

FOR THE YEAR ENDED
31 JULY 2012



Financial Statements 2011/12



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Operating and Financial Review



Introduction from the Vice-Chancellor

Conditions for the higher education sector in 2011-12 have proved no less challenging than the previous year with the sector continuing to experience difficult conditions in a context of unprecedented change. We have undertaken a review of our five-year strategy during the year and have agreed a new vision and plan to ensure the future success and sustainability of the University. Our vision is to be internationally excellent in all we do, in teaching, research and knowledge transfer.

As we considered the options for success over the planning period, it became clear that we must continue to embrace change, while strongly positioning the University to compete in an ever more competitive world. If Middlesex is to truly compete on an international stage, it must focus – and compete – on quality. In doing so, it will become a first choice destination for many and more ambitious and talented students and high performing, inspirational staff from around the world.

As part of our new strategy we have reconfigured the University's academic structure, introducing a new six-School structure that is more aligned to industry and the professions: Art and Design; Business; Health and Education; Law; Media and Performing Arts; and Science and Technology.

Investing in academic excellence

We have undertaken a major recruitment campaign to enhance our academic leadership and research excellence. Our existing excellent academic team will be joined by three new Deans and more than 70 outstanding academics this year, including the addition of thirty professors in disciplines across the University. This influx of academic talent has been achieved by a rebalancing of staff costs to enable investment in what matters most to developing the University's reputation and enhancing the student experience.

An outward sign of our ambition



**Middlesex
University**

A new visual identity for the University has been introduced, signalling a public expression of our confidence and ambition. Our new logo is based on the historic county shield of Middlesex, representing our heritage in north London, and signifying the quality of our staff and academic programmes.

International activities

Our international presence continues to be a significant aspect of Middlesex success. We now have 2,200 students enrolled at our Dubai campus and continue to work with a host of prestigious academic partners to provide Middlesex courses across the world.

From 2013, Middlesex will operate a campus in Malta, allowing us to offer degrees to students in Europe, North Africa, the Middle East and Asia. The plans are the next step in a successful partnership with STC Training who have offered Middlesex computing degrees in Malta for the past five years. The campus, which currently operates as STC Training, is based in Pembroke, within a quiet area designated for educational institutions.

Investing in the student experience

Our £80m art, design and media building, Grove, has now been in operation for one full academic

£80M
INVESTMENT IN
ART, DESIGN
AND MEDIA

3,000
STUDENTS
LEARNING IN
NEW FACILITIES

Kieron-Scott Woodhouse with his bamboo mobile phone



year, providing more than 3,000 students with unrivalled specialist facilities in which to study.

During this year, we have also undertaken further development work on campus to accommodate students and staff relocating from Trent Park. New facilities include purpose built dance studios, a new performance space, a new home for our education programmes as well as expanded library resources, with new study areas expanded into the neighbouring Williams building.

Building on the investment in academic excellence, we will also introduce UniHelp, student services available by phone, online and at a new service desk in the Sheppard Library with significantly extended opening hours. We have also planned for the launch of a new Careers and Employability Service for the next year.

Student success

Middlesex students continue to be recognised for their talent; third-year BA Photography student Asef Ali Mohammad was crowned World Student Photographer of the Year at Sony's World Photography Awards 2012 Student Focus competition. Budding entrepreneur and engineering student Kieron-Scott Woodhouse impressed technology firms worldwide and caused a splash in the global press with his designs for a unique mobile phone made from renewable bamboo instead of plastic. Kieron has now taken up the opportunity to move his start-up company onto Google's London campus.

Middlesex University Dubai's team 'Veritas', were Middle East regional winners of the Chartered Institute of Management Accountant's Global Business Challenge, and were placed in the top six at the worldwide finals in Sri Lanka.

Future sustainability

We need to adapt rapidly to changing circumstances and to find the resources to invest in developing our reputation in a turbulent higher education marketplace, 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 will be critical to success. Our standing among external stakeholders, especially those who influence student choice, will depend entirely on the stature and talent of our staff and students.

For this reason, over the planning period, our highest priorities will be in strengthening the performance of our academic staff and attracting the best prepared and most ambitious students. We will look to achieve greater efficiency in general management and administration, enabling us to rebalance the spend on staff towards academic and research staff to promote academic excellence.

As we continue the process of securing the University's position as a leading provider of British higher education, I am certain that our staff will continue innovating and meeting the fresh challenges and opportunities that lie ahead.

I would also like to take the opportunity to thank our alumni and friends for their generous financial support for enhancing the experience we provide our students.

Professor Michael Driscoll, Vice-Chancellor
Middlesex University
London, September 2012

About Middlesex University

We teach 40,000 students on Middlesex courses at our campuses in London, Dubai and Mauritius and with prestigious academic partners across the world.

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

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

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 consultancy, bespoke training and courses and research.



**25,000
STUDENTS IN
LONDON**

**MORE THAN
300
DEGREE
COURSES**

Organisation

University Executive

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

Deputy Vice-Chancellor Finance and External Relations Melvyn Keen

Responsible for Financial Strategy, the Alumni and Development Office, Procurement and the Students' Union. Melvyn is also responsible for the development of new business, including new strategic partnerships and new international campuses. He is also accountable for the Mauritius Branch Campus.

Deputy Vice-Chancellor Academic Professor Margaret House

Executive lead on the development of the University's Academic Strategy. She is also accountable for the development of work based learning, academic quality assurance, the Dubai campus and will continue to lead on student experience including employability. In addition she is accountable for the management and operation of all collaborative partnerships (UK and international). Deputy Vice-Chancellor Research and Enterprise Professor Waqar Ahmad Professor Ahmad has responsibility for Research and Enterprise as well as the direction of the University's four academic Schools.

Deputy Vice-Chancellor Research and Enterprise Professor Waqar Ahmad

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

Deputy Vice-Chancellor, Director of Corporate Services Steve Knight

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

Board. He is executive lead on value for money and corporate data quality.

Deputy Vice-Chancellor, Marketing and Recruitment

Katie Bell

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

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

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

Academic structure

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

- **Art and Design**- Professor Carole-Anne Upton joins as Dean from the University of Ulster.
- **Business** – Dean, Anna Kyprianou
- **Health and Education** – Dean, Jan Williams
- **Law** – Professor Joshua Castellino has been appointed as Dean of School
- **Media and Performing Arts** - Professor Hilary Robinson will join the University as the new Dean in January 2013. Professor Robinson joins us from Carnegie Mellon University, Pittsburgh, USA.
- **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.



Middlesex University campus and office locations across the globe

Middlesex worldwide

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

We will open a campus in Malta in 2013 allowing us to offer degrees for students in Europe, North Africa, the Middle East and Asia.

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 goal

Our goal is to produce a growing worldwide community of successful Middlesex graduates who make vital contributions to the economic, cultural and social

wellbeing of the societies in which they live and work and to be the preferred university partner for business, public sector and other educational organisations.

Our purpose

Middlesex University is committed to:

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

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

Five year plan key priorities

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 340 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 more than 25% 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 student experience.

A range of initiatives were pursued during the year to meet these commitments, some highlighted here.

Enhancing assessment practice

This year saw the introduction of electronic submission of assessment and feedback to all first year programmes. This initiative, to be progressively rolled out to second and third year students, has been widely welcomed by students. The success and scale of this innovation was recognised the Higher Education Academy, who provided funding to host a joint workshop with the HEA. This event, 'Transforming e-assessment for learning: developing an institution wide scaffold', was well attended and positively received by colleagues representing Universities across the UK.

Employability

A University Steering Group has led the development of a revised strategy and framework for employability which aims to empower students to plan and take control of their futures from the point at which they accept an offer to study at Middlesex University. To reflect the importance of employability to the University, all the related services have been brought together within a new Employability and Careers Centre on the ground floor of the College Building adjacent to the Quad. Relationships have been strengthened

with local businesses and curricula are being revised to incorporate the new framework.

Progression and achievement

Student progression continues to show improvement. Progression with full credit for first year undergraduates increased from 79% in 2010 to 83% in 2011. Second year undergraduate progression also increased, from 84% in 2010 to 87% in 2011.

In the same period the percentage of our graduates achieving first and 2:1s fell marginally, by 1%, to 52%, although the percentage achieving firsts increased by 1%, to 14% however the percentage of good degrees has improved in 2012 with 56% of graduates achieving a first/2:1.

Economic conditions in the UK remain challenging, reflected by little movement in the employment and education statistics for graduates. The number of graduates in employment rose by 1% between 2010 and 2011. Those in work and study increased by 2%, but the number undertaking full time study decreased by 3%. The unemployment rate increased by 2%.

Student Experience

The academic year 2011/2012 saw a number of developments to support an enhanced student experience, driven in large part through the triangulation of existing feedback mechanisms: module and programme feedback, Boards of Study, NSS results and improved student representation through Middlesex University Students' Union (MUSU).

Significant work, some jointly with MUSU, was put into understanding and responding to student concerns regarding relocation from Trent Park to the Hendon Campus.

We worked with both MUSU and the student body more broadly to develop and agree the Middlesex Student Charter. This clearly identifies the environment in which students want to develop their learning - and the role of University, Students' Union and individual students in achieving this.

£242M
CONTRIBUTION
TO THE LOCAL
ECONOMY

£5M
RESEARCH
INCOME

100
COLLABORATIVE
PROGRAMMES



Our peer mentoring system – the Student Learning Assistants scheme – was extended from the initial pilot. Over the year it became evident that those modules which were assisted by the SLAs were showing 7% improvement in achievement, on average, over those outside the scheme. As a result, the scheme is to be rolled out more extensively next year, with an emphasis on those modules which students find most challenging.

Similarly to support student success, we evaluated the impact of the Learner Development Profiling exercise – redefining it to ensure a self-diagnostic study skills support tool was in place for all new students from September 2012.

Student numbers

Total student numbers worldwide studying for Middlesex qualifications is 39,091 in 2011/12 (41,169 in 2010/11) of which 64% are taught at our London campuses.

Students based at our London campuses:

Undergraduate	2011	2010	Growth
Home/EU	16,169	15,660	3%
Overseas	2,490	2,607	-4%
Total	18,659	18,267	2%
Postgraduate			
Home/EU	3,852	4,172	-8%
Overseas	2,623	3,285	-20%
Total	6,475	7,457	-13%
Overall Total	25,134	25,724	-2%

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

Research and business

Following the decision by the Board of Governors to strengthen the University's research reputation, we have completed a major recruitment drive to both enhance academic leadership across the University, and to appoint a number of Lecturers and Senior Lecturers with strong research credentials. A high profile staff recruitment drive was launched in the spring of 2012, resulting in the appointment of 34 Professors and Readers and a similar number of Senior Lecturers and Lecturers. Regarded by the University as the first phase of a major repositioning exercise, this investment has already strengthened our research and knowledge transfer capacity, and will add to the size of our Research Excellence Submission. The investment will support our ambition to grow our research and knowledge transfer income, further increase doctoral student numbers (already among the best in our part of the sector), and to contribute to society and economy.

