

FOR THE YEAR ENDED  
31 JULY 2011



Middlesex  
University

# Financial Statements 2010/11



# Contents

<b>Operating and Financial Review</b>	<b>2</b>
<b>Introduction from the Vice-Chancellor</b>	<b>2</b>
<b>About Middlesex University</b>	<b>4</b>
<b>Organisation</b>	<b>5</b>
<b>Strategic Review</b>	<b>6</b>
<b>Review of Operations</b>	<b>8</b>
<b>Financial Review</b>	<b>16</b>
<b>Corporate Governance</b>	<b>20</b>
<b>Statement of the Responsibilities of the Board of Governors</b>	<b>23</b>
<b>Independent Auditor's Report to the Board of Governors of Middlesex University</b>	<b>24</b>
<b>Accounting Policies</b>	<b>25</b>
<b>Financial Statements</b>	<b>28</b>
<b>Notes to the Accounts</b>	<b>34</b>

# Operating and Financial Review

## Introduction from the Vice-Chancellor

The year 2010/11 has been challenging for the UK university sector with the decision to immediately reduce grant funding in advance of the implementation of the legislation for the new funding and fees regime in 2012. Against this backdrop of unprecedented change, Middlesex University has seen UK student demand for our courses remain high, the completion of our most ambitious building to date, Grove, providing outstanding facilities for art, design and media, and our reputation for the quality of our teaching again reinforced by a quality assessment of our collaborative programmes.

Student satisfaction with Middlesex continues to improve with the overall satisfaction increasing from 77 to 79% with particular improvement in satisfaction around assessment and feedback. We have continued to record improvements in student achievement in progression, completion and the percentage of good honours degrees. Our research excellence continues to be recognised with a ten per cent increase in research income over the previous year.

The success Middlesex continues to have in unlocking the potential of our students was reflected in a survey on employment outcomes from UK universities, which placed Middlesex among the top ten universities for graduate salaries in the UK along with Oxford and Cambridge, and better than most of the Russell Group institutions.

## International activities

Middlesex continues to grow internationally, this year we celebrated our 1000th graduate from our Dubai campus, a considerable achievement in a region where other foreign universities have struggled to succeed. We now have 1,700 students enrolled in Dubai and a total of 8,600 students on Middlesex courses across the world. We have expanded our campus in Dubai with the addition of new classrooms, a lecture theatre, a dedicated postgraduate student lounge and additional library resources.

Our success was recognised with a second Queen's Award for Enterprise for International Trade. The award reflects our outstanding

achievement in recruiting international students to our London and overseas campuses over a number of years.

Plans for a new campus in India have been postponed after the Indian partner on the development withdrew from the project. We remain committed to providing quality British higher education to students around the world and continue to explore the potential for working with new partners across the globe. The market for recruiting international students to our campuses in London remains challenging with both increased competition from public and private education providers, as well as the constraints of UK government policy, restricting visas and the ability to work after graduation which had proved particularly attractive to students from South Asia.

## Investing in the student experience

The completion of Grove, the University's most ambitious building project to date (15,460m<sup>2</sup>), means Hendon campus is now one of the largest and best equipped university campuses in London, offering our students a campus experience and learning environment that is second to none. The art, design and media facilities, including two Sony-designed and equipped TV studios, 15 specialist workshops and 27 specialist studio spaces provide Middlesex students with unrivalled environments in which to learn and research.

Putting our students first has always been central to our approach and therefore providing the support and facilities enabling them to succeed is essential. In the new UK higher education landscape, the challenge facing Middlesex will be to position itself so that it is not reduced to competing on price alone with inevitable negative consequences for the quality of the education we can provide. It is important that we strive to compete on quality and standards and to secure levels of fee income that will enable Middlesex to continue to invest in the quality of our staff and facilities in order to secure the quality experience our students expect and deserve, whilst continuing to provide financial support to those students in most need.

**£80M**  
**INVESTMENT IN**  
**ART, DESIGN**  
**AND MEDIA**  
**3,000**  
**STUDENTS**  
**LEARNING IN**  
**NEW FACILITIES**

The £80 million Grove building houses state of the art facilities for the University's art, design and media courses



### Future sustainability

In response to the government's immediate reduction in teaching grants, in advance of the introduction of the new fee regime, the prudent course of action for the University, if it is to remain financially sustainable, is to offset known cuts in funding and mitigate the risk of further cuts with a significant reduction in running costs.

Given the size of the required reduction in costs and the limited scope for reducing non pay costs, the main burden of cost reduction falls on pay and the number of jobs in the University. The University completed a review of its operations in summer 2011 and has implemented a restructure across schools and services.

The fundamental structures, policies and people are in place on which to build the future success of the University. We have a flexible and adaptable teaching framework, strengthened capacity and expertise in marketing and communications and the University's estate is improving, enhancing our appeal to students and reducing future operating costs. Our international infrastructure is strong, enabling us to navigate an increasingly competitive

overseas market and plan for growth in areas not constrained by government policy.

The University will need to continue to exhibit the qualities that have enabled us to benefit from change in the past: flexibility; adaptability; speed of response; creativity; a culture which embraces change and innovation; and the excellence in governance, leadership and management needed to deliver a robust strategy that everyone at Middlesex is committed to.

I would also like to take the opportunity to thank the alumni and friends of Middlesex University for their generous financial support that continues to enable us to enhance the experience we provide our students and advances our work with our local communities.

*Michael Driscoll*

### Professor Michael Driscoll

Vice-Chancellor  
Middlesex University  
London, October 2011



# About Middlesex University

Middlesex University is dedicated to unlocking potential – in our students, through our research and within businesses. We teach 41,000 students on Middlesex courses in London, Dubai, Mauritius and with partners across the world.

We have a reputation for the highest quality teaching, research that makes a real difference to people's lives and a practical, innovative approach to working with businesses to develop staff potential and provide solutions to business issues.

Our expertise is wide ranging, we offer more than 300 undergraduate and postgraduate courses from engineering, information, health and social sciences, to business, arts and education – and we are national leaders in work based learning solutions.

## Why we are here

Our goal is to grow our worldwide community of successful Middlesex graduates who make vital contributions to the societies in which they live and work, and to be the preferred university partner for business.

## What we do

### We put our students first

We nurture and unlock the talent and skills of our students. We invest in our expert staff and state of the art learning and research facilities. Our researchers teach and our teachers research, applying internationally-rated research and real life issues to the classroom, ensuring learning is practical and relevant.

### Services for business

We work with businesses and organisations to develop solutions to grow and develop their staff to realise their potential. With our wide-ranging, cross-sector expertise we provide consultancy, bespoke training and courses and research.

### Research with an external focus

Our research makes a real difference in the world. Our work does not stop at our campus boundaries. Students and staff are encouraged to collaborate with industry partners, professional bodies and other organisations. We have expert researchers working in a diverse range of areas from vaccines for cancer to investigations of human rights abuses, human behaviour and artificial intelligence.

AJ Hamilton,  
Association of  
Photographers Student  
photographer of the  
year, at the Middlesex  
University Art and  
Design Degree Show  
2011 at the Truman  
Brewery, east London



**25,000  
STUDENTS IN  
THE UK**

**MORE THAN  
300  
DEGREE  
COURSES**

Deputy Vice-Chancellor Dr Terry Butland receives the Queen's Award for Enterprise from Her Majesty The Queen



### **Organisation University Executive**

The Executive Team advise the Board of Governors on strategic direction and ensure delivery of the agreed University mission and individually carry out specific responsibilities determined by the Vice-Chancellor, Professor Michael Driscoll:

#### **Deputy Vice-Chancellor Finance and External Relations Melvyn Keen**

Responsible for Financial Strategy, the Alumni and Development Office, Procurement and the Students' Union. He is also accountable for the Mauritius Branch Campus.

#### **Deputy Vice-Chancellor International Dr Terry Butland**

Responsible for the development of new business, including new strategic partnerships and new international campuses. He is also the executive lead on corporate data quality.

#### **Deputy Vice-Chancellor Academic Professor Margaret House**

Executive lead on the development of the University's Academic Strategy. She is also accountable for the development of work based learning, academic quality assurance, the Dubai campus and will continue to lead on student experience including employability. In addition she is accountable for the management and operation of all collaborative partnerships (UK and international).

#### **Deputy Vice-Chancellor Research and Enterprise Professor Waqar Ahmad**

Professor Ahmad has responsibility for Research and Enterprise as well as the direction of the University's four academic Schools. He takes the executive lead on equality and diversity and corporate social responsibility.

#### **Deputy Vice-Chancellor, Director of Corporate Services Steve Knight**

Responsible for the Development Strategy, Estates and Facilities Management, Human Resources, Academic Registry, Computing and Communications Services, Learning

Resources and the Office of Clerk to the Board. He is executive lead on value for money.

#### **Deputy Vice-Chancellor, Marketing and Recruitment Katie Bell**

Responsible for Corporate Marketing and Communications, UK and International Student Marketing, Recruitment, and Admissions, as well as the International Regional Directors. She is the executive lead on the management of the University's reputation.

Profiles of the Executive can be found at [www.mdx.ac.uk/executive](http://www.mdx.ac.uk/executive)

The arrangements for Governance are described in the Corporate Governance Section of these statements.

### **Academic structure**

The University has four Schools: Arts and Education, the Business School, Engineering and Information Sciences and Health and Social Sciences. Our schools allow the cross-pollination of ideas and expertise from teaching, research and services for business.

The Institute of Work Based Learning is a Middlesex success story; the University has pioneered the development of work based learning and is a recognised Centre of Excellence.



**Middlesex University campus and office locations across the globe**

**Middlesex worldwide**

Middlesex has two overseas campuses: Dubai and Mauritius, as well as a Business School in Hong Kong and a network of 21 international regional offices organised into six world regions.

**Working in partnership**

The University believes fundamentally in partnership and believes it can further achieve its mission of developing and delivering outstanding higher education by working with others who share our ambition and beliefs. We work in partnerships of several types and foster close links with our local community.

We work with prestigious academic partners to provide Middlesex degrees to thousands of students throughout the world. Many of our partners are delivering Middlesex franchised or validated programmes to their students. As pioneers of this type of partnership we are now one of the largest UK providers of higher education to students across the globe.

**The Middlesex-Barnet partnership**

The University enjoys good relations with the London Borough of Barnet and has strong partnerships with schools, colleges and voluntary organisations in the

Borough. The Council continue to be very supportive of the University’s development of Hendon campus, both in modernising and increasing the capacity of our estate.

A key strategic objective of the University and a critical factor in realising our ambitions is to continue to develop a mutually supportive and beneficial relationship with the Council and the wider Barnet community. There is much to be gained by all parties in strengthening our partnership – with a more than £190 million contribution by the University to the local economy, according to the latest figures available, generating an estimated 2,825 jobs. We are also working closely with Barnet on a range of community matters and are taking a proactive approach to facilitating community use of facilities at Hendon Campus.

**Strategic review**

**Our goal**

Our goal is to produce a growing worldwide community of successful Middlesex graduates who make vital contributions to the economic, cultural and social wellbeing of the societies in which they live and work and to be the preferred university partner for business, public sector and other educational organisations.

**Our purpose**

Middlesex University is committed to:

- inspiring its students to achieve ambitious goals through the delivery of outstanding innovative, career-focused courses that result in highly valued qualifications to begin and develop successful professional careers.
- developing new knowledge and professional skills through research and scholarship to advance academic areas and professional practice for the benefit of our students, business and public sector organisations and the wider community.

In fulfilling our purpose the University will hold fast to the key values which are characteristic of Middlesex: striving for excellence; always placing the needs of our students first; promoting diversity and inclusiveness; service to the community; freedom of academic enquiry; and professionalism.

**Five year plan key priorities**

The University’s Board of Governors approved the updated five-year corporate plan in September 2010.

Our experience in the last few years of coping with an increasingly volatile and competitive higher education market



## TOP 10 FOR GRADUATE SALARIES IN THE UK

# 21

## INTERNATIONAL OFFICES

and the potential impact of this environment on our sustainability as a successful university, suggests that we need to think differently about the nature and longevity of any medium-term plan. We need to be prepared to revise our medium-term aims continuously in the light of changing circumstances. Successful planning and achieving the outcomes it points to will depend increasingly on striving continuously to perform better in all that we do.

The sustainability and success of Middlesex University depends entirely on its ability to continue to attract sufficient students to its courses to enable the University to provide the quantity of courses and a quality of experience that will place the reputation of the University high among its main competitor group – the large post-92 Universities in and close to London. Part and parcel of the success we aim for in our Corporate Plan is success in improving our position in the sector, especially among our close competitors.

A key element of ensuring financial sustainability is the continued success of our international operations through the delivery of quality British higher education programmes at our campuses in Dubai and Mauritius, as well as through partnerships with academic providers across the globe. The University continues to explore new strategic partnerships for the delivery of Middlesex programmes worldwide, either with new campus ventures or partner institutions.

