

Financial Statements 2012/13



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Operating and financial review

Introduction from the Vice-Chancellor

Conditions for the higher education sector in 2012/13 have remained challenging within a sector which continues to experience unprecedented change and increased competition. We remain committed to our five-year strategy and our vision to be internationally excellent in all we do, in teaching, research and knowledge transfer.

To ensure the future success and sustainability of the University we have been working to reposition the University as a destination of choice in an ever more competitive world with a clear focus on quality in every area, attracting many and more ambitious and talented students and high performing, inspirational staff from around the world.

As part of our strategy we have successfully recruited 70 additional outstanding academics and three new Deans to work within the six-school structure introduced in 2012, continuing to align each area to industry and the professions. The school structure is comprised of Art and Design; Business; Health and Education; Law; Media and Performing Arts; and Science and Technology.

Investing in academic excellence

Following the success of our major recruitment campaign, further enhancing our academic leadership and research excellence, our academic staff are now in place to deliver an exceptional student experience and to collaborate with industry partners, professional bodies and other organisations to deliver research that makes a real difference to people's lives. 77% of the research we submitted to UK Research Assessment Exercise (RAE 2008) was 'internationally recognised'.

International activities

Our international presence continues to be a significant aspect of Middlesex success.

In September 2013, we opened a new campus in Malta, allowing us to offer degrees to students in Europe, North Africa, the Middle East and Asia thus successfully completing the next step in our successful partnership with STC Training who have offered Middlesex computing degrees in Malta for the past five years. The campus, is based in Pembroke, within a quiet area of Malta designated for educational institutions, and is already proving successful.

Investing in the student experience

September 2013 also completed the successful consolidation of all London campuses into a single base in Hendon. The campus benefits from state-of-the-art facilities resulting from recent investment in this area and providing students with one of the best learning spaces and single campus experiences in London.

Student success

Middlesex students continue to showcase exceptional talent and realisation of our ambition to enable student's success. Recent examples include Kelvin Okafor who is taking the art world by storm and has won a number of national awards, he is now exhibiting in galleries across the country for his striking pencil drawn portraits known as 'photo-realism'. Zainab Vandu-Chikolo a Middlesex fashion graduate, was crowned winner of a high profile television series competition which saw her tailor made outfit worn by music star Rihanna at a live concert in front of 65,000 people in London.

Future sustainability

We need to continue to operate with agility and respond to changing circumstances and to find the resources to invest in developing our reputation and raising awareness globally and domestically.

In a world where fee levels and reputation will be the main drivers of success, our ability to build a reputation that enables the University to secure the income to finance quality higher education remains critical to success. Our standing among external stakeholders, especially those who influence student choice, rests entirely on the stature and talent of our staff and students.

It is for this reason that we have increased our focus on academic staff and attracting the best prepared and most ambitious staff and students.

We have achieved a lot in the past year and I am confident that we will continue to do so, driving increasingly closer to realising our ambition of being a leading provider of British higher education. I am confident that we are now in a strong position and have the best people to work together and continue meeting the fresh challenges and opportunities that lie ahead.



Professor Michael Driscoll
Vice-Chancellor
Middlesex University
London, September 2013



About Middlesex University

40,000
students worldwide

25,000
students in London

Over 300
degree courses

We teach 40,000 students on Middlesex courses at our campuses in London, Dubai, Mauritius and Malta (from 2013) with prestigious academic partners and 2,000 staff 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, from art and design, business, health and education; to law, media and performing arts and science and technology.

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.

Our vision is to be internationally excellent in all we do, in teaching, research and knowledge transfer. We will be recognised for excellence in research, outstanding teaching, the achievement of our students and our commitment to a high quality student experience.

What we do

We put our students first

We enable our students to realise their ambitions and success both during their time with us and as graduates of the University. 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.

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.

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 bespoke training, courses and research.

Organisation

University executive

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

Deputy Chief Executive

Melvyn Keen

Melvyn has responsibility for business development, fundraising, corporate engagement, Work Based Learning and for Academic Partnerships. He is also responsible for the Academic Registry; Computing and Communication System Services; Estate and Facilities Management Services; Library and Student Support and the Clerk to the Board of Governors. He is also the executive lead on the Mauritius and Malta campuses.

Deputy Vice-Chancellor, Academic

Professor Waqar Ahmad

Professor Ahmad has responsibility for the University's Academic Strategy. He leads the University's research activity and knowledge transfer, and oversees the management of the University's six academic Schools as well as the Academic Quality Service. He is the executive lead for the Dubai campus.

Deputy Vice-Chancellor, Global Marketing and Recruitment

Katie Bell

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

Deputy Vice-Chancellor, Finance

Peter Vermeulen

Peter has overall responsibility for the financial viability and strategy of the University and its impact on the core business of teaching, research and enterprise. He is also responsible for all global financial operations, and for Human Resource Services.

Profiles of the Executive can be found at www.mdx.ac.uk/executive

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

Academic structure

The University introduced a new School structure for the 2012/13 academic year, replacing the previous four Schools with six:

- **Art and Design** – Dean, Professor Carole-Anne Upton
- **Business** – Dean, Anna Kyprianou
- **Health and Education** – Dean, Jan Williams
- **Law** – Dean, Professor Joshua Castellino
- **Media and Performing Arts** – Dean, Professor Hilary Robinson
- **Science and Technology** – Dean, Professor Martin Loomes

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.

Other centres for research excellence include:

- **Forensic Psychology Research Group (FPRG)**, Head: Professor Joanna Adler
- **London Sport Institute**, Head: Rhonda Cohen
- **Flood Hazard Research Centre**, Head: Professor Edmund Penning-Rowsell
- **Centre for Investigative & Diagnostic Oncology**, Head: Professor Ivan Roitt Social Policy Research Centre, Co-directors, Professors Eleonore Kofman and Louise Ryan
- **European Human Rights Advocacy Centre**, Head: Professor Philip Leach
- **Crime and Conflict Research Centre**, Head: Professor Vincenzo Ruggiero
- **Centre for Abuse and Trauma Studies**, Heads: Professors Julia Davidson and Antonia Bifulco
- **Centre for Enterprise and Economic Development**, Head: Professor Stephen Syrett
- **Art & Design Research Institute**, Director: Professor Suzanne Buchan
- **ResCen**, Head: Professor Chris Bannerman



Middlesex worldwide

Middlesex now has three overseas campuses: Dubai, Mauritius and Malta.

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 £242m contribution by the University to the local economy, according to the latest figures available, supporting an estimated 2,953 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 purpose

Middlesex University is committed to:

- inspiring its students to achieve ambitious goals through the delivery of outstanding innovative, career-focussed 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 organizations 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

Enhancing student achievement and satisfaction

Prospective students and those people who inform their choice of university – teachers, parents and other influencers – expect Middlesex to have an excellent reputation. That expectation will be influenced by the feedback that students provide from their own experience, including their record of success in their studies and in the job market on graduating.

Students who are capable and well prepared for university will set themselves ambitious goals which they have the potential to achieve. Students who are highly engaged with their studies and enthusiastically involved in the life of the University will contribute to the experiences of fellow students as well as their own. Such students will also be rewarding to the staff who teach and support them. Successful and satisfied students are likely to continue to engage as alumni and be strong advocates and ambassadors for the University.

Objectives

- Attract students with the ability and determination to excel
- Provide modern and innovative student support services
- Increase levels of student satisfaction
- Increase levels of achievement
- Enhance graduate employment prospects.

Supporting policies and strategies

We will strive to attract the best students by developing policies and strategies to maximise student performance, their satisfaction with teaching, and with student services and the quality of student life at Middlesex. We aim to:

- Raise our entry requirements
- Attract and retain inspirational and high reputation academic staff
- Provide excellent facilities and equipment for students and staff
- Offer a single student helpdesk for all enquiries, services and support
- Organise our schools to provide subject coherence and drive academic excellence
- Develop opportunities for career entry or enhancement.

Measures of success

By 2017 we plan to achieve the following levels of student quality, achievement and satisfaction:

- An average UCAS points entry of 300 for undergraduates
- A National Student Survey overall satisfaction level of better than 85%
- An undergraduate progression rate of at least 85%
- A completion rate of at least 80%
- At least 65% of our students achieve a good honours degree (First or 2:1)
- A 90% Employment Performance Indicator.

Strengthening leadership and staff performance

We need excellent leaders and managers who are committed to the success of the University and our students.

The reputation of our academic staff and leaders is of fundamental importance and will be a particular focus for enhancement. Inspirational teaching will remain a necessary requirement for all our academic staff, although more will be expected in terms of contribution to research and engagement with professional practice. We will support passionate and motivated staff to take their research forward and keep up-to-date with developments in industry. This will create a rich, research-excellent environment in which to work and that will have a significant impact on building our reputation.

Staff in our corporate services will provide excellent frontline support to our students as well as professional expertise to enable the University to implement efficient processes that provide value for money and enhance the overall student experience and success of our academic staff.

Objectives

- Increase the number of staff who are research active
- Raise levels of research and knowledge transfer income
- Improve the quality of our research
- Develop stronger involvement between our staff and industry partners
- Improve the delivery of efficient professional services
- Enhance the achievement and satisfaction of our students.

Supporting policies and strategies

We will attract and retain the best leadership and staff by:

- Changing the balance of spend on staff towards academic staff
- Developing teaching, research and professional service staffing models to improve efficiency and enhance performance
- Improving student services including centralising all school administrative support and the expansion of high quality, outsourced and off-shored support services
- Operating a single, well-resourced, attractive London campus
- Continuing to target 'value for money' and 'spend to save' initiatives in order to promote academic excellence.

Measures of success

By 2017 we plan to achieve the following levels of management and staff performance:

- Achieve 60th position in the REF league table
- Research and knowledge transfer income representing £25m of our income
- At least 30% of academic staff having a high level of engagement in professional practice
- Improvements in measures of student quality, achievement and satisfaction.

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.

Alongside this, we remain committed to enhancing the student experience.

Employability

Economic conditions in the UK have remained challenging. From the DLHE (2011) it is noted that 83.3% of UK/EU graduates were in work or further study, which when compared to the 2011 benchmark for the University (84.7%) is not considered a significant fall.

The unemployment rate for Middlesex graduates rose; reflecting the difficult labour market and 'double dip recession'.

The Employability & Careers Service was restructured during 2013 to form the new Employability Service. The Strategic Employability Plan provides for an employer-led and results driven employability service that will help students to:

- Plan a route into employment
- Gain the skills and experience necessary to be competitive in the job market
- Secure a dream job at graduation

The priorities of the Employability Service are to:

- Deliver an outstanding student employability service
- Enhance and improve Middlesex University's global reputation
- Measure and improve student employability skills levels
- Improve the University's employment performance indicator rate

Progression and achievement

First year undergraduate progression increased from 84% in 2010/11 to 88% in 2011/12.

