing	27	(1,649)	6,622
(Decrease)/Increase in cash in the year	29	(2,990)	5,461
Reconciliation of net cash flow to movement in net funds/(debt)			
(Decrease)/increase in cash in the year	29	(2,990)	5,461
Loan repayment in the year	27	1,087	-
Cash inflow/(outflow) from new bank loan	27	-	(6,700)
Cash used to repay finance leases	27	562	78
Change in net (debt)	29	(1,341)	(1,161)
Net (debt) at 1 August	29	(42,777)	(41,616)
Closing net (debt) at 31 July		(44,118)	(42,777)

NOTES TO THE ACCOUNTS

1. FUNDING BODY GRANTS

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Recurrent grants		
Higher Education Funding Council for England (HEFCE)	47,083	46,402
Training and Development Agency (TDA)	3,440	3,252
Specific grants		
Partnership for Progression	-	76
Higher Education Innovation Fund	692	385
Teaching quality enhancement	746	674
Aim Higher	970	739
Centres for Excellence in Teaching and Learning	1,122	877
Research grants	1,945	1,957
MODNet Grants	885	-
Other grants	206	421
Deferred capital grants released in year		
Buildings	1,966	1,674
Equipment	262	401
	59,317	56,858

2. TUITION FEES AND EDUCATION GRANTS

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Full-time students charged home fees	30,492	26,581
Full-time students charged overseas fees	25,667	21,498
Part-time fees	3,615	3,441
Short course fees	1,296	1,527
NHS education contracts	12,979	13,764
	74,049	66,811

3. RESEARCH GRANTS AND CONTRACTS

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Research Councils	701	1,247
UK based charities	490	274
UK central government	722	1,551
UK industrial	44	160
European Commission	1,189	758
EU other	142	286
Other sources	124	63
	3,412	4,339

4. OTHER OPERATING INCOME

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Residences, catering and conferences	4,941	6,222
Other services rendered	5,256	4,891
Health authorities	-	22
Sports income	311	307
Childcare	459	483
Rent and room hire	1,107	1,060
Validation fees	3,478	2,221
Subsidiary companies	3,030	2,028
Releases from deferred capital grants	392	156
Other income	4,089	2,214
	23,063	19,604

5. ENDOWMENT INCOME AND INTEREST RECEIVABLE

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Income from endowments	16	31
Interest receivable	345	1,028
	361	1,059

6. STAFF

	Year ended 31 July 2009 Number	Year ended 31 July 2008 Number
Average monthly numbers of employees during the year were:		
Academic	733	748
Administration and senior staff	890	888
Technical	108	118
Other (including Research)	117	128
	1,848	1,882

Staff costs for the above persons:

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Wages and salaries	66,053	62,717
Social security costs	5,643	5,373
Other pension costs	8,574	9,742
	80,270	77,832
Restructuring costs	47	157
	80,317	77,989
Employment costs for staff on permanent contracts	69,340	71,271
Employment costs for staff on temporary contracts	10,930	6,561
	80,270	77,832
Restructuring costs	47	157
	80,317	77,989

NOTES TO THE ACCOUNTS CONTINUED

The number of staff including senior post-holders and the Vice-Chancellor, who received emoluments in the following ranges was:

	Year ended 31 July 2009 Number	Year ended 31 July 2008 Number
£100,001 to £110,000	5	-
£120,001 to £130,000	1	2
£130,001 to £140,000	-	1
£140,001 to £150,000	2	2
£150,001 to £160,000	2	-
£160,001 to £170,000	1	1
£180,001 to £190,000	1	-
£220,001 to £230,000	-	1
£240,001 to £250,000	1	-
	13	7

The above senior post-holder emoluments are made up as follows:

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Salaries	1,433	859
Benefits in kind	69	59
Pension contributions	249	144
Total emoluments	1,751	1,062

Emoluments of the Vice-chancellor

The above emoluments include amounts payable to the Vice-Chancellor (who is also the highest paid senior post-holder) of:

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Salary	201	183
Benefits in kind	17	14
Pension contributions	28	26
Total emoluments	246	223

The pension contributions for the Vice-Chancellor and senior post-holders are in respect of employer's contributions to either the Teachers Pension Scheme or the Local Government Pension Scheme and are paid at the same rate as for other employees.