There are four key priorities on which the University will need to place considerable emphasis within the Corporate Plan, and which are likely to have the greatest impact on the success of the University. The future success of the University will depend upon the prioritisation and speedy delivery of activities that drive these mutually reinforcing areas:

- Sustaining academic quality (teaching, research and knowledge transfer)
- Enhancing the student experience
- Growing international income
- Improved productivity and efficiency

The Corporate Plan is developed further through academic and support strategies. Each academic

department and service develops action plans to deliver the core objectives of the university for the forthcoming year. These are guided by the annual corporate objectives which are outlined in the Review of Operations section.

### Key performance indicators

The success of our implementation of the corporate plan is measured by a set of key performance indicators which are reported regularly to the Board of Governors supported by targets set out in the University's financial strategy. These are commented on in the relevant sections of the Review of Operations:

#### Sustaining academic quality:

- Quality assurance ratings
- Proportion of good honours degrees
- Retention
- Research ratings

#### Enhancing the student experience:

- National Student Survey ratings
- Proportion of good honours degrees
- Graduate employment

#### Growing international and other income:

- International teaching income
- Domestic teaching income
- Research income
- Business income
- Development income (fundraising)

#### Improved productivity and efficiency:

- Financial surplus
- Percentage spend on staff
- Facilities cost per student FTE
- Contribution of all activities to overhead costs

# Review of Operations

## Teaching, learning and student experience

### Aim and goals

The aim of the University's Strategy for Enhancing Learning, Teaching and Assessment is to ensure a rich, effective and sustainable learning experience for all its students, which:

- promotes student engagement in life-long learning
- embraces varied, flexible, innovative and sustainable modes of learning, teaching and assessment, informed by research
- celebrates and values the diversity of the academic community

The aim is to be achieved through a set of strategic goals:

- enhancement of the learning experience for the diverse students of the University
- development of highly-valued, innovative programmes
- improvement in student achievement
- enhancement of the assessment experience for the diverse nature and background of our students
- enhancement of the learning environment
- improvement in flexibility of delivery, to meet the diversity of student situations and characteristics
- development of a more inclusive curriculum and approaches to teaching which promote equality and diversity
- support for professional standards and excellence in teaching and the support of learning

### Teaching quality

In a 2011 review of our collaborative provision with other educational institutions, Middlesex was once again recognised by the UK's Quality Assurance Agency (QAA) for the highest standards in teaching. The review found 'broad confidence' (the highest rating awarded) in our collaborative programme provision.

Another notable success this year saw Caroline Reid, Head of Learning and Teaching, awarded a National Teaching Fellowship by the Higher Education Academy (HEA), the

most prestigious award for excellence in higher education teaching and support for learning.

National Teaching Fellows lead the way in promoting innovative learning and teaching practices which benefit thousands of students every year. This is a great opportunity for institutions to celebrate excellence in teaching.

### National Student Survey (NSS)

The overall satisfaction rating from the NSS increased for a second year running, from 77% in 2009/10 to 79%. There was a marked (6%) improvement in student satisfaction with assessment and feedback, as well as some notable highlights per course, with accounting and finance students reporting 96% overall satisfaction.

Our long term goal is to be placed in the top half of the sector as a whole (2010/11 average 83%).

**100%**  
**NUMBER OF STUDENTS SATISFIED ON THE BUSINESS ACCOUNTING COURSE (NSS 2011)**

Agree/Strongly Agree by Category	MDX 2011 %	MDX 2010 %	% change 2010 to 11	NSS all UK 2011 %
Overall	79	77	2.6	83
Teaching on the Course	79	78	1.3	84
Assessment & Feedback	69	65	6.2	68
Academic Support	72	70	2.9	77
Org & Management	70	70	0	75
Learning Resources	73	74	-1.4	80
Personal Development	80	80	0	80

Total student numbers worldwide studying for Middlesex qualifications is 41,169 in 2010/11 (38,930 in 2009/10) of which 66% are taught at our London campuses.

**£5M**  
**RESEARCH**  
**INCOME**

**100**  
**COLLABORATIVE**  
**PROGRAMMES**

London Campuses student number breakdown:

Undergraduate	2009	2010	Growth
Home/EU	14,394	15,660	9%
Overseas	2,447	2,607	7%
Total	16,841	18,267	8%
Postgraduate			
Home/EU	4,110	4,172	2%
Overseas	3,297	3,285	0%
Total	7,407	7,457	1%
<b>Overall Total</b>	<b>24,248</b>	<b>25,724</b>	<b>6%</b>

*(N.B. includes exchanges, international foundation partnerships, pre-sessional and post-registration numbers)*

Progression data continues to improve. Progression on full credit for first year undergraduates increased from 74% in 2009 to 79% in 2010. Progression with full credit for all non finalists (2nd years and postgraduates) has also increased to 65%, based on the latest figures available.

Drop out rates as measured by HESA (% of students predicted not to complete a qualification after 15 years of study) have decreased from 21.4% in 2007/08 to 21.1% for 2008/09 intake.

The HESA non continuation statistics (first years who fail to return) shows an increase from 11% in 2007/08 to 15.5% for 2008/09.

The percentage of our undergraduates achieving first and 2:1s fell by 0.5% to 54%, although the percentage achieving firsts increased by more than 1%.

Despite the continued difficult economic conditions there has been a 10% increase in graduates in employment (full and part time) but a corresponding 11% decrease in graduates going onto further study. There was a small increase in unemployment (1%).

## Alumni and Development

### Development fund

Thanks to the generous support of friends and alumni of Middlesex, the University was able to support more than twenty initiatives benefitting students, staff and the local community. The successful bids to the fund, which totalled more than £280,000, included:

- a scheme to involve disabled children in playing musical instruments;
- two new minibuses for our sports teams;
- a 'Dragon's Den' sixth form competition engaging school children in business and entrepreneurialism;
- the use of so-called 'virtual wards' to improve the clinical skills of student nurses; and
- a volunteering programme for students within community organisations.

### Fundraising

The University raised over £3.5 million during the operation of the government's matched funding scheme which has resulted in a sum eligible for cash payments totalling £1.17 million over three years.

Fundraising initiatives have raised £1.3 million during the year, including £729,000 for research initiatives. Santander continues to work in partnership with the University, funding scholarships and prize funds with donations totalling more than £75,000 during the last financial year.

### Alumni

New staff have been appointed overseas to support our growing network of international alumni and our continued programme of alumni engagement, especially in the Gulf region, South East Asia, India and Africa. Large numbers of alumni attended reunions in Mauritius, Hong Kong, Kenya and India during the year.

The University also launched a new magazine for alumni, *More Middlesex*.

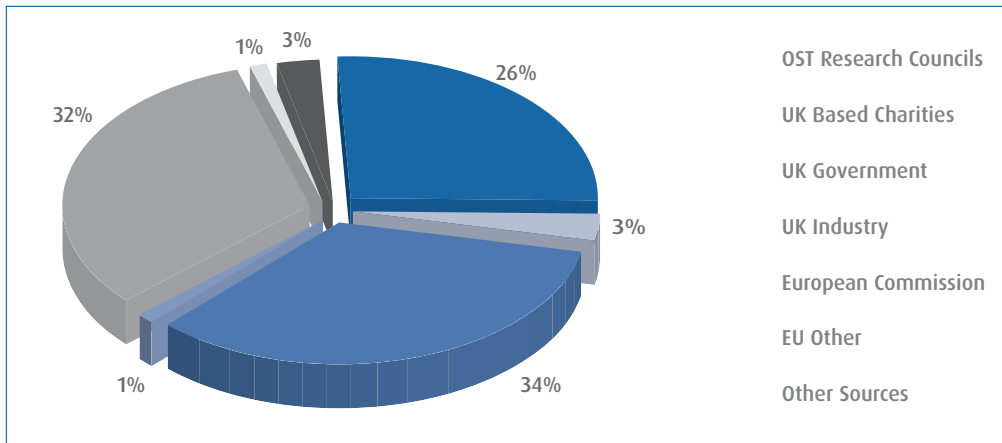
### Research and business

Following the successful outcome of the 2008 Research Assessment Exercise (RAE), the University's quality-related (QR) income increased from around £1m to £3.4m. This has enabled the University to invest to enhance research in strategically important areas, including business and management, law, biomedical science, geography and environmental science, social and health policy, computing science, art and design, and drama, dance and performing arts.

We have made similar investments to strengthen business and community interaction.

Our key objectives for 2010–11 were to:

- Invest to grow research strengths in selected areas
- Increase number of doctoral students
- Increase income from research and business related activities across all areas
- Continue our preparations for the Research Excellence Framework



Research funding distribution for 2010/11

The chart above shows the funding distribution for 2010/11.

The University's performance on research and business continues to improve. Research income for the year was £5m, an increase of 10% on the 2009–10 performance. Income from business and community interaction was £9m for the year. We currently hold research and business contracts worth £38m, a figure which has grown from £35m in 2009–10 and £33m in 2008–09.

A strong RAE performance and an excellent reputation for professional doctorates have resulted in rapid growth in doctoral student numbers, now standing at 1200 (headcount).

The University enjoys support for its research and enterprise from a number of funders. Research Councils UK accounted for over a quarter of the funding, an area of growth for the University. Our strengths in policy oriented research are reflected in the high proportion of funding from UK government (34%) and the European Commission (32%).

### Recent projects

Research into policy and practice is central to several of our research and knowledge transfer initiatives. An Economic and Social Research Council (ESRC) £1 million grant has funded the Social Enterprise Capacity Building Cluster led by Professor Fergus Lyon. The initiative consists of knowledge transfer partnerships, CASE awards and other forms of outreach to assist third sector organisations in service delivery.

The University is playing a major role in using business interaction methods to assist social enterprises across the UK. The Families and Schools Together (FAST) initiative, developed and led by Professor Lynn McDonald, is an evidence based programme which aims to strengthen relationships in families, between families, and between families and schools

within the community. Through partnerships with local authorities, the programme has attracted over £1.5m of investment to support work in some of UK's most deprived areas. Save the Children Fund UK will be funding further roll out of the programme across Britain.

Professor William Wong is leading a groundbreaking research programme into visual analytics, a multidisciplinary initiative that brings together the sciences of analytical reasoning, visual representation, interaction techniques and data manipulation. Current projects include:

- a UK Government funded investigation into how complex mobile telephone records might indicate emerging security threats;
- a European Commission funded study of a training platform for crisis management with partners across Europe; and
- a US Government funded initiative which has seen the creation of the UK Visual Analytics Consortium, led by Middlesex with partners from Imperial College, UCL, Bangor and Swansea universities.

Dr Anne Daguerre received an ESRC Fellowship to investigate welfare reform in the United States and the UK, building on her earlier outstanding research in the field.

An Arts and Humanities Research Council (AHRC) Research Network award is funding the initiative 'ArtsCross international network: the cosmopolitan presence in transcultural performance practices'. This initiative builds on Professor Chris Bannerman's current research and groundbreaking DanceCross collaboration with the Beijing Dance Academy which is supported by a £500,000 investment by a private donor.

### Resources

#### People

Our overall staff FTE remained almost unchanged on the previous year with a nominal 5 FTE drop to

**2** QUEEN'S AWARDS FOR ENTERPRISE  
**£200M** CAPITAL INVESTMENT OVER 9 YEARS  
**£3.5M** ELIGIBLE FOR MATCHED FUNDING

**5TH  
CONSECUTIVE  
ANNUAL  
SURPLUS**

**£38M  
VALUE OF  
RESEARCH  
AND BUSINESS  
CONTRACTS**

1,930 FTE. This was in contrast to the significant increase of 180 FTE in the previous year and reflected the University's priority of managing staff costs in response to anticipated changes in government funding of higher education.

Staff costs of £91.3m for the year ended 31 July 2011 represent approximately 51% of total income compared to 52% in 2010.

The University decided in February 2011 that it would be necessary to address the potential funding shortfall in 2011/12 through a managed and proactive reduction in staff costs. As a first step, a voluntary redundancy scheme was operated during May 2011. The University agreed to the release of 88 staff on voluntary redundancy terms. In all cases the release of staff was assessed prior to agreement, to ensure that there was no unacceptable impact on teaching or on the delivery of essential services.

Subsequently, a University-wide review of academic and support service provision commenced in June 2011. Resultant structures and reductions in staff numbers have again been assessed to minimise the impact on service quality and teaching. The University re-opened its voluntary redundancy scheme in June to minimise the numbers of staff having to leave on a compulsory basis.

The University and its unions agreed to implement the 2010 pay award of 0.4% in February 2011. It was acknowledged in doing so that the offer remained in dispute between the national employers association (UCEA) and the University and Colleges Union (UCU). Locally the University continues to work in partnership with its unions through its joint negotiating arrangements.