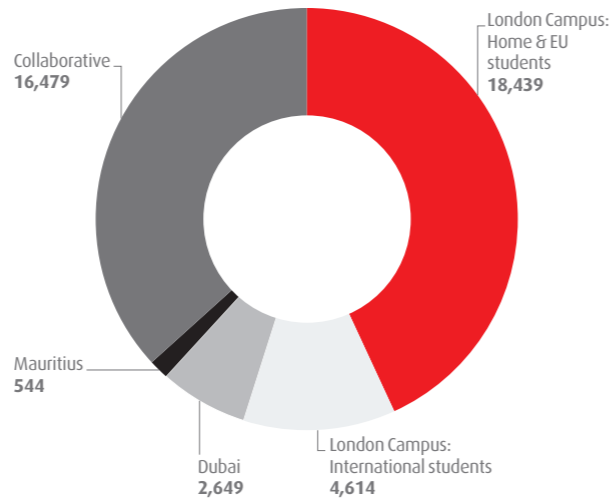
In the same period the percentage of our graduates achieving firsts and 2:1s remained at 55%.

Student experience

During 2012/13 the outcomes of the 2012 National Student Survey were used to drive multiple enhancement initiatives across the University – with the Library moving to 24/7 opening and a £350k book investment.

A space in the Williams building was created as an extension of the Library to allow students extra study space, particularly for group study and group work. The art and design studio levy was removed and a four fold increase in loan laptops was provisioned.

Student headcount numbers 2012/13



Source: Our student records system 2012/13

Research and business

Significant strides have continued to be made in our drive to strengthen the University's research reputation. A second high profile recruitment round, the first occurring in 2012, was completed this year resulting in the number of Professors and Readers being boosted to 138 this year. This has transformed our academic base and significantly enhanced our research and knowledge transfer capability. This effectively completes the first phase of our strategy to reposition the University in terms of our research and knowledge transfer capacity and capability.

The benefits of this significant investment are already having tangible impact, through a further strengthening of our REF submission, both in terms of quantity as well as quality. The number of research grant applications is running at an all time high and we have seen strong interest from potential research students, particularly in the areas of Business and Law.

We continue to enjoy support from a range of funders, with 28% coming from the EU plus a further 12% from other EU sources, 27% from UK Government sources, 24% from OST Research Councils and 5% from charitable foundations. A number of research grants funded during the year are listed below.

Sue Tapsell, from the Natural Sciences Department in the School of Science and Technology has had a particularly successful year with the award of two EU grants, one for £531k for research into strengthening and redesigning European flood risk practices towards appropriate and resilient flood risk governance arrangements, and a further £235k for work on developing community based environmental monitoring and information systems using innovation and novel earth observation applications.

Peter Ryan and Betsy Tom, both from the School of Health & Education, received respectively, grants of £53k (EU) for a project entitled 'Empowerment of children and adolescents of mentally ill parents through training of professionals working with children and adolescents' and (£54k) to study the role of IBA training in non-medical settings (Alcohol Research UK).

Professor Louise Ryan, from the School of Law, won an award of £876k from the EU to lead an investigation into reducing early school leaving in the EU, and Professor Vida Middelgouw (Media and Performing Arts) has a £27k grant from the AHRC, in collaboration with Nottingham Dance, for work on a project into Articulating Interdisciplinary Choreography and Dance4.

Professor William Wong's group continue their world leading research into visual analytics, with the recent announcement of a new EU grant for £2.48m to support a project entitled Visual Analytics for Sense-making in Criminal Intelligence analysis. Middlesex is the lead partner on this project which is worth in total £13.5m, the largest single grant awarded to the University to date.

Finally, Juan Augusto, also from the School of Science and Technology, has just been awarded £404k by the EU for research into Personalised Smart Environments to increase inclusion of people with Down's Syndrome.

Knowledge transfer and knowledge exchange (KT/KE)

In the domain of knowledge transfer and knowledge exchange the University has continued to work on projects with real impact with revenue-raising potential, as well as growing the range of collaborations outside the university and higher education. Client-commissioned projects on subjects as diverse as domestic violence, 'big data', the environmental effects of detergents and human rights law were testimony to the diversity and range of KT/KE impact on industry, government and society. We continued or extended collaborations with companies large and small (usually conducted in conditions of commercial confidentiality) – in subjects as different as bioinduction, environmental chemistry and historic design images. A large number of new partnerships were forged – those with Roundhouse (Camden), Finger in the Pie Theatre, the Bridge Programme in areas of performance, by way of example, allowing the University the chance to work on knowledge transfer activities outside of north London, or with new communities and clients, or both. Building sustainable relationships requires the focus of projects, and almost all of our new partners will continue to work with us on current and future projects next year.

In difficult economic conditions, all Schools have added to the University's revenues and reputation in consultancy, contract research, collaborative projects, social engagement, IP development and in many other ways. Of particular note are the range of mechanisms by which the University extends the benefit of 'knowhow' in innovation. For example, Redloop again took the lead in the direction of the Enfield Innovation Competition (one of London's very best competitions for new innovative businesses), while the bioengineering group joined forces with a leading science-based company to jointly exploit new and emerging IP. The 'new direction' taken by the University should see this part of KT work becoming a yet more significant element in the years to come. While KT and KE work does not depend upon research for opportunity, research undoubtedly enriches and diversifies the options for revenue generation and partnership. In KT/KE practice itself Middlesex continued to grow its reputation, and seminar and other event opportunities to share the 'Middlesex approach' with universities from Turkey, Germany, Spain, Estonia, Brazil and Chile meant that international colleagues had the chance to explore our mode of developing knowledge transfer work.

Resources

People

Our average staff numbers fell from 1,821 in 2011/12 to 1,791 in 2012/13. This reduction was primarily attributable to the further consolidation of our campuses at Hendon and the ongoing restructuring of previously devolved professional services.

Group staff costs during 2012/13 were £88.4m representing 49% of total income. This contrasted with figures for 2011/12 which were £86.1m, representing 49.4% of total income.

Our staff costs for directly employed staff increased from £82m in 2011/12 to £84.1m in 2012/13.

Developing on the new vision and direction we announced for Middlesex in 2011/12, consultation commenced with our academic staff over aligning our existing academic structures with our new direction. A proposed structure, more explicit about the requirement of academic contribution to research or professional practice alongside a strong contribution to teaching was shared with colleagues during June 2013. As a result of feedback received further consultation will be undertaken with academic staff concerning the movement to new job descriptions and structures during 2013/14.

Building on our high profile academic recruitment campaign in 2011/12 we ran a further successful exercise during 2012/13, aimed at attracting high calibre academic staff to our six schools. The recruitment resulted in the appointment of over 70 new academics at all levels. These new colleagues will contribute significantly to our vision of being recognised internationally for the quality of our research and professional practice, in addition to delivering excellent teaching. It is anticipated that this in addition to our proposed new academic staffing structures will improve our current standing in the league tables, improve student recruitment and continue to enhance our student experience.

In making this investment to academic recruitment, we had to carefully consider how it could best ensure an appropriate balance of staff across its schools and services. It was decided to reopen the Voluntary Redundancy (VR) Scheme to academic staff who considered their profile, strengths or interests as unlikely to align with the new strategic direction. The Scheme also allowed consideration of applications from other members of staff directly affected by restructuring within professional services.

As a result of this scheme, 71 staff left our employment through voluntary redundancy, including 32 academic staff.

Staff development

During 2012/13 we have continued to provide a wide range of development and training opportunities for all our staff. Our provision is designed to enhance performance and career progression, and to support learning opportunities that reflect both our University and individual objectives.

In response to the new direction set out within the University Strategic Plan 2012–17, we have focused and designed our provision to support the achievement of the two University strategic priorities: enhancing student achievement and satisfaction; and strengthening leadership and staff performance.

In support of strategic plan we have identified the following staff development priority areas:

- Organisational Change, Understanding and Engagement
- Developing our Service Culture and Professional Effectiveness
- Academic Development and Practice
- Leadership Development

Staff Development was strongly focussed on facilitating successful organisational change during 2012/13. The range of interventions included the introduction of improved information on our organisation and working arrangements, for staff joining or moving to new roles within the University and in the embedding of our new Business Partnering working arrangements. Our Business Partners have been provided with dedicated development to provide them with the skills, tools and confidence to be effective partners and relationship managers.

In addition to these activities all areas directly affected by organisational change and restructures were provided with bespoke consultancy support, to help them focus on their new priorities and develop as effective and efficient teams.

Our pilot Student Shadowing Scheme in 2011/12 was built on with bespoke workshops for academic and professional service teams in managing changing student expectations and our student experience. The activities provided managers with the opportunity to understand the University from the position of our students gathering feedback to shape student services in the future. In addition, work continued on our Customer Academy and customer service initiatives, in our main student facing teams. It is intended that these initiatives will provide a platform for the University to establish an organisation wide commitment to an external standard for customer service and business excellence over the next two years.

The priority for leadership and management development continued to be on leading through change and the further embedding of the leadership competency model at all levels throughout the University. Ongoing and immediate support to leaders across the University has increasingly been met through our coaching programme and action learning.

Our Senior Leadership development programme was complemented through the development of our middle management cadre. This was achieved through the launch of an accredited and structured career development programme, delivered in partnership with the Business School Chartered Management Institute (CMI). Our “Management Essentials” programme is designed to permit flexible development, including workshops and self managed study to complete assignments.

Social responsibility

We maintained our commitment to being an inclusive organisation embedding equality and diversity across all aspects of its internal and external activities. Our social responsibility activities add to the continuing strength of engagement with the community. The University Community Support Team launched in 2012 continued to provide support for on-campus activities and community volunteering projects including the support of neighbourhood groups and schools and run activities such as first aid, cycling proficiency and drug/alcohol awareness training.

We have worked in partnership with the Metropolitan Police since November 2012, to host drop-in advice sessions for local people concerned about crime and safety in the community.

We continue to attract the widest possible pool of candidates and maintain the diversity of our workforce through objective selection. There has been a stronger focus on increasing awareness and providing practical solutions through targeted workshops and seminars to improve the provision of support for employees in relation to equality and diversity particularly in the area of mental health.

We have a positive agenda to improve the health and wellbeing of both students and staff. We are part of the national Healthy University network that aims to offer a facilitative environment for the development of a whole university approach to health and wellbeing. We continue to implement this agenda to maintain its excellent rating in the Government’s Wellbeing Charter. We continue to receive positive feedback in a number of areas including the rehabilitation of staff on long-term sick leave and with disabilities, the annual physical activities programme, support to staff and managers around organisational change and healthy eating and lifestyles advice.