This investment is in addition to our policy to use the Hefce quality related income (QR), in support of strengthening capacity in research and knowledge transfer. Following the successful outcome of the 2008 Research Assessment Exercise (RAE), the University's quality-related (QR) income increased from around £1m to £3.4m. This has enabled the University to invest to enhance research and knowledge transfer in strategically important areas, including business and management, law, biomedical science, geography and environmental science, social and health policy, computing science, art and design, and drama, dance and performing arts. The policy is also consistent with the decision to make strong REF submissions in strategically important subject areas.

The University enjoys support for its research and enterprise from a number of funders. Research Councils UK fund an increasing amount of our funded research. Our strengths in policy oriented research are reflected in over

half the funding coming from UK government and the European Commission. Examples of research projects funded during the year follow.

Research into policy and practice remains central to several of our research and knowledge transfer initiatives. A new Economic and Social Research Council (ESRC) two year grant for £255k was awarded to Professor Fergus Lyon in January 2012 to investigate 'The role of mutuals in public service innovation'. The main objective is to critically examine the extent and nature of innovation in public service delivery as enabled by spin-out mutual forms of organisation in health and social services.

A second grant for £77k, also covering two years from the ESRC, was won by Dr Ian Roper to support a bilateral agreement with Hong Kong to conduct research into 'The Professionalization of human resource management in Hong Kong and the United Kingdom'. The work will involve a series of interviews of business professionals in Hong Kong and the UK.

Professor William Wong's group continue their groundbreaking research into visual analytics, a multidisciplinary initiative that brings together the sciences of analytical reasoning, visual representation, interaction techniques and data manipulation, with the award of a new grant to Dr Kai Xu. The project, entitled 'DIVA, Data Intensive Visual Analysis - Provenance and uncertainty in human terrain analysis', is funded by the Engineering and Physical Sciences Research Council (EPSRC) in collaboration with City University. The Defence Science and Technology Laboratory (DSTL) has made an award of £174k to Dr Rui Loureiro, from the School of Science and Technology, for an investigation into the cortical reorganisation processes associated with upper limb amputation using an immersive movement training and visualisation paradigm. The DSTL are particularly interested in the application of this research to the treatment of injured service personnel. The research builds on Dr Loureiro's pioneering work with haptic interfaces and computer assistive technologies. This four year study began in January 2012.

Finally, in the School of Media and Performing Arts, Professor Feona Attwood has won an Arts and Humanities Research Council (AHRC) grant for £70k to support a one year study into the implications of sexualisation for the study of sex, the media and culture.

In knowledge transfer and knowledge exchange the University developed new work with major organisations (such as Arup, Home Office, Capita, and Lloyds Banking Group) in contract research and joint R&D projects, but also continued to work with existing collaborators and smaller high technology businesses (such as ArGEN-X, Zilico and Shimadzu in the biosciences). Highlights of the year came in many shapes and sizes, including the inception of the exciting second stage of the UKVAC project (£0.5m) on visual analytics, led by Professor William Wong and involving colleagues from Oxford, Bangor, Imperial and University College London in work focused on applied problems in information assimilation, and the University winning a contract to run courses for the Food Standards Agency as they trained food hygiene technicians in the run up to the Olympic Games. Elsewhere the University found equal success in a number of very different fields of endeavour – a University entry reaching the final stages of the National University Entrepreneur competition and another winning a regional Enterprise Competition, the FAST project (Families and Schools Together, led by Professor Lynn McDonald) working with Save the Children to deliver innovative parenting classes (£2.5m over 3 years), and Forensic Psychological Services undertaking an evaluation study for Tender Education & Arts (an organisation working towards the prevention of domestic and sexual violence in the lives of young people). Across the University knowledge transfer continues to be a means by which the research and knowhow of University academic staff is having a real impact on the lives of many outside of the University.

Resources

People

Our overall staff numbers fell from 2,017 staff in 2010/11 to 1,821 in 2011/12. This reduction was in contrast to a modest increase of 38 staff in the previous year and a significant increase

2 QUEEN'S
AWARDS FOR
ENTERPRISE

£200M
CAPITAL
INVESTMENT
OVER 10 YEARS

4,500
OPEN DAY
VISITORS

6TH CONSECUTIVE ANNUAL SURPLUS

of 131 staff in 2009/10. This reduction reflects the University's priority of managing staff costs.

Group staff costs during 2011/12 were £86.4m, representing 49.5% of total income. This contrasts with group staff costs of £91.3m for the year 2010/11.

The University staff costs for directly employed staff decreased from £87.6m in 2010/11 to £82.2m in 2011/12.

In March 2012 the Vice-Chancellor announced the new vision and new direction for Middlesex. This included reorganising structures, staff models and ways of working. The current academic structure would change from four to six schools and the academic staffing strategy would focus more on research with the intention that this would improve our current standing in the league tables, improve student recruitment and continue to enhance the student experience.

In order to achieve this, the University commenced a process of rebalancing between its administrative and academic costs to drive efficiencies and provide additional funding for further investment for its academic strategy. As part of this, the University began a restructure to centralise administrative services in Hendon and create a new student helpdesk as a single point for information for all student enquiries.

A significant recruitment campaign for the recruitment of high calibre academic staff (over 90 posts) was launched to attract staff, particularly senior academic staff at professorial and reader level. We successfully recruited three outstanding Deans and 30 new professors and readers, including academics with world class research outputs and exceptional research profiles, as well as a number of academic staff across all Schools. The recruitment will contribute significantly to our vision of being recognised internationally for the quality of our research, not just our teaching excellence.

The University increased the number of Graduate Teaching Assistants, from 18 to 55 positions. The intention is to enhance student progression and achievement whilst also providing opportunities

for Middlesex graduates to gain employment in a supported way within the University.

A voluntary redundancy scheme was opened in March 2012; up to 95 applications were approved in the financial year. The annualised salary cost saving made as a result of accepted applications is calculated at £3.85m. Of these savings, the element attributed wholly to a reduction in professional support service staff and senior managers is £2.75m.

Staff development

We continue to provide a range of opportunities designed to increase knowledge and understanding of the roles and services that impact on the student journey, ultimately to improve customer service standards and the student experience. This range of interventions included the introduction of Customer Service Academy's and a commitment to the achievement of Customer First – an external standard for customer service and business excellence.

Our Student Shadowing Scheme gave senior managers the opportunity to experience the University through the eyes of our students gathering feedback to shape student services in the future.

Following the announcement of the University's new direction, Staff Development concentrated on providing transitional support for managers and staff. Staff impacted by the administrative restructuring were supported with a range of interventions including dealing with change, applications for internal roles and assessment centres - within a context of communicating new structures and working processes.

In partnership with the Business School's Chartered Management Institute (CMI) Centre, a new management and leadership programme called "Management Essentials" was successfully piloted and is now part of the development portfolio. The priority for leadership and management development continues to be on leading through change and the further embedding of the leadership competency model at all levels throughout the organisation. Ongoing and immediate support

to leaders across the University has been increasingly met through our coaching programme and action learning.

Staff Development facilitated our organisational change project “New Ways of Working” involving the introduction of a range of technological innovations and new flexible working practices. The team worked with staff both on the technical and behavioural changes needed for these new working environments.

Social responsibility

The University continues to develop as 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 introduced a Community Support Team in March 2012 which will support on-campus activities and community volunteering projects supporting neighbourhood groups and schools. The Team is managed by the University’s security team in partnership with the ICTS, our private security partner and runs activities such as first aid, cycling proficiency and drug/alcohol awareness training.

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

The University has an on-going aim to attract the widest possible pool of candidates and maintain the diversity of our workforce through objective selection. There has also 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.

The University was rated as excellent against the Government’s Wellbeing Charter receiving positive feedback in a number of areas including the rehabilitation of staff on long-term sick leave and disabilities, the annual physical activities programme, support to staff and managers around organisational change and healthy eating and labelling on foods.

The overall accident rate at the University remains below the sector

norm and below the targets set by the Health and Safety Executive.

Three new Deans appointed

As part of the restructure of the University’s academic Schools, three new outstanding Deans have been appointed:

Professor Joshua Castellino has been appointed as Dean of the new School of Law. Formerly Head of the Department of Law at Middlesex, Joshua is a renowned researcher and commentator on issues concerning public international law and human rights law, and is engaged in the practice of human rights and constitutional law internationally.

Professor Hilary Robinson has worked as an artist, critic and lecturer and is widely published in feminist art theory. Her research interests include art criticism, performance art, and the impact of the arts and cultural industries on post-industrial cities.

Hilary is currently Professor of Art Theory & Criticism at Carnegie Mellon University in Pittsburgh, USA and joins Middlesex as Dean of the School of Art and Design in October 2012.

Professor Carole-Anne Upton joins Middlesex as Dean of the new School of Media and Performing Arts in October 2012. Her research is primarily in the areas of modern and contemporary Irish drama, theatre and social justice, theatre directing and issues of translation for performance. She has also published on postcolonial African and Caribbean theatre in French and English. She is founding editor of *Performing Ethos: an international journal of ethics in theatre and performance* (2008).

Estates and Facilities

The focus of the University’s estate strategy continues to be ‘fewer but better’, to reduce the overall number of UK campuses and improve the quality of those that remain. Following the closure of our Trent Park campus at the end of this academic year, the University operates on just two London campuses – our flagship Hendon campus and our smaller campus at Archway.

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 Trent Park to Hendon. The summary list of projects is as follows:

Education – we have completely renovated the former health clinic behind the public library into the new home of the Education department, including new staff offices and teaching space.

Performing arts – an extensive Internal renovation and fill-in of the internal courtyard has taken place in Ravensfield to provide a home for performing arts including a new double height performance space in the centre of the building and new rehearsal and teaching space along with staff accommodation.

Dance and music - Grove Blocks B & C have undergone an internal reconfiguration with the addition of specially designed and built dance and music facilities. In addition, new dance studios has been created on the ground floor of the Forum and at the rear of the College Building. In addition, three music practice rooms have been added to Portakabin 8.

Product design and engineering

– new laboratories have been installed in the College Building.

UniHelp Desk – As part of the introduction of UniHelp, a new first-tier service for student services and library enquiries, a new student helpdesk has been created in the Sheppard Library, providing significantly longer opening hours for students at a single enquiry desk replacing separate School student offices.