7. OTHER OPERATING EXPENSES

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Consumables	1,865	1,489
Learning resources	1,745	630
Funds payable to other colleges	8,980	7,962
Auditors' remuneration	340	372
Catering and hospitality	691	735
Marketing related costs	2,209	1,679
Consultants and professional advisors	3,122	2,321
External staffing and services	982	826
Staff development costs	800	575
Student recruitment, bursaries and scholarships	9,993	7,320
Subscriptions and memberships	1,013	530
Equipment and furniture (not capitalised)	177	353
IT expenditure and maintenance	4,864	3,785
IT operating leases	911	1,221
NHS service charge costs	954	1,148
Grants to Student Union	539	501
Transport, travel and subsistence	2,375	1,482
Insurance	521	530
Telephones and postage	460	1,027
Rent and rates	2,608	3,372
Repairs and general maintenance	1,874	1,656
Utilities	1,982	1,959
Other premises costs	7,233	7,215
Subsidiary companies	3,910	5,662
Fixed asset impairment charge	4,365	-
Other expenditure	433	2,781
	64,946	57,131
Restructuring costs	-	822
	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Other operating expenses include:		
Auditors' remuneration fees payable in respect of:		
Audit of annual financial statements (Deloitte LLP)*	178	219
Tax and other services from external auditors	36	38
Internal audit (Grant Thornton LLP)	126	115

*Includes £106,923 in respect of the University (2008: £106,090)

8. INTEREST PAYABLE

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
On pension liabilities	2,101	673
Other loans not wholly repayable within five years	2,896	3,001
Bank overdrafts	28	10
Finance leases	(259)	205
Other	4	6
Total	4,770	3,895

NOTES TO THE ACCOUNTS CONTINUED

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff Costs £000	Depreciation £000	Other op. activities £000	Interest payable £000	Total £000
Academic departments	51,603	1,042	17,552	-	70,197
Academic services	15,793	958	13,838	-	30,589
Research grants and contracts	1,091	-	2,321	-	3,412
Residences, catering & conferences	92	615	4,733	(259)	5,181
Premises	3,592	4,841	12,004	2,896	23,333
Administration and central services	7,216	581	11,806	-	19,603
Other expenditure	883	255	2,692	2,133	5,963
	80,270	8,292	64,946	4,770	158,278
Restructuring Costs	47	-	-	-	47
Total operating expenditure	80,317	8,292	64,946	4,770	158,325

The depreciation charge has been funded by:

Revaluation reserve release	£000
Deferred capital grant release	429
General income	2,620
	5,243
	8,292

Administration and central services expenditure includes expenditure incurred on student and staff facilities and amenities, and general educational expenditure.

10. TAXATION

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
UK corporation tax receivable on the profits of the University's subsidiary companies.	(246)	-
	(246)	-

11. SURPLUS ON CONTINUING OPERATIONS

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
The surplus on continuing operations for the year is made up as follows:		
University's Surplus/(Deficit) for the year	2,298	(1,891)
(Deficits)/surpluses generated by subsidiary undertakings	(11)	(164)
Elimination of provision for intercompany debt in the University's accounts	-	3,586
Total consolidated surplus	2,287	1,531

12. CONSOLIDATED INTANGIBLE ASSETS

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Net book value at 1 August	-	250
Disposals in year	-	(250)
Net book value at 31 July	-	-