We successfully achieved reaccreditation of our Investors in People (IIP) status in December 2010. We were particularly pleased to note the significant improvements highlighted in corporate planning, and in leadership development and effectiveness.

The staff information sessions 'Our Student Experience, The Changing Context' are

providing staff with greater clarity on the changing higher education landscape as well as an insight into what students expect from a university education today.

In response to the rapidly changing environment we have focused on building capacity for leading and managing change through all our leadership programmes as well as targeted and bespoke interventions for teams, departments and senior managers. In addition considerable support has been offered to staff whose jobs were at risk through our restructuring.

The Postgraduate Certificate in Higher Education (Teaching and Supporting Learning) was validated providing a new flexible route for the professional development of new academic staff. In recognition of the contribution made by other staff involved in supporting student learning the introduction of a continuing professional development pathway has additionally been developed for librarians, technicians and academic assistants.

Middlesex received a positive report on its management of health and safety following an independent health and safety audit by Grant Thornton. The University Wellbeing Steering Group has continued to provide a strategic direction to a number of key initiatives including a campaign to drive awareness of the drug and alcohol support available to staff and students. Other initiatives have included a Middlesex University Students Union "Buddy" scheme, aimed at supporting new students to settle into University life.

The overall accident rate at the University remained below the sector norm and below targets set by the Health and Safety Executive, despite our ambitious campus development programme. This success was attributed to a successful 'slips and trips' campaign including an improved reporting procedure for unsafe conditions, increased safety publicity and better partnership working with our cleaning contractors, caretakers and maintenance staff, as well as improved signage and regular campus inspections.

The programme of embedding equality and diversity continues across all aspects of university life and work. Engagement with the community remains a strong aspect of diversity at Middlesex.

The University has undertaken a review of recruitment to ensure we attract the widest possible pool of candidates and maintain the diversity of our workforce. Our recruitment training provision has been revised to include a stronger focus on our leadership model behaviours, whilst ensuring that our commitments to avoiding discrimination through objective selection are maintained.

### Notable new staff

**Martyn Thomas MBE** was appointed Director of Business Development, working with the Deputy Vice-Chancellor International on developing new business ventures overseas.

**Professor William Schabas**, joined the University as a Visiting Professor. William is Editor-in-Chief of Criminal Law Forum, the quarterly journal of the International Society for the Reform of Criminal Law. He is Chairman of Board of Trustees of the United Nations Voluntary Fund for Technical Assistance in the Field of Human Rights, President of the International Association of Genocide Scholars, President of the Irish Branch of the International Law Association and Chair of the International Institute for Criminal Investigation.

**Aaqil Ahmed** joined the University as a Visiting Professor. He is Commissioning Editor for Religion and Head of Religion and Ethics at the BBC.

**Jacqueline Boddington** joined the University as Director for Student Experience, working with the Deputy Vice-Chancellor Academic.

### Estates and facilities

The focus of the estate strategy continues to be 'fewer but better', to reduce the overall number of UK campuses and improve the quality of those that remain.

The University's most ambitious building project to date, Grove, has been completed. This world-class facility provides Middlesex staff and students with unrivalled resources in art, design and media. The settling period is well advanced and our team of soft landings experts have worked closely with academic representatives to ensure as swift and smooth a transition from building project to operating facility as possible.

The Cat Hill campus has now closed and a significant number of staff and students have also now relocated from Trent Park to Hendon, into the new Grove building.

Many of the new facilities in the Grove building can be used across academic disciplines and the University will use the new facilities to their full potential, as well as ensuring a thriving and rich blend of arts and education provision is established at Hendon.

The Sheppard Library has also benefited from a major refurbishment with new, flexible spaces added, enabling different ways of learning and integrating the books and learning resources from Cat Hill. The redevelopment followed an extensive research and consultation exercise into how the existing footprint could be more effectively used and includes new furniture, open learning spaces and a new vibrant colour scheme.

The University has also expanded the sports provision at the Forum by enclosing the open area next to the real tennis Court. This project delivers two new spaces for both sport teaching and leisure activities.

A number of main facilities contracts have been re-let, notably cleaning and security. Our new facilities management contracts are all output-based and are a grouping of similar services, in order to improve efficiency and provide improved value for money.

A significant improvement on environmental performance has been achieved with a 50% reduction in our waste to landfill and a 20% reduction in energy use since 2008.

We continue to explore innovative ways of providing a more effective and appropriate estate which serves the core business needs of the University. Recent developments include the new home for RedLoop, the Middlesex design and innovation centre and Museum of Domestic Design and Architecture (MoDA) at Beaufort Park in Colindale.

We are continuing to review our use of Trent Park and Archway. Work is well progressed on streamlining our presence at the hospital sites. We have recently moved out of the North Middlesex hospital and are now in the process of implementing an exit from the Chase Farm hospital site. These moves will assist in enabling remaining funding to be effectively and efficiently used for the benefit of a larger number of students.

### Information Technology

The University has partnered with Cisco and BT iNet to upgrade and enhance our networking infrastructure, with the aim of enhancing technology services for teaching, communication and flexible working. Network-based video conferencing facilities have been installed in our

# 80

**ARTICULATION  
AGREEMENTS IN  
22 COUNTRIES**

# 1,200

**RESEARCH  
STUDENTS**

# 300

**STUDENTS AT  
OUR MAURITIUS  
CAMPUS**

The annual Middlesex Art and Design Degree Show 2011 at the Truman Brewery in London's Brick Lane is open to the public on the first weekend of June each year.



Dubai and Mauritius campuses, in our Hong Kong Regional Office and at a number of locations at Hendon Campus. 'Mobile lecture capture' equipment has also been installed at Hendon.

The University's wireless network has been upgraded to simplify user access and to provide 100% coverage in the Grove building. Digital signs have been installed and linked back to the network so that they can provide content from diverse sources including websites, TV footage, static pages and emergency signs. In addition, new IP telephony services have been implemented within the new Grove building, providing for flexibility of office space, as phone points are not fixed. As well as making phone calls in the usual manner via desk based phone handsets, staff using this new service are able to receive and make phone calls from their university computer, whether they are working on or off-campus.

As part of wider University business continuity invocation tests, IT systems recovery was tested. These tests showed that all systems could be recovered within 3 days, and key business systems recovered with 30 minutes.

Business process reviews have resulted in the transfer of call logging and first response IT helpdesk services for staff and students, to an off-shore resource.

A major project to develop a new Middlesex student website and portal removing the need for multiple system logins has been completed. The new website, UniHub, provides a single point of reference for all general information for students. From here, students can access the student portal, myUniHub, which contains their personalised information including their student

record, programme and module materials, academic progress, emails and relevant support services. In myUniHub students can enrol, pay fees and check their timetable, as well as receiving important information relating to them and their studies. Students can also use myUniHub to join facebook-style communities to connect with other students and staff.

Other business system developments undertaken this year include: functionality to automate collection and validation of timetabling data; modifications to support legislative changes for HESA, HEFCE, Home Office and FHEQ levels; and self service functionality to enable postgraduate students to apply online.

### Public benefit

The Governors of the University are cognisant of the Charity Commission guidance on public benefit and the following section shows how they have delivered their charitable purposes for the public benefit.

Middlesex University makes a significant contribution through research, teaching and business and community interaction activities to the advancement of education as has been demonstrated in the other sections of this review.

As a charity we are committed to providing access to education for all and there is a wealth of activity at the University that supports these aims:

### Student mentoring

The University continues to support its award-winning mentoring scheme, MIDAS, following the removal of the Aim Higher funding in the previous financial year. The scheme matches students with mentoring opportunities across the London region. Middlesex leads

on working with those with disabilities and working with children and young adults from a care background. In 2010–11, the scheme has offered information, advice and guidance to young people in our target groups. This has also included bespoke campus tours introducing them to university life at Middlesex.

For the first time, student mentors have facilitated support group meetings and one to one sessions with care leavers who have already started studying at Middlesex, ensuring they are aware of the full range of support services available to them. This recognises the ongoing support the scheme can provide, including working with a number of disabled students and care leavers in order to engage them as mentors themselves.

### Volunteering

The University's brokerage scheme for students, helping them find volunteering opportunities, continues to focus on addressing mental health stigma. Students have been involved in a number of activities including events on campus to support the national 'Time 2 change' campaign which raise awareness of mental health stigma. Student volunteers have also delivered local school workshop sessions in mental health and wellbeing supporting the national 'Health Schools' campaign.

Middlesex students have joined the Metropolitan Police Volunteer Programme. Approximately

30 Middlesex students volunteered for the Ethnic Minority Foundation, helping with classes in community locations which support groups of females who have low-level literacy and computing skills. Other organisations involved with Middlesex volunteering include the Barnet Refugee Service, The Big Issue, The Old Vic, the Chinese Mental Health Association and Jewish Care.

### Sports initiatives

Students have volunteered more than a thousand hours on sports activities over the year. Sports coaching in local primary and secondary schools continued, along with support for major events including the London Marathon.

We introduced new initiatives in working with children with disabilities, staff and students transported Middlesex equipment to their schools to introduce the sport of weightlifting. We have also introduced a school holiday programme for autistic children, introducing a range of new sports from fencing to judo.

The University's international volunteering initiatives continue with Project Gambia, where student and staff volunteers have delivered football coaching and first aid training for a second year in The Gambia. For the first time, five students and a member of staff ran a two-week football coaching programme in Qingdao, China.

A Middlesex student coaching in China.





**1,700**  
**STUDENTS AT**  
**OUR DUBAI**  
**CAMPUS**

**3,000**  
**STUDENTS**  
**LEARNING IN**  
**NEW FACILITIES**

### Supporting the arts

The University's Museum of Domestic Design and Architecture (MoDA) provided exhibitions, events and arts clubs for a total of almost 7,000 members of the community within the year. This included visits from more than eighty schools, with more than two thousand children visiting the Museum's exhibitions. There were more than four thousand general exhibition visitors and MoDA offered 29 workshops.

The University's Art and Design Degree Show 2011 was held at the Truman Brewery in East London in June, and was again open to the general public for four days. In addition, the final year Fine Art show was held in Islington and dance performances continue to be open to the public at the Arts Depot in North Finchley.

### Corporate Social Responsibility

At Middlesex University we aim to embed corporate social responsibility (CSR) into everything we do. The University has a robust and comprehensive policy with a focus on the following four key areas:

- The workplace, including students, staff and University governance
- The community – encompassing both people and places as key stakeholders
- The marketplace – our suppliers, contractors and partners
- The natural environment.

Delivery of our CSR commitments is overseen by the Corporate Social Responsibility Committee. A number of University committees and fora – such as the University Ethics Committee, the Equal Opportunities Committee and the Environmental Forum take responsibility for specific aspects. We highlight achievements in two areas during 2010–11:

### Environment

- The Grove building has state of the art environmental features incorporated into its design, including: combined heat and power with absorption cooling; natural ventilation; solar thermal energy and a green sedum roof. Both Grove and Hatchcroft (opened in 2008) are among the most environmentally friendly buildings in north London.
- Middlesex has achieved the EcoCampus Bronze award, demonstrating our commitment to environmental improvement. We plan to build on this success with an application for the gold award in the coming year.

- We have been nominated for a Green Gown Award by the UK Environmental Association of Universities and Colleges (EAUC) in the carbon reduction category, in recognition of reducing our energy costs by £212,000 and cutting carbon emissions by 748 tonnes, equivalent to removing 287 cars from the road each year.
- Following the introduction of a new waste strategy, recycling has increased from 5% to 60% in less than one year, equivalent to carbon savings of 40 tonnes per annum.

### Community and workplace

- We were the first British University to abolish compulsory age retirement, ahead of the European directive which has resulted in other HEIs following our lead.
- Engagement with the community remains a strong aspect of our CSR commitment. Our student ambassadors continue to support community events such as Kids on Campus, aimed at raising awareness and aspirations of young learners with regard to higher education.
- Training on ethics is being embedded into the curriculum and within staff induction programmes. We have revised our recruitment training with a focus on becoming an inclusive recruiter, without diminution of standards.
- The Education Liaison and Outreach Team work closely with local schools across the north London boroughs to raise pupil aspirations.
- The University has undertaken a review of recruitment to ensure we attract the widest possible pool of candidates and increase the diversity of our workforce.

Our commitment to CSR is also reflected in our research. During the year, we have undertaken research on human and minority rights; refugees and new immigrants; whistle blowing in public and private sectors; CSR in large multinational firms; capacity in social enterprises and inclusion in digital society.