Our overall accident rate during 2012/13 remained below the sector norm and below the targets set by the Health and Safety Executive.



Estates and facilities

This year's concludes the University's estate strategy of 'fewer but better' as we have now closed the Archway campus and are largely consolidated on one campus in London at Hendon.

A number of smaller reconfiguration projects have been undertaken during the academic year in order to prepare for the relocation of students and staff from Archway to Hendon. The summary list of projects is as follows:

Vine – we have built a completely new seminar room complex of 10 seminar rooms for all campus students and staff to use. This building is placed between the Forum and lower carpark.

Williams building extension – An extension to the Williams building consisting of 6 new seminar rooms for all campus students and staff to use. This building is placed at the back of Williams building on the carpark.

Williams Building ground floor reconfiguration – The staff and students of Learning Development Unit and International Foundation Programme moved out of the Williams building into the library and Library@Williams to make way for the Nursing staff from Archway and also for the Law school to have a base. Criminology and Sociology relocated from the Town Hall and are now located within the School of Law in the Williams Building.

Saracens Stadium Allianz Park – The University has converted 600sq.m of space at Allianz Park for the London Sports Institute which has relocated from the Hatchcroft building. This provides a number of specialist sports and research facilities for students, include specialist biomechanics, physiology and performance analysis laboratories. There is also a high technology health & fitness suite as well as a new sport rehabilitation teaching environment. The site is located close to the campus and is approximately a 15 minute walk.

Hatchcroft Building – The 2nd floor has been converted to make space for the Archway Specialist space, Four Clinical Skills rooms, a Complementary Health laboratory and a Couch Room.

College Building – Works to the College Building took place in the space that was previously used by Student Services and Counselling. These services have relocated to the Sheppard Library and Farmside. The works have provided five new seminar rooms for all campus students and staff to use and a specialist gym for the School of Health and Education.

Sheppard Library – Works have taken place to create office space in the lower ground floor of the Sheppard Library which was previously used as archive storage. A new materials collection room has also been provisioned. New interview pods have been installed on the ground floor which will provide spaces for Student Services to meet with students.

The Students' Union was relocated to the Forum and the prayer room relocated to another block. The previous location of the Student's Union has been converted to a specialist facility for the School of Health and Education and provides CPR skills and seminar rooms.

Employability Centre – Our new Employability Centre located in the College Building, gives students professional support in state-of-the-art facilities where they can develop employment skills and gain vital work experience.

Forum Dance Studio – A new dance studio has been created for the School of Media and Performing Arts.

The Park Clinic – A unit at Beaufort Park has been converted to provide a teaching clinic for the Complementary Health programmes which replaces the clinics that were previously provided by tenants at the Archway Campus. The clinic is located close to the campus and is approximately a 15 minute walk and strengthens the University provision at the Beaufort Park site.

Information technology

The first phase of a major project to migrate to a new engaging, dynamic, reliable and flexible virtual learning environment has been completed with more than 455 academic staff creating over 1,100 courses ready for the start of the new academic year. The two year project to move to Moodle represents a significant investment in technology to support our learning and teaching practice. Phase 1 of the project involved the tender and selection of Moodlerooms as our systems hosting and implementation partner; completion of necessary systems configuration and integration; training of all academic staff; and the migration of 50% of the University's programmes and modules to the new environment.

The upgrade to Release 12 of our Oracle Finance, Human Resource Management and Payroll system was completed. As well as delivering a major technology change, the upgrade introduced changes to the way we record and deal with Supplier Addresses, VAT and Payments. It also simplified some of the staff self-service functionality.

Other business system developments undertaken this year include: Providing access to student photographs to academic and administrative staff when accessing student record details; restructuring Student Records to reflect School and Campus changes; updating our Student System to the latest supported software version; and modifications to support legislative changes for HESA, UCAS and HEFCE.

We have further invested in our wireless network, extending the coverage at the UK campus to achieve close to 100% coverage. We have also introduced wireless services for visitors and enabled visiting staff and students from other universities to access our wireless network using Eduroam.

Student classroom and open access machines continue to be routinely refreshed in-line with our 4 year machine replacement policy, and over the summer break all University

provided student machines were upgraded to Windows 7 and Mountain Lion respectively.

We have completed the re-tender and selection process for our Desktop Managed Service. Staff drawn from across the University carried out a rigorous selection process which resulted in Dell being re-selected. In re-letting this contract the opportunity has been taken to adjust existing services and develop new services that assist students and staff to use their own device, rather than depending on University provided machines.

Student print, copy and scan services were upgraded. Students can now access their print securely at any student printer within the University from University supplied equipment and personally owned devices. The introduction of our new print policy means that students are no longer charged for these services so long as their use is for academic purposes.

The migration of our student email system to Microsoft's Office365 Cloud has been completed. A service upgrade which will increase storage allocations for Student Mailboxes and Personal Filestore to 25GB will take place shortly in October.

The closure of the Archway campus and the creation of new teaching spaces on the Hendon Campus, Allianz Park, Beaufort Park and Whittington Hospital necessitated a number of changes to the University's phone and data network, which have all now been made.

Work has been undertaken to support the set up of the Malta Campus including: network set up and connectivity to the UK; student and staff desktop configuration and integration into our business systems.

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 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:

Volunteering and community work

This year the University launched our Wellbeing Foundation – a programme through which we deliver a range of volunteering and community development initiatives, underpinned by our aim to boost student employability.

The Wellbeing Foundation works with community groups and SMEs to provide placement and volunteering opportunities, which both develop the communities in which they take place and enhance the skills and qualities of our students.

The focus of the Foundation is to combine the power of sport and physical activity with education and enterprise. This work includes:

- Sports ambassadors: coaching and volunteering
- Education
- Enterprise development
- International development

Community support team

In December 2012 a group of community spirited Middlesex students from all over the world became the first to enroll in our 'Community Support Team' set up to help the local neighbourhood.

Community interaction

Throughout the year we set up and promote a wide range of free public events, providing a great opportunity for the local community to see and engage with academics and other opinion formers. Events in the last year have included a range of inaugural professorial lectures, a series of topical law debates and a three-day conference on the issue of fairness, attended by a range of high profile thinkers.

Our students also run popular public events such as the North London Literary Festival and we are also delighted to offer our facilities for the benefit of others, hosting advice sessions and meetings for the local police, events for local schools and the annual Holocaust Memorial service.

This year the University again participated in the Open House London weekend; opening our buildings to the public and showcasing the architecture and facilities. Open House London is now a popular opportunity for organisations to engage with the communities in which they operate.

Supporting the arts

The University's Museum of Domestic Design and Architecture (MoDA) has developed an innovative approach to showcasing its work, providing access online, on tour and on request. The Museum's staff and collection have moved to a new site at Beaufort Park near to the University's Hendon campus.

Through our schools of Art and Design and Media and Performing Arts we run a wide range of shows, exhibitions and performances, most of them open to the public. Perhaps the largest of these is our annual Art and Design Degree Show held at the Truman Brewery in East London. This event attracts thousands of visitors every year. Other shows include final year dance performances at the Artsdepot's centre in North Finchley and this year our BA Film students showcased their work at the Genesis Cinema in East London.

Our academics across the arts and creative industries carry out a wide range of partnership and community initiatives throughout the year.

Raising aspiration

Middlesex University has a longstanding commitment to ensuring anyone with the talent to succeed at University has the chance to do so.

We carry out a targeted programme of schools outreach to ensure that young people are aware of the benefits higher education can bring, and understand the advice and support on offer. We have developed a range of resources for schools to bring higher education to life.

In March 2013 we announced our intention to join forces with Tottenham Hotspur Football Club in the development of a University Technical College (UTC), after the Department of Education and the Baker Dearing Trust approved plans for the innovative new school specialising in sport, health and science.

University Technical Colleges are a recent education concept which allows employers and universities to partner and offer 14-18 year olds technically-oriented study, meeting future employment and skills needs. This project will provide additional much needed opportunities for young people which will help them access fulfilling careers.



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 five key areas:

- Our staff, focusing on work life balance, development and mutual respect,
- Our students, covering student experience and providing education for all,
- Our local communities, concentrating on engagement, supporting and volunteering,
- Our business partners, providing transparency, ethical & sustainable purchasing, sharing best practices,
- Environmental management, certifying our management systems to Eco-Campus, managing our construction impacts and supporting student initiatives.

Delivery of our CSR commitments is overseen by the Corporate Social Responsibility Committee which has representation from all schools and professional services.

Developments this year have included:

- Maintaining our silver status for Eco-Campus and working towards Gold and Platinum status,
- Retaining our status as Fairtrade University by continuing to supply Fairtrade products in our corporate hospitality and retail outlets, running regular promotions,
- Introducing a number of biodiversity initiatives to our campus with the introduction of bee hives, wildflower meadows and green roofs,
- Achieving a 2.1 class award in the People and Planet Green League moving up to 52, a rise of 18 places from last year,
- Continuing our investment in new efficient LED lighting and controls as well as upgrades to our Building Management Systems, to better manage our heating, cooling and ventilation.



Financial review

Results for the year

The University recorded a historic surplus for the year of £38.5m, the seventh consecutive year of surpluses.

The historic surplus was achieved after charging £2.6m of restructuring costs and recognising a £20.4m gain on disposal of the University's Trent Park campus. The underlying surplus before these one-off items is £15.5m, or 8.6% of turnover, a sustainable level for continued investment into the organisation.

Total income increased by £6.1m with the anticipated reduction in funding body grants more than offset by increases in tuition fee income. This increase of 3.5% was more than the increase in total expenditure of 0.6%. This was achieved through ongoing restructuring to align with the new strategic plan 2012-17 announced last year, strict controls over non staff cost and lower bad debt write-downs.

Income analysis

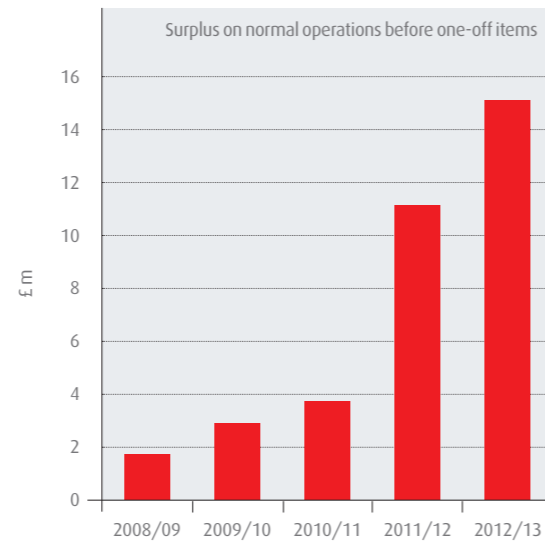
Tuition fee income increased across both the home/EU and overseas. The overall decline came in the HEFCE recurrent grant and specific project grants finishing in year, such as MODnet. The TA grant received a one off boost following the merger of the London North Consortium (LoNoCo) and the University with £1.2m of Employment Based Initial Teacher Training (EBITT) being released to the income and expenditure account.