Sheppard Library – The first floor north wing has been reconfigured to accommodate the Trent Park library transfer and additional study spaces have been created on all floors.

Library@Williams – We have extended the library zone into the neighbouring Williams building, creating a new library/study space on the ground floor.

Learning Lounge – this facility has also been relocated to the Williams Building.

Careers and Employability Service

– the student services area in the College Building has been reconfigured to incorporate careers to provide an enhanced service to students.

New seminar rooms – several have been created from existing space: we have converted the two lecture theatres in Portakabins 6 and 7 into four seminar

rooms, and new seminar rooms have been created in the former careers service area. We have also introduced temporary seminar rooms to mitigate any timetabling issues – these make flexible use of existing space in the Library, College Building and the Barn.

Town Hall Annex - Minor reconfiguration has been completed for staff from Trent Park.

Fenella – the building has been internally reconfigured for professional services staff, including the introduction of hotdesking in brand new desk space.

MUSU - reconfiguration and refresh of the Students' Union space on campus.

The settling period following these works has commenced and our team of experts have worked closely with academic representatives to ensure as swift and smooth a transition from building project to operating facility as possible.

The Trent Park campus has now closed and is in the process of being sold. Many of the new facilities at Hendon continue to follow previous construction design at Hendon in that they can be used across academic disciplines and the University will use the new facilities to their full potential.

A new grounds maintenance contract has been introduced, offering better value for money through incorporation of the full spectrum of grounds maintenance activities as well as being output based.

We continue to make significant improvement on environmental performance and have achieved an Upper Second Award in the latest People and Planet league table, an impressive 41 places higher than our ranking in the same league table in 2011. This has been achieved through ongoing investment in energy saving projects such as photovoltaic lighting in the Williams building, voltage optimisation equipment in the Town Hall and LED lighting in the College and Forum buildings.

We have also been awarded the Silver accreditation in the EcoCampus scheme – this demonstrates an acknowledgment of our continued improvement in environmental performance.

We are continuing to review our use of the Archway campus and plans for their

relocation to Hendon in summer 2013 are progressing to plan. Work is well progressed on streamlining our presence at the hospital sites. The Archway move will bring the last remaining student cohort onto our flagship campus in London where all our London based students will benefit from our investment in facilities at Hendon over the last 12 years.

Information Technology

The University has continued to extend the flexibility of its working environment, introducing a number of new initiatives during the year:

- Roll-out of a new telephone services to all staff, enabling them to make and receive phone calls at any desk position on-campus and take calls made to their desk phone whilst working off-campus.
- Transition to a new print contract that and introducing Multi Function Devices (MFDs) to provide secure print, copy, fax and scan facilities. The new fleet of 81 MFDs replaces 1134 devices (fax machines, printers, copiers). Staff can now access their print securely at any printer within the University.
- Creation of a more efficient, streamlined mail service reducing the substantial direct and indirect costs associated with internal and external postage. The volume of mail forwarded within the University is reduced by scanning mail and emailing this as attached items. Alongside this scanning service the University is also reviewing its business processes to reduce the need for printed documents and forms.
- Replacing our existing archive document storage solution with a new service which allows staff to access archived documents from any location.
- Rolling out more video conference devices following the success of the initial pilot.
- Progressively moving all staff to laptops. This year all staff based in the Fenella building received laptops to facilitate hotdesking.

Work to extend our wireless network has also continued, with further wireless devices being installed in the Sheppard Library and Williams and College Buildings. The University has also worked

closely with Viridian to improve network bandwidth to Ivy Hall and to rollout wireless to all halls, so that students can access the network from their rooms using wired or wireless connections.

The University's Strategic Plan identifies the importance of reliable 24/7 access by students and staff to systems both on and off campus. Agreement has been reached with suppliers to:

- Monitor and support our telephony system 24/7
- Monitor and support our backup systems 24/7.

Closing Trent Park campus necessitated a number of significant changes to the University's phone and data network. We also took the opportunity to upgrade the hardware that connects the university to the internet. Other changes made include the updating of software used by students and the replacement of 850 older student classroom and open access machines.

Upgrade and maintenance support was provided for our business systems, with changes made to remain compliant with HESA, DLHE, the new fee regime, HEFCE and student loans requirements. A new facilities management system was rolled out to provide improved reporting to HEFCE and management of the estate.



Public benefit

The Governors of the University are cognisant of the Charity Commission guidance on public benefit and the following section shows how they have delivered their charitable purposes for the public benefit. Middlesex University makes a significant contribution through research, teaching and business and community interaction activities to the advancement of education as has been demonstrated in the other sections of this review. As a charity we are committed to providing access to education for all and there is a wealth of activity at the University that supports these aims:

Community interaction

The University hosted a community celebration of the Olympic Torch Relay, by welcoming the Olympic Flame to an event on campus, just two days before the opening ceremony of the London 2012 Games. An estimated 10,000 local people, staff and students lined the streets to welcome the oldest female Torchbearer (and Barnet resident), 100-year old Diana Gould carry the Torch into the University.

The Vice-Chancellor hosted a reception in the University's Quadrangle to welcome the Torch, with tickets allocated by ballot to students, staff and local schoolchildren. Outside in front of the College Building, the University provided a free entertainment stage for the waiting crowds, featuring a mixture of student acts and local bands including the Barnet Youth Brass Band and the Jewish Lads and Girls Brigade Band. The University worked closely with the London Borough of Barnet to organise the event.

Middlesex participated in the Open House London weekend for the first time at Hendon campus, opening the College Building to the public. The Lead architect for the developments at Hendon took part in tours of the campus, showcasing both the architecture and facilities of the campus. The event was originally conceived to show London's best architecture to the public, but is now a popular opportunity for organisations to engage with the communities in which they operate.

Volunteering

The University continues to offer and facilitate a wide range of volunteering opportunities for students and staff. 2012 proved to be a bumper year for sport opportunities, many of which were linked to the London Olympic and Paralympic Games directly, as well 80 students and 15 staff volunteering for the legacy programme 'Sportmakers'.

The sport service at the University facilitated more than 350 separate volunteering opportunities for students during the year, equating to over 1,200 hours of time spent in sport related volunteering.

Students and staff supported numerous local sports and health events including the Enfield Schools torch relays, the University Fun Run, 'Go Enfield Go' primary schools Olympic sports day, the Night Hike for women and the Virgin London Marathon. One student volunteered for a full academic year, supporting the Barnet Partnership for School Sport. This student was responsible for the recruitment of 24 additional student volunteers to run the 'Change 4 Life' primary school clubs in the borough. After training, the students undertook a 6 week project of one hour per week, in each of the schools delivering themed sporting activities for the children.

At the London 2012 Olympic and Paralympic games, numerous staff and students volunteered as Gamesmakers, involving event support, working with officials and teams, and participating in opening and closing ceremonies.

Annual sports opportunities include sports team management (sports captains), sports coaching in schools and event support (marshalling and sports massage) at the University Fun run and London Marathon events.

Twenty students have signed up to be part of the "Change for Life" programme in Barnet primary schools this year. Students deliver sports coaching to schoolchildren outside the normal

curriculum time (breakfast club, lunchtime or after school) with the specific aim of developing skills in themes of adventure, creative or target activities, designed to help children develop the fundamental physical skills enabling them to be successful in sport activities.

Five students are involved in delivering curriculum support work to children at St Thomas More secondary school in Wood Green. The Middlesex students offer study skills support and mentoring to children on the BTEC Sport & Recreation course.

Supporting the arts

The University's Museum of Domestic Design and Architecture (MoDA) provided exhibitions, has developed new ways of providing public access to its impressive collections. The Museum has developed an innovative approach 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.

The museum continues to provide access to its collections for students and researchers at its study space in Beaufort Park and is working with third parties, museums and galleries to tour its collections, which this year include Petal Power and Sonic Wallpapers.

The University's Art and Design Degree Show 2012 was held at the Truman Brewery in East London in June, and was again open to the general public for three days.

In addition, the pre-degree show fashion show was held in public in the Quadrangle at Hendon campus.

The University is sponsoring the artsdepot's 'Take Part' programme of arts and performance classes for children and adults. The artsdepot is a leading cultural hub in north London. The year-long programme, provides opportunities to try creative activities. This support for 'Take Part' builds on our 130 years' heritage in providing art, design and performing arts education, and will inspire a new generation of artists and performers.

Our own final year Dance performances continue to be open to the public at the artsdepot's centre in North Finchley.

Raising aspiration

Middlesex University has a longstanding commitment to widening access to all those who can and should have the chance to enter and succeed at university. Many of our activities are focused on supporting the progression of students drawn from schools or areas with a poor record in higher education.

We deliver a targeted, active outreach programme and act as a regional host for many local authority organised events aimed at raising aspirations of young pupils from disadvantaged backgrounds.

Higher education familiarisation activities

We have developed a range of resources for schools to bring higher education to life, including:

- Skills for Success – in-school (Y12) project designed to support the development of the skills required to succeed at university: debating, presentation, time management, listening and understanding, academic writing etc. Project primarily aimed at Y12 students, though now also expanded to include younger pupils and provide continuous support for the development of transferable skills.
- ACE Days– projects aimed at Y10 learners from state schools with a high proportion of pupils from areas of high social deprivation. These projects aim to introduce pupils to university in a fun and engaging way.
- Summer University and Children's University – projects aimed at Y6 and Y7 pupils from local primary and secondary schools introduce them to university. Primarily targeted at schools in areas of high social deprivation.
- Activities for Gifted and Talented Pupils from Greater London - We have developed a suite of bespoke events for pupils, from Y6-Y9, delivered in partnership with local authorities and educational charities. We're focusing our activities on practical, inspiring and stimulating workshops delivered for learners with the potential to succeed in particular subject areas. Our events aim to provide them with clarity around educational pathways leading on to specific careers related to their areas of interest.

Corporate Social Responsibility

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

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

Delivery of our CSR commitments is overseen by the Corporate Social Responsibility Committee. A number of University committees and fora – such as the University Ethics Committee, the Equal Opportunities Committee and the Environmental Forum take responsibility for specific aspects.

Developments this year have included:

Environment

- The Grove building achieved a BREEAM excellent rating for its environmental performance and features which include combined heat and power with absorption cooling; natural ventilation; solar thermal energy and a green sedum roof.
- We have also been awarded the Silver accreditation in the EcoCampus scheme – this demonstrates and acknowledgment of our continued improvement in environmental performance. We are currently in the process of applying for the gold award.
- We have achieved an Upper Second Award in the latest People and Planet league table, ranking an impressive 41 places higher than in the same league table in 2011. This has been achieved through ongoing investment in energy saving projects such as photovoltaic lighting in the Williams building, voltage optimisation equipment in the Town Hall and LED lighting in the College and Forum buildings.
- We have introduced an electric vehicle for all on site deliveries and maintenance carried out by the in-house teams.



