



**Middlesex
University
London**

Financial Statements **2015/2016**

For the year ended 31 July 2016

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Vice-Chancellor's Welcome



At Middlesex, our mission is to empower people from all walks of life to do more, achieve more and make a difference. For nearly 140 years, the University and our founding institutions have been home to innovators and change-makers.

A Middlesex student is not just a learner but an agent of change, transformed by new experiences, knowledge and skills that can open doors to life-changing possibilities.

We put students first. We aim to enable our students to become partners and co-creators of their future success. We want to achieve this while opening up opportunities, attracting students from diverse backgrounds because we see a mix of perspectives and influences as a resource for learning, personal development and social change.

Middlesex is at an important stage in its history, embarking on a new strategic plan to equip us for what will be a challenging few years ahead and a time of significant change for the sector. In an increasingly competitive world where value for money from student fees is a key consideration, we are positioning Middlesex to stand out for the relevance of our courses, teaching and research, grounded in the real world.

As we develop our strategic plan, we will set ourselves high standards to improve further, making sure that everything we do adds value to the student journey, from an attractive curriculum offer to great personal and career outcomes.

We're proud of the achievements of our almost 37,000 students studying in Hendon, at our overseas campuses or with our academic partners in the UK and around the world. We want to be among the best for the quality of our education and of our professional services, with teaching based on inspiring scholarship, our students learning in world-class, technology-rich environments, and our graduates in demand.

We are proud too of our research, with some strong performances in the 2014 Research Assessment Exercise, and we are determined to enhance further the quality of our scholarship in ways that benefit our students.

Middlesex has a great reputation for our campus-based experience in London, an amazing world city, providing a wide range of co-curricular activities, from volunteering in the community to playing sport at Saracens' world-class stadium, and connecting our students to a host of opportunities. We are especially fortunate as well in having a close and constructive working relationship with our Students' Union.

Our future will not just be down to us but to the many people and organisations with whom we collaborate. We are a strong and inclusive community, passionate about what we do. Now, as we move forward with a shared purpose for renewing Middlesex in ways true to our founding purposes, we look forward to the next chapter in our incredible history of transforming lives.

We welcome everyone to our University. If you haven't visited, come and see us in London or at one of our overseas campuses and meet our amazing students and staff. You'll be warmly received.

Professor Tim Blackman BA PhD FAcSS
Vice-Chancellor

Strategic report



About Middlesex University

At Middlesex University we put our students first, by providing expert teaching informed by inspiring research and practice. Our ambition is to amaze our students by showing them that they can do what they never thought themselves capable of doing, confident in being creative, enterprising and global professionals.

Our strength is our diverse community of students and staff, multinational and multicultural, where difference is an inspiration for our work. Middlesex is a vibrant university where everyone learns to work with one another across differences; to share knowledge, understandings and perspectives to engender a mix of worldviews and ways of thinking that is exciting and inspiring.

For nearly 140 years, Middlesex University and its predecessor institutions have been home to innovators and change-makers and we have continued to demonstrate this today as a leading London university. We have always been a progressive institution and we inspire our students

to be progressive too. A Middlesex student is not just a learner but an agent of change; transformed by new experiences that can open doors to life-changing possibilities, and empowered with the knowledge and skills to be a change-maker. Middlesex students are individuals who can improve things, whether products, services, techniques, policies or works of art.

At Middlesex University we equip our students with the skills and knowledge to lead successful professional careers and establish businesses in tomorrow's world.

We hire, support and develop academics and professionals who are passionate about learning and creating opportunities and the tools for students to succeed beyond what they ever thought possible. We bring creativity and collaboration to all that we do in teaching, research and support services. Our people are open to new ideas and perspectives, committed to excellence, approachable and friendly with a shared and unifying goal of helping our students to

About Middlesex University

achieve their ambitions. Our staff and how we value them make this a reality; we strive to create the right conditions for everyone to succeed and give their best, and we work collaboratively to achieve together what we cannot achieve alone.

Our Students' Union (MDXSU) champions the rights of students by informing and supporting our students throughout their studies. The Union is home to over 70 societies and is proud to be accredited as a London Living Wage employer.