13. TANGIBLE FIXED ASSETS – UNIVERSITY

	Freehold Land £000	Freehold Buildings £000	Fixtures, Fittings & Equipment £000	Assets Under Construction £000	Heritage Assets £000	Total £000
Cost or Valuation						
At 1 August 2008	22,023	108,269	82,867	30,481	2,497	246,137
Additions	-	7,051	3,447	5,561	-	16,059
Transfers to current assets	-	-	-	(133)	-	(133)
Transfers between accounts	50	25,945	605	(26,534)	-	66
Transfers from subsidiary undertaking	-	19,685	201	43	-	19,929
Impaired assets	-	(7,434)	(499)	-	-	(7,933)
Disposals	-	(11,231)	(25,708)	-	-	(36,939)
At 31 July 2009	22,073	142,285	60,913	9,418	2,497	237,186
Depreciation						
At 1 August 2008	-	39,871	71,632	-	-	111,503
Charge for year	-	3,621	4,606	-	-	8,227
Transfers to current assets	-	16	-	-	-	16
Transfers between accounts	-	66	-	-	-	66
Eliminated in respect of impaired assets	-	(3,129)	(440)	-	-	(3,569)
Eliminated in respect of disposals	-	(11,231)	(25,702)	-	-	(36,933)
At 31 July 2009	-	29,214	50,096	-	-	79,310
Net book value at 31 July 2009	22,073	113,071	10,817	9,418	2,497	157,876
Net book value at 1 August 2008	22,023	68,398	11,235	30,481	2,497	134,634
Inherited	19,750	17,758	-	-	2,497	40,005
Financed by capital grant	-	19,621	3,924	363	-	23,908
Other	2,323	75,692	6,893	9,055	-	93,963
Net book value at 31 July 2009	22,073	113,071	10,817	9,418	2,497	157,876

NOTES TO THE ACCOUNTS CONTINUED

13. TANGIBLE FIXED ASSETS – GROUP

	Freehold Land £000	Freehold Buildings £000	Fixtures, Fittings & Equipment £000	Assets Under Construction £000	Heritage Assets £000	Total £000
Cost or Valuation						
At 1 August 2008	22,023	129,509	84,606	30,554	2,497	269,189
Exchange revaluation	-	-	41	-	-	41
Additions	-	7,056	3,452	5,561	-	16,069
Transfers to current assets	-	-	-	(133)	-	(133)
Transfers between accounts	50	25,975	605	(26,564)	-	66
Impaired assets	-	(7,434)	(499)	-	-	(7,933)
Disposals	-	(11,231)	(25,715)	-	-	(36,946)
At 31 July 2009	22,073	143,875	62,490	9,418	2,497	240,353
Depreciation						
At 1 August 2008	-	41,461	73,005	-	-	114,466
Exchange revaluation	-	-	24	-	-	24
Charge for year	-	3,621	4,671	-	-	8,292
Transfers to current assets	-	16	-	-	-	16
Transfers between accounts	-	66	-	-	-	66
Eliminated in respect of impaired assets	-	(3,129)	(440)	-	-	(3,569)
Eliminated in respect of disposals	-	(11,231)	(25,705)	-	-	(36,936)
At 31 July 2009	-	30,804	51,555	-	-	82,359
Net book value at 31 July 2009	22,073	113,071	10,935	9,418	2,497	157,994
Net book value at 1 August 2008	22,023	88,048	11,601	30,554	2,497	154,723
Inherited	19,750	17,758	-	-	2,497	40,005
Financed by capital grant	-	19,621	3,924	363	-	23,908
Other	2,323	75,692	7,011	9,055	-	94,081
Net book value at 31 July 2009	22,073	113,071	10,935	9,418	2,497	157,994

The net book value of tangible fixed assets includes £1,893k (2008: £1,945k) in respect of assets held under finance leases. Depreciation charged for the year on these assets amounted to £52k (2008: £52k).

The cost of University assets includes the net book value of the Sheppard Library transferred in from MU Facilities Limited. This followed termination of the framework agreement with the Company to deliver library services.

A further £133k of Enfield campus assets were transferred to current assets at 31 July 2009 (2008: £20,574k). This followed the relocation of all Enfield teaching programmes and administration to the University's main Hendon campus in September 2008.

Disposals include the write off of historical tangible fixed assets that are fully depreciated. The gross cost of these assets amounted to £36,920k.