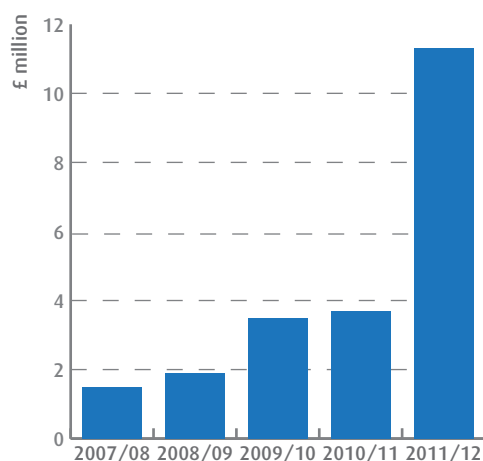
Financial Review

Results for the year

The University recorded a historic surplus for the year of £21.2m, the sixth consecutive year of surpluses.

The historic surplus was achieved after charging £3.5m of restructuring costs and recognising a £13.2m gain on disposal of the University's Cat Hill campus. The underlying surplus before these one-off items is £11.2m, or 6.4% of turnover, reaching a sustainable level for continued investment into the organisation.

Surplus on Normal Operations £m



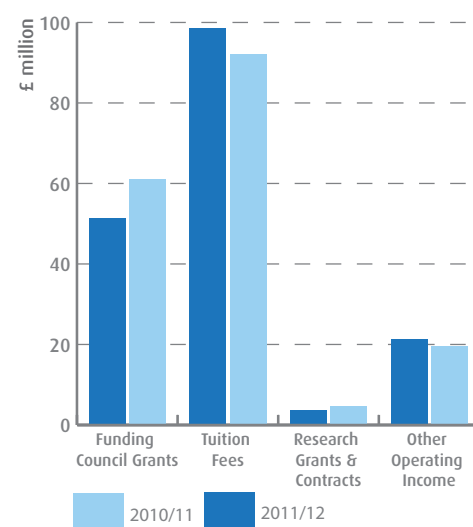
Total income decreased year-on-year as a result of a reduction in grant income. This decrease of 2.7% was less than the decrease in total expenditure of 7%. This was achieved through a restructuring exercise that was undertaken in the 2011 summer months, reduced staff costs and a one-off onerous lease costs recorded in the prior year.

Total income was further reduced by the decision to net the cost of awards from tuition fee for several of the award and scholarship categories. It was concluded that these awards have over time started to bear closer resemblance to a discount structure and the accounting treatment in 2011/12 reflects this. This reduced turnover and expenditure by £3.3m

	2011/12 £m	2010/11 £m
Income	174.4	179.3
Expenditure	(163.2)	(175.6)
Restructuring costs	(3.5)	(3.6)
Surplus on normal operations	7.8	0.1
Surplus on property disposals	13.2	-
Historic cost adjustment	0.3	0.4
Historic surplus after taxation and historic cost adjustment	21.2	0.5

Income analysis

Income by Source



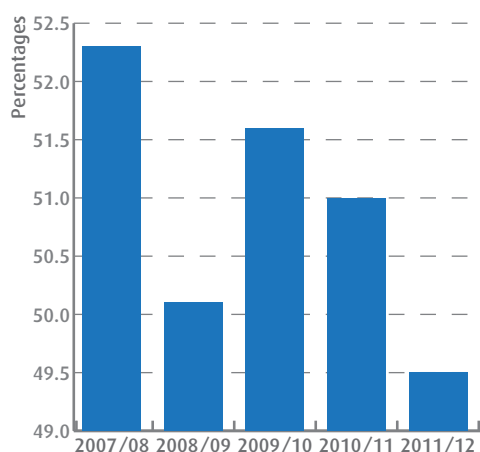
Tuition fee income increased across both the UK/EU and overseas markets (excluding the £3.3m netting of scholarships in 2011/12). The overall decline came from funding council grants as both the HEFCE and TDA grants were reduced, and projects grants, such as Modnet, finished in-year.

The HEFCE teaching grant will reduce significantly in the coming three years, 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 reduced by 27% as several large research projects finished.

Expenditure

Staff costs as a percentage of total income



Staff costs decreased by 5.3% to £86.4m. An additional cost of £3.5m was incurred for restructuring costs. This represents a reduction of 196 staff against the restructuring target of 200. In real terms, after accounting for salary increases and annual drift on the University's pay-spine, this represents a 7.4% saving.

Staff costs (excluding restructuring costs) represented 49.5% of total income which remains one of the lowest levels in the sector, (sector low: 42%, sector high 66%) 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, staff costs will temporarily rise as an investment is made in research active academic staff ahead of the 2014 REF assessment, with ongoing administrative efficiency reviews aiming to lower the overall staff costs again from 2013/14.

Excluding last year's one-of onerous lease charge, other expenses decreased moderately as fewer payments were made to partner institutions. This reflects the University's decision to increase in-house provision.

The total depreciation charge increased by 24.7% as the new creative arts building came into use in September 2011.

Interest costs increased by 28% as the interest on the bank loan funding the new creative arts building is being expensed following the opening of the facility.

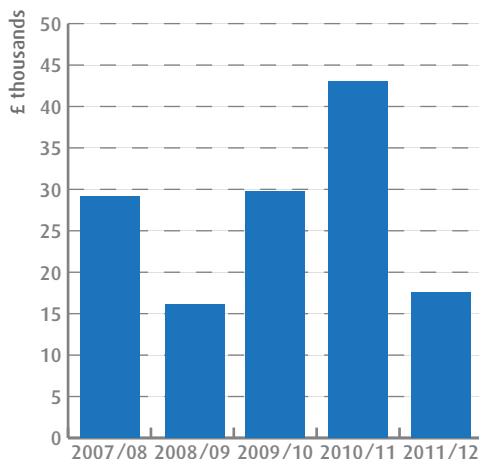
Balance sheet

The University completed the 10th year of its Estates Development Strategy and invested a further £17.6m in infrastructure. The major investment during the year went on reconfiguring the Hendon campus to increase student and staff capacity.

As at the year-end, the value of the Trent Park campus is held as a current asset. The University intends to sell the site during the 2012/13 financial year.

The pension liability for the University's local government pension scheme increased from £45.9m last year to £66.8m this year. The main driver for this is the decrease in the discount rate from 5.3% last year to 3.9% in 2011/12. This reflects the decrease in yield on long term AA rated corporate bonds, as well as the change in mix between AA rated financial and non-financial corporates following the lowering of several banks' credit ratings.

Capital Spend



Cash generated from operations was £12.9m boosted by the surplus position and by the sale of the Cat Hill campus.

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

Pension liability

The University operates two defined benefit schemes, the Teachers' Pension Scheme (TPS) for academic staff and the Local Government Pension Scheme (LGPS) for all other staff.

The TPS is a multi-employer scheme, underwritten by central government and the University does not carry any present or future liability. The LGPS is also a multi-employer scheme with assets held in separately administered funds. This results in a current year pension liability of £66.8m, in increase of £20.9m over prior year.

The LGPS pension liability is calculated by a series of actuarial assumptions disclosed in the notes to the financial statements. The key driver for the increase in the liability this year is the decrease in the discount rate for liability from 5.3% last year to 3.9% this year.

The discount rate use is the yield on the iBoxx AA rated over 15 years corporate bond index. Corporates include both financial and non financial institutions. Financial institutions historically have higher yields, increasing the average yield for the index. In the last financial year, several banks have lost their AA rating, therefore reducing the average yield of the index.

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 £15m last year to £23m this year, with a range of £12m to £35m in any one month. All

excess balances are invested with secure AA rated banks and building societies. The University uses Royal London Cash Management, cash managers who consistently out-perform the market, to manage its excess cash balances.

The long term policy remains to maintain cash levels at 2 months of expenditure (£27m for this year). The University is looking to achieve this minimum cash holding following the sale of the Trent Park campus.

The University's loan profile is as follows. This excludes £11.9m shown in the accounts as 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).

	Total Debt 2011/12 £m	Total Debt 2010/11 £m
Barclays	38.3	39.6
Lloyds	57.0	57.0
Total Borrowings	95.3	96.6

Outlook

The University is planning to achieve a historic surplus in 2012/13 of £5m. This historic surplus will continue to enable the University to fund existing operations and to make a modest investment in its future.

Demand from UK/EU undergraduates is likely to decline as most UK and EU students are required to fund the full cost of their education, with the assistance of student loans issued by Student Finance England. The University expects the decline to be worst in the first year of this government policy having been introduced, and to gradually recover subsequently.

The University's focus during the year beyond providing an outstanding student experience across the globe continues to be to seek to grow income in all areas and to continue to strive to achieve

improved productivity across all operations. International growth will be achieved in income from students with our existing and with new collaborative partners and with our international campuses.

Additional investment in the University's research strategy will 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 most students to fund the full cost of their education; and the complexity of the UKBA regulations in order to maintain Highly Trusted Status.

The University is seeking to mitigate the risk of a lower 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, to focus on relative financial performance and examine pricing where relevant.

Additional resources have been committed to ensure the University is compliant with current UKBA regulations at all times.

The University's Board of Governors review 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 exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in section one of the Combined Code on Corporate Governance issued by the London Stock Exchange in 2006. Its purpose is to help the reader of the accounts understand how the principles have been applied.

Charitable status

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

The Board of Governors

The composition of the Board of Governors is set out on page 22. It is the Board of Governors' responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

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

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

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

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

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

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

Appointments to the Board of Governors

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

Finance and General Purposes Committee

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

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





alignment between the corporate plan, annual budgets and all major investment decisions.