We are an engaged university; connected through our many partners. Our belief is that much more can be done working together than working separately. Partnerships are an integral part of our DNA and we see the future as one where success will depend on collaboration. Middlesex works with leading educational institutions from across London, the UK and around the world. We work with employers to make sure that what our students learn is what employers need, further developing these relationships through our research and knowledge exchange.

The University is part of London's heartbeat and the incredible vibrancy and variety of a world city. We have become truly global but our sense of community is still very important. Our Hendon campus is in Barnet, one of London's largest boroughs, where nearly 16,000 students and almost 1,800 staff work and where we generate more than £280m a year for the local economy.

Middlesex University was established in 1992, from Middlesex Polytechnic, but our roots stretch much further back to 1878 when St. Katherine's College, a women's teacher training college in Tottenham, was established. In 1992, Middlesex University expanded its profile beyond London with the opening of its first regional office in Kuala Lumpur – a trend that continued with the opening of a network of regional offices across Europe in 1995. In 2005, Middlesex opened its first overseas campus in Dubai and continued to grow with the opening of a campus in Mauritius in 2009 and in Malta in 2013.

Today, Middlesex has almost 37,000 students across the globe and in recent years over £200 million has been invested to transform the Hendon site into one of London's biggest and best campuses.



Middlesex in numbers

**Almost 37,000 students
on our courses globally**

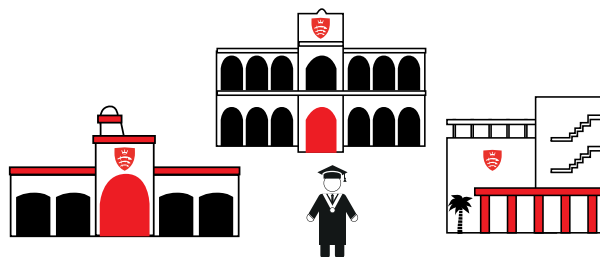


**140 student nationalities
on campus**



**Over 19,000 students
based in London**

3 overseas campuses



**Over
280
undergraduate
courses**

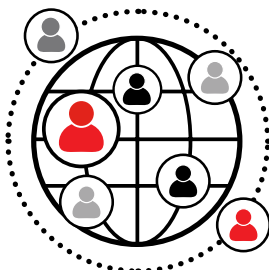
3 faculties



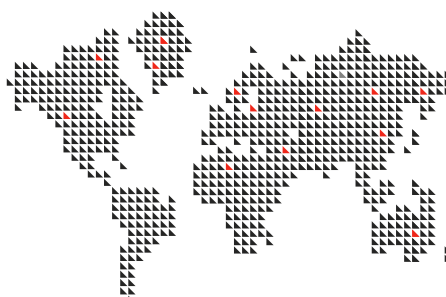
**Over
170
postgraduate
courses**

1,800

staff employed around the globe



17 overseas offices



Middlesex in numbers

2 Queen's Awards



for Enterprise



83%

student satisfaction
(NSS 2016)

55,000
free e-textbooks



for students in
2015/2016 academic year

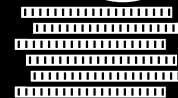
Over **150,000**



alumni across

184 countries

£15m



research and knowledge
transfer income

91%



of all our graduates
are employed within
six months of graduating
(DHLE)



90%

of our research
is internationally
recognised (REF 2014)

Middlesex University supports



3,800

local jobs

Middlesex University invests

over **£289** million

into the Barnet economy
every year

A Year in Review

Celebrating Success

Award-winning students, outstanding research and inspiring famous faces – it has been a year to remember at Middlesex. The year started with a new Vice-Chancellor, Professor Tim Blackman, joining the University as we said goodbye to Professor Michael Driscoll, who retired after 20 years in the role. Professor Tim Blackman joined Middlesex from the Open University. On joining, he said,

“ I am very proud to be leading such a dynamic and diverse university with students from all walks of life. I have long admired this university for its teaching excellence and real world research. ”

In his first year, he has built on these strengths; in particular his vision for putting students first as partners and co-creators of educational success and promoting diversity as a signature strength.