The HEFCE teaching grant will continue to reduce, reflecting the government's decision for students to fund the cost of their education. The University expects to maintain the specialist funding which it currently earns to continue supporting widening participating efforts.

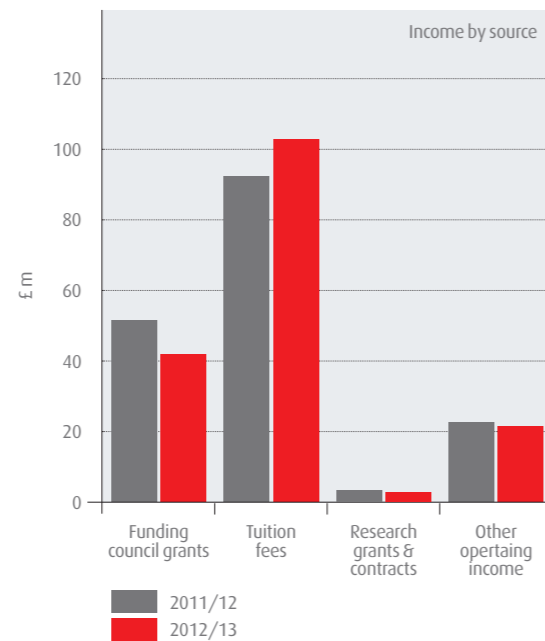
Research income stood at £3.5m which is similar to last year although is expected to rise significantly in coming years following the appointment of high calibre academic staff in 2012/13 who will contribute to our vision of being recognised internationally for the quality of our research, in addition to excellent teaching.

Financial results	2012/13 £m	2011/12 £m
Income	180.5	174.4
Expenditure (excluding restructuring costs)	(165.0)	(163.3)
Surplus on normal operations before one-off items	15.5	11.1
Staff restructuring costs	(2.6)	(3.5)
Surplus on property disposals (including valuation gains)	25.7	13.3
Historic cost adjustment	0.1	0.3
Taxation and other items	(0.2)	-
Historic surplus after taxation and historic cost adjustment	38.5	21.2

Results for the year



Income analysis



Expenditure

Staff costs increased by 2% to £88.7m. An additional cost of £2.6m was incurred for restructuring costs.

This represents an overall increase in academic staff following a further successful recruitment exercise in 2012/13 combined with the ongoing administrative efficiency review to achieving the desired balance of staff across its schools and services.

Staff costs (excluding restructuring costs) represented 49% of total income which remains below average in the sector, reflecting the high level of outsourcing of support activities (including accommodation, security, cleaning, catering) and the efficiency of the existing operations.

As part of the 2012-17 strategic plan, there is continued investment in academic staff. Appointments have been made in 2012/13 that will only have a full year impact in next year's financial statements. This will increase academic staff headcount and costs, and lower the student staff ratio.

Other expenses remained at similar levels as last year reflecting close control over expenditure in our continuing drive for efficiency, particularly on administration.

With the net book value of tangible fixed assets reflecting the University's estate strategy of 'fewer but better' as we are largely consolidated on one campus in London at Hendon, over time this will further contribute towards lowering repairs and general maintenance costs. The total depreciation charge on these assets decreased by 9.2% primarily due to the £1.4m impaired assets write down which was required last year.

Interest costs increased by 17.3% as the interest on the bank loan funding taken out on last years newly created arts building (The Grove) is expensed.

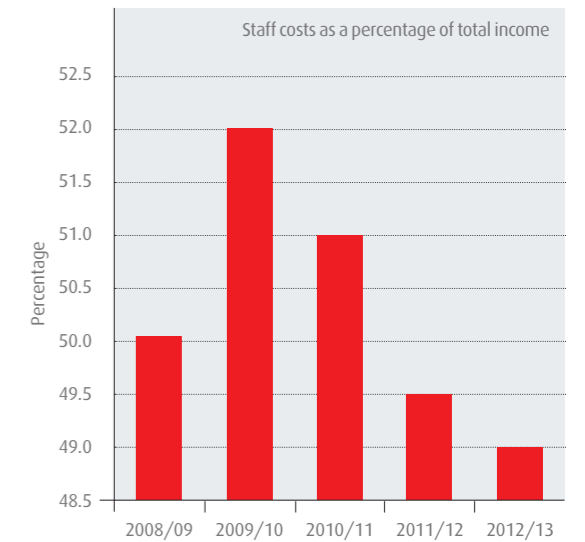
Balance sheet

The University completed the 11th year of its Estates Development Strategy and invested a further £14.6m in infrastructure. In consolidating the University operations on one campus in London at Hendon, investment was made during the year in a number of building reconfigurations to increase student and staff capacity.

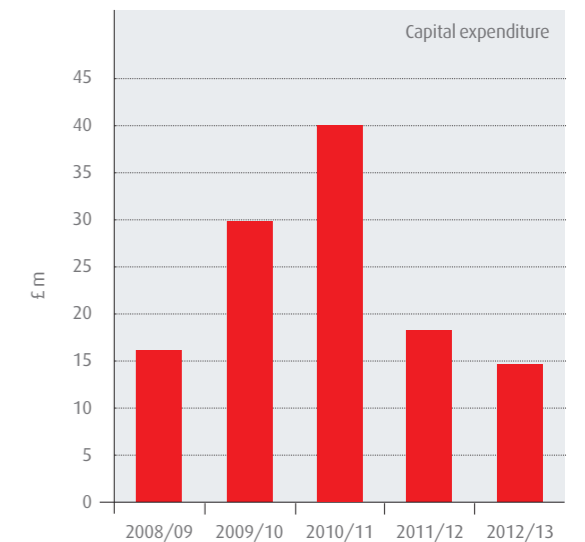
As at the year-end, the value of the Archway campus is held as a current asset. The University intends to sell the site during the 2013/14 financial year.

Cash generated from operations was £23.3m, generated by the trading surplus and by the sale of the Trent Park campus.

Expenditure



Balance sheet



The pension liability for the University's Local Government Pension Scheme (LGPS) decreased from £67m last year to £57.7m this year. The main drivers for this are the 1% increase per annum on long term future expected investment returns to 5.8% and the increase in the discount rate from 3.9% last year to 4.8% in 2012/13. This reflects the decrease in yields on long term AA rated corporate bonds.

Despite the higher tuition fee charge per student, fee collection and debt levels have continued to improve with debtor and creditor balances remaining at similar levels to the previous year.

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 increased from £23m last year to £38.4m this year, with the monthly balance ranging from a minimum of £26.1m to £68.5m over the year.

The £31.2m of the Trent Park property sale proceeds are deposited with Lloyds Bank Plc on a series of fixed term deposits ranging from 3 to 12 months, allowing the University to maintain operating liquidity to smooth the fluctuations in cash surpluses.

Remaining cash balances are invested with secure AA rated banks and building societies. The University uses Royal London Cash Management to manage its surplus cash balances.

The long term policy remains to maintain minimum working capital cash levels at 2 months of expenditure (£28m for this year). Following the sale of Trent Park campus the University has achieved this minimum working capital cash holding.

The University's loan profile is as follows. This excludes £11.2m shown in the accounts as a long term creditor which relates to the lease premium received on Student Halls which is being amortised over the life of the lease (35 years).

Loans	Total Debt 2012/13 £m	Total Debt 2011/12 £m
Barclays	36.9	38.3
Lloyds	56.3	57.0
Total Borrowings	93.2	95.3

Outlook

The University is on track to deliver sustainable financial performances for the foreseeable future. Such performance will enable the University to continue to fund existing operations and to make a modest investment in its future.

Demand from UK/EU undergraduates appears to be stabilising following the introduction of the higher tuition fees. The flexibility introduced around student number controls has led to increased competition and increased volatility in demand. The University continues to ensure its plans are sufficiently flexible to be able to adapt to any changes.

The University's focus during the year beyond is to provide an outstanding student experience across the globe, 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.

Additional investment in the University's research strategy will over time increase research income and contribute towards the University's fixed overheads.

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 all key risks facing the University at this time. The overriding risks are the uncertainty around demand for undergraduate courses following the government's decision for students to fund the full cost of their education; and the complexity of the Home Office regulations in order to maintain Highly Trusted Status, along with the impact this has on demand from overseas students.

The University is seeking to mitigate the risk of any volatility in the UK/EU undergraduate student cohort 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.

Additional resources continue to be committed to ensure the University is compliant with current Home Office regulations at all times. A review of the effectiveness of our overseas marketing operations is underway to maximise recruitment from those geographical regions that show potential.

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



Corporate governance

The University is committed to best practice in all aspects of corporate governance. It aims to conduct its business in accordance with the principles identified by the Committee on Standards in Public Life (Nolan Committee), and in the Guide for Members of Higher Education Governing Bodies in the UK issued by the Committee of University Chairs.

Charitable Status

Middlesex University is an independent Higher Education Corporation with powers defined under the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its Instrument of Government was approved by the Privy Council in March 1993.

The University is also an exempt charity under the Charities Act 2011 and as such the Board of Governors act as trustees.

As an exempt charity the University is regulated by HEFCE in accordance with the Charities Act 2006.

The Board of Governors

The composition of the Board of Governors is set out on page 22. 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 six 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 Committee, a Governance and Nominations Committee, a Remuneration Committee and an Audit and Risk 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 as a whole. The Board of Governors has a Governance and Nominations Committee that considers the skills set available to the Board and issues of succession planning. It also advises on mechanisms for securing the services of new governors, including advertisement and interview, and identifies preferred candidates to the Board. The Board also has responsibility for ensuring that appropriate training is provided as required.

Finance Committee

The Finance Committee meets three times a year and comprises three independent members of the Board of Governors who meet with members of the Executive team. It provides oversight and scrutiny of the University's financial performance against budget and re-forecasts and reports any significant variances to the Board of Governors. These meetings provide more time than is available within the full Board meetings for a small cohort of nominated governors to monitor and review the University's financial management.

Audit and Risk Committee

The Audit and Risk 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 (HEFCE) for England as they affect the University's business and monitors adherence to the regulatory requirements. While senior executives attend meetings of the Audit and Risk 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 and Risk 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 and Risk Committee also advises the Board of Governors on the appointment of internal and external auditors and their remuneration for both audit and non-audit work.