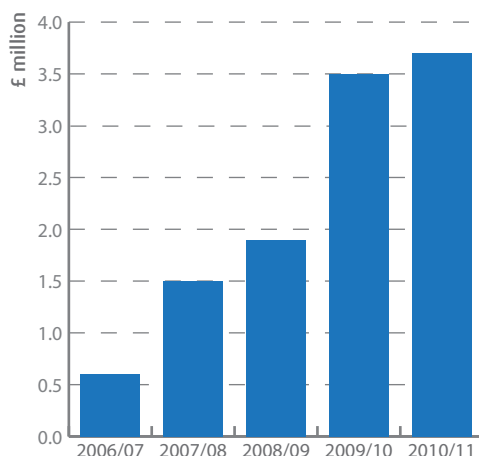


# Financial Review

## Results for the year

The University recorded a historic surplus for the year of £0.5m (2010, £13.4m including realisation of property revaluation gains of £9.9m), the fifth consecutive year of surpluses. The operating surplus of £49K (2010, £2.9m) was achieved after charging £3.6m of restructuring costs. The underlying surplus before this charge thus represented the fifth consecutive year of improvement and was within the short term target of 2% to 3% of income.

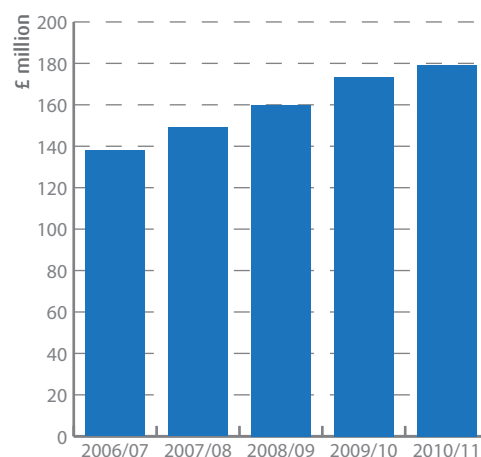
## Operating Surplus (excl. restructuring costs)



Total income for the year increased by 3.5% to £179.3m and total expenditure (excluding restructuring costs) increased by 3.4% to £175.6m.

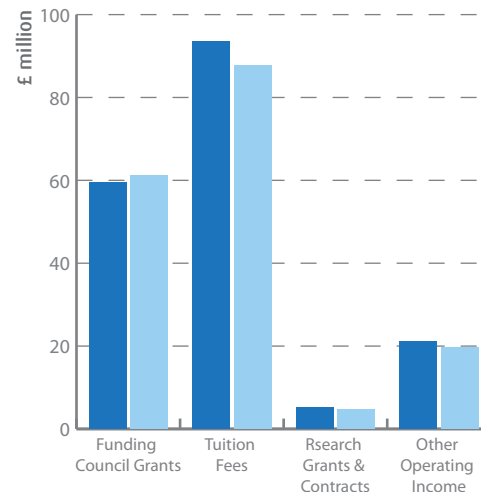
	2010/11 £m	2010/11 £m
Income	179.3	173.3
Expenditure (excl restructuring costs)	(175.6)	(169.8)
Operating surplus (excl restructuring costs)	3.7	3.5
Restructuring costs	(3.6)	(0.5)
Operating surplus	0.05	2.9
Historic cost surplus on property disposal	0.0	10.0
Historic cost adjustment	0.4	0.4
Historic surplus after taxation and historic cost adjustment	0.5	13.4

## Income Growth



Income growth was achieved despite a reduction in grant income with tuition fee growth remaining particularly strong. Overseas income growth was the lowest increase for many years reflecting increased competition. UK/EU fees again grew strongly reflecting improvements in retention, continued growth of collaborative activities and the success of the MODnet employer engagement programme.

All elements of grant income reduced in the year and HEFCE grant income has now reduced by 16% in real terms over the last three years in advance of the significant decreases announced from 2012/13.



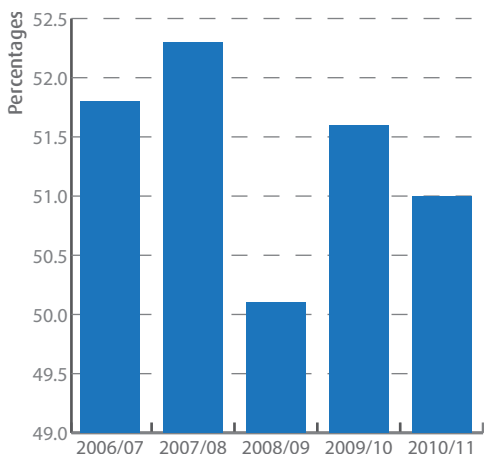
**Expenditure**

Staff costs increased by 5.4% to £94.9m, however, this included a provision of £3.6m set aside for severance payments. The University began a restructuring exercise in June which will be completed by the end of the calendar year and will result in a reduction of just over 200 staff.

The 2.0% increase in staff costs before restructuring were as a result of the annual payrise (0.4%) and the cost of annual drift on the University's payspine (estimated at around 1.3%) together with an increase in the University's NI contributions.

Staff costs (excluding restructuring costs) represented 51% of total income (2010, 51.6%) which remains one of the lowest levels in the sector, reflecting the high level of outsourcing of support activities (including accommodation, security, cleaning, catering) and the efficiency of the existing operations

Nevertheless, the achievement of further efficiencies will be a crucial element in tackling the forthcoming central Government funding cuts and so we have set a long term target of reducing this percentage to 49%.



The increase in other expenses was 8% but excluding a one off onerous lease charge other expenses fell by 0.5%, in line with the long term productivity plans.

The total depreciation charge remained static as the continued investment in

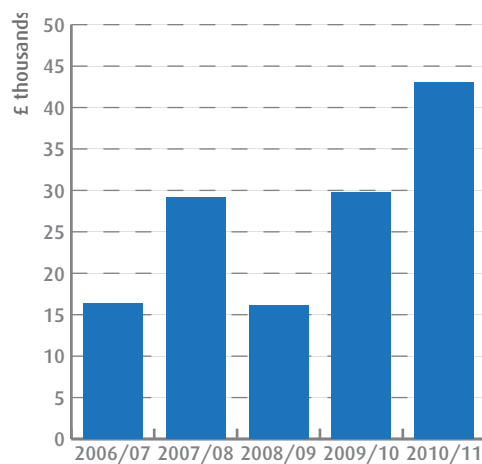
teaching and research equipment was offset by the retirement of Cat Hill assets.

The interest costs of the Phase 3 building are being capitalised, in line with accounting convention, during its development.

Interest payable includes the adjustment for interest on pensions liabilities and a one off charge for the redemption of a finance lease. Excluding these items interest payable remained at similar levels to the previous year.

**Balance Sheet**

The University completed the 9th year of its Estates Development Strategy and invested a further £43m in infrastructure. It has now invested almost £200m over the last 9 years. The major investment during the year was on the new creative arts building at Hendon but other major projects are noted in the Estates section above.



The University plans to generate funds to expend on capital over and above the Estate Development Strategy and again exceeded the target of 5% of income for this year.

The University drew down the balance of the £45m loan facility to provide the flexibility to manage the cost factors of this major investment.

Cash generated from operations was £21m (2010, £7m) boosted by the surplus position and by large provisions for the cost of the implementation of the restructuring and the onerous lease which were created during the year.





Debtors and creditors remained at similar levels to the previous year with strong improvement in tuition fee debt.

### Treasury Management

The University's cash levels fluctuate throughout the year due in particular to the timing of tuition fee receipts, capital expenditure programmes and property sales. The average monthly cash balance in the year was similar to last year at £15m with a range of £4m to £26m. All excess balances are invested with secure A1+ banks and building societies. The University uses Royal London Cash Management, cash managers who consistently out-perform the market, to manage its excess cash balances.

The long term policy is always to maintain cash levels at 2 months of expenditure (£28m for this year). However, during the period of development of Phase 3 this is balanced against the draw down of the new loan facility.

The University's loan profile is detailed below. This excludes £12m shown in the accounts as a long term creditor, which relates to the lease premium received on Student Halls and is being amortised over the life of the lease (35 years).

	Total Debt 2010/11 £m	Total Debt 2009/10 £m
Barclays	38.3	39.6
Lloyds	55.8	30.3
British Linen Finance Lease	0.0	1.4
Other	1.2	1.2
<b>Total Borrowings</b>	<b>95.3</b>	<b>72.5</b>

### Outlook

The University is planning to achieve an historic surplus in 2011/12 of £9m after a one off gain from the sale of the Cat Hill Campus. This historic surplus will still enable the University to fund existing operations and to make a modest investment in its future.

This surplus includes an operating deficit of £5m resulting from a reduction in overseas

income, HEFCE and other grants partially offset by savings from the restructuring programme.

The University's focus during the year, beyond providing an outstanding student experience across the globe, will be to seek to grow income in all areas and to continue to strive to achieve improved productivity across all operations. International growth will be achieved in income from students with our existing and with new collaborative partners and with our international campuses.

### Risk and uncertainties

The University has a well established set of procedures to assess and manage risks at both the corporate and departmental level.

The corporate risk register lists ten key risks facing the University at this time. The overriding risk is the uncertainty around future funding in the UK. Although the HEFCE grant now represents a lower proportion of the University's income than at any time since its inception, any impact on grant has a serious impact on the University given the low margin levels we operate within.

The University is seeking to mitigate this risk by further diversifying its income base and seeking productivity improvements across both academic delivery and support costs. It is also using detailed internal analyses of the relative contribution of all activities and benchmarking exercises with the sector to allocate resources, focus on relative financial performance and examine pricing where relevant.

The University is responding to the risks to its international base from the global economy and student visa issues by diversifying the income base both geographically and by type with a growing contribution from international campuses and collaborative programmes (in turn highly diversified) adding to the recruitment of overseas students to the UK.

The University's Board of Governors Finance and General Purposes Committee reviews the key risks at each of its four meetings during the year so that appropriate mitigating actions can be taken.

# 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.

## Charitable status

Middlesex University Higher Education Corporation is an exempt charity for the purposes of the Charities Act 1993 and the Governors are its trustees.

## The Board of Governors

The composition of the Board of Governors is set out on page 22 and 23. 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 Nominations 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 the 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.

#### **Senior Staff Conditions of Service**

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 2010 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 2010 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. 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 of these 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 2010 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 reviewing detailed papers the Board of Governors considered, at its meeting on 21 November 2011, 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.

**Membership of the Board of Governors**

Anne Boden	A
Peter Cheeseman	F, G, N
Dr Tracey Cockerton	G, N
Bipin Desai	A
Andy Doyle	F, S
Professor Michael Driscoll	F, G, N
Dr Dina Gray	A
Stephen Hand	F
Colin Hughes	G, N, S
Arthur Husk	F
Manoj Iyer	F
Geoff Lambert	F, G, N
Professor Martin Loomes	F
June Mulroy	A
Andrew Parsons	A
Sir Michael Partridge	A
Ross Porter	G, N
Alan Riddell	A
Dame Janet Ritterman	A
Ann Robinson OBE	F, G, N
Nik Rochez	F
Ryan Radley	G, N
Linda Spence	F, S
Peter Thomas	F, S

**Key:**

- A Audit Committee
- F Finance and General Purposes Committee
- G Governance Committee
- N Nominations Committee
- S Senior Staff Conditions of Service Committee





# 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 and 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 2011 which comprise the Consolidated Income and Expenditure Account, Consolidated Statement of Total Recognised Gains and Losses, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement, the Consolidated Note of Historical Cost Surpluses and Deficits, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University's Governors, as a body, in accordance with paragraph 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the University's Governors those matters we are required to state to them in an auditor's 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 University and the University's Governors as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective Responsibilities of the University's Governing Body and Auditors

As explained more fully in the statement of responsibilities of the Board of Governors, the members of the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, regulatory requirements and International Standards on Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for England. Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

In addition, we also report to you whether income from funding bodies, 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 and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

## Opinion on the financial statements

In our opinion:

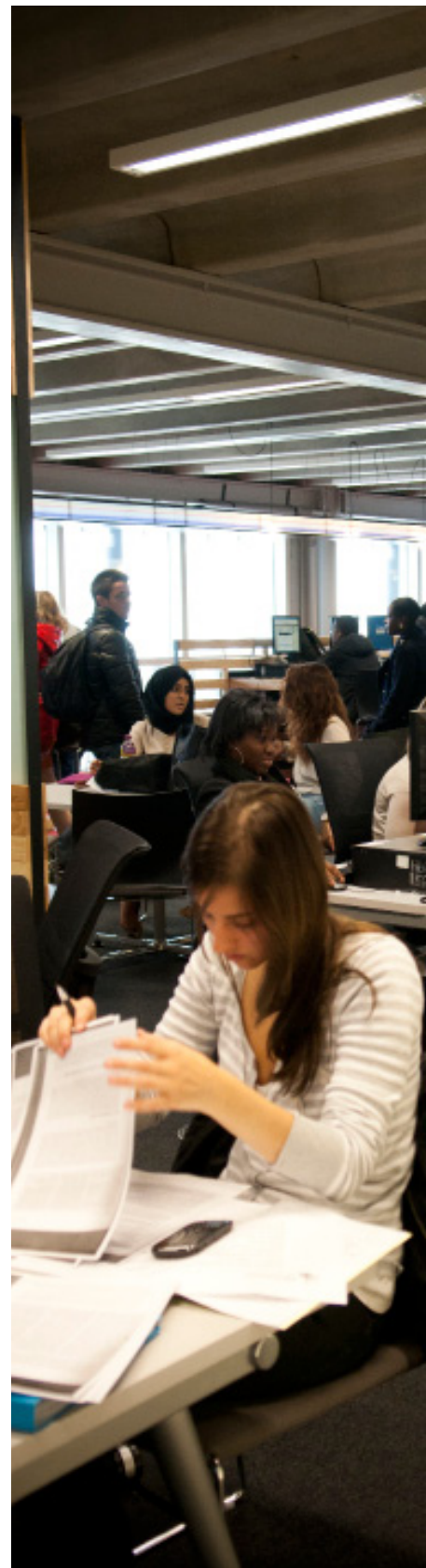
- the financial statements give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2011 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions";
- the financial statements have been prepared in accordance with the requirements of the Education Reform Act 1988;
- income from the Higher Education Funding Council for England, Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received; and
- income has been applied in accordance with the University's statutes and where appropriate with the applicable Financial Memorandum with the Higher Education Funding Council for England.