14. INVESTMENTS OF THE UNIVERSITY

	Group Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000	Group Year ended 31 July 2008 £000	University Year ended 31 July 2008 £000
Investments in subsidiary undertakings:				
MU Press Limited	-	60	-	60
Other subsidiary companies	-	40	-	40
Other investments:				
CVCP Properties plc	36	36	36	36
Argentium International Limited	30	30	30	30
	66	166	66	166

Principal trading subsidiary	Parent interest in ordinary shares voting rights	Principal activity	Country of incorporation
MU Ventures Ltd.	100%	Consultancy Services	England and Wales
Teaching Resources Ltd.	100%	Supply of science and technology products	England and Wales
MU Facilities Ltd.	100%	Facility development and provider	England and Wales
MU Sales Ltd. (formerly Middlesex Silver Co Ltd)	100%	Intellectual property development, acquisition and licensing.	England and Wales
MU Licences Ltd. (formerly Argentium Silver Co Ltd)	100%	Licensing of intellectual property.	England and Wales
MU Press Ltd.	100%	Supply of learning materials and book publishing	England and Wales
Middlesex Services (Cyprus) Ltd.	100%	Student recruitment	Cyprus
Middlesex Services Ltd. (Hong Kong)	100%	Student recruitment	Hong Kong
Middlesex Uni (SEA) SDN BHD	100%	Student recruitment	Malaysia
Middlesex Educational Services (Mauritius) Ltd	100%	Student recruitment	Mauritius
Middlesex International (Dubai) FZ-LLC	100%	Student recruitment	Dubai/UAE

MU Ventures Ltd is 100% owned by Middlesex University. MU Sales Limited is owned 50% by MU Ventures Ltd and 50% by Middlesex University. MU Licenses is 100% owned by MU Sales Ltd.

Investments are stated at cost, with the exception of MU Sales Ltd, Teaching Resources Ltd and MU Ventures Ltd. The University is holding a provision against three of its subsidiary companies, MU Sales Ltd, (£2.0m), Teaching Resources Ltd (£0.3m) and MU Ventures Ltd (£2.0m)

NOTES TO THE ACCOUNTS CONTINUED

15. STOCK

	Group Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000	Group Year ended 31 July 2008 £000	University Year ended 31 July 2008 £000
Finished goods	94	-	380	-
Work-in-progress - research and consultancy	384	-	59	1
	478	-	439	1

16. DEBTORS

	Group Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000	Group Year ended 31 July 2008 £000	University Year ended 31 July 2008 £000
Amounts falling due within one year:				
Trade debtors	1,612	1,101	3,015	1,973
Tuition Fees	5,457	5,457	4,493	4,493
Other debtors	4,204	3,783	3,903	3,509
Amounts owed by subsidiary undertakings	-	191	-	18,649
Prepayments and accrued income	4,158	3,977	3,586	3,030
	15,431	14,509	14,997	31,654
Amounts falling due after more than one year:				
Prepayments	1,871	1,871	1,933	1,933
	17,302	16,380	16,930	33,587

17. CASH AT BANK AND IN HAND

Cash at bank and in hand includes £1,334k (2008: £1,205k) in respect of monies held on behalf of third parties.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000	Group Year ended 31 July 2008 £000	University Year ended 31 July 2008 £000
Bank loans and overdrafts	1,145	1,145	1,087	1,087
Obligations under finance leases	166	166	96	96
Payments received on account	3,191	3,191	2,188	2,188
Trade creditors	11,089	10,139	9,049	8,342
Other taxation and social security	2,371	2,351	3,051	1,953
Accruals and deferred income	27,136	26,185	25,727	23,607
	45,098	43,177	41,198	37,273

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Group and University	Finance Leases £000	Mortgages £000	Other £000	Total £000
Long term creditor as at 1 August 2008	2,278	53,913	13,055	69,246
Add back: transfer to short term creditors	96	1,087	1,395	2,578
Capital repaid in year	(562)	(1,087)	(1,416)	(3,065)
Creditor outstanding at 31 July 2009	1,812	53,913	13,034	68,759
Transfer: to short term creditors	(166)	(1,145)	(664)	(1,975)
Long term creditor as at 31 July 2009	1,646	52,768	12,370	66,784

Analysis of long term creditor

	Group Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000	Group Year ended 31 July 2008 £000	University Year ended 31 July 2008 £000
Due:				
Between one and two years	2,123	2,123	2,098	1,519
Between two and five years	6,796	6,796	6,362	5,493
In five years or more	56,219	56,219	58,508	58,508
Finance leases	1,646	1,646	2,278	2,278
Total long term debt	66,784	66,784	69,246	67,798

Loans with fixed interest rates have their rate renewed at a fixed future date or at the end of the loan. The loans are secured against the properties to which they relate.