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

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

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

Audit Committee

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

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

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

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

Senior Staff Conditions of Service

The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Vice-Chancellor and other senior post holders. Details of remuneration for the year ended 31 July 2012 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 2012 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

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

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

- The Board of Governors meets four times a year to consider the plans and strategic direction of the Institution. It is advised by its key committees, receiving regular reports from the Audit and Finance and General Purposes Committees and other reports from management as required. In addition the Board of Governors holds an away day each year to discuss in greater detail a key strand of the Corporate Plan. The assumptions and aims were reviewed against domestic demand, international demand, funding and research and business development.
- The Finance and General Purposes Committee's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team.
- The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units.
- The senior management team and the Audit Committee also receive regular reports from internal audit which include recommendations for improvement. The Audit Committee's role in this area is to conduct a high level review of the arrangements for internal financial control.
- The Board of Governors' review of the effectiveness of the system of internal control is informed by the work of the internal auditors, Grant Thornton, who operate to the standards defined in the HEFCE code of audit practice.
- An organisation-wide risk register is maintained and is available on the University's intranet. The register is reviewed and updated regularly and management report on the actions taken to mitigate risks. The register and corporate plan are cross referenced to each other as an additional mechanism for the identification of risks. Departmental plans report on the local management of corporate risks, identify risks at an operational level and include plans for the mitigation of these risks.
- Monthly management accounts are presented to Finance and General Purposes Committee and the Board

of Governors. The annual budget, financial forecasts, any Corporate Plan revisions and the annual monitoring statement are all presented for formal approval by both of these committees.

The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks; that it has been in place for the year ended 31 July 2012 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Governing Body and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education. The University also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen in November 2004.

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

Going Concern

After reviewing detailed papers the Board of Governors considered, at its meeting on 5 November 2012, 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 (as at 31 July 2012)

Anne Boden	A
Peter Cheeseman	F, G, N
Bipin Desai	A
Andy Doyle	F, S
Professor Michael Driscoll	F, G, N
Stephen Hand	F
Colin Hughes	G, N, S
Arthur Husk	F
Professor Martin Loomes	F
Sir Michael Partridge	A
Shreya Paudel	F
Ross Porter	G, N
Alan Riddell	A
Dame Janet Ritterman	A
Ann Robinson OBE	F, G, N
Nik Rochez	F
Peter Thomas	F, S

Key:

A Audit Committee

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

Statement of the Responsibilities of the Board of Governors

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

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

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

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Institution will continue in operation. The Board of Governors is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Governing Body has taken reasonable steps to:

- ensure that funds from HEFCE, LSC and the Teaching Agency are used only for the purposes for which they have been given and

in accordance with the Financial Memorandum with the Funding Councils and the Funding Agreement with the Teaching Agency, and any other conditions which the Funding Council or Agency may from time to time prescribe;

- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University, prevent and detect fraud, and ensure that risk management is in place;
- secure the economical, efficient and effective management of the University's resources and expenditure; and
- ensure that the University operates an effective health and safety policy.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Finance and General Purposes Committee; and
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Governors and whose head provides the Board of Governors with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

Independent Auditor's Report to the Board of Governors of Middlesex University

We have audited the financial statements of Middlesex University for the year ended 31 July 2012 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. Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

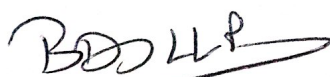
A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2012 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions";
- the financial statements have been prepared in accordance with the requirements of the Education Reform Act 1988;
- income from the Higher Education Funding Council for England, Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received; and
- income has been applied in accordance with the University's statutes and where appropriate with the applicable Financial Memorandum with the Higher Education Funding Council for England.



BDO LLP, Statutory Auditor,
Gatwick, United Kingdom

Date: 27 NOVEMBER 2012

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



Statement of Principle Accounting Policies



A. Basis of Preparation

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

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

The University's business activities and future activities are set out in the Introduction from the Vice-Chancellor on page 2. After reviewing the University financial position, forecasts and financial facilities, the Board have a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the University has continued to adopt the going concern basis in preparing the financial statements.

B. 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 and no control or significant influence over policy decisions.

C. Income Recognition

Funding Body Block Grants are accounted for in the period to which they relate.

Tuition fee income includes all fees chargeable to students or their sponsors and are stated gross. Fee income is credited to the income and expenditure account of the period in which students are studying. Where the amount of the tuition 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 as expenditure and not as a deduction from income.

Recurrent Income from Grants, Contracts and Other Services Rendered is 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.

D. 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.

E. Agency arrangements

Funds the institution receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

F. 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.

G. 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 subsidiaries companies are liable to Corporation Tax and VAT in the same way as any other commercial organisation.

H. 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 £30,000 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.

I. Investments

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

J. 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.

K. 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.

L. Accounting for Charitable Donations

Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation 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:

- 1. 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.
- 2. 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.
- 3. 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.

M. 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) – London Borough of Barnet Pension Fund. 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 staff and dependants 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.

N. 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 2012

	Notes	Year ended 31 July 2012 £000	Year ended 31 July 2011 £000
Income			
Funding body grants	1	52,709	59,522
Tuition fees and education contracts	2	94,920	93,551
Research grants and contracts	3	3,682	5,053
Other income	4	22,945	21,113
Endowment and investment income	5	178	89
Total Income		174,434	179,328
Expenditure			
Staff costs	6	89,930	94,906
Other operating expenses	7	59,615	70,784
Depreciation	12	10,915	8,750
Interest and other finance costs	8	6,215	4,839
Total Expenditure		166,675	179,279
Surplus after depreciation of tangible fixed assets at valuation and before tax		7,759	49
Surplus on disposal of fixed assets		1,399	-
Surplus after depreciation of tangible fixed assets at valuation and disposal of assets but before tax		9,158	49
Taxation	10	11	4
Minority interest		21	(74)
Surplus on continuing operations after depreciation of tangible fixed assets at valuation, disposal of assets and tax		9,126	119
Transfer from accumulated return within restricted endowments		676	497
Surplus for the year retained within general reserves		9,802	616

All items of income and expenditure arise from continuing operations.

Statement of Group Historical Cost Surpluses and Deficits

Year Ended 31 July 2012

	Notes	Year ended 31 July 2012 £000	Year ended 31 July 2011 £000
Surplus on continuing operations before taxation		9,137	123
Valuation gains realised on the disposal of tangible fixed assets	22	11,756	-
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	22	271	429
Historical cost surplus for the year before taxation		21,164	552
Historical cost surplus for the year after taxation		21,153	548

The notes on pages 36 to 57 form part of these financial statements.

Statement of Group Total Recognised Gains and Losses

Year Ended 31 July 2012

	Notes	Year ended 31 July 2012 £000	Year ended 31 July 2011 £000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		9,126	119
New endowments	21	490	872
Actuarial loss on enhanced pension scheme	19	-	(500)
Actuarial loss on local government pension scheme	32	(20,819)	(1,565)
Foreign exchange translation gains/(losses) on foreign currency net investment in subsidiaries	23	129	(50)
Total recognised (losses)/gains for the year		<u>(11,074)</u>	<u>(1,124)</u>
Total (losses)/gains recognised since last financial year		<u>(11,074)</u>	<u>(1,124)</u>
Reconciliation			
Opening reserves and endowments		16,884	18,008
Total recognised (losses)/gains for the year		(11,074)	(1,124)
Closing reserves and endowments		<u>5,810</u>	<u>16,884</u>

The notes on pages 36 to 57 form part of these financial statements.

Balance Sheets as at 31 July 2012

	Notes	Group 2012 £000	University 2012 £000	Group 2011 £000	University 2011 £000
Fixed assets					
Tangible assets	12	191,438	191,093	193,976	193,782
Investments	13	<u>36</u>	<u>820</u>	<u>66</u>	<u>942</u>
		<u>191,474</u>	<u>191,913</u>	<u>194,042</u>	<u>194,724</u>
Endowment assets	21	<u>959</u>	<u>959</u>	<u>1,145</u>	<u>1,145</u>
Current assets					
Stocks	14	333	46	416	95
Fixed assets identified for disposal	12	9,392	9,392	16,821	16,821
Debtors: amounts falling due within one year	15	13,773	12,759	16,330	16,169
Debtors: amounts falling due after more than one year	15	1,684	1,684	1,746	1,746
Cash at bank and in hand	16	<u>33,670</u>	<u>30,296</u>	<u>24,944</u>	<u>20,909</u>
		<u>58,852</u>	<u>54,177</u>	<u>60,257</u>	<u>55,740</u>
Creditors: amounts falling due within one year	17	<u>(32,627)</u>	<u>(30,708)</u>	<u>(39,053)</u>	<u>(37,108)</u>
Net current assets		<u>26,225</u>	<u>23,469</u>	<u>21,204</u>	<u>18,632</u>
Total assets less current liabilities		218,658	216,341	216,391	214,501
Creditors: amounts falling due after more than one year	18	(104,215)	(103,890)	(106,890)	(106,695)
Provisions for liabilities	19	(12,798)	(12,798)	(15,117)	(15,117)
NET ASSETS (excluding pensions liability)		<u>101,645</u>	<u>99,653</u>	<u>94,384</u>	<u>92,689</u>
Net pensions liability	32	(66,762)	(66,762)	(45,919)	(45,919)
NET ASSETS (including pensions liability)		<u>34,883</u>	<u>32,891</u>	<u>48,465</u>	<u>46,770</u>
Deferred capital grants	20	29,228	29,228	31,757	31,757
Endowments					
Expendable	21	553	553	726	726
Permanent	21	<u>406</u>	<u>406</u>	<u>419</u>	<u>419</u>
		<u>959</u>	<u>959</u>	<u>1,145</u>	<u>1,145</u>
Reserves					
Revaluation reserve	22	14,707	14,707	26,734	26,734
Income and expenditure account (including pension reserve)	23	<u>(9,856)</u>	<u>(12,003)</u>	<u>(10,995)</u>	<u>(12,866)</u>
		<u>5,810</u>	<u>3,663</u>	<u>16,884</u>	<u>15,013</u>
Minority interest		(155)	-	(176)	-
TOTAL FUNDS		<u>34,883</u>	<u>32,891</u>	<u>48,465</u>	<u>46,770</u>

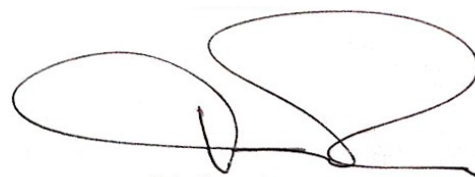
The financial statements on pages 30 to 57 were approved and authorised for issue by the University Board on 5th November 2012, and were signed on its behalf by:-



Colin Hughes
Chair of the Board of Governors



Professor Michael Driscoll
Vice-Chancellor



Peter Vermeulen
Director of Finance

Consolidated Cash Flow Statement

Year Ended 31 July 2012

	Notes	Year ended 31 July 2012 £000	Year ended 31 July 2011 £000
Net Cash inflow from operating activities	24	12,902	20,716
Returns on investment and servicing of finance	25	(5,038)	(3,228)
Taxation	10	(11)	(4)
Capital expenditure and financial investment	27	1,925	(42,048)
		<u>9,778</u>	<u>(24,564)</u>
Cash inflow/(outflow) before management of liquid resources			
Financing	26	(1,238)	22,646
Increase/(decrease) in cash in the year	28	<u>8,540</u>	<u>(1,918)</u>
Reconciliation of net cash flow to movement in net funds/(debt)			
Increase/(decrease) in cash in the year	28	8,540	(1,918)
Loan repayment in the year	26	1,273	1,207
Cash inflow from new bank loan	26	-	(25,500)
New finance lease	26	(41)	-
Cash used to repay finance leases	26	6	1,647
Change in net debt	28	<u>9,778</u>	<u>(24,564)</u>
Net debt at 1 August	28	<u>(70,472)</u>	<u>(45,908)</u>
Net debt at 31 July		<u>(60,694)</u>	<u>(70,472)</u>

The notes on pages 36 to 57 form part of these financial statements.