Remuneration Committee

The Remuneration Committee determines the salaries and conditions of service of the most senior staff, including the Vice-Chancellor. Details of remuneration for the year ended 31 July 2013 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 2013 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 six times a year to consider the plans and strategic direction of the Institution. It is advised by its key committees, receiving regular reports from each committee 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 executive 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 executive team and the Audit and Risk Committee also receive regular reports from internal audit which include recommendations for improvement. The Audit and Risk 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 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 2013 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Governing Body. 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 March 2009.

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 18 November 2013, 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 at end July 2013

Sayed Aldakiri	
Peter Cheeseman	F, G
Bipin Desai	A
Professor Michael Driscoll	F, G
Stephen Hand	F, R
Colin Hughes	G, R
Professor Martin Loomes	
Professor Angela McFarlane	A
Sir Michael Partridge	A
Ross Porter	G
Alan Riddell	A
Ann Robinson OBE	G, R
Nik Rochez	A
Peter Thomas	F, R
Martin Taylor	A

Key:

- A Audit and Risk Committee
- F Finance Committee
- G Governance and Nominations Committee
- R Remuneration Committee

Statement of the responsibilities of the Board of Governors

The Board of Governors conducts periodic reviews of effectiveness in accordance with the CUC Code of Practice. The last review was completed in 2012. The next review is due in 2016.

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 Further and 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 National College for Teaching and Leadership (NCTL) and the University's Board of Governors, the Board of Governors – through its designated accountable officer – 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, SFA and the NCTL 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 NCTL, and any other conditions which the Funding Council or NCTL 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 and Risk Committee and Finance Committee; and
- a professional Internal Audit team whose annual programme is approved by the Audit and Risk 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 2013 which comprise the Consolidated Income and Expenditure Account, Statement of Group Total Recognised Gains and Losses, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement, the Statement of Group 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council website at www.frc.org.uk/auditscopeukprivate

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 2013 and of the Group's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Education Reform Act 1988 and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions";

Opinion on other matters required by the Higher Education Funding Council for England Audit Code of Practice

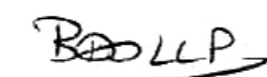
In our opinion, in all material respects:

- 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- The statement of Internal Control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the Group and the University.



BDO LLP: Statutory Auditor
Gatwick, United Kingdom

Date 19 November 2013

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

Statement of principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

A. Accounting Convention

The financial statements have been prepared in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (SORP) and applicable United Kingdom accounting standards.

The financial statements are prepared under the historical cost convention as modified by the revaluation of inherited land and buildings assets.

B. Going Concern

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

C. Basis of Consolidation

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, does not exert control or dominant influence over policy decisions. The expenditure included at note 7 represents the University contribution to Students Union activities.

D. Income Recognition

Funding body recurrent block grants are accounted for in the period to which they relate.

Tuition fee income chargeable to students or their sponsors is credited to the income and expenditure account over the period in which the students are studying. Where the amount of the fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries, scholarships or fees waived by the University are accounted for gross and recognised as expenditure.

Income from grants, contracts and other services rendered are recognised on an accruals basis, together with any related contributions towards overhead costs and included to the extent of the completion of the contract or service

concerned. Income received in excess of such performance is recognised on the balance sheet as deferred liabilities.

Donations with restrictions are recognised when relevant conditions have been met: in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the University are recognised in the statement of group total recognised gains and losses and in endowments: other donations are recognised by inclusion as other income in the income and expenditure account.

Endowments and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments.

Capital 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.

E. 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 group total recognised gains and losses.

F. Agency arrangements

Funds the University receives and disburses as paying agent on behalf of a funding body (or other body) where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction are excluded from the income and expenditure account. The balances and movement of these funds are disclosed in notes 34 to 38.

G. Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Finance leases, which are substantially deemed to transfer all the benefits and risks of ownership of an asset to the University, are treated as if the asset had been purchased outright. These assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of the equivalent owned assets.

H. Taxation

Middlesex University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 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 University 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.

All UK subsidiary companies are liable to Corporation Tax and VAT in the same way as any other commercial organisation.

I. 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.

Depreciation

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 £30k per individual item is generally written off in the year of acquisition. All other equipment is capitalised at cost.

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.

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.

Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

Fixed assets identified for disposal

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

J. Investments

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

K. Stock

Stocks of finished goods and work-in-progress are valued at the lower of cost and estimated net realisable value. Where appropriate, a provision is made for obsolete, slow moving or defective items.

L. Foreign Currencies

Foreign currency transactions are recorded at the rate of exchange ruling at the date of the transaction. Foreign currency 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 taken to the income and expenditure account for the period which they arise.

M. Accounting for Charitable Donations

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.

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. There are three main types:

- 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.
- Restricted expendable endowments** where the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.
- 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.

N. Accounting for Retirement Benefits

Defined benefit pension schemes

The University contributes to two principal staff pension schemes the Teachers Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) administered by the London Borough of Barnet. The schemes are defined benefit schemes which are independently administered and are contracted out of the second state pension scheme (S2P).

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

statement of total recognised gains and losses.

The difference between the fair value of the assets held in the University's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the University's balance sheet as a pension scheme liability. The carrying value of any resulting pension scheme asset is restricted to the extent that the University is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is net of any related deferred tax balance.

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

Other pension schemes

A small number of staff are members of a defined contribution scheme, to which the University makes contributions.

The University continues to make a small and diminishing number of supplementary payments to former staff and dependants of those staff, who took early retirement during the 1990's. The liabilities can be estimated under FRS17 and are included in the financial statements at note 19.

O. Provisions

Provisions are recognised in the financial statements 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 benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Financial Statements

Consolidated income and expenditure account

Year ended 31 July 2013

	Notes	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
Income			
Funding body grants	1	42,946	52,709
Tuition fees and education contracts	2	112,175	94,920
Research grants and contracts	3	3,475	3,682
Other income	4	21,691	22,945
Endowment and investment income	5	228	178
Total Income		180,515	174,434
Expenditure			
Staff costs	6	91,316	89,930
Other operating expenses	7	59,162	59,615
Depreciation	12	9,915	10,915
Interest and other finance costs	8	7,292	6,215
Total Expenditure		167,685	166,675
Surplus after depreciation of tangible fixed assets at valuation and before tax		12,830	7,759
Surplus on disposal of fixed assets	12	20,393	1,399
Surplus after depreciation of tangible fixed assets at valuation and disposal of assets but before tax		33,223	9,158
Taxation	10	(11)	(11)
Minority interest		(153)	(21)
Surplus on continuing operations after depreciation of tangible fixed assets at valuation, disposal of assets and tax		33,059	9,126
Transfer from accumulated return within restricted endowments		332	676
Surplus for the year retained within general reserves	23	33,391	9,802

All items of income and expenditure arise from continuing operations.

The notes on pages 33 to 53 form part of these financial statements.

Statement of Group historical cost surpluses and deficits

Year ended 31 July 2013

	Notes	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
Surplus on continuing operations before taxation		33,070	9,137
Valuation gains realised on the disposal of tangible fixed assets	22	5,299	11,756
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	22	148	271
Historical cost surplus for the year before taxation		38,517	21,164
Historical cost surplus for the year after taxation		38,506	21,153

Statement of Group total recognised gains and losses

Year ended 31 July 2013

	Notes	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		33,059	9,126
New endowments	21	255	490
Actuarial gain/(loss) on local government pension scheme	32	9,831	(20,819)
Foreign exchange translation gains on foreign currency net investment in subsidiaries	23	23	129
Total recognised gains/(losses) for the year		43,168	(11,074)
Total gains/(losses) recognised since last financial year		43,168	(11,074)
Reconciliation			
Opening reserves and endowments		5,810	16,884
Total recognised gains/(losses) for the year		43,168	(11,074)
Closing reserves and endowments		48,978	5,810

The notes on pages 33 to 53 form part of these financial statements.

Balance sheets

as at 31 July 2013	Notes	Group 2013 £000	University 2013 £000	Group 2012 £000	University 2012 £000
Fixed assets					
Tangible assets	12	192,770	192,448	191,438	191,093
Investments	13	36	717	36	820
		192,806	193,165	191,474	191,913
Endowment assets	21	882	882	959	959
Current assets					
Stock	14	436	93	333	46
Fixed assets identified for disposal	12	3,309	3,309	9,392	9,392
Debtors: amounts falling due within one year	15	18,889	18,090	13,773	12,759
Debtors: amounts falling due after more than one year	15	1,621	1,621	1,684	1,684
Cash at bank and in hand	16	65,459	60,057	33,670	30,296
		89,714	83,170	58,852	54,177
Creditors: amounts falling due within one year	17	(36,883)	(35,039)	(32,627)	(30,708)
Net current assets		52,831	48,131	26,225	23,469
Total assets less current liabilities		246,519	242,178	218,658	216,341
Creditors: amounts falling due after more than one year	18	(101,351)	(101,006)	(104,215)	(103,890)
Provisions for liabilities	19	(11,701)	(11,701)	(12,798)	(12,798)
Total net assets excluding pensions liability		133,467	129,471	101,645	99,653
Net pensions liability	32	(57,701)	(57,701)	(66,762)	(66,762)
Total net assets including pensions liability		75,766	71,770	34,883	32,891

Balance Sheets as at 31 July 2013 (cont'd)


	Notes	Group 2013 £000	University 2013 £000	Group 2012 £000	University 2012 £000
Deferred capital grants	20	26,789	26,789	29,228	29,228
Endowments					
Expendable	21	466	466	553	553
Permanent	21	416	416	406	406
		882	882	959	959
Reserves					
Revaluation reserve	22	9,260	9,260	14,707	14,707
Income and expenditure account (excluding pension reserve)	23	96,537	92,540	56,906	54,759
Pension reserve	23	(57,701)	(57,701)	(66,762)	(66,762)
Income and expenditure account (including pension reserve)		38,836	34,839	(9,856)	(12,003)
		48,978	44,981	5,810	3,663
Minority interest		(1)	-	(155)	-
Total funds		75,766	71,770	34,883	32,891

The financial statements on pages 28 to 53 were approved and authorised for issue by the University Board on 18 November 2013.

and were signed on its behalf by:-


Colin Hughes
Chair of the Board of Governors


Professor Michael Driscoll
Vice-Chancellor


Peter Vermeulen
Deputy Vice Chancellor,
Finance

Consolidated cash flow statement

Year ended 31 July 2013		Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
	Notes		
Net Cash inflow from operating activities	24	23,349	12,902
Returns on investment and servicing of finance	25	(5,553)	(5,038)
Taxation	10	(11)	(11)
Capital expenditure and financial investment	27	16,011	1,925
Cash inflow before management of liquid resources		33,796	9,778
Financing	26	(2,084)	(1,238)
Increase in cash in the year	28	31,712	8,540
Reconciliation of net cash flow to movement in net funds/(debt)			
Increase in cash in the year	28	31,712	8,540
Loan repayment in the year	26	2,085	1,273
New finance lease	26	(10)	(41)
Cash used to repay finance leases	26	9	6
Change in net debt	28	33,796	9,778
Net debt at 1 August	28	(60,694)	(70,472)
Net debt at 31 July		(26,898)	(60,694)

The notes on pages 33 to 53 form part of these financial statements.