Property Name:	Interest rate %	Interest Rate	Expiry date	Amount Outstanding at 31 July 2009 £000
Hendon Campus	5.290	Fixed	2030	41,913
Trent Park Campus	5.645	Fixed	2035	8,000
Trent Park Campus	5.125	Fixed	2030	4,000

Finance lease obligations

Obligations under finance leases fall due as follows:

	Group Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000	Group Year ended 31 July 2008 £000	University Year ended 31 July 2008 £000
Within one year	166	166	96	96
Between one and two years	182	182	115	115
Between two and five years	661	661	487	487
In five years or more	803	803	1,677	1,677
Total	1,812	1,812	2,375	2,375

NOTES TO THE ACCOUNTS CONTINUED

20. PROVISIONS FOR LIABILITIES AND CHARGES

University	Enhanced Pension Provision £000	Other Provisions £000	Total £000
At 1 August 2008	7,615	2,905	10,520
Utilised during the year	(539)	-	(539)
Charged to income and expenditure account	457	73	530
At 31 July 2009	7,533	2,978	10,511

Other provisions includes the costs of the National Framework agreement, which is an estimated liability that will arise from the agreement in 2008/9 of a new single pay spine for University staff. The provision is based on the provisional agreement reached with local trade unions and is expected to be paid in 2009/10 once the agreement is ratified at the national trade union level.

The **Group** has £Nil (2008 £10k) additional liabilities, making the total group provisions for £10,511k for liabilities and charges (2008 £10,530k)

21. DEFERRED CAPITAL GRANTS

Group and University	Funding Councils £000	Other grants & benefactions £000	Total £000
At 1 August 2008:			
Land and buildings	22,662	2,732	25,394
Equipment	772	-	772
	23,434	2,732	26,166
Cash received:			
Equipment	363	-	363
	363	-	363
Released to income and expenditure account:			
Land and buildings	(1,966)	(392)	(2,358)
Equipment	(262)	-	(262)
	(2,228)	(392)	(2,620)
At 31 July 2009:			
Land and buildings	20,696	2,340	23,036
Equipment	873	-	873
Total	21,569	2,340	23,909

All deferred capital grants relate to the University.

22. ENDOWMENTS**Group and University**

	2009 Total £000	2009 Restricted Expendable £000	2009 Restricted Permanent £000	2008 Total £000
Capital value	565	153	412	666
Accumulated Income	35	11	24	8
At 1 August	600	164	436	674
Net Additions/(disposals)	319	319	-	105
Income for the year	16	5	11	31
Expenditure for the year	(180)	(164)	(16)	(210)
At 31 July	755	324	431	600
Capital value	728	316	412	565
Accumulated Income	27	8	19	35
At 1 August	755	324	431	600
Represented by:				
Cash balances	755	324	431	600
Representing:				
Decade of Development campaign	7	7	-	6
Prize funds	67	53	14	77
Welfare and Scholarship funds	464	47	417	470
Other funds	217	217	-	47

23. REVALUATION RESERVE**Group and University**

	2009 £000	2008 £000
Net assets at value at 31 January 1991	55,879	55,879
Disposal of pre-incorporation assets	(36,180)	(36,180)
Settlement of inherited loans	29,246	29,246
Net assets at value at 31 July	48,945	48,945
Contributions to depreciation:		
At 1 August brought forward	(11,007)	(10,203)
Released in year	(429)	(804)
	(11,436)	(11,007)
at 31 July	37,509	37,938

NOTES TO THE ACCOUNTS CONTINUED

24. INCOME & EXPENDITURE ACCOUNT

	Group Year ended 31 July 2009 £000	University Year ended 31 July 2009 £000	Group Year ended 31 July 2008 £000	University Year ended 31 July 2008 £000
Opening balance at 1 August	(13,681)	(15,363)	(12,646)	(11,101)
Surplus / (deficit) after depreciation of assets at valuation and taxation	2,287	2,298	1,531	(1,891)
Actuarial loss on pension scheme	(17,045)	(17,045)	(3,370)	(3,175)
Transfer of pension reserve*	-	(162)	-	-
Foreign exchange translation differences on foreign currency net investment in subsidiaries	127	-	-	-
Release from revaluation reserve	429	429	804	804
Closing balance at 31 July	(27,883)	(29,843)	(13,681)	(15,363)

* The University consolidated the LGPS defined benefit pension schemes (Note 33) it ran for its own staff, and those employed by the University's subsidiary undertakings, into a single multi-employer scheme. As a consequence, the University has taken on the pension liabilities previously recorded in its subsidiary companies. These companies pay the same rate of contribution, but are no longer able to separately identify their assets and liabilities.

25. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS/(DEFICIT) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Surplus on continuing operations after depreciation of fixed assets at valuation, and disposal of assets but before tax	2,041	1,531
Depreciation (note 13)	8,292	7,482
Deferred capital grants released to income (note 21)	(2,620)	(2,231)
Loss on disposal of tangible fixed assets (note 13)	4,364	-
Disposal of intangible assets (note 12)	-	250
Pension cost less contributions paid (note 33)	(2,991)	(1,185)
Interest receivable (note 5)	(361)	(1,059)
Interest payable (note 8)	4,770	3,895
Exchange rate changes	110	(4)
Increase/(decrease) in endowments (note 22)	155	(74)
(Increase)/decrease in stocks and work-in-progress (note 15)	(39)	401
Increase in debtors (note 16)	(372)	(123)
Increase in creditors (notes 18 and 19)	3,087	12,411
(Decrease)/Increase in provisions (note 20)	(19)	2,891
Net cash inflow from operating activities	16,417	24,185

26. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Income from, endowments and Interest received	361	1,059
Interest paid	(2,928)	(3,017)
Interest element of finance lease rental payment	259	(205)
Net cash (outflow) from returns on investment and servicing of finance	(2,308)	(2,163)

27. FINANCING

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Debt due beyond a year:		
Finance lease repayments	(562)	(78)
Loan repayments in the year	(1,087)	-
Loans drawn in year	-	6,700
Net cash (outflow)/inflow from financing	(1,649)	6,622

28. CAPITAL EXPENDITURE

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Payments to acquire tangible fixed assets	(16,069)	(29,055)
Receipts from sale of tangible fixed assets	10	43
Deferred capital grants received	363	5,829
Net cash (outflow) from capital expenditure	(15,696)	(23,183)

29. ANALYSIS OF CHANGES IN NET DEBT

	At 31 August 2008 £000	Cashflows £000	At 31 July 2009 £000
Cash in hand, and at bank	13,998	(3,145)	10,853
Endowment cash	600	155	755
Cash	14,598	(2,990)	11,608
Mortgages and loans	(55,000)	1,087	(53,913)
Finance leases	(2,375)	562	(1,813)
Borrowings	(57,375)	1,649	(55,726)
Net debt	(42,777)	(1,341)	(44,118)

30. CAPITAL COMMITMENTS

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Commitments contracted for at 31 July	4,284	13,613
Authorised (but not contracted for) at 31 July	77,589	6,779
	81,873	20,392

NOTES TO THE ACCOUNTS CONTINUED

31. FINANCIAL COMMITMENTS

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Operating lease commitments, equipment:		
Expiring within one year	787	363
Expiring within two and five years	500	286
	1,287	649

32. PROFESSIONAL ADVISORS

KPMG LLP	Cornwell Street, Birmingham B3 2DL
Nabarro Nathanson	Lacon House, Theobald's Road, London WC1X 8RW
Eversheds	Franciscan House, 51 Princes Street, Ipswich, IP1 1UR
Collyer Bristow	4 Bedford Row, London WC1R 4DF
Deloitte LLP	3 Victoria Square, Victoria Street, St Albans AL1 3TF
Grant Thornton LLP	30 Finsbury Square, London EC29 2YU

33. PENSION SCHEMES

The University's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) for academic staff and the Local Government Pension Scheme (LGPS) for other staff. The schemes are defined benefit schemes providing benefits based on a final pensionable salary. The pension service costs and contributions for the year for the University and its subsidiaries in respect of these two schemes was £8,033k (2008: £8,909k).

Teachers' Pension Scheme.