Notes to the Accounts





1. Funding body grants	Year ended 31 July 2012 £000	Year ended 31 July 2011 £000
Recurrent grant		
Higher Education Funding Council for England (HEFCE)	43,192	46,078
Teaching Agency	2,907	3,429
Specific grants		
Higher Education Innovation Fund	563	1,135
Aim Higher	-	180
Centres for Excellence in Teaching and Learning	-	49
Research grants	2,898	3,322
MODNet grants	1,168	3,113
Other grants	106	364
Deferred capital grants released in year		
Buildings	1,397	628
Equipment	478	1,224
	52,709	59,522

2. Tuition fees and education contracts	Year ended 31 July 2012 £000	Year ended 31 July 2011 £000
Full-time students charged home fees	41,818	38,536
Full-time students charged overseas fees	29,204	30,607
Part-time fees	3,942	3,584
Short course fees and training CPD	7,776	8,106
NHS education contracts	12,180	12,718
	94,920	93,551

From the 1 August 2011 the University deemed the use of student overseas regional awards and scholarships and tuition fee waivers to employees to more closely resemble a discount on tuition fees for the purposes of FRS 5 - Reporting the Substance of Transactions.

This reduces both current year income (Note 2) and expenditure (Note 7) by £3,334k.

3. Research grants and contracts	Year ended 31 July 2012 £000	Year ended 31 July 2011 £000
Research Councils	896	1,311
UK based charities	144	162
UK central government	1,213	1,717
UK industrial	-	34
European Commission	996	1,597
EU other	26	63
Other sources	407	169
	3,682	5,053

4. Other income

	Year ended 31 July 2012	Year ended 31 July 2011
	£000	£000
Residences, catering and conferences	5,169	5,369
Other services rendered	4,076	4,169
Sports income	481	529
Childcare	523	617
Rent and room hire	1,239	1,355
Validation fees	3,653	3,740
Subsidiary companies trading income	4,125	2,860
Releases from deferred capital grants	1,090	70
Other income	2,589	2,404
	22,945	21,113

5. Endowment and investment income

	Year ended 31 July 2012	Year ended 31 July 2011
	£000	£000
Income from endowments	6	5
Interest receivable	172	84
	178	89

6. Staff

The average staff numbers by major category during the year were:

	Year ended 31 July 2012	Year ended 31 July 2011
	Number	Number
Academic	717	794
Administration and senior staff	925	993
Technical	101	108
Other (including Research)	78	122
	1,821	2,017

Staff costs for the above persons:

	Year ended 31 July 2012	Year ended 31 July 2011
	£000	£000
Salaries	70,157	74,441
Social security costs	6,416	6,585
Other pension costs	9,813	10,232
	86,386	91,258

Restructuring costs

3,544	3,648
89,930	94,906

Employment costs for staff on permanent contracts

Employment costs for staff on temporary contracts

Enhanced Pensions provision charged

	Year ended 31 July 2012	Year ended 31 July 2011
	£000	£000
	70,719	75,784
	15,424	15,375
	243	99
	86,386	91,258

Restructuring costs

3,544	3,648
89,930	94,906

6. Staff (continued)

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

	Year ended 31 July 2012	Year ended 31 July 2011
	Number	Number
£100,000 to £109,999	6	4
£110,000 to £119,999	5	2
£130,000 to £139,999	-	1
£140,000 to £149,999	-	1
£150,000 to £159,999	2	3
£160,000 to £169,999	2	1
£170,000 to £179,999	2	1
£190,000 to £199,999	1	1
£250,000 to £259,999	1	-
£270,000 to £279,999	-	1
	19	15

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

	Year ended 31 July 2012	Year ended 31 July 2011
	£000	£000
Salaries	2,150	1,767
Benefits	72	81
Pension contributions	370	344
Total emoluments	2,592	2,192

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:

	Year ended 31 July 2012	Year ended 31 July 2011
	£000	£000
Salary	237	211
Benefits	19	19
Pension contributions	-	48
Total emoluments	256	278

During the year the University made available to the Vice-Chancellor living accommodation at the Trent Park campus for the better performance of University duties.

The Vice-Chancellor donated £12,549 in the year (2011: nil) to the Middlesex University development project fund (Note 21).

7. Other operating expenses

	Year ended 31 July 2012	Year ended 31 July 2011
	£000	£000
Consumables	2,621	2,145
Learning resources	1,867	2,386
Funds payable to other colleges	5,170	6,910
Auditors' remuneration	304	324
Catering and hospitality	857	828
Marketing related costs	2,001	1,812
Collaborative partners and advisors	3,053	2,465
External staffing and services	1,382	1,371
Staff development costs	840	1,164
Student recruitment, bursaries and scholarships	9,631	14,087
Subscriptions and memberships	748	840
Equipment and furniture (not capitalised)	734	599
IT expenditure and maintenance	4,953	5,510
IT operating leases	1,011	1,080
NHS service charge costs	1,295	1,013
Grant to Students' Union	800	780
Transport, travel and subsistence	2,308	2,372
Insurance	544	571
Telephones and postage	401	444
Rent and rates	2,644	3,316
Repairs and general maintenance	2,237	2,423
Utilities	1,747	1,828
Other premises costs	7,739	8,090
Onerous lease impairment charge	-	5,556
Other expenditure	4,728	2,870
	59,615	70,784

From the 1 August 2011 the University deemed the use of student overseas regional awards and scholarships and tuition fee waivers to employees to more closely resemble a discount on tuition fees for the purposes of FRS 5 - Reporting the Substance of Transactions. This reduces both current year expenditure (Note 7) and income (Note 2) by £3,334k.

Other operating expenses include:

	31 July 2012	31 July 2011
	£000	£000
BDO LLP Auditors' remuneration fees payable in respect of:	119	115
Audit of University annual financial statements	19	16
Audit of UK subsidiary Company annual financial statements	5	4
Audit of Pension Scheme and Funding Body statements	20	20
Audit of annual financial statements - other auditors	13	9
Tax and other services from external auditors	128	160
Internal audit (Grant Thornton LLP)	1,011	1,134
Amounts paid in respect of operating lease rentals	1,011	1,134

8. Interest and other finance costs

	Year ended 31 July 2012	Year ended 31 July 2011
	£000	£000
On pension liabilities	1,547	1,523
Loans not wholly repayable within five years	4,395	2,814
Bank overdrafts	37	11
Finance leases	-	487
Other finance costs	236	4
Total	6,215	4,839
Reconciliation of interest payable:	£000	£000
Total interest payable	6,763	5,793
Less amount capitalised (Note 12)	(548)	(954)
Interest payable included with Income and Expenditure account	6,215	4,839

9. Analysis of total expenditure by activity

	Staff costs	Other operating expenses	Depreciation	Interest costs	Total
	£000	£000	£000	£000	£000
Academic schools	54,930	12,275	1,174	-	68,379
Academic services	19,006	17,044	2,622	15	38,687
Research grants and contracts	1,462	2,220	-	-	3,682
Residences, catering and conferences	105	4,984	301	-	5,390
Premises	2,887	12,460	6,190	4,395	25,932
Administration and central services*	7,361	8,417	616	-	16,394
Other expenses	635	2,215	12	1,805	4,667
	86,386	59,615	10,915	6,215	163,131
Restructuring Costs	3,544	-	-	-	3,544
Total expenditure	89,930	59,615	10,915	6,215	166,675

The depreciation charge has been funded by:
 Revaluation reserve released (Note 22)
 Deferred capital grant released (Note 20)
 General income

£000
271
2,965
7,679
10,915

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

10. Taxation

	Year ended 31 July 2012	Year ended 31 July 2011
	£000	£000
Foreign Taxes	11	4
	11	4

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.

11. Surplus on continuing operations

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

	Year ended 31 July 2012	Year ended 31 July 2011
	£000	£000
University's (deficit)/surplus for the year	9,653	(333)
Surpluses generated by subsidiary undertakings	57	789
Impairment of investment in subsidiary undertaking (Note 13)	92	160
Total consolidated surplus	9,802	616

12. Tangible fixed assets

University	Freehold Land £000	Freehold and Leasehold Buildings £000	Fixtures, Fittings and Equipment £000	Assets in the Course of construction £000	Total £000
Cost or Valuation					
At 1 August 2011	22,211	125,107	20,705	61,654	229,677
Additions	-	10,979	6,114	522	17,615
Transfers to current assets	(2,000)	(13,293)	(124)	-	(15,417)
Transfers between classifications	-	56,543	188	(56,731)	-
Disposals	-	(705)	(6,816)	-	(7,521)
At 31 July 2012	20,211	178,631	20,067	5,445	224,354
Depreciation					
At 1 August 2011	-	23,893	12,002	-	35,895
Charge for year	-	4,818	4,596	-	9,414
Impaired assets write down	-	1,346	-	-	1,346
Transfers to current assets	-	(5,934)	(91)	-	(6,025)
Eliminated in respect of disposals	-	(680)	(6,689)	-	(7,369)
At 31 July 2012	-	23,443	9,818	-	33,261
Net book value at 31 July 2012	20,211	155,188	10,249	5,445	191,093
Net book value at 1 August 2011	22,211	101,214	8,703	61,654	193,782
Inherited	5,400	4,007	-	-	9,407
Financed by capital grant	-	27,785	977	466	29,228
Other	14,811	123,396	9,272	4,979	152,458
Net book value at 31 July 2012	20,211	155,188	10,249	5,445	191,093
Group					
Cost or Valuation					
At 1 August 2011	22,211	125,107	21,313	61,654	230,285
Additions	-	10,979	6,430	522	17,931
Transfers to current assets	(2,000)	(13,293)	(124)	-	(15,417)
Transfers between classifications	-	56,543	188	(56,731)	-
Disposals	-	(705)	(6,770)	-	(7,475)
At 31 July 2012	20,211	178,631	21,037	5,445	225,324
Depreciation					
At 1 August 2011	-	23,893	12,416	-	36,309
Exchange revaluation	-	-	1	-	1
Charge for year	-	4,818	4,751	-	9,569
Impaired assets write down	-	1,346	-	-	1,346
Transfers to current assets	-	(5,934)	(91)	-	(6,025)
Eliminated in respect of disposals	-	(680)	(6,634)	-	(7,314)
At 31 July 2012	-	23,443	10,443	-	33,886
Net book value at 31 July 2012	20,211	155,188	10,594	5,445	191,438
Net book value at 1 August 2011	22,211	101,214	8,897	61,654	193,976
Inherited	5,400	4,007	-	-	9,407
Financed by capital grant	-	27,785	977	466	29,228
Other	14,811	123,396	9,617	4,979	152,803
Net book value at 31 July 2012	20,211	155,188	10,594	5,445	191,438

12. Tangible Fixed Assets (cont'd)

Disposals represent the write off of historical tangible fixed assets that are fully depreciated. The gross cost of these assets amounted to £6,988k (2011: £6,984k).