Notes to the Financial Statements

	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
1. Funding body grants		
Recurrent grant		
Higher Education Funding Council for England (HEFCE)	32,023	43,192
Teaching Agency (TA)	4,390	2,907
Specific grants		
Higher Education Innovation Fund	563	563
Research grants	2,678	2,898
MODNet grants	263	1,168
Other grants	102	106
Deferred capital grants released in year		
Buildings	2,565	1,397
Equipment	362	478
	42,946	52,709
<p>Following the merger of London North Consortium (LoNoCo) and Middlesex University from the 1 August 2012 all funds relating to Employment Based Initial Teacher Training (EBITT) (Note 37) have been released to the income and expenditure account with EBITT income being reported within Teaching Agency income.</p>		
2. Tuition fees and education contracts		
Full-time home and EU students	58,932	41,818
Full-time international (non EU) students	30,102	29,204
Part-time students	3,401	3,942
Short courses and training CPD	8,098	7,776
NHS education contracts	11,642	12,180
	112,175	94,920

	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
3. Research grants and contracts		
Research Councils	860	896
UK based charities	159	144
UK central government	952	1,213
UK industry	42	-
European Commission	1,009	996
EU other	13	26
Other overseas	322	-
Other sources	118	407
	3,475	3,682
4. Other income		
Residences, catering and conferences	4,930	5,169
Other services rendered	3,734	4,076
Sports income	407	481
Childcare	461	523
Rent and room hire	1,097	1,239
Validation fees	5,131	3,653
Subsidiary companies trading income	3,649	4,125
Releases from deferred capital grants	78	1,090
Other income	2,204	2,589
	21,691	22,945
5. Endowment and investment income		
Income from endowments	5	6
Interest receivable	223	172
	228	178
6. Staff		
The average staff numbers by major category, expressed on a full time equivalent basis, during the year were:		
Academic	845	717
Administration and senior staff	768	925
Technical	101	101
Other (including Research)	77	78
	1,791	1,821
Staff costs for the above persons:		
Salaries	72,298	70,157
Social security costs	5,998	6,416
Other pension costs	10,378	9,813
	88,674	86,386
Staff restructuring costs	2,642	3,544
	91,316	89,930

	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
6. Staff (cont'd)		
Employment costs for staff on permanent contracts	72,174	70,719
Employment costs for staff on temporary contracts	16,212	15,424
Enhanced Pensions provision charged	288	243
	88,674	86,386
Staff restructuring costs	2,642	3,544
	91,316	89,930
The number of staff including senior post-holders and the Vice-Chancellor, who received emoluments in the following ranges was:		
	Year ended 31 July 2013 number	Year ended 31 July 2012 number
£100,000 to £109,999	3	6
£110,000 to £119,999	5	5
£120,000 to £129,999	2	-
£130,000 to £139,999	1	-
£140,000 to £149,999	2	-
£150,000 to £159,999	-	2
£160,000 to £169,999	2	2
£170,000 to £179,999	-	2
£180,000 to £189,999	2	-
£190,000 to £199,999	-	1
£210,000 to £219,999	1	-
£250,000 to £259,999	-	1
£310,000 to £319,999	1	-
	19	19
The above senior post-holder emoluments are made up as follows:		
	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
Salaries	2,220	2,150
Benefits in kind	99	72
Pension contributions	402	370
Total emoluments	2,721	2,592
The pension contributions of the 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 all other employees.		
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:		
Salary	268	237
Benefits in kind	52	19
Total emoluments	320	256
From 1 August 2012 the Vice-Chancellor lived in accommodation provided by the University at Trent Park, a campus of the University that was no longer an active campus and held for sale. The rental cost associated with the free provision of the accommodation was reported as a taxable benefit and the equivalent value of the tax charge on that benefit in kind was incorporated as an increase to the Vice-Chancellors salary in the year. The Vice-Chancellor did not derive any personal benefit from the payment of this compensatory salary.		
The Vice-Chancellor did not receive any pension contributions in the year (2012: nil).		

	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
7. Other operating expenses		
Consumables	2,160	2,621
Learning resources	2,644	1,867
Funds payable to other colleges	6,121	5,170
Auditors' remuneration	292	304
Catering and hospitality	891	857
Marketing related costs	2,440	2,001
Collaborative partners and advisors	3,453	3,053
External staffing and services	2,720	1,382
Staff development costs	979	840
Student recruitment, bursaries and scholarships	8,278	9,631
Subscriptions and memberships	671	748
Non-capitalised equipment	1,360	734
IT expenditure and maintenance	5,744	4,953
IT operating lease rentals	717	1,011
NHS service charge costs	825	1,295
Grant to Students' Union	780	800
Transport, travel and subsistence	2,283	2,308
Insurance	466	544
Telephones and postage	554	401
Rent and rates	2,824	2,644
Repairs and general maintenance	2,156	2,237
Utilities	1,742	1,747
Other premises related costs	7,259	7,739
Other expenditure	1,803	4,728
	59,162	59,615
Other operating expenses include:	31 July 2013 £000	31 July 2012 £000
BDO LLP Auditors' remuneration fees payable in respect of:		
Audit of University annual financial statements	121	119
Audit of UK subsidiary company annual financial statements	21	19
Audit of Pension Scheme and Funding Body statements	5	5
Audit of annual financial statements – other auditors	19	20
Tax and other services from external auditor	2	13
Internal audit (Grant Thornton LLP)	124	128
Amounts paid in respect of operating lease rentals	2,097	2,181

	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
8. Interest and other finance costs		
Net finance charge on pension scheme liabilities (Note 32)	1,511	1,547
Loans not wholly repayable within five years	5,563	4,395
Bank overdrafts	5	37
Finance leases	1	–
Other finance costs	212	236
Total	7,292	6,215
Reconciliation of interest payable:		
Total interest payable	7,292	6,763
Less amount capitalised (Note 12)	–	(548)
Interest payable included with Income and Expenditure account	7,292	6,215

	Staff costs £000	Other operating expenses £000	Depreciation £000	Interest and other finance costs £000	Total £000
9. Analysis of total expenditure by activity					
Academic schools	52,710	11,789	1,337	–	65,836
Academic services	22,688	18,163	2,083	4	42,938
Research grants and contracts	1,665	1,810	–	–	3,475
Residences, catering and conferences	97	4,579	300	–	4,976
Premises	2,915	12,769	5,874	5,563	27,121
Administration and central services*	8,139	8,862	298	–	17,299
Other expenses	460	1,190	23	1,725	3,398
	88,674	59,162	9,915	7,292	165,043
Staff restructuring Costs	2,642	–	–	–	2,642
Total expenditure	91,316	59,162	9,915	7,292	167,685

The depreciation charge has been funded by:

Revaluation reserve released (Note 22)	148
Deferred capital grant released (Note 20)	3,005
General income	6,762
	9,915

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

	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
10. Taxation		
Foreign taxes	11	11
	11	11

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 on profit arising out of their activities during the year.

	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
11. Surplus on continuing operations		
The surplus on continuing operations for the year is made up as follows:		
University's surplus for the year	31,567	9,653
Surpluses generated by subsidiary undertakings	1,721	57
Impairment of investment in subsidiary undertaking (Note 13)	103	92
Total consolidated surplus	33,391	9,802

	Freehold land £000	Freehold and leasehold buildings £000	Fixtures, fittings and equipment £000	Assets in the course of construction £000	Total £000
12. Tangible fixed assets					
University					
Cost or Valuation					
At 1 August 2012	20,211	178,631	20,067	5,445	224,354
Additions	-	6,020	3,943	4,467	14,430
Transfers to current assets	-	(5,232)	-	-	(5,232)
Transfers between classifications	1	4,012	332	(4,345)	-
Disposals	-	(433)	(2,652)	-	(3,085)
At 31 July 2013	20,212	182,998	21,690	5,567	230,467
Depreciation					
At 1 August 2012	-	23,443	9,818	-	33,261
Charge for year	-	5,094	4,603	-	9,697
Transfers to current assets	-	(1,923)	-	-	(1,923)
Eliminated in respect of disposals	-	(433)	(2,583)	-	(3,016)
At 31 July 2013	-	26,181	11,838	-	38,019
Net book value at 31 July 2013	20,212	156,817	9,852	5,567	192,448
Net book value at 1 August 2012	20,211	155,188	10,249	5,445	191,093
Inherited	5,400	3,858	-	-	9,258
Financed by capital grant	-	25,522	701	566	26,789
Other	14,812	127,437	9,151	5,001	156,401
Net book value at 31 July 2013	20,212	156,817	9,852	5,567	192,448

	Freehold land £000	Freehold and leasehold buildings £000	Fixtures, fittings and equipment £000	Assets in the course of construction £000	Total £000
12. Tangible fixed assets (cont'd)					
Group					
Cost or Valuation					
At 1 August 2012	20,211	178,631	21,037	5,445	225,324
Exchange revaluation	-	-	12	-	12
Additions	-	6,020	4,126	4,467	14,613
Transfers to current assets	-	(5,232)	-	-	(5,232)
Transfers between classifications	1	4,012	332	(4,345)	-
Disposals	-	(433)	(2,652)	-	(3,085)
At 31 July 2013	20,212	182,998	22,855	5,567	231,632
Depreciation					
At 1 August 2012	-	23,443	10,443	-	33,886
Charge for year	-	5,094	4,821	-	9,915
Transfers to current assets	-	(1,923)	-	-	(1,923)
Eliminated in respect of disposals	-	(433)	(2,583)	-	(3,016)
At 31 July 2013	-	26,181	12,681	-	38,862
Net book value at 31 July 2013	20,212	156,817	10,174	5,567	192,770
Net book value at 1 August 2012	20,211	155,188	10,594	5,445	191,438
Inherited	5,400	3,858	-	-	9,258
Financed by capital grant	-	25,522	701	566	26,789
Other	14,812	127,437	9,473	5,001	156,723
Net book value at 31 July 2013	20,212	156,817	10,174	5,567	192,770

Disposals resulted in a surplus on the sale of the Trent Park campus of £20,393k. The surplus is disclosed in the income and expenditure account and was calculated after charging incidental selling expenses of £1,408k.

Disposals also represent the write off of historical tangible fixed assets that are fully depreciated. The gross cost of these assets amounted to £2,904k (2012: £6,988k).