The TPS pension contribution for the year for the University and its subsidiaries was £4,130k (2008: £3,901k). Actuarial valuations are carried out on a notional set of investments. Under the definitions set out in Financial Reporting Standard (FRS) 17 (Retirement Benefits), the TPS is a (notional) multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has used the exemption in FRS 17 and contributions to the scheme have been accounted for as if it were a defined contribution scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee administered funds. It is administered locally by the London Borough of Barnet and is a multi-employer scheme. The total service costs and contributions made for the year ended 31 July 2009 for the University and its subsidiary companies was £3,903k (2008: £5,008k). For the period from 1 April 2008 to 31 March 2009 the employer contribution rate was 26.9%. The rate increased to 27.7% from 1 April 2009 for the period to 31 March 2010, and the indicative rate from 1 April 2010 is 28.6%. The following information is based upon a full actuarial valuation of the Fund at 31 March 2007 updated to 31 July 2009 by a qualified independent actuary.

Key Assumptions as at:

	At 31 July 2009	At 31 July 2008	At 31 July 2007	At 31 July 2006
Inflation	3.6%	3.8%	3.3%	3.1%
Rate of increase in salaries	5.1%	5.3%	4.8%	4.6%
Rate of increase for pensions	3.6%	3.8%	3.3%	3.1%
Discount rate for liabilities	6.0%	6.7%	5.8%	5.1%

The employer assets in the scheme and the expected rates of return are set out below:

	31 July 2009 Fair value £000	31 July 2009 Expected return % pa	31 July 2008 Fair value £000	31 July 2008 Expected return % pa	31 July 2007 Fair value £000	31 July 2007 Expected return % pa	31 July 2006 Fair value £000	31 July 2006 Expected return % pa
Equities	54,456	6.6	48,825	7.8	55,826	8.0	46,254	7.7
Bonds	5,378	6.0	13,058	5.7	11,381	5.2	9,794	4.7
Gilts*	10,430	4.5	-	-	-	-	-	-
Property	3,059	4.5	4,668	5.7	8,006	6.0	6,196	5.7
Cash	8,726	3.0	10,531	4.8	4,172	5.1	4,006	4.8
Total	82,049	5.8	77,082	6.9	79,385	7.2	66,250	6.9

*Previously, Gilts and Bonds were shown as Bonds

Mortality Assumptions

The post retirement mortality tables adopted are the PA92 series projected to calendar year 2017 for current pensioners and 2033 for non-pensioners

	At 31 July 2009	At 31 July 2008
Life expectancy from age 65 (years)		
Retiring today Males	19.60	19.60
Retiring today Females	22.50	22.50
Retiring in 20 years Males	20.70	20.70
Retiring in 20 years Females	23.60	23.60

The employer's net pension liabilities are set out below:

	At 31 July 2009 £000	At 31 July 2008 £000	At 31 July 2007 £000
Estimated employer assets	82,049	77,082	79,385
Present value of scheme liabilities	132,945	111,846	111,300
Present value of unfunded liabilities	592	569	560
Total value of liabilities	133,537	112,415	111,860
Net pension liability	(51,488)	(35,333)	(32,475)

Analysis of amount charged to operating profit:

	At 31 July 2009		At 31 July 2008		At 31 July 2007	
	£000	% of payroll	£000	% of payroll	£000	% of payroll
Service cost	3,746	18.0%	5,034	24.2%	4,598	19.7%
Curtailments and settlements	116	0.6%	-	0.0%	127	0.6%
Total Operating charge	3,862	18.6%	5,034	24.2%	4,725	20.3%

The amount charged to interest payable is set out below:

Expected return on employer assets	5,465	26.3%	5,908	28.4%	4,662	21.2%
Interest on pension scheme liabilities	(7,566)	(36.4%)	(6,581)	(31.7%)	(5,608)	(25.3%)
Net return	(2,101)	(10.1%)	(673)	(3.3%)	(946)	(4.1%)
Net revenue account cost	5,963	28.7%	5,707	27.5%	5,671	24.4%

NOTES TO THE ACCOUNTS CONTINUED

Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL):

	At 31 July 2009 £000	At 31 July 2008 £000	At 31 July 2007 £000
Actual return less expected return on pension scheme assets	(4,638)	(12,639)	4,049
Experience gains and losses arising on the scheme liabilities	-	-	8
Changes in financial assumptions underlying the present value of scheme liabilities	(12,407)	9,269	5,687
Actuarial (loss)/gain recognised in STRGL	(17,045)	(3,370)	9,744