Before transfers to Freehold and Leasehold Building assets, assets in the course of construction included an aggregate £1,594k (2011: £1,046k) in respect of capitalised interest of which £548k (2011: £954k) was capitalised in the year ending 31 July 2012 (Note 8), charged at a rate of 7.31% (2011: 5.70%). Upon completion the total cost of construction including capitalised interest was transferred to Freehold and Leasehold Buildings.

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

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.

The cost or valuation of Land and Buildings comprises:

	At 31 July	At 31 July
University	2012	2011
	£000	£000
Freeholds		
Assets inherited upon incorporation:		
Buildings, valued at depreciated replacement cost	4,007	7,578
Freehold land, valued at market existing use	5,400	7,400
	9,407	14,978
Asset stated at cost	165,992	108,447
Net book value at 31 July 2012	175,399	123,425

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	University	Group	University
	Year ended	Year ended	Year ended	Year ended
	31 July 2012	31 July 2012	31 July 2011	31 July 2011
	£000	£000	£000	£000
Investments in Subsidiary undertakings:-				
Mindsets (UK) Limited	-	748	-	840
Other subsidiary companies	-	36	-	36
Other Investments:-				
CVCP Properties PLC	36	36	36	36
Argentium International Limited	-	-	30	30
	36	820	66	942

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

Investments are stated at cost, with the exception of MU Ventures Limited and Mindsets (UK) Limited. The University holds a £2m provision against MU Ventures Limited (2011: £2m) and a £1,612k provision against Mindsets (UK) Limited (2011: £1,520k).

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	University	Group	University
	Year ended	Year ended	Year ended	Year ended
	31 July 2012	31 July 2012	31 July 2011	31 July 2011
	£000	£000	£000	£000
Stocks of Finished goods	260	-	304	-
Work-in-progress	73	46	112	95
	333	46	416	95

15. Debtors

	Year ended	Year ended	Year ended	Year ended
	31 July 2012	31 July 2012	31 July 2011	31 July 2011
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	2,006	1,754	2,401	2,248
Tuition Fees	2,537	2,537	3,673	3,673
Other debtors	4,094	3,265	4,612	3,982
Amounts due from subsidiary companies	-	1,407	-	803
Prepayments and accrued income	5,136	3,796	5,644	5,463
	13,773	12,759	16,330	16,169
Amounts falling due after more than one year:				
Prepayments	1,684	1,684	1,746	1,746
	15,457	14,443	18,076	17,915

16. Cash at bank and in hand

Cash at bank and in hand includes £1,543k (2011: £1,138k) in respect of monies held on behalf of third parties.

17. Creditors: amounts falling due within one year

	Group Year ended 31 July 2012 £000	University Year ended 31 July 2012 £000	Group Year ended 31 July 2011 £000	University Year ended 31 July 2011 £000
Bank loans and overdrafts	2,309	2,309	1,273	1,273
Other loans	10	10	10	10
Obligations under finance leases	6	-	-	-
Research grants received on account	2,338	2,338	3,049	3,049
Trade creditors	11,112	10,331	13,239	12,025
Amounts owed to subsidiary undertakings	-	6	-	-
Social security and other taxation payable	3,289	3,229	2,779	2,738
Accruals and deferred income	13,563	12,485	18,703	18,013
	32,627	30,708	39,053	37,108

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

Group and University	Finance Leases £000	Mortgages £000	Other £000	Total £000
Long term creditor as at 1 August 2011	-	95,288	11,602	106,890
Add back: transfer to short term creditors	-	1,273	662	1,935
Additions during the year	41	-	308	349
Capital repaid in year	(6)	(1,273)	(676)	(1,955)
Creditor outstanding at 31 July 2012	35	95,288	11,896	107,219
Transfer: to short term creditors	(6)	(2,309)	(689)	(3,004)
Long term creditor as at 31 July 2012	29	92,979	11,207	104,215

Total University liabilities falling due after more than one year are £103,890k (2011: £106,695k). The group has an additional £29k of finance lease liabilities (2011: nil) and £296k of other liabilities (2011: £195k) falling due after more than one year.

Analysis of long term creditor

	Group Year ended 31 July 2012 £000	University Year ended 31 July 2012 £000	Group Year ended 31 July 2011 £000	University Year ended 31 July 2011 £000
Due:				
Between one and two years	3,597	3,485	2,332	2,311
Between two and five years	22,976	22,865	10,120	10,057
In five years or more	77,613	77,540	94,438	94,327
Finance leases	29	-	-	-
Total long term debt	104,215	103,890	106,890	106,695

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 2012
Hendon Campus	25 Years	2030	Fixed 5.2900% + variable MLA	2030	£38,288k
Trent Park and (part of) Hendon Campuses	28 Years	2037	Fixed 6.5950%	2037	£57,000k
	27 Years	2037	Fixed 6.4250%	2037	
	26 Years	2037	Fixed 6.5450%	2037	
	26 Years	2026	Fixed 6.7050%	2037	
	26 Years	2016	Fixed 6.3950%	2037	
	25.5 Years	2017	Fixed 5.1550%	2037	

Finance lease obligations

Obligations under finance leases fall due as follows:

	Group Year ended 31 July 2012 £000	University Year ended 31 July 2012 £000	Group Year ended 31 July 2011 £000	University Year ended 31 July 2011 £000
Within one year	6	-	-	-
Between one and two years	12	-	-	-
Between two and five years	11	-	-	-
Total	29	-	-	-

19. Provisions for liabilities

Group and University	Enhanced Pension Provision £000	Restructuring Provision £000	Onerous Contract Provision £000	Total £000
At 1 August 2011	6,220	3,341	5,556	15,117
Utilised in year	(463)	(3,220)	(492)	(4,175)
Charged to income and expenditure account	243	1,613	-	1,856
At 31 July 2012	6,000	1,734	5,064	12,798

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 2011 and the provision represents the cost of agreed redundancy arrangements outstanding at 31 July 2012.

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

20. Deferred capital grants

Group and University	Buildings £000	Fixtures, Fittings and Equipment £000	Assets under construction £000	Total £000
Funding Bodies				
At 1 August 2011	16,046	667	12,862	29,575
Grants received	-	-	436	436
Transfers between classifications	12,046	786	(12,832)	-
Released to income and expenditure account	(1,397)	(478)	-	(1,875)
At 31 July 2011	<u>26,695</u>	<u>975</u>	<u>466</u>	<u>28,136</u>
Other grants				
At 1 August 2011	2,175	7	-	2,182
Released to income and expenditure account	(1,085)	(5)	-	(1,090)
At 31 July 2012:	<u>1,090</u>	<u>2</u>	<u>-</u>	<u>1,092</u>
Totals				
At 31 July 2012	<u>27,785</u>	<u>977</u>	<u>466</u>	<u>29,228</u>
At 1 August 2011	<u>18,221</u>	<u>674</u>	<u>12,862</u>	<u>31,757</u>

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.

21. Endowments

Group and University	2012 Total £000	2012 Restricted Expendable £000	2012 Restricted Permanent £000	2011 Total £000
Capital value	1,128	716	412	749
Accumulated Income	17	10	7	21
At 1 August	<u>1,145</u>	<u>726</u>	<u>419</u>	<u>770</u>
Net Additions	490	490	-	872
Income for the year	6	2	4	5
Expenditure for the year	(682)	(665)	(17)	(502)
At 31 July	<u>959</u>	<u>553</u>	<u>406</u>	<u>1,145</u>
Capital value	963	551	412	1,128
Accumulated Income	(4)	2	(6)	17
At 1 August	<u>959</u>	<u>553</u>	<u>406</u>	<u>1,145</u>
Represented by:				
Cash balances	<u>959</u>	<u>553</u>	<u>406</u>	<u>1,145</u>
Analysis by type of purpose:				
Development project and Alumni funds	17	17	-	17
Prize, Scholarship and Bursaries funds	545	139	406	585
Other funds including cancer research, Jiading High School and English Language Project	397	397	-	543

22. Revaluation reserve

	Group and University	
	2012	2011
	£000	£000
Opening balance at 1 August	26,734	27,163
Disposal of pre-incorporation assets	(15,070)	-
Cumulative depreciation on disposals	3,314	-
Release on Disposal	(11,756)	-
Release in year to Income and Expenditure account	(271)	(429)
Closing balance at 31 July	14,707	<u>26,734</u>

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 (£4,007k 2012 after disposals and transfers to current assets) and land assets following revaluation in 1991 £28,475k (£5,400k 2012, after disposals and transfers to current assets).