Before transfers to freehold and leasehold building assets, assets in the course of construction included an aggregate £1,594k (2012: £1,594k) in respect of capitalised interest of which £Nil (2012: £548k) was capitalised in the year ending 31 July 2013 (Note 8). Upon completion the total cost of construction including capitalised interest was transferred to freehold and leasehold buildings.

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

12. Tangible fixed assets (cont'd)	At 31 July 2013 £000	At 31 July 2012 £000
The cost or valuation of Land and Buildings comprises:		
University		
Freeholds		
Assets inherited upon incorporation:		
Buildings, valued at depreciated replacement cost	3,858	4,007
Freehold land, valued at market existing use	5,400	5,400
	9,258	9,407
Asset stated at cost	167,771	165,992
Net book value at 31 July 2013	177,029	175,399

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.

13. Investments of the University	Group year ended 31 July 2013 £000	University year ended 31 July 2013 £000	Group year ended 31 July 2012 £000	University year ended 31 July 2012 £000
Investments in Subsidiary undertakings:-				
Mindsets (UK) Limited	-	656	-	748
Other subsidiary companies	-	25	-	36
Other Investments:-				
CVCP Properties PLC	36	36	36	36
	36	717	36	820

13. Investments of the University (cont'd)	Parent interest in ordinary shares voting rights	Principal activity	Country of incorporation
Principal trading subsidiary			
MU Ventures Limited	100%	Consultancy Services	England and Wales
Mindsets (UK) Limited	100%	Supply of science and technology products	England and Wales
Middlesex Biomedical Investment Limited	100%	Intellectual property development, acquisition and licensing	England and Wales
MU Professional Services Limited	100%	Professional support services	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%	Training and development, academic staff provision	Dubai/UAE

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

The University holds a £2m provision against MU Ventures Limited (2012: £2m) a £1,704k provision against Mindsets (UK) Limited (2012: £1,612k) and a £11k provision against MS (Cyprus) Limited (2012: £Nil).

MU Ventures Limited owns 76% of Middlesex University (Malta) Limited with 24% owned by STC Training Limited.

Middlesex Services Limited (Hong Kong) owns 70% of MDXU Limited with 30% owned by The Tiger Investment and Finance Company Limited.

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 2013 £000	University Year ended 31 July 2013 £000	Group Year ended 31 July 2012 £000	University Year ended 31 July 2012 £000
Stocks of finished goods	327	-	260	-
Work-in-progress	109	93	73	46
	436	93	333	46

15. Debtors

Amounts falling due within one year:

Trade debtors	3,789	3,468	2,006	1,754
Tuition fees	3,426	3,426	2,537	2,537
Other debtors	4,823	3,928	4,094	3,265
Amounts owed by subsidiary companies	-	2,133	-	1,407
Prepayments and accrued income	6,851	5,135	5,136	3,796
	18,889	18,090	13,773	12,759

Amounts falling due after more than one year:

Prepayments	1,621	1,621	1,684	1,684
	20,510	19,711	15,457	14,443

16. Cash at bank and in hand

Cash at bank and in hand includes £855k (2012: £1,543k) in respect of monies held on behalf of third parties.

	Group year ended 31 July 2013 £000	University year ended 31 July 2013 £000	Group year ended 31 July 2012 £000	University year ended 31 July 2012 £000
17. Creditors: amounts falling due within one year				
Bank loans and overdrafts	2,411	2,411	2,309	2,309
Other loans	10	10	10	10
Obligations under finance leases	9	-	6	-
Research grants received on account	4,016	4,016	2,338	2,338
Trade creditors	11,272	10,561	11,112	10,331
Amounts owed to subsidiary companies	-	-	-	6
Social security and other taxation payable	2,738	2,716	3,289	3,229
Accruals and deferred income	16,427	15,325	13,563	12,485
	36,883	35,039	32,627	30,708

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

	Finance leases £000	Mortgages £000	Other £000	Total £000
Group and University				
Long term creditor as at 1 August 2012	29	92,979	11,207	104,215
Add back: transfer to short term creditors	6	2,309	689	3,004
Additions during the year	10	-	15	25
Capital repaid in year	(9)	(2,085)	(679)	(2,773)
Creditor outstanding at 31 July 2013	36	93,203	11,232	104,471
Transfer: to short term creditors	(9)	(2,411)	(700)	(3,120)
Long term creditor as at 31 July 2013	27	90,792	10,532	101,351

Total University liabilities falling due after more than one year are £101,006k (2012: £103,890k). The group has an additional £27k of finance lease liabilities (2012: £29k) and £318k of other liabilities (2012: £296k) falling due after more than one year.

	Group year ended 31 July 2013 £000	University year ended 31 July 2013 £000	Group year ended 31 July 2012 £000	University year ended 31 July 2012 £000
Analysis of long term creditor				
Due:				
Between one and two years	3,410	3,313	3,597	3,485
Between two and five years	23,081	23,021	22,976	22,865
In five years or more	74,833	74,672	77,613	77,540
Finance leases	27	-	29	-
Total long term debt	101,351	101,006	104,215	103,890

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:	Term	Fixed until	Interest rate and %	Expiry date	Amount outstanding at 31 July 2013
			Fixed 5.2900%		
Hendon Campus	25 Years	2030	+ variable MLA	2030	£36,941k
			Fixed 6.5950%		
Hendon Campus	28 Years	2037		2037	£56,262k
			Fixed 6.4250%		
	27 Years	2037		2037	
			Fixed 6.5450%		
	26 Years	2037		2037	
			Fixed 6.7050%		
	26 Years	2026		2037	
			Fixed 6.3950%		
	26 Years	2016		2037	
			Fixed 5.1550%		
	25.5 Years	2017		2037	

Finance lease obligations

Obligations under finance leases fall due as follows:

	Group year ended 31 July 2013 £000	University year ended 31 July 2013 £000	Group year ended 31 July 2012 £000	University year ended 31 July 2012 £000
Within one year	6	-	6	-
Between one and two years	11	-	12	-
Between two and five years	4	-	11	-
Total	21	-	29	-

19. Provisions for liabilities

	Enhanced pension provision £000	Restructuring provision £000	Onerous contract provision £000	Total £000
Group and University				
At 1 August 2012	6,000	1,734	5,064	12,798
Utilised in year	(473)	(1,689)	(727)	(2,889)
Charged to income and expenditure account	288	1,292	212	1,792
At 31 July 2013	5,815	1,337	4,549	11,701

Provisions include:

A pension provision in respect of pension enhancements payable on behalf of staff who took early retirement during the 1990s. Currently there are 186 people in the scheme. This provision will be utilised over the period of retirement.

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 2012 and the provision represents the cost of agreed redundancy arrangements outstanding at 31 July 2013.

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 7 June 2020.

	Buildings £000	Fixtures, fittings and equipment £000	Assets under construction £000	Total £000
20. Deferred capital grants				
Group and University				
Funding bodies				
At 1 August 2012	26,695	975	466	28,136
Grants received	-	-	566	566
Transfers between classifications	378	88	(466)	-
Released to income and expenditure account	(2,565)	(362)	-	(2,927)
At 31 July 2013	24,508	701	566	25,775
Other grants				
At 1 August 2012	1,090	2	-	1,092
Released to income and expenditure account	(76)	(2)	-	(78)
At 31 July 2013	1,014	-	-	1,014
Totals				
At 31 July 2013	25,522	701	566	26,789
At 1 August 2012	27,785	977	466	29,228

All deferred capital grants relate to the University. Grants are released to the income and expenditure account to match depreciation incurred on the defined capital programmes.

	2013 Total £000	2013 Restricted expenditure £000	2013 Restricted permanent £000	2012 Total £000
21. Endowments				
Group and University				
Capital value	963	551	412	1,128
Accumulated Income	(4)	2	(6)	17
At 1 August	959	553	406	1,145
Net Additions				
Income for the year	5	2	3	6
Expenditure for the year	(337)	(344)	7	(682)
At 31 July	882	466	416	959
Capital value				
At 31 July	884	465	419	963
Accumulated Income				
At 31 July	(2)	1	(3)	(4)
At 1 August				
At 1 August	882	466	416	959
Represented by:				
Cash balances	882	466	416	959

	2013 Total £000	2013 Restricted expenditure £000	2013 Restricted permanent £000	2012 Total £000
21. Endowments (cont'd)				
Analysis by type of purpose:				
Prize, Scholarship and Bursaries funds	468	52	416	526
Development, alumni and other funds including cancer research	414	414	-	433
22. Revaluation reserve				
Opening balance at 1 August			14,707	26,734
Disposal of pre-incorporation assets			(8,110)	(15,070)
Cumulative depreciation on disposals			2,811	3,314
Release on disposal			(5,299)	(11,756)
Release in year to Income and Expenditure account			(148)	(271)
Closing balance at 31 July			9,260	14,707

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 University Higher Education Corporation (was then Middlesex Polytechnic). The transferred building assets were valued in 1989 at £56,650k (£3,858k 2013 after disposals and transfers to current assets) and land assets following revaluation in 1991 at £28,475k (£5,400k 2013, after disposals and transfers to current assets).