History of experience gains and losses

	Year ended 31 July 2009	Year ended 31 July 2008	Year ended 31 July 2007	Year ended 31 July 2006	Year ended 31 July 2005
Difference between the expected and actual return on assets:					
Amount £000	(4,638)	(12,977)	4,049	2,634	6,126
Value of assets £000	82,049	76,028	79,685	66,250	56,342
% of scheme assets	(5.7%)	(17.1%)	5.1%	4.0%	10.9%
Experience gains and losses on scheme liabilities:					
Amount £000	-	-	8	26	(3,522)
Present value of liabilities £000	133,537	111,468	111,860	108,054	94,261
% of scheme liabilities	0.0%	0.0%	0.0%	0.0%	(3.7%)
Total actuarial gains and losses recognised in STRGL:					
Amount £000	(17,045)	(3,269)	9,744	(1,429)	(7,393)
Present value of liabilities £000	133,537	111,468	111,860	108,054	94,261
% of scheme liabilities	(12.8%)	(2.9%)	8.7%	(1.3%)	(7.8%)

Movement in deficit during the year

	At 31 July 2009 £000	At 31 July 2008 £000
Deficit at the beginning of year	(35,333)	(32,475)
Current service cost	(3,746)	(3,915)
Past service cost	-	(1,129)
Employer contribution	6,816	6,193
Contributions in respect of unfunded benefits	37	36
Impact of settlements and curtailments	(116)	-
Net return on assets	(2,101)	(673)
Actuarial gains/(losses)	(17,045)	(3,370)
Deficit at the end of year	(51,488)	(35,333)

34. RELATED PARTY TRANSACTIONS

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

35. HEFCE - ACCESS AND HARDSHIP FUNDS

	At 31 July 2009 £000	At 31 July 2008 £000
Balance brought forward	-	38
Funding Council grants	605	840
	605	878
Disbursed to students	(629)	(878)
Balance carried forward at 31 July	(24)	-

36. TDA – TEACHER TRAINING BURSARIES

	At 31 July 2009 £000	At 31 July 2008 £000
Balance brought forward	182	61
Training and Development Agency grant received	2,112	2,675
Disbursed to students	(2,163)	(2,554)
Balance carried forward at 31 July	131	182

37. TDA - TEACHER PROGRAMMES

	At 31 July 2009 £000	At 31 July 2008 £000
Balance brought forward	802	786
Training and Development Agency grant received	3,297	2,698
Other external income received	8	22
Disbursed to students	(3,205)	(2,704)
Balance carried forward at 31 July	902	802

This note covers activity for the TDA funded Graduate Teacher Programme (GTP), Registered Teacher Programme (RTP) and the Overseas Trained Teacher Programme (OTTP).

38. TDA - SECONDARY SUBJECT SHORTAGE SCHEME

	At 31 July 2009 £000	At 31 July 2008 £000
Balance brought forward (agreed from funding council)	(2)	(2)
Training and Development Agency grant received	-	-
Disbursed to students	-	-
Balance carried forward at 31 July	(2)	(2)

NOTES TO THE ACCOUNTS CONTINUED

39. TDA – BLACK AND MINORITY ETHNIC RECRUITMENT & RETENTION

	At 31 July 2009 £000	At 31 July 2008 £000
Balance brought forward (agreed from funding council)	9	-
Training and Development Agency grant received	8	9
Disbursed to Students	(3)	-
Balance carried forward at 31 July	14	9

Funding body hardship funds, bursaries and other student payments, as detailed in notes 35 to 39 are available solely for students and student support; the University acts only as a paying agent. All of the funding and related disbursements are therefore excluded from the income and expenditure account and shown within trade creditors.

40. MILLION+

	At 31 July 2009 £000	At 31 July 2008 £000
Balance brought forward	214	268
Subscriptions from member universities received	510	367
Campaign expenses	(411)	(421)
Balance carried forward at 31 July	313	214

The University acts as a paying agent for Million+ (formerly Campaigning for Mainstream Universities, CMU). All of the funding and related disbursements are therefore excluded from the income and expenditure account and shown within trade creditors.

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