23. Income and expenditure account

	Group	University	Group	University
	Year ended	Year ended	Year ended	Year ended
	31 July 2012	31 July 2012	31 July 2011	31 July 2011
	£000	£000	£000	£000
Opening balance at 1 August	(10,995)	(12,866)	(9,924)	(10,897)
Surplus after depreciation of assets at valuation and taxation	9,802	9,653	616	(333)
Actuarial (loss) on pension scheme(s)	(20,819)	(20,819)	(2,065)	(2,065)
Foreign exchange translation differences on foreign currency net investment in subsidiaries	129	2	(51)	-
Release from revaluation reserve	12,027	12,027	429	429
Closing balance at 31 July	(9,856)	(12,003)	<u>(10,995)</u>	<u>(12,866)</u>

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

24. Reconciliation of consolidated operating surplus to net cash inflow from operating activities	Year ended	Year ended
	31 July 2012	31 July 2011
	£000	£000
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of assets but before tax	9,158	49
Depreciation (note 12)	9,569	8,750
Impairment of tangible fixed assets (note 12)	1,346	-
Deferred capital grants released to income (note 20)	(2,965)	(1,922)
Gain on disposal of tangible fixed assets (note 12)	(1,399)	5
Pension cost less contributions paid (note 32)	(1,523)	(2,529)
Investment income (note 5)	(178)	(89)
Interest payable (note 8)	6,215	4,839
Exchange rate changes	129	(50)
Impairment of investment	30	-
Decease/(Increase) in stocks of finished goods and work-in-progress (note 14)	83	(106)
Decrease in debtors (note 15)	2,619	1,227
(Decrease)/increase in creditors (notes 17 and 18)	(7,863)	3,585
(Decrease)/increase in provisions (note 19)	(2,319)	6,957
Net cash inflow from operating activities	12,902	20,716

25. Returns on investment and servicing of finance	Year ended	Year ended
	31 July 2012	31 July 2011
	£000	£000
Income from endowments and interest received	178	88
Interest paid	(5,216)	(2,829)
Interest element of finance lease rental payment	-	(487)
Net cash (outflow) from returns on investment and servicing of finance	(5,038)	(3,228)

26. Financing	Year ended	Year ended
	31 July 2012	31 July 2011
	£000	£000
Debt due beyond a year:		
Finance lease repayments	(6)	(1,647)
New finance lease	41	-
Loan repayment in the year	(1,273)	(1,207)
Loans drawn down in year	-	25,500
Net cash (outflow)/inflow from financing	(1,238)	22,646

27. Capital expenditure and financial investment	Year ended	Year ended
	31 July 2012	31 July 2011
	£000	£000
Payments made to acquire tangible fixed assets	(17,383)	(42,991)
Proceeds from sales of tangible fixed assets	18,382	-
New endowments received	490	872
Deferred capital grants received	436	71
Net cash (outflow) from capital expenditure	1,925	(42,048)

28. Analysis of changes in net debt	At 1 August	Cashflows	At 31 July
	2011		2012
	£000	£000	£000
Cash at bank and in hand	24,944	8,726	33,670
Endowment cash	1,145	(186)	959
Cash	26,089	8,540	34,629
Mortgages and loans	(96,561)	1,273	(95,288)
Finance leases	-	(35)	(35)
Borrowings	(96,561)	1,238	(95,323)
Net debt	(70,472)	9,778	(60,694)

29. Capital commitments

Provision has not been made for the following capital commitments at 31 July 2012

	Year ended 31 July 2012	Year ended 31 July 2011
	£000	£000
Commitments contracted for at 31 July	3,598	8,811
Authorised by the board but not contracted for at 31 July	17,171	7,890
	<u>20,769</u>	<u>16,701</u>

30. Financial commitments

At 31 July the group was committed to making the following annual rental payments in respect of operating leases:

	Year ended 31 July 2012	Year ended 31 July 2011
	£000	£000
Equipment:		
Expiring within one year	476	548
Expiring within two and five years	296	305
	<u>772</u>	<u>853</u>

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 £9,409k (2011: £9,709k).

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 2011 to 31 July 2012.

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

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

As from 1 January 2008, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution has been assessed at 19.75%, plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a Standard Contribution Rate (SCR) of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced, effective for the first time from the 2008 valuation, a 14% cap on employer contributions payable. The 2008 valuation has not yet been completed.

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

32. Pension schemes (cont'd)

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 2012 was £10,208k (2011: £9,852k) of which employers contributions totalled £8,319k (2011: £7,876k) and employees contributions totalled £1,889k (2011: £1,976k).

For the period from 1 April 2011 to 31 March 2012 the employer contribution rate was 27.6%. The rate remained at 27.6% from 1 April 2012 for the period to 31 March 2013, and the indicative rate from 1 April 2013 is 27.6%. The employer contributions expected to be paid into the scheme during the year ended 31 July 2013 is £7,383k.

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 2012 by a qualified independent actuary.

The major assumptions used by the actuary were:

Financial assumptions:

	At 31 July 2012	At 31 July 2011
Inflation (RPI increases)	2.6%	3.5%
Inflation (CPI increases)	1.8%	2.7%
Rate of increase in salaries	4.0%	5.0%
Rate of increase for pensions	1.8%	2.7%
Discount rate for liabilities	3.9%	5.3%

Mortality assumptions:

The post retirement mortality tables adopted are the S1PA Heavy tables.

		At 31 July 2012	At 31 July 2011
Life expectancy from age 65 (years)			
Retiring today	Males	20.0	20.0
	Females	24.0	24.0
Retiring in 20 years	Males	22.0	22.0
	Females	25.9	25.9

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

	31 July 2012	31 July 2012	31 July 2011	31 July 2011	31 July 2010	31 July 2010
	Fair value £000	Expected return % pa	Fair value £000	Expected return % pa	Fair value £000	Expected return % pa
Asset class:						
Equities	63,555	5.9	61,111	7.1	62,866	7.4
Other bonds	39,572	3.9	35,555	5.3	8,705	5.4
Gilts	9,593	2.8	4,444	4.0	8,705	4.3
Property	7,195	2.6	4,444	3.8	3,869	4.1
Cash	-	3.0	5,556	3.0	12,573	3.0
Total	119,915	4.8	111,110	6.1	96,718	6.2

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

	At 31 July 2012	At 31 July 2011
	£000	£000
Middlesex University:		
Estimated asset share	119,915	111,110
Present value of scheme liabilities	186,140	156,520
Present value of unfunded liabilities	537	509
Net pension deficit	(66,762)	(45,919)

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

	At 31 July 2012		At 31 July 2011	
	£000	% of Staff Cost	£000	% of Staff Cost
Current service cost	5,583	6.5%	5,283	5.8%
Curtailements and settlements	1,213	1.4%	62	0.1%
Total Operating charge	6,796	7.9%	5,345	5.9%

Analysis of the amount charged to interest payable:

	At 31 July 2012		At 31 July 2011	
	£000	% of Staff Cost	£000	% of Staff Cost
Expected return on pension scheme assets	6,865	7.9%	6,078	6.7%
Interest on pension scheme liabilities	(8,412)	(9.7%)	(7,601)	(8.3%)
Net charge	(1,547)	(1.8%)	(1,523)	(1.7%)

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

	At 31 July 2012	At 31 July 2011
	£000	£000
Actual return less expected return on pension scheme assets	(2,353)	4,825
Experience gains arising on the scheme liabilities	(17)	4,620
Changes in financial and demographic assumptions underlying the present value of scheme liabilities	(18,449)	(11,010)
Actuarial loss recognised in STRGL	(20,819)	(1,565)

32. Pension schemes (cont'd)**Movement in deficit during the year**

	At 31 July 2012 £000	At 31 July 2011 £000
Deficit at the beginning of year	(45,919)	(45,360)
Movement in the period:		
Current service cost	(5,583)	(5,283)
Past service cost	-	(2)
Employer contribution	8,281	7,837
Contributions in respect of unfunded benefits	38	39
Impact of settlements and curtailments	(1,213)	(62)
Net return on assets	(1,547)	(1,523)
Actuarial (losses)/gains	(20,819)	(1,565)
Deficit at the end of year	(66,762)	(45,919)

Movement in present value of the scheme liabilities

	At 31 July 2012 £000	At 31 July 2011 £000
Opening present value of the defined benefit obligation	157,029	142,078
Movement in the period:		
Current service cost	5,583	5,283
Interest cost	8,412	7,601
Actuarial gains/(losses)	18,466	4,456
gains on curtailments	1,213	62
Estimated benefits paid (net of transfers in)	(5,877)	(4,390)
Past service cost	-	2
Contributions by Scheme participants	1,889	1,976
Unfunded pension payments	(38)	(39)
Closing present value of the defined benefit obligation	186,677	157,029

Movement in the fair value of the scheme assets

	At 31 July 2012 £000	At 31 July 2011 £000
Opening fair value of scheme assets	111,110	96,718
Movement in the period:		
Expected return on scheme assets	6,865	6,078
Actuarial (loss)/gain	(2,353)	2,891
Employer contribution including unfunded benefits	8,319	7,876
Contributions by Scheme participants	1,889	1,976
Estimated benefits paid including unfunded benefits	(5,915)	(4,429)
Fair value of scheme assets at end of period	119,915	111,110

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

	Year ended 31 July 2012 £000	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Defined benefit obligation	(186,677)	(157,029)	(142,078)	(133,537)	(112,415)
Scheme assets	119,915	111,110	96,718	82,049	77,082
Surplus/(deficit)	(66,762)	(45,919)	(45,360)	(51,488)	(35,333)
Experience adjustment on scheme liabilities	(17)	6,554	78	-	2,344
% of scheme liabilities	(0.0%)	4.2%	0.1%	0.0%	2.1%
Experience adjustment on scheme assets	(2,353)	2,891	5,111	(4,638)	(12,639)
% of scheme assets	(2.0%)	2.6%	5.3%	(5.7%)	(16.4%)
Cumulative actuarial (loss)/gain	(41,811)	(20,992)	(19,427)	(18,975)	(1,930)

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 £800k for the year ending 31 July 2012 (2011: £780k).

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 8 Governors (2011: 5 Governors) in respect of travel and subsistence expenses during the year amounted to £1,643 (2011: £1,192).

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.

34. HEFCE - Access and hardship funds

	At 31 July 2012 £000	At 31 July 2011 £000
Balance brought forward	16	(34)
Funding Council grants	<u>487</u>	484
	503	450
Disbursed to Students	<u>(508)</u>	(434)
Balance carried forward at 31 July	<u>(5)</u>	<u>16</u>

35. Teaching Agency - Teacher Training Bursaries

	At 31 July 2012 £000	At 31 July 2011 £000
Balance brought forward	71	(102)
Teaching Agency grant received	413	2,268
Disbursed to Students	<u>(442)</u>	(2,095)
Balance carried forward at 31 July	<u>42</u>	<u>71</u>

36. Teaching Agency - Teacher Programmes

	At 31 July 2012 £000	At 31 July 2011 £000
Balance brought forward	816	871
Teaching Agency grant received	3,764	2,650
Other external income received	8	15
Disbursed to Students	<u>(3,417)</u>	(2,720)
Balance carried forward at 31 July	<u>1,171</u>	<u>816</u>

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

Funding body hardship funds, bursaries and other student grants received as detailed in notes 34 to 36 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.

37. million+

	At 31 July 2012 £000	At 31 July 2011 £000
Balance brought forward	235	257
Subscriptions from affiliated universities received	536	517
Campaign expenses	(436)	(539)
Balance carried forward at 31 July	<u>335</u>	<u>235</u>

The University acts as a paying agent for million+. All of the funding and related disbursements are therefore excluded from the income and expenditure account, and shown within trade creditors.