## BDO LLP

Statutory Auditor  
Epsom  
United Kingdom

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# 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. Details of the subsidiary undertakings included are given at note 13. The subsidiary undertakings are consolidated on a line by line basis with intra-group transactions and balances eliminated on consolidation.

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 and future activities are set out in the Introduction from the Vice-Chancellor on page 2. 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 Body Recurrent Grants** represents funding allocation attributable to the period in which it is receivable and is credited directly to the income and expenditure account.

### Tuition Fees and Education Contracts

are recognised in the period in which it is receivable. Tuition Fees include all fees chargeable to students or their sponsors and are stated gross, any bursaries or fees waived by the University are being accounted for as expenditure and not deduction from income.

**Income from Specific Grants, Restricted Donations, Research Grants, Contracts and Other Services Rendered** is recognised to the extent of the spend incurred during the year,

together with any related contributions towards overhead costs. Income received in excess of expenditure is held as a deferred creditor.

**Grants and donations** in respect of fixed assets (whether as money or assets) are treated as deferred capital grants, the treatment of which is set out in accounting policy E.

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.

## 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 Capitalisation

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 £30,000 is generally written off in the year of acquisition.

### Depreciation

Depreciation is provided on capitalised tangible fixed assets, other than freehold land, over the following periods:

Freehold Buildings	
Freehold buildings and major improvements	50 years
Minor improvements to freeholds buildings	10–20 years
Fixtures, Fittings and Equipment	
Fixtures, fittings and equipment (including van and minibus fleet)	5–10 years
Computer hardware and software	4 years
Motor cars	3 years

### Assets under construction

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.

### Valuation

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.

### Capital grants

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.

### Impairment

A review for impairment of fixed assets 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.

### 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. Increases or decreases in value arising on the revaluation or disposal of endowment assets, is accounted for by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

### H. Leases

#### Finance 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.

#### Operating Leases

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 (VAT). 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

### Defined Benefits Schemes

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.

On 22 June 2010 it was announced in the Chancellor's Emergency Budget that increases to public sector pensions will in future be linked to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). These revised pension increases will be effective from 1 April 2011. It is expected that CPI will be significantly lower than RPI in future periods thus reducing the pension scheme liability. The credit arising from this change in assumptions in the LGPS has been recognised in the statement of total recognised gains and losses for the year ended 31 July 2010.

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.

## O. Endowment Funds

### Endowment funds

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these amounts are accounted for as endowments.

- **Restricted permanent endowments** where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.
- **Restricted expendable endowments** where the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income.
- **Unrestricted permanent endowments** where the donor has specified that the fund is to be permanently invested to generate an income stream which can be applied to any objective.

### Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donations has been received, or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured reliably.

# Financial Statements





## Consolidated Income and Expenditure Account for the year ended 31 July 2011

	Notes	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
<b>Income</b>			
Funding body grants	1	59,522	61,193
Tuition fees and education grants	2	93,551	87,830
Research grants and contracts	3	5,053	4,582
Other operating income	4	21,113	19,589
Endowment income and interest receivable	5	89	122
<b>Total Income</b>		<b>179,328</b>	<b>173,316</b>
<b>Expenditure</b>			
Staff costs	6	94,906	90,005
Other operating expenses	7	70,784	65,561
Depreciation	12	8,750	8,770
Interest payable	8	4,839	6,093
<b>Total Expenditure</b>		<b>179,279</b>	<b>170,429</b>
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax		49	2,887
Surplus on disposal of assets		-	95
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets but before tax		49	2,982
Taxation	10	4	2
Minority interest		(74)	(101)
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation, disposal of assets and tax</b>		<b>119</b>	<b>3,081</b>
Transfer from accumulated return within restricted endowments		497	636
<b>Surplus for the year retained within general reserves</b>		<b>616</b>	<b>3,717</b>

All results are from continuing operations.

## Consolidated statement of historical cost surpluses and deficits for the year ended 31 July 2011

	Notes	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Surplus on continuing operations before taxation		123	3,083
Realisation of property revaluation gains	22	-	9,917
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	22	429	429
<b>Historical cost surplus for the period before taxation</b>		<b>552</b>	<b>13,429</b>
<b>Historical cost surplus for the period after taxation</b>		<b>548</b>	<b>13,427</b>

The notes on pages 34 to 55 form part of these financial statements.



## Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 July 2011

	Notes	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		119	3,081
New endowments	21	872	650
Actuarial loss on enhanced pension scheme	19	(500)	-
Actuarial loss on local government pension scheme	32	(1,565)	(452)
Gain arising from change in local government pension scheme benefits	32	-	6,801
Foreign exchange translation (losses)/gains on foreign currency net investment in subsidiaries	23	(50)	44
<b>Total recognised (losses)/gains for the year</b>		<b>(1,124)</b>	<b>10,124</b>
<b>Total (losses)/gains recognised since last financial year</b>		<b>(1,124)</b>	<b>10,124</b>
<b>Reconciliation</b>			
Opening reserves and endowments		18,008	7,884
Total recognised (losses)/gains for the year		(1,124)	10,124
<b>Closing reserves and endowments</b>		<b>16,884</b>	<b>18,008</b>

The notes on pages 34 to 55 form part of these financial statements.

**Balance Sheets**

as at 31 July 2011

	Notes	Group 2011 £000	University 2011 £000	Group 2010 £000	University 2010 £000
<b>Fixed assets</b>					
Tangible assets	12	193,976	193,782	176,561	176,325
Investments	13	66	942	66	1,102
		<u>194,042</u>	<u>194,724</u>	<u>176,627</u>	<u>177,427</u>
<b>Endowment assets</b>	21	1,145	1,145	769	769
<b>Current assets</b>					
Stock	14	416	95	310	8
Fixed assets identified for disposal	12	16,821	16,821	-	-
Debtors: amounts falling due within one year	15	16,330	16,169	17,495	17,080
Debtors: amounts falling due after more than one year	15	1,746	1,746	1,808	1,808
Cash at bank and in hand	16	24,944	20,909	27,238	24,103
		<u>60,257</u>	<u>55,740</u>	<u>46,851</u>	<u>42,999</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(39,053)</u>	<u>(37,108)</u>	<u>(35,171)</u>	<u>(32,991)</u>
<b>Net current assets/ (liabilities)</b>		<u>21,204</u>	<u>18,632</u>	<u>11,680</u>	<u>10,008</u>
<b>Total assets less current liabilities</b>		216,391	214,501	189,076	188,204
<b>Creditors: amounts falling due after more than one year</b>	18	(106,890)	(106,695)	(84,541)	(84,541)
<b>Provisions for liabilities and charges</b>	19	<u>(15,117)</u>	<u>(15,117)</u>	<u>(7,660)</u>	<u>(7,660)</u>
<b>NET ASSETS (excluding pensions liability)</b>		<u>94,384</u>	<u>92,689</u>	<u>96,875</u>	<u>96,003</u>
<b>Net pensions liability</b>	32	(45,919)	(45,919)	(45,360)	(45,360)
<b>NET ASSETS (including pensions liability)</b>		<u>48,465</u>	<u>46,770</u>	<u>51,515</u>	<u>50,643</u>
<b>Deferred capital grants</b>	20	31,757	31,757	33,608	33,608
<b>Endowments</b>					
Expandable	21	726	726	351	351
Permanent	21	419	419	418	418
		<u>1,145</u>	<u>1,145</u>	<u>769</u>	<u>769</u>
<b>Reserves</b>					
Revaluation reserve	22	26,734	26,734	27,163	27,163
Income and expenditure account (including pension reserve)	23	(10,995)	(12,866)	(9,924)	(10,897)
		<u>16,884</u>	<u>15,013</u>	<u>18,008</u>	<u>17,035</u>
Minority Interest		(176)	-	(101)	-
<b>TOTAL FUNDS</b>		<u>48,465</u>	<u>46,770</u>	<u>51,515</u>	<u>50,643</u>

The financial statements on pages 30 to 55 were approved and authorised for issue by the University Board on 21st November 2011 and were signed on its behalf by:-

Colin Hughes  
Chair of the Board of Governors

Professor Michael Driscoll  
Vice-Chancellor

Melvyn Keen  
Director of Finance

The notes on pages 34 to 55 form part of these financial statements.

## Consolidated Cash Flow

for the year ended 31 July 2011

	Notes	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
<b>Net Cash inflow from operating activities</b>	24	<b>20,716</b>	6,994
Returns on investment and servicing of finance	25	(3,228)	(2,828)
Taxation	10	(4)	(2)
Capital expenditure	27	(42,048)	(5,954)
Cash outflow before management of liquid resources		<u>(24,564)</u>	<u>(1,790)</u>
Financing	26	<u>22,646</u>	<u>18,189</u>
<b>(Decrease)/increase in cash in the year</b>	28	<u><b>(1,918)</b></u>	<u>16,399</u>
<b>Reconciliation of net cash flow to movement in net funds/(debt)</b>			
(Decrease)/increase in cash in the year	28	(1,918)	16,399
Loan repayment in the year	26	1,207	1,145
Cash inflow from new bank loan	26	(25,500)	(19,500)
Cash used to repay finance leases	26	1,647	166
Change in net debt	28	<u>(24,564)</u>	<u>(1,790)</u>
Net debt at 1 August	28	<u>(45,908)</u>	<u>(44,118)</u>
<b>Net debt at 31 July</b>		<u><b>(70,472)</b></u>	<u>(45,908)</u>

The notes on pages 34 to 55 form part of these financial statements.

# Notes to the Accounts





**1. Funding body grants**

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
<b>Recurrent grants</b>		
Higher Education Funding Council for England (HEFCE)	46,078	46,291
Training and Development Agency (TDA)	3,429	3,627
<b>Specific grants</b>		
Higher Education Innovation Fund	1,135	1,076
Teaching Quality Enhancement	-	4
Aim Higher	180	208
Centres for Excellence in Teaching and Learning	49	1,103
Research grants	3,322	3,397
MODNet grants	3,113	2,349
Other grants	364	143
<b>Deferred capital grants released in year</b>		
Buildings	628	2,743
Equipment	1,224	252
	<u>59,522</u>	<u>61,193</u>

**2. Tuition fees and education grants**

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
Full-time students charged home fees	38,536	36,006
Full-time students charged overseas fees	30,607	29,565
Part-time fees	3,584	4,162
Short course fees and training CPD	8,106	5,732
NHS education contracts	12,718	12,365
	<u>93,551</u>	<u>87,830</u>

Note 2 for the year ended 31 July 2010 reflects the reclassification of £4,130k in training CPD income to the short course fees and training CPD category from Note 4.

**3. Research grants and contracts**

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
Research Councils	1,311	1,673
UK based charities	162	572
UK central government	1,717	744
UK industrial	34	115
European Commission	1,597	1,039
EU other	63	146
Other sources	169	293
	<u>5,053</u>	<u>4,582</u>

**4. Other operating income**

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
Residences, catering and conferences	5,369	5,165
Other services rendered	4,169	3,726
Sports income	529	380
Childcare	617	590
Rent and room hire	1,355	1,052
Validation fees	3,740	3,563
Subsidiary companies trading income	2,860	2,905
Releases from deferred capital grants	70	88
Other income	2,404	2,120
	<b>21,113</b>	<b>19,589</b>

Note 4 for the year ended 31 July 2010 reflects the reclassification of £4,130k in training CPD income from subsidiary companies trading income and other income categories to Note 2.