Middlesex’s commitment in inspiring students and enabling them to develop their passions, ideas and skills was demonstrated in the Complete University Guide, The Sunday Times Good University Guide and The Guardian league tables this year when the University continued to rise in the rankings. Middlesex University is now the best modern university to offer a full spectrum of courses in London, reflecting the success of our student body.

Transforming Ambitions

Middlesex students are continuing to bring success to the University wherever they go. From competing in international competitions to collaborating with sector leaders, our students are pushing boundaries.

A documentary made by four BA Television Production students was broadcast on a national television station in Malta in a bid to raise awareness of epilepsy. The documentary named ‘Reason to Run’ was shot on location in Malta and followed the journey of local radio and television presenter Trudy who defied doctors to overcome epilepsy after an accident left her with seizures.

Three Middlesex teams of students from Accounting and Finance and Business Accounting competed in the IBM

Universities Business Challenge. The competition is the UK’s longest established simulation-based competitive challenge for undergraduates and is designed to develop their employability and enterprise skills. All three squads reached the semi-finals of the competition.



Emily Witham
BA Fashion Design

Third year Middlesex BA Fashion Design student, Emily Witham, displayed her ‘Tourist’ collection in Covent Garden during London Fashion Week this year. Emily’s collection is a colourful, humorous observation of tourist consumer culture, inspired by a summer working on Carnaby Street in central London. She was also one of the finalists of the FAD Fashion Scout event offering a £1,000 prize and a coveted industry placement.

Research for Change

Middlesex University invests in research that develops and enhances our students’ learning. Our research focuses on scientific, professional, business and creative challenges that engage with industry. Our research has real world impact that enhances the influence and relevance of our scholarship and reputation, and our teaching is informed by the latest research and practice.

One of the University’s new research projects is CRADL which is helping to save the lives of millions of premature babies. The project uses Electrical Impedance Tomography (EIT) to monitor babies’ breathing in real time. The Middlesex team hope that the three-year project will result in the system ultimately being incorporated into neo-natal clinics around the world helping to save 15 million babies born prematurely every year.

A Year in Review

Inspiring Future Success

This year, we have had many notable figures visit the University and inspire students on their future career journeys.

Tim Campbell

Apprentice Winner
Middlesex Alumnus



Apprentice winner and Middlesex alumnus Tim Campbell engaged business people from across industry at Middlesex's Winter Networking Event. 'The Apprentice' winner offered inspiring words about entrepreneurship, apprenticeships and networking during his talk, as well as the importance for businesses to consider customer service, branding and partnerships.

Head of the Russian human rights NGO Anti-Discrimination Centre Memorial (ADC Memorial), Stefania Kulaeva, shared with LLB and LLM students' tales of discrimination against women, Muslims, Roma and LGBT communities. She told students that it is important to be aware of what is happening. One student commented, "I'm speechless, seeing someone who keeps fighting and doesn't give up ... it encourages me to keep focussed and committed with my own ambitions."

Middlesex University Students' Union

Middlesex University Students' Union (MDXSU) has celebrated a string of successful campaigns, triumphs and achievements this year.

The student year kicked off with the biggest ever welcome at Middlesex with six weeks of events and activities whilst May saw the first ever MDXSU Summer Fest which was attended by almost 1,000 guests.

Middlesex now boasts the largest number of societies in its history with more than 70 now active on campus.

The annual MDXSU elections received the largest turnout on record with 13.7% of the student population having their say on the next four Student Officers. Successes included POW! Magazine, a student-led media platform supported by Middlesex University Students' Union, scooping the national Best Design Award at the Student Publication Association National Awards.

Middlesex University Students' Union Vice-President, Orla Hillary, was elected to a national NUS role and also won Student Nurse of the Year at Whittington Health Trust. Fellow Vice-President Sayed Alkadiri led a successful campaign with Citizens UK to resettle 50 vulnerable Syrian refugees in our local borough of Barnet. The campaign was awarded runner-up at the NUS Campaign of the Year Award.

Meanwhile, another high profile drive, the 'Shouting for Housing' campaign led to over a hundred Middlesex students attending the London Citizens Mayoral Hustings in April.