	Group year ended 31 July 2013 £000	University year ended 31 July 2013 £000	Group year ended 31 July 2012 £000	University year ended 31 July 2012 £000
23. Income and expenditure account				
Opening balance at 1 August	(9,856)	(12,003)	(10,995)	(12,866)
Surplus after depreciation of assets at valuation and taxation	33,391	31,567	9,802	9,653
Actuarial gain/(loss) on pension scheme	9,831	9,831	(20,819)	(20,819)
Foreign exchange translation differences on foreign currency net investment in subsidiaries	23	(3)	129	2
Release from revaluation reserve	5,447	5,447	12,027	12,027
Closing balance at 31 July	38,836	34,839	(9,856)	(12,003)
Analysis of the income and expenditure account				
Income and expenditure account (excluding pension reserve)			96,537	56,906
Pension reserve (Note 32)			(57,701)	(66,762)
Income and expenditure account (including pension reserve)			38,836	(9,856)

	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
24. Reconciliation of consolidated operating surplus to net cash inflow from operating activities		
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of assets but before tax	33,223	9,158
Depreciation (Note 12)	9,915	9,569
Impairment of tangible fixed assets (Note 12)	-	1,346
Deferred capital grants released to income (Note 20)	(3,005)	(2,965)
Gain on disposal of tangible fixed assets (Note 12)	(20,354)	(1,399)
Pension cost less contributions paid (Note 32)	(741)	(1,523)
Investment income (Note 5)	(228)	(178)
Interest payable (Note 8)	7,292	6,215
Exchange rate changes	24	129
Impairment of investment	-	30
(Increase)/decrease in stocks of finished goods and work-in-progress (Note 14)	(103)	83
(Increase)/decrease in debtors (Note 15)	(5,053)	2,619
Increase/(decrease) in creditors (Notes 17 and 18)	3,476	(7,863)
Decrease in provisions (Note 19)	(1,097)	(2,319)
Net cash inflow from operating activities	23,349	12,902
25. Returns on investment and servicing of finance		
Income from endowments and interest received	228	178
Interest paid	(5,780)	(5,216)
Interest element of finance lease rental payment	(1)	-
Net cash outflow from returns on investment and servicing of finance	(5,553)	(5,038)
26. Financing		
Debt due beyond a year:		
Finance lease repayments	(9)	(6)
New finance lease	10	41
Loan repayment in the year	(2,085)	(1,273)
Net cash outflow from financing	(2,084)	(1,238)
27. Capital expenditure and financial investment		
Payments made to acquire tangible fixed assets	(14,625)	(17,383)
Proceeds from sales of tangible fixed assets	29,815	18,382
New endowments received	255	490
Deferred capital grants received	566	436
Net cash inflow from capital expenditure	16,011	1,925

	At 1 August 2012 £000	Cashflows £000	At 31 July 2013 £000
28. Analysis of changes in net debt			
Cash at bank and in hand	33,670	31,789	65,459
Endowment cash	959	(77)	882
Cash	34,629	31,712	66,341
Mortgages and loans	(95,288)	2,085	(93,203)
Finance leases	(35)	(1)	(36)
Borrowings	(95,323)	2,084	(93,239)
Net debt	(60,694)	33,796	(26,898)
29. Capital commitments		Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
Provision has not been made for the following capital commitments at 31 July 2013:			
Commitments contracted for at 31 July		4,746	3,598
Authorised by the board but not contracted for at 31 July		14,097	17,171
		18,843	20,769
30. Financial commitments			
At 31 July the Group was committed to making the following annual rental payments in respect of operating leases:			
Buildings:			
Expiring within two and five years		16	16
Expiring after more than five years		1,767	1,389
Equipment:			
Expiring within one year		151	314
Expiring within two and five years		329	162
		2,263	1,881
31. Professional Advisors			
External Auditors			
BDO LLP		2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA	
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 £10,033k (2012: £9,409k)

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 2012 to 31 July 2013.

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%.

The 2006 interim actuarial review, published in June 2007, concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 million.

The government has announced the 2008 valuation of this scheme has been suspended, pending the introduction of a reformed scheme in 2015.

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 2013 was £8,545k (2012: £10,208k) of which employers contributions totalled £6,957k (2012: £8,319k) and employees contributions totalled £1,588k (2012: £1,889k).

For the period from 1 April 2012 to 31 March 2013 the employer contribution rate was 27.6%. The rate remained at 27.6% from 1 April 2013 for the period to 31 March 2014, and the indicative rate from 1 April 2014 will be disclosed in the next full actuarial valuation of the fund for the period to 31 March 2013 when it is published. The employer contributions expected to be paid into the scheme during the year ended 31 July 2014 is £6,267k.

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 2013 by a qualified independent actuary

The major assumptions used by the actuary were:		At 31 July 2013	At 31 July 2012
Financial assumptions:			
Inflation (RPI increases)		3.4%	2.6%
Inflation (CPI increases)		2.6%	1.8%
Rate of increase in salaries		4.8%	4.0%
Rate of increase for pensions		2.6%	1.8%
Discount rate for liabilities		4.8%	3.9%
Mortality assumptions:			
The post retirement mortality tables adopted are the S1PA Heavy tables			
Life expectancy from age 65 (years)			
Retiring today	Males	20.1	20.0
	Females	24.1	24.0
Retiring in 20 years	Males	22.1	22.0
	Females	26.0	25.9

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

Asset class:	31 July 2013 Fair value £000	31 July 2013 Expected return % pa	31 July 2012 Fair value £000	31 July 2012 Expected return % pa	31 July 2011 Fair value £000	31 July 2011 Expected return % pa
Equities	91,252	6.5	63,555	5.9	61,111	7.1
Other bonds	41,600	4.3	39,572	3.9	35,555	5.3
Gilts	-	3.4	9,593	2.8	4,444	4.0
Property	-	3.2	7,195	2.6	4,444	3.8
Cash	1,342	0.5	-	3.0	5,556	3.0
Total	134,194	5.8	119,915	4.8	111,110	6.1

Analysis of the amount shown in the balance sheet

	At 31 July 2013 £000	At 31 July 2012 £000
Middlesex University:		
Estimated asset share	134,194	119,915
Present value of scheme liabilities	191,334	186,140
Present value of unfunded liabilities	561	537
Net pension deficit	(57,701)	(66,762)

	At 31 July 2013 £000	At 31 July 2013 % of staff cost	At 31 July 2012 £000	At 31 July 2012 % of staff cost
32. Pension schemes (cont'd)				
Analysis of the amount charged to staff costs within operating surplus:				
Current service cost	5,551	6.3%	5,583	6.5%
Curtailments and settlements	665	0.7%	1,213	1.4%
Total Operating charge	6,216	7.0%	6,796	7.9%
Analysis of the amount charged to interest payable:				
Expected return on pension scheme assets	5,818	6.6%	6,865	7.9%
Interest on pension scheme liabilities	(7,329)	(8.3%)	(8,412)	(9.7%)
Net charge	(1,511)	(1.7%)	(1,547)	(1.8%)
Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL):				
Actual return less expected return on pension scheme assets			5,527	(2,353)
Experience gains arising on the scheme liabilities			(47)	(17)
Changes in financial and demographic assumptions underlying the present value of scheme liabilities			4,351	(18,449)
Actuarial loss recognised in STRGL			9,831	(20,819)
Movement in deficit during the year				
Deficit at the beginning of year			(66,762)	(45,919)
Movement in the period:				
Current service cost			(5,551)	(5,583)
Employer contribution			6,918	8,281
Contributions in respect of unfunded benefits			39	38
Impact of settlements and curtailments			(665)	(1,213)
Net return on assets			(1,511)	(1,547)
Actuarial gains/(losses)			9,831	(20,819)
Deficit at the end of year			(57,701)	(66,762)
Movement in present value of the scheme liabilities				
Opening present value of the defined benefit obligation			186,677	157,029
Movement in the period:				
Current service cost			5,551	5,583
Interest cost			7,329	8,412
Actuarial (losses)/gains			(4,304)	18,466
Gains on curtailments			665	1,213
Estimated benefits paid (net of transfers in)			(5,572)	(5,877)
Contributions by Scheme participants			1,588	1,889
Unfunded pension payments			(39)	(38)
Closing present value of the defined benefit obligation			191,895	186,677

	At 31 July 2013 £000	At 31 July 2012 £000			
32. Pension schemes (cont'd)					
Movement in the fair value of the scheme assets					
Opening fair value of scheme assets	119,915	111,110			
Movement in the period:					
Expected return on scheme assets	5,818	6,865			
Actuarial gain/(loss)	5,527	(2,353)			
Employer contribution including unfunded benefits	6,957	8,319			
Contributions by Scheme participants	1,588	1,889			
Estimated benefits paid including unfunded benefits	(5,611)	(5,915)			
Fair value of scheme assets at end of period	134,194	119,915			
Amounts for the current and previous four periods are as follows:					
	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000
Defined benefit obligation	(191,895)	(186,677)	(157,029)	(142,078)	(133,537)
Scheme assets	134,194	119,915	111,110	96,718	82,049
(Deficit)/surplus	(57,701)	(66,762)	(45,919)	(45,360)	(51,488)
Experience adjustment on scheme liabilities	(47)	(17)	6,554	78	–
% of scheme liabilities	(0.0%)	(0.0%)	4.2%	0.1%	0.0%
Experience adjustment on scheme assets	5,527	(2,353)	2,891	5,111	(4,638)
% of scheme assets	4.1%	(2.0%)	2.6%	5.3%	(5.7%)
Cumulative actuarial (loss)/gain	(31,980)	(41,811)	(20,992)	(19,427)	(18,975)

33. 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 2013 (2012: £800k).

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 5 Governors (2012: 8 Governors) in respect of travel and subsistence expenses during the year amounted to £1,242 (2012: £1,643).

The University has taken advantage of the exemption under Financial Reporting Standard (FRS) 8 – Related Party disclosures, not to disclose transactions with its wholly owned subsidiary companies.

Included in the financial statements are the following transactions between the University and related parties.

	Income £000	Expenditure/ transfers £000	Balance due (from)/to related party £000
33. Related party transactions (cont'd)			
Related party:			
Middlesex International JSS (Mauritius) Limited	-	-	(8)
MDXU Limited	-	-	-
Middlesex University (Malta) Limited	-	-	-
		At 31 July 2013 £000	At 31 July 2012 £000
34. HEFCE – Access and hardship funds			
Balance brought forward		(5)	16
Funds received		454	487
		449	503
Disbursed to Students		(431)	(508)
Balance carried forward at 31 July		18	(5)
35. HEFCE – National Scholarship Programme funds			
Balance brought forward		-	-
Funds received		630	-
		630	-
Disbursed to Students		(630)	-
Balance carried forward at 31 July		-	-
36. Teaching Agency – Teacher Training Bursaries			
Balance brought forward		42	71
Funds received		1,859	413
		1,901	484
Disbursed to Students		(1,390)	(442)
Balance carried forward at 31 July		511	42
37. Teaching Agency – Teacher Programmes			
This note covers activity for the Teaching Agency funded Graduate Teacher Programme (GTP) and the Overseas Trained Teacher Programme (OTTP) collectively known as Employment Based Initial Teacher Training (EBITT).			
Balance brought forward		1,171	816
Funds received from Teaching Agency		-	3,764
Other external income received		-	8
		1,171	4,588
Disbursed to Students		-	(3,417)
Released to income and expenditure account		(1,171)	-
Balance carried forward at 31 July		-	1,171

37. Teaching Agency – Teacher Programmes (cont'd)

Following the merger of London North Consortium (LoNoCo) and Middlesex University from the 1 August 2012 all funds relating to Employment Based Initial Teacher Training (EBITT) have been released to the income and expenditure account with EBITT income being reported within note 1.

Funding body hardship funds, bursaries and other student grants received as detailed in notes 34 to 37 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.

	At 31 July 2013 £000	At 31 July 2012 £000
38. million+		
Balance brought forward	335	235
Subscriptions from affiliated universities received	371	536
	706	771
Campaign expenses	(380)	(436)
Balance carried forward at 31 July	326	335

million+ is a university think-tank seeking to solve complex problems in the higher education sector. It is funded by subscriptions received from its affiliated member universities.

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.