**5. Endowment income and interest receivable**

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
Income from endowments	5	5
Interest receivable	84	117
	<b>89</b>	<b>122</b>

**6. Staff**

The average monthly numbers of employees during the year were:

	Year ended 31 July 2011	Year ended 31 July 2010
	Number	Number
Academic	794	771
Administration and senior staff	993	979
Technical	108	110
Other (including research)	122	119
	<b>2,017</b>	<b>1,979</b>

**Staff costs for the above persons:**

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
Wages and salaries	74,441	73,371
Social security costs	6,585	6,249
Other pension costs	10,232	9,847
	<b>91,258</b>	<b>89,467</b>
Restructuring costs	3,648	538
	<b>94,906</b>	<b>90,005</b>

Employment costs for staff on permanent contracts  
Employment costs for staff on temporary contracts  
Enhanced Pensions provision charged

Restructuring costs

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
	75,784	74,527
	15,375	14,533
	99	407
	<b>91,258</b>	<b>89,467</b>
	3,648	538
	<b>94,906</b>	<b>90,005</b>

**6. Staff (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 2011	Year ended 31 July 2010
	Number	Number
£100,001 to £110,000	4	7
£110,001 to £120,000	2	1
£130,001 to £140,000	1	-
£140,001 to £150,000	1	1
£150,001 to £160,000	3	2
£160,001 to £170,000	1	2
£170,001 to £180,000	1	1
£190,001 to £200,000	1	1
£250,001 to £260,000	-	1
£270,001 to £280,000	1	-
	<b>15</b>	<b>16</b>

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

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
Salaries	1,767	1,866
Benefits in kind	81	79
Pension contributions	344	318
<b>Total emoluments</b>	<b>2,192</b>	<b>2,263</b>

**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 2011	Year ended 31 July 2010
	£000	£000
Salary	211	211
Benefits in kind	19	18
Pension contributions	48	30
<b>Total emoluments</b>	<b>278</b>	<b>259</b>

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 2011	Year ended 31 July 2010
	£000	£000
Consumables	2,145	2,268
Learning resources	2,386	2,546
Funds payable to other colleges	6,910	6,721
Auditors' remuneration	324	290
Catering and hospitality	828	769
Marketing related costs	1,812	2,514
Collaborative partners and advisors	2,465	2,563
External staffing and services	1,371	1,519
Staff development costs	1,164	1,250
Student recruitment, bursaries and scholarships	14,087	12,804
Subscriptions and memberships	840	734
Equipment and furniture (not capitalised)	599	928
IT expenditure and maintenance	5,510	4,918
IT operating leases	1,080	1,026
NHS service charge costs	1,013	1,048
Grants to Student Union	780	680
Transport, travel and subsistence	2,372	2,595
Insurance	571	631
Telephones and postage	444	454
Rent and rates	3,316	2,888
Repairs and general maintenance	2,423	2,330
Utilities	1,828	2,101
Other premises costs	8,090	7,646
Onerous lease impairment charge	5,556	-
Other expenditure	2,870	4,338
	<b>70,784</b>	<b>65,561</b>

**Other operating expenses include:**

	£000	£000
BDO LLP Auditors' remuneration fees payable in respect of:		
Audit University annual financial statements	115	108
Audit UK Subsidiary Company annual financial statements	16	15
Audit of Pension Scheme and Funding Body statements	4	4
Audit annual financial statements - other auditors	20	19
Tax and other services from external auditors	9	8
Internal audit (Grant Thornton LLP)	160	136
Amounts paid in respect of operating leases	1,134	1,026

**8. Interest Payable**

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
On pension liabilities	1,523	3,143
Other loans not wholly repayable within five years	2,814	2,850
Bank overdrafts	11	11
Finance leases	487	84
Other	4	5
Total	<b>4,839</b>	<b>6,093</b>
Reconciliation of interest payable:	£000	£000
Total interest payable	5,793	6,185
Less amount capitalised (Note 12)	(954)	(92)
Interest payable included within the Income and Expenditure account	<b>4,839</b>	<b>6,093</b>

**9. Analysis of 2010/11 expenditure by activity**

	Staff Costs	Other operating expenses	Depreciation	Interest payable	Total
	£000	£000	£000	£000	£000
Academic departments	56,314	13,553	1,631	-	71,498
Academic services	20,058	21,025	2,928	3	44,014
Research grants and contracts	2,112	2,941	-	-	5,053
Residences, catering & conferences	114	5,206	313	487	6,120
Premises	4,627	11,574	1,387	2,814	20,402
Administration and central services*	7,616	9,514	2,477	-	19,607
Other expenditure	417	6,971	14	1,535	8,937
	<b>91,258</b>	<b>70,784</b>	<b>8,750</b>	<b>4,839</b>	<b>175,631</b>
Restructuring Costs	3,648	-	-	-	3,648
<b>Total operating expenditure</b>	<b>94,906</b>	<b>70,784</b>	<b>8,750</b>	<b>4,839</b>	<b>179,279</b>

The depreciation charge has been funded by:	£000
Revaluation reserve release (Note 22)	429
Deferred capital grant release (Note 20)	1,922
General income	6,399
	<u>8,750</u>

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

**10. Taxation**

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
Foreign Taxes	4	2
	<u>4</u>	<u>2</u>

The foreign tax charges arise from the activities of certain overseas trading subsidiary companies within their local regions during the year.

The board does not believe that the University or its UK trading subsidiary companies were liable for any UK corporation tax arising out of their activities during the year.

**11. Surplus on continuing operations**

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

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
University's (deficit)/surplus for the year	(333)	2,505
Surpluses/(deficits) generated by subsidiary undertakings	789	(148)
Impairment of investment in subsidiary undertaking (Note 13)	160	1,360
Total consolidated surplus	<u>616</u>	<u>3,717</u>

## 12. Tangible fixed assets

University	Freehold Land £000	Freehold and Leasehold Buildings £000	Fixtures, Fittings and Equipment £000	Assets under construction £000	Total £000
<b>Cost or Valuation</b>					
At 1 August 2010	29,361	140,483	25,727	21,474	217,045
Additions	-	1,062	1,305	40,546	42,913
Transfers to current assets	(7,150)	(15,528)	-	-	(22,678)
Transfers between classifications	-	(408)	211	(366)	(563)
Disposals	-	(502)	(6,538)	-	(7,040)
<b>At 31 July 2011</b>	<b>22,211</b>	<b>125,107</b>	<b>20,705</b>	<b>61,654</b>	<b>229,677</b>
<b>Depreciation</b>					
At 1 August 2010	-	27,247	13,473	-	40,720
Charge for year	-	3,433	5,197	-	8,630
Transfers to current assets	-	(5,857)	-	-	(5,857)
Transfers between classifications	-	(428)	(135)	-	(563)
Eliminated in respect of disposals	-	(502)	(6,533)	-	(7,035)
<b>At 31 July 2011</b>	<b>-</b>	<b>23,893</b>	<b>12,002</b>	<b>-</b>	<b>35,895</b>
<b>Net book value at 31 July 2011</b>	<b>22,211</b>	<b>101,214</b>	<b>8,703</b>	<b>61,654</b>	<b>193,782</b>
Net book value at 1 August 2010	29,361	113,236	12,254	21,474	176,325
Inherited	14,550	12,184	-	-	26,734
Financed by capital grant	-	18,221	674	12,862	31,757
Other	7,661	70,809	8,029	48,792	135,291
<b>Net book value at 31 July 2011</b>	<b>22,211</b>	<b>101,214</b>	<b>8,703</b>	<b>61,654</b>	<b>193,782</b>
<b>Group</b>					
<b>Cost or Valuation</b>					
At 1 August 2010	29,361	142,073	27,523	21,474	220,431
Exchange revaluation	-	-	-	-	-
Additions	-	1,062	1,383	40,546	42,991
Transfers to current assets	(7,150)	(15,528)	-	-	(22,678)
Transfers between classifications	-	(1,998)	(262)	(366)	(2,626)
Disposals	-	(502)	(7,331)	-	(7,833)
<b>At 31 July 2011</b>	<b>22,211</b>	<b>125,107</b>	<b>21,313</b>	<b>61,654</b>	<b>230,285</b>
<b>Depreciation</b>					
At 1 August 2010	-	28,837	15,033	-	43,870
Exchange revaluation	-	-	-	-	-
Charge for year	-	3,433	5,317	-	8,750
Transfers to current assets	-	(5,857)	-	-	(5,857)
Transfers between classifications	-	(2,018)	(608)	-	(2,626)
Eliminated in respect of disposals	-	(502)	(7,326)	-	(7,828)
<b>At 31 July 2011</b>	<b>-</b>	<b>23,893</b>	<b>12,416</b>	<b>-</b>	<b>36,309</b>
<b>Net book value at 31 July 2011</b>	<b>22,211</b>	<b>101,214</b>	<b>8,897</b>	<b>61,654</b>	<b>193,976</b>
Net book value at 1 August 2010	29,361	113,236	12,490	21,474	176,561
Inherited	14,550	12,184	-	-	26,734
Financed by capital grant	-	18,221	674	12,862	31,757
Other	7,661	70,809	8,223	48,792	135,485
<b>Net book value at 31 July 2011</b>	<b>22,211</b>	<b>101,214</b>	<b>8,897</b>	<b>61,654</b>	<b>193,976</b>

**12. Tangible Fixed Assets (cont'd)**

Disposals represent the write off of historical tangible fixed assets that are fully depreciated. The gross cost of these assets amounted to £6,984k.

Building assets under construction includes an aggregate £1,046k (2010: £92k) in respect of capitalised interest of which £954k was capitalised in the year ending 31 July 2011 (Note 8), charged at a rate of 5.70% (2010: 2.30%).

The University holds garden sculpture assets at its Trent Park campus at £Nil value. These assets are not considered Heritage Assets as defined by the SORP. Based upon an independent valuation for insurance purposes the sculptures had a replacement value of £2,058m as at 18 June 2002.

As a result of the Education Reform Act 1988, the freehold interests in properties occupied by Middlesex Polytechnic (now Middlesex University Higher Education Corporation) previously held by the London Boroughs of Barnet, Enfield and Haringey were formally transferred to the Corporation itself with effect from 1 April 1989.

The cost or valuation of Land and Buildings comprises:

<b>University</b>	<b>At 31 July 2011 £000</b>	At 31 July 2010 £000
<b>Freeholds</b>		
Assets inherited upon incorporation:		
Buildings, valued at depreciated replacement cost	<b>12,184</b>	12,613
Freehold land, valued at market existing use	<b>14,550</b>	14,550
	<b>26,734</b>	27,163
Asset stated at cost	<b>96,691</b>	113,593
<b>Asset held under finance leases</b>	-	1,841
<b>Net book value at 31 July 2011</b>	<b>123,425</b>	142,597

The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly the book values at the date of implementation have been retained.

At transfer the freehold buildings were valued at replacement cost as determined by a professional valuer for insurance purposes as at 31 March 1989 and reduced by an estimated amount of depreciation. Freehold land was revalued by the District valuer on an open market existing use basis as at 31 March 1991. All other assets continue to be shown at historic cost.

The net book value of tangible fixed assets contains £Nil assets held under finance leases (2010: £1,841k) this follows the early repayment of existing lease obligations during the year.

## 13. Investments of the University

	Group Year ended 31 July 2011 £000	University Year ended 31 July 2011 £000	Group Year ended 31 July 2010 £000	University Year ended 31 July 2010 £000
<b>Investments in Subsidiary undertakings:-</b>				
Mindsets (UK) Limited	-	840	-	1,000
Other subsidiary companies	-	36	-	36
<b>Other Investments:-</b>				
CVCP Properties plc	36	36	36	36
Argentium International Limited	30	30	30	30
	<b>66</b>	<b>942</b>	<b>66</b>	<b>1,102</b>

Principal trading subsidiary	Parent interest in ordinary shares voting rights	Principal activity	Country of incorporation
MU Ventures Limited.	100%	Consultancy Services	England and Wales
Mindsets (UK) Limited (Previously Teaching Resources Limited)	100%	Supply of science and technology products	England and Wales
Middlesex Biomedical Investment Limited	100%	Intellectual property devt., acquisition and licensing.	England and Wales
Middlesex Services (Cyprus) Limited.	100%	Student recruitment	Cyprus
Middlesex Services Limited. (Hong Kong)	100%	Student recruitment	Hong Kong
Middlesex Uni (SEA) SDN BHD	100%	Student recruitment	Malaysia
Middlesex Educational Services (Mauritius) Limited	100%	Student recruitment	Mauritius
Middlesex International (Dubai) FZ-LLC	100%	Student recruitment	Dubai/UAE

Investments are stated at cost, with the exception of MU Ventures Limited and Mindsets (UK) Limited.

The University holds a £2m provision against MU Ventures Limited (2010: £2m) and a £1,520k provision against Mindsets (UK) Limited (2010: 1,360k)

Middlesex International (Dubai) FZ-LLC owns 51% of Middlesex International JSS (Mauritius) Limited with 49% owned by JSS Academy Limited.