Organisation

University Executive

The Executive team advises the Board of Governors on the strategic direction of the University and ensures delivery of the institute's mission and values. Each member individually carries out specific responsibilities determined by the Vice-Chancellor.



Professor Tim Blackman
Vice-Chancellor

Professor Blackman was appointed Vice-Chancellor of Middlesex University in July 2015. Prior to coming to Middlesex he was Acting Vice-Chancellor at The Open University and previously Pro Vice-Chancellor for Research and Quality.

Professor Blackman has extensive leadership experience in higher education. Having graduated from Durham, he returned to the University to hold positions including the Head of the School of Applied Social Sciences, Director of the Wolfson Research Institute and the Dean of the University's campus in Stockton-on-Tees. He has also served as Dean of the Faculty of Social Sciences and Law at Teesside University and Deputy Dean of the Faculty of Social Sciences and Law at Oxford Brookes University.

A Fellow of the Academy of Social Sciences and Royal Society of Arts and a Trustee of the Legal Education Foundation, Professor Blackman has also served as an assessor for Social Policy & Social Work in the 2014 UK Research Excellence Framework exercise.



Professor Andrea Dlaska
Deputy Vice-Chancellor, Learning and Innovation

Andrea started at Middlesex University in April 2016 coming from the University of Surrey where she most recently held the position of Pro Vice-Chancellor, Learning and Teaching. Previous positions include Director of the joint

Language Centre of the University and the Swiss Federal Institute of Technology in Zurich, which she established in 2002, and lecturer in German at Warwick University.

Andrea provides executive leadership to student success and the student experience. She is also responsible for success in the forthcoming Teaching Excellence Framework.



Katie Bell
Chief Commercial Officer

Katie started at Middlesex in 2009 following a career in brand marketing, innovation and strategic planning for Nestlé UK and GlaxoSmithKline Consumer Healthcare. Her role before joining Middlesex was Vice-President of Global Digital Marketing. She has

also worked for several years in Portugal and Spain, and was the Dean of the European University Business School in Barcelona and Madrid.

As a member of the University's Executive Team, Katie is accountable to the Vice-Chancellor for strategic leadership, management and development of the University in relation to home and international student recruitment, marketing and communications, alumni and external relations, international development, and academic and corporate partnerships.

She is also a Non-Executive Director for UCAS Media.



James Kennedy
Chief Financial Officer

James Kennedy has worked in a variety of different sectors, most recently as Chief Operating Officer with an NHS Foundation Trust. He joined Middlesex University in June 2016 and is responsible for strategic financial planning, capital investment and driving

strategies to optimise the effective and efficient utilisation of resources and processes.

Prior to working at Middlesex, James worked for 10 years at Thermo Fisher Scientific, a US quoted Company, where he held a number of UK and European director level positions. James is a member of the Institute of Chartered Accountants of Scotland and holds a Master's Degree from the University of Oxford in Engineering Science.

Organisation University Executive



Sophie Bowen
Chief Operating Officer

Sophie Bowen joined Middlesex University in June 2016. Prior to this she worked at St George's, University of London as University Secretary and Director of Academic Administration and Quality. She also held a variety of roles at the University of Birmingham.

Sophie graduated from the University of Oxford with a BA and MPhil (Research) in Sociology, and holds an MBA from the Open University. At Middlesex, she is responsible for the successful management and leadership of the Planning Unit; Academic Registry; Business Enhancement; Computing & Communications Systems Services (CCSS); Human Resource Services; Governance & Regulation; and Records Management.



Anna Kyprianou
Pro Vice-Chancellor and Executive Dean

Anna joined Middlesex in 1997 as the Chair of the Human Resource Management Group. She has worked with the strategic development of organisations and their management teams for more than thirty years and was appointed Dean of the Business

School and Pro Vice-Chancellor in 2006. Her areas of specialism are organisational behaviour, managing people and learning and development with a particular emphasis on managing and developing people in the virtual organisation. She has extensive research experience in survey design and data analysis at organisational, national and international levels.

She was appointed Executive Dean in May 2016 and is responsible for the Faculty of Professional and Social Sciences.