## 14. Stock

	Group Year ended 31 July 2011 £000	University Year ended 31 July 2011 £000	Group Year ended 31 July 2010 £000	University Year ended 31 July 2010 £000
Finished goods	304	-	300	-
Work-in-progress	112	95	10	8
	<b>416</b>	<b>95</b>	<b>310</b>	<b>8</b>

## 15. Debtors

	Group Year ended 31 July 2011 £000	University Year ended 31 July 2011 £000	Group Year ended 31 July 2010 £000	University Year ended 31 July 2010 £000
<b>Amounts falling due within one year:</b>				
Trade debtors	2,401	2,248	2,470	1,985
Tuition Fees	3,673	3,673	4,791	4,791
Other debtors	4,612	3,982	4,954	4,420
Amounts owed by subsidiary undertakings	-	803	-	820
Prepayments and accrued income	5,644	5,463	5,280	5,064
	<b>16,330</b>	<b>16,169</b>	<b>17,495</b>	<b>17,080</b>
<b>Amounts falling due after more than one year:</b>				
Prepayments	1,746	1,746	1,808	1,808
	<b>18,076</b>	<b>17,915</b>	<b>19,303</b>	<b>18,888</b>

**16. Cash at bank and in hand**

Cash at bank and in hand includes £1,138k (2010: £992k) in respect of monies held on behalf of third parties.

**17. Creditors: amounts falling due within one year**

	<b>Group</b>	<b>University</b>	Group	University
	<b>Year ended</b>	<b>Year ended</b>	Year ended	Year ended
	<b>31 July 2011</b>	<b>31 July 2011</b>	31 July 2010	31 July 2010
	<b>£000</b>	<b>£000</b>	£000	£000
Bank loans and overdrafts	<b>1,273</b>	<b>1,273</b>	1,207	1,207
Other loans	<b>10</b>	<b>10</b>	40	40
Obligations under finance leases	-	-	182	182
Payments received on account	<b>3,049</b>	<b>3,049</b>	2,926	2,926
Trade creditors	<b>13,239</b>	<b>12,025</b>	12,783	11,460
Amounts owed to subsidiary undertakings	-	-	-	12
Other taxation and social security	<b>2,779</b>	<b>2,738</b>	2,822	2,766
Accruals and deferred income	<b>18,703</b>	<b>18,013</b>	15,211	14,398
	<b>39,053</b>	<b>37,108</b>	35,171	32,991

**18. Creditors: amounts falling due after more than one year**

<b>Group and University</b>	<b>Finance</b>	<b>Mortgages</b>	<b>Other</b>	<b>Total</b>
	<b>Leases</b>			
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Long term creditor as at 1 August 2010	1,464	71,061	12,016	<b>84,541</b>
Add back: transfer to short term creditors	183	1,207	664	<b>2,054</b>
Additions during the year	-	25,500	234	<b>25,734</b>
Capital repaid in year	(1,647)	(1,207)	(650)	<b>(3,504)</b>
Creditor outstanding at 31 July 2011	-	96,561	12,264	<b>108,825</b>
Transfer: to short term creditors	-	(1,273)	(662)	<b>(1,935)</b>
Long term creditor as at 31 July 2011	-	<b>95,288</b>	<b>11,602</b>	<b>106,890</b>

The Group has an additional £195k of liabilities, making the total group liabilities falling due after more than one year £106,890k.

**Analysis of long term creditor**

	<b>Group</b>	<b>University</b>	Group	University
	<b>Year ended</b>	<b>Year ended</b>	Year ended	Year ended
	<b>31 July 2011</b>	<b>31 July 2011</b>	31 July 2010	31 July 2010
	<b>£000</b>	<b>£000</b>	£000	£000
Due:				
Between one and two years	<b>2,332</b>	<b>2,311</b>	1,937	1,937
Between two and five years	<b>10,120</b>	<b>10,057</b>	7,836	7,836
In five years or more	<b>94,438</b>	<b>94,327</b>	73,304	73,304
Finance leases	-	-	1,464	1,464
Total long term debt	<b>106,890</b>	<b>106,695</b>	84,541	84,541

Mortgage 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.

## 18. Creditors: amounts falling due after more than one year (cont'd)

Property name:	Interest rate	Interest rate	Expiry date at 31 July 2011	Amount outstanding
	%	rate		
Hendon Campus	5.29%	fixed	2030	£39,561k
Trent Park and (part of) Hendon Campuses	6.5950%	fixed	2037	£12,000k
	6.4250%	fixed	2037	£15,000k
	2.15662%	fixed	2037	£30,000k

### Finance lease obligations

Obligations under finance leases fall due as follows:

	Group Year ended 31 July 2011 £000	University Year ended 31 July 2011 £000	Group Year ended 31 July 2010 £000	University Year ended 31 July 2010 £000
Within one year	-	-	182	182
Between one and two years	-	-	200	200
Between two and five years	-	-	460	460
In five years or more	-	-	805	805
Total	-	-	1,647	1,647

During the year the University repaid in full the principal amount under existing finance lease obligations.

## 19. Provisions for liabilities and charges

University	Enhanced Pension Provision £000	Restructuring Provision £000	Onerous Contract Provision £000	Other Provision £000	Total £000
At 1 August 2010	7,388	-	-	272	7,660
Utilised during the year	(1,767)	(13)	-	(272)	(2,052)
Actuarial loss arising recognised in the STRGL	500	-	-	-	500
Charged to income and expenditure account	99	3,354	5,556	-	9,009
At 31 July 2011	6,220	3,341	5,556	-	15,117

Provisions includes:

A pension provision in respect of pension enhancements payable on behalf of staff who took early retirement during the 1990s. Currently there are 189 people in the scheme. This provision will be utilised over the period of retirement. From 1 April 2011 pension increases will be in future linked to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). It is expected that CPI will be significantly lower than RPI in future periods, thus reducing the pension liability. This change in assumption has resulted in a credit of £500k which has been recognised in the STRGL for the year ended 31 July 2011.

The costs of an agreed redundancy scheme which is an estimated liability that will arise from the agreement to offer staff voluntary redundancy or be subject to redundancy where activities have been re-organised or discontinued as a result of restructuring. The redundancy scheme was implemented in 2011 and the provision represents the cost of agreed redundancy arrangements outstanding at 31 July 2011.

The cost of an onerous contract relating to part of the New Southgate campus, where the cost of meeting the existing lease obligations exceed the economic benefits expected to be received under the lease. The provision represents the lease period up to 7th June 2020.

## 20. Deferred capital grants

Group and University	Buildings £000	Fixtures, Fittings and Equipment £000	Assets under construction £000	Total £000
<b>Funding Bodies</b>				
At 1 August 2010	16,674	1,891	12,791	31,356
Grants received	-	-	71	71
Released to income and expenditure account	(628)	(1,224)	-	(1,852)
At 31 July 2011:	16,046	667	12,862	29,575
<b>Other grants and benefactions</b>				
At 1 August 2010	2,240	12	-	2,252
Grants received	-	-	-	-
Released to income and expenditure account	(65)	(5)	-	(70)
At 31 July 2011:	2,175	7	-	2,182
<b>Totals</b>				
At 31 July 2011	<b>18,221</b>	<b>674</b>	<b>12,862</b>	<b>31,757</b>
At 1 August 2010	18,914	1,903	12,791	33,608

All deferred capital grants relate to the University.

Balances at 1 August 2010 have been restated to reflect a reclassification between these categories

## 21. Endowments

Group and University	2011 Total £000	2011 Restricted Expendable £000	2011 Restricted Permanent £000	2010 Total £000
Capital value	749	337	412	728
Accumulated Income	21	15	6	27
At 1 August	770	352	418	755
Net Additions/(disposals)	872	872	-	650
Income for the year	5	3	2	5
Expenditure for the year	(502)	(501)	(1)	(641)
At 31 July	1,145	726	419	769
Capital value	1,128	716	412	748
Accumulated Income	17	10	7	21
At 1 August	1,145	726	419	769
<b>Represented by:</b>				
Cash balances	1,145	726	419	769
<b>Representing:</b>				
Jiading High School and English language project	150	150	-	-
Alumni and development project funds	17	17	-	8
Prize, Scholarship and Bursaries funds	585	166	419	524
Other funds including cancer research	393	393	-	237



**22. Revaluation reserve**

	<b>Group and University</b>	
	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
Opening balance at 1 August	<b>27,163</b>	37,509
Disposal of pre-incorporation assets	-	(12,570)
Cumulative depreciation on disposals	-	2,653
Release on Disposal	-	(9,917)
Release in year to Income and Expenditure account	<b>(429)</b>	(429)
<b>Closing balance at 31 July</b>	<b>26,734</b>	<b>27,163</b>

The release to the Income and Expenditure Account represents an amount equal to the depreciation charged in the year on assets acquired in 1989 from London Boroughs of Barnet, Enfield and Haringey at the inception of Middlesex Polytechnic (now Middlesex University Higher Education Corporation). The transferred building assets were valued in 1989 at £56,650k (£12,184k 2011, after disposals) and land assets following revaluation in 1991 £28,475k (£14,550k 2011, after disposals).

**23. Income and expenditure account**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31 July 2011</b>	<b>31 July 2011</b>	<b>31 July 2010</b>	<b>31 July 2010</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening balance at 1 August	<b>(9,924)</b>	<b>(10,897)</b>	(30,380)	(32,340)
Surplus after depreciation of assets at valuation and taxation	<b>616</b>	<b>(333)</b>	3,717	2,505
Actuarial (loss)/gain on pension scheme(s)	<b>(2,065)</b>	<b>(2,065)</b>	6,349	6,349
Foreign exchange translation differences on foreign currency net investment in subsidiaries	<b>(51)</b>	-	44	-
Release of intercompany loan provisions	-	-	-	2,243
Release from revaluation reserve	<b>429</b>	<b>429</b>	10,346	10,346
<b>Closing balance at 31 July</b>	<b>(10,995)</b>	<b>(12,866)</b>	<b>(9,924)</b>	<b>(10,897)</b>

The University holds garden sculpture assets at its Trent Park campus at £Nil cost. Based upon an independent valuation for insurance purposes the Sculptures had a replacement value of £2,058k as at 18 June 2002.

#### 24. Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of assets but before tax	49	2,982
Depreciation (note 12)	8,750	8,770
Deferred capital grants released to income (note 20)	(1,922)	(3,083)
Gain on disposal of tangible fixed assets (note 12)	5	-
Pension cost less contributions paid (note 32)	(2,529)	(2,922)
Interest receivable (note 5)	(89)	(122)
Interest payable (note 8)	4,839	6,093
Exchange rate changes	(50)	45
(Increase)/decrease in stocks and work-in-progress (note 14)	(106)	168
Decrease/(increase) in debtors (note 15)	1,227	(2,001)
Increase/(decrease) in creditors (notes 17 and 18)	3,585	(85)
Increase/(decrease) in provisions (note 19)	6,957	(2,851)
<b>Net cash inflow from operating activities</b>	<b>20,716</b>	<b>6,994</b>

#### 25. Returns on investment and servicing of finance

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
Income from endowments and interest received	88	122
Interest paid	(2,829)	(2,866)
Interest element of finance lease rental payment	(487)	(84)
<b>Net cash (outflow) from returns on investment and servicing of finance</b>	<b>(3,228)</b>	<b>(2,828)</b>

#### 26. Financing

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
Debt due beyond a year:		
Finance lease repayments	(1,647)	(166)
Loan repayment in the year	(1,207)	(1,145)
Loans drawn down in year	25,500	19,500
<b>Net cash inflow from financing</b>	<b>22,646</b>	<b>18,189</b>

#### 27. Capital expenditure and financial investment

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
Payments to acquire tangible fixed assets	(42,991)	(29,835)
Receipts from sale of tangible fixed assets	-	10,449
New endowments received	872	650
Deferred capital grants received	71	12,782
<b>Net cash (outflow) from capital expenditure</b>	<b>(42,048)</b>	<b>(5,954)</b>

#### 28. Analysis of changes in net debt

	At 1 August 2010	Cashflows	At 31 July 2011
	£000	£000	£000
Cash in hand, and at bank	27,238	(2,294)	24,944
Endowment cash	769	376	1,145
Cash	28,007	(1,918)	26,089
Mortgages and loans	(72,268)	(24,293)	(96,561)
Finance leases	(1,647)	1,647	-
Borrowings	(73,915)	(22,646)	(96,561)
<b>Net debt</b>	<b>(45,908)</b>	<b>(24,564)</b>	<b>(70,472)</b>

**29. Capital commitments**

Commitments contracted for at 31 July  
 Authorised by the board (but not contracted for) at 31 July

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
	8,811	3,287
	7,890	52,539
	<u>16,701</u>	<u>55,826</u>

**30. Financial commitments**

At 31 July the group was committed to making the following payments during the next five years in respect of equipment operating leases:

**Operating leases - Equipment:**  
 Expiring within one year  
 Expiring within two and five years

	Year ended 31 July 2011	Year ended 31 July 2010
	£000	£000
	548	743
	305	243
	<u>853</u>	<u>986</u>

**31. Professional Advisors****External Auditors**

BDO LLP

Emerald House, East Street,  
 Epsom, Surrey KT17 1HS

**Internal Auditors**

Grant Thornton LLP

30 Finsbury Square, London EC29 2YU

**Legal advisors**

Collyer Bristow

4 Bedford Row, London WC1R 4DF

Eversheds

Franciscan House, 51 Princes  
 Street, Ipswich IP1 1UR

Nabarro Nathanson

Lacon House, Theobald's Road,  
 London WC1X 8RW

**Tax and Pension advisors**

KPMG LLP

Cornwall Street, Birmingham B3 2DL

### 32. 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 all 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 £9,709k (2010: £9,331k)

#### Teachers' Pension Scheme

Under the definitions set out in Financial Reporting Standard (FRS) 17 - Retirement benefits, the Teacher's pension scheme (TPS) is a multi-employer pension scheme. As the TPS is underwritten by central government and the University has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme in so far as it affects the University. As a result, contributions to this scheme are accounted for as if the scheme was a defined contribution scheme.

The University has set out below the information available on the Scheme and the implications for the University in terms of the anticipated contribution rates.

The employers' contribution rates for the University's academic staff were 14.1% of pensionable salaries from 1 August 2010 to 31 July 2011.

The Teachers' Pension Scheme is a statutory, contributory, unfunded, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. Contributions are credited to the Exchequer on a "pay as you go" basis under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2008, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution has been assessed at 19.75%, plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a Standard Contribution Rate (SCR) of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced, effective for the first time from the 2008 valuation, a 14% cap on employer contributions payable.

The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 million.

A copy of the Government Actuary's 2004 valuation report and 2006 interim valuation report can be found on the TeacherNet website at [www.teachernet.gov.uk/pensions](http://www.teachernet.gov.uk/pensions).

#### Local Government Pension Scheme

The Local Government Pension Scheme (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 contribution made for the year ended 31 July 2011 was £9,852k (2010: £9,548k) of which employers contributions totalled £7,876k (2010: £7,611k) and employees contributions totalled £1,976k (2010: £1,938k).

For the period from 1 April 2010 to 31 March 2011 the employer contribution rate was 28.6%. The rate decreased to 27.6% from 1 April 2011 for the period to 31 March 2012, and the indicative rate from 1 April 2012 is 27.6%. The employer contributions expected to be paid into the scheme during the year ended 31 July 2012 is £7,794k.

### 32. Pension schemes (cont'd)

Financial Reporting Standard (FRS) 17 - Retirement benefits

The following information is based upon a full actuarial valuation of the Fund at 31 March 2010 updated to 31 July 2011 by a qualified independent actuary.

The major assumptions used by the actuary were:

Financial assumptions:

	<b>At 31 July 2011</b>	At 31 July 2010
Inflation (RPI increases)	<b>3.5%</b>	3.2%
Inflation (CPI increases)	<b>2.7%</b>	2.7%
Rate of increase in salaries	<b>5.0%</b>	4.7%
Rate of increase for pensions	<b>2.7%</b>	2.7%
Discount rate for liabilities	<b>5.3%</b>	5.4%

Mortality assumptions:

The post retirement mortality tables adopted are the S1PA Heavy tables

		<b>At 31 July 2011</b>	At 31 July 2010
Life expectancy from age 65 (years)			
Retiring today	Males	<b>20.0</b>	19.6
	Females	<b>24.0</b>	22.5
Retiring in 20 years	Males	<b>22.0</b>	20.7
	Females	<b>25.9</b>	23.6

The University's share of assets in the scheme and the expected rates of return are set out below:

	<b>31 July 2011 Fair value £000</b>	<b>31 July 2011 Expected return % pa</b>	31 July 2010 Fair value £000	31 July 2010 Expected return % pa	31 July 2009 Fair value £000	31 July 2009 Expected return % pa
Asset class:						
Equities	<b>61,111</b>	<b>7.1</b>	62,866	7.4	54,456	6.6
Other bonds	<b>35,555</b>	<b>5.3</b>	8,705	5.4	5,378	6.0
Gilts	<b>4,444</b>	<b>4.0</b>	8,705	4.3	10,430	4.5
Property	<b>4,444</b>	<b>3.8</b>	3,869	4.1	3,059	4.5
Cash	<b>5,556</b>	<b>3.0</b>	12,573	3.0	8,726	3.0
Total	<b>111,110</b>	<b>6.1</b>	96,718	6.2	82,049	5.8

**32. Pension schemes (cont'd)****Analysis of the amount shown in the balance sheet**

	At 31 July 2011	At 31 July 2010
	£000	£000
Middlesex University:		
Estimated asset share	111,110	96,718
Present value of scheme liabilities	156,520	141,582
Present value of unfunded liabilities	509	496
<b>Net pension deficit</b>	<b>(45,919)</b>	<b>(45,360)</b>

**Analysis of the amount charged to staff costs within operating surplus:**

	At 31 July 2011		At 31 July 2010	
	£000	% of Staff Cost	£000	% of Staff Cost
Current service cost	5,283	5.8%	4,671	5.2%
Curtailments and settlements	62	0.1%	16	0.0%
<b>Total Operating charge</b>	<b>5,345</b>	<b>5.9%</b>	<b>4,687</b>	<b>5.2%</b>

**Analysis of the amount charged to interest payable:**

	At 31 July 2011		At 31 July 2010	
	£000	% of Staff Cost	£000	% of Staff Cost
Expected return on pension scheme assets	6,078	6.7%	4,919	5.5%
Interest on pension scheme liabilities	(7,601)	(8.3%)	(8,062)	(9.0%)
Net charge	<b>(1,523)</b>	<b>(1.7%)</b>	<b>(3,143)</b>	<b>(3.5%)</b>

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

	At 31 July 2011	At 31 July 2010
	£000	£000
Actual return less expected return on pension scheme assets	4,825	5,111
Experience gains arising on the scheme liabilities	4,620	78
Gain arising from change in pension scheme benefits	-	6,801
Changes in financial and demographic assumptions underlying the present value of scheme liabilities	(11,010)	(5,641)
<b>Actuarial (loss)/gain recognised in STRGL</b>	<b>(1,565)</b>	<b>6,349</b>

## 32. Pension schemes (cont'd)

<b>Movement in deficit during the year</b>	<b>At 31 July 2011</b>	At 31 July 2010
	<b>£000</b>	£000
Deficit at the beginning of year	<b>(45,360)</b>	(51,488)
<b>Movement in the period:</b>		
Current service cost	<b>(5,283)</b>	(4,671)
Past service cost	<b>(2)</b>	(2)
Employer contribution	<b>7,837</b>	7,572
Contributions in respect of unfunded benefits	<b>39</b>	39
Impact of settlements and curtailments	<b>(62)</b>	(16)
Net return on assets	<b>(1,523)</b>	(3,143)
Actuarial (losses)/gains	<b>(1,565)</b>	6,349
Deficit at the end of year	<b>(45,919)</b>	(45,360)

<b>Movement in present value of the scheme liabilities</b>	<b>At 31 July 2011</b>	At 31 July 2010
	<b>£000</b>	£000
Opening present value of the defined benefit obligation	<b>142,078</b>	133,537
<b>Movement in the period:</b>		
Current service cost	<b>5,283</b>	4,671
Interest cost	<b>7,601</b>	8,062
Actuarial gains/(losses)	<b>4,456</b>	(1,238)
Gains on curtailments	<b>62</b>	16
Estimated benefits paid (net of transfers in)	<b>(4,390)</b>	(4,870)
Past service cost	<b>2</b>	2
Contributions by Scheme participants	<b>1,976</b>	1,937
Unfunded pension payments	<b>(39)</b>	(39)
Closing present value of the defined benefit obligation	<b>157,029</b>	142,078

<b>Movement in the fair value of the scheme assets</b>	<b>At 31 July 2011</b>	At 31 July 2010
	<b>£000</b>	£000
Opening fair value of scheme assets	<b>96,718</b>	82,049
<b>Movement in the period:</b>		
Expected return on scheme assets	<b>6,078</b>	4,919
Actuarial gain/(loss)	<b>2,891</b>	5,111
Employer contribution including unfunded benefits	<b>7,876</b>	7,611
Contributions by Scheme participants	<b>1,976</b>	1,937
Estimated benefits paid including unfunded benefits	<b>(4,429)</b>	(4,909)
Fair value of scheme assets at end of period	<b>111,110</b>	96,718

Amounts for the current and previous four periods are as follows:

	<b>Year ended 31 July 2011</b>	Year ended 31 July 2010	Year ended 31 July 2009	Year ended 31 July 2008	Year ended 31 July 2007
	<b>£000</b>	£000	£000	£000	£000
Defined benefit obligation	<b>(157,029)</b>	(142,078)	(133,537)	(112,415)	(111,860)
Scheme assets	<b>111,110</b>	96,718	82,049	77,082	79,385
(Deficit)/surplus	<b>(45,919)</b>	(45,360)	(51,488)	(35,333)	(32,475)
Experience adjustment on scheme liabilities	<b>6,554</b>	78	-	2,344	9
% of scheme liabilities	<b>4.2%</b>	0.1%	0.0%	2.1%	0.0%
Experience adjustment on scheme assets	<b>2,891</b>	5,111	(4,638)	(12,639)	4,051
% of scheme assets	<b>2.6%</b>	5.3%	(5.7%)	(16.4%)	5.1%
Cummulative actuarial (loss)/gain	<b>(20,992)</b>	(19,427)	(18,975)	(1,930)	1,440

**33. Post balance sheet events**

As part of the University estates development strategy: to reduce the overall number of UK campuses and to improve the quality of student campuses that remain, the University has sold its Cat Hill campus on 30th September 2011, with Design and Media students and staff moving to Hendon, to coincide with the opening of the third phase of the Hendon campus development.

**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.

Middlesex University Student Union (MUSU) (Charity registration number 1140254) is represented on the University's board of governors. The board agreed to pay MUSU a grant of £780k for the year ending 31 July 2011 (2010: £680k).

A register of interests is maintained for members of the board of governors and senior management, and no related party transactions of a material nature were reported during the year.

Governors did not receive remuneration in respect of their service to the University during the year. The amount paid to Governors in respect of travel expenses during the year amounted to £1,219 (2010: £4,000).

The University has taken advantage of the exemption which is conferred by Financial Reporting Standard (FRS) 8 - Related Party disclosures that allows it not to disclose transactions with group undertakings 90% or more of whose voting rights are controlled within the group.

**35. HEFCE - Access and hardship funds**

	At 31 July 2011 £000	At 31 July 2010 £000
Balance brought forward	(34)	(24)
Funding Council grants	484	550
	<u>450</u>	<u>526</u>
Disbursed to Students	(434)	(560)
Balance carried forward at 31 July	<u>16</u>	<u>(34)</u>

**36. TDA - Teacher Training Bursaries**

	At 31 July 2011 £000	At 31 July 2010 £000
Balance brought forward	(102)	131
Training and Development Agency grant received	2,268	2,392
Disbursed to Students	(2,095)	(2,625)
Balance carried forward at 31 July	<u>71</u>	<u>(102)</u>

Note 36 has been restated for the year ended 31 July 2010 to reflect the reclassification of £3k in Teacher Training bursaries previously reported as SKA Hardship funding.



**37. TDA - Teacher Programmes**

	<b>At 31 July 2011 £000</b>	At 31 July 2010 £000
Balance brought forward	871	902
Training and Development Agency grant received	2,650	3,078
Other external income received	15	2
Disbursed to Students	<u>(2,720)</u>	<u>(3,111)</u>
Balance carried forward at 31 July	<u><u>816</u></u>	<u><u>871</u></u>

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 - Black and Minority Ethnic Recruitment and Retention**

	<b>At 31 July 2011 £000</b>	At 31 July 2010 £000
Balance brought forward	-	14
Training and Development Agency grant received	-	6
Disbursed to Students	-	(20)
Balance carried forward at 31 July	<u><u>-</u></u>	<u><u>-</u></u>

Funding body hardship funds, bursaries and other student grants received as detailed in notes 35 to 38 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.

**39. Million+**

	<b>At 31 July 2011 £000</b>	At 31 July 2010 £000
Balance brought forward	257	313
Subscriptions from member universities received	517	468
Campaign expenses	<u>(539)</u>	<u>(524)</u>
Balance carried forward at 31 July	<u><u>235</u></u>	<u><u>257</u></u>

The University acts as a paying agent for Million+ .

All of the funding and related disbursements are therefore excluded from the income and expenditure account, and shown within trade creditors.





## Contact Us

+44(0)20 8411 5555

[enquiries@mdx.ac.uk](mailto:enquiries@mdx.ac.uk)

[www.mdx.ac.uk](http://www.mdx.ac.uk)