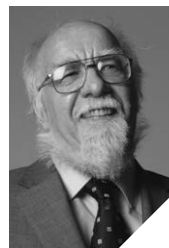


Professor Carole-Anne Upton
Pro Vice-Chancellor and Executive Dean

Carole-Anne joined the University in 2012 as Dean of School of Media and Performing Arts, and Professor of Theatre. Prior to joining the University she was Chair in Drama at the University of Ulster. Carole-Anne has twenty years' teaching experience spanning directing,

space and performance; liveness and documentation; modern Irish theatre; French classical theatre; Beckett; Avant-Garde performance; African and Caribbean theatre.

In her new role, she is responsible for the Faculty of the Arts and Creative Industries.



Professor Martin Loomes
Pro-Vice Chancellor and Executive Dean

Martin is the Executive Dean for the Faculty of Science and Technology, Pro Vice-Chancellor for Research and Professor of Computer Science. He has nearly 40 years' experience in education, having taught Mathematics and Computer Science at a wide range

of levels. He is published widely and has managed several large research grants over the years, nearly all collaborative with industry.

Martin's main area of interest is how people conceptualise problems and design solutions to problems using computer technology. This includes aspects of safety critical systems (where mistakes occur), machine learning (how aspects of problem solving can be automated), and systems engineering (how components are brought together to generate solutions).

Academic Structure

The University's academic provision is delivered by its three academic faculties. These faculties were introduced for the 2016/2017 academic year, replacing the previous six Schools, to align teaching and learning more closely with industry.



Faculty of the Arts and Creative Industries

Incorporating subjects from art and design and media and performing arts. This exciting creative hub inspires and challenges students in a friendly, inclusive and innovative environment. Teaching is underpinned by industry-standard facilities enabling students to shape their disciplines using the most relevant equipment and technology.

The Faculty is led by Executive Dean and Pro-Vice Chancellor, Professor Carole-Anne Upton.

Faculty of Professional and Social Sciences

The Faculty groups together subjects from the Business School, Institute for Work Based Learning, School of Law and School of Health and Education. With strong links with businesses and public sector bodies the Faculty provides practical real-world learning that prepares students to become change makers and to create and share their knowledge between the professional and academic worlds.

The Faculty is led by Executive Dean and Pro-Vice Chancellor, Anna Kyprianou.



Faculty of Science and Technology

The Faculty brings together students, staff and programmes from subjects including biomedical science; computer science; design engineering; telecommunications and computer engineering; mathematics and statistics; information systems and environmental science. Bringing together leading academics the Faculty encourages students to challenge thinking and formulate approaches that are fit for purpose in our modern world.

The Faculty is led by Executive Dean and Pro-Vice Chancellor, Professor Martin Loomes.

Strategic Refresh and Priorities 2017-2022



In July 2015, the Vice-Chancellor commenced a Strategy Refresh to re-visit the University's existing strategy 2012-2017 covering the last year, 2016/2017.

The higher education landscape has changed dramatically over the last few years and a revision of the existing strategy was needed. The Strategy Refresh was driven by six principles:

- We put students first.
- We aim for the best possible outcomes for our students.
- We promote and use diversity as a signature strength.
- We focus our investment in research selectivity.
- We collaborate to achieve together what we cannot achieve alone.
- We aim to lead in innovation and use of technology to deliver our mission.

Strategic Refresh and Priorities 2017-2022

The Strategy Refresh process created six programme frameworks to support our principles and values.

- **Student Recruitment:** Extending opportunities for recruiting students to the University. This will be accomplished with our courses generating surpluses that enable us to re-invest in the student experience.
- **Student Success:** To develop graduates who are able to succeed as highly employable and confident global citizens wherever they choose to live and work.
- **Research, Engagement & Impact:** To ensure that our teaching is evidence-based and informed by excellent scholarships. Our research is focused on priority areas that are internationally excellent and financially sustainable. Our research engages and benefits students, employers and society.
- **People and Culture:** To create an environment where our students, staff, contractors and partners can achieve their full potential in an organisational culture driven by our shared values and principles.
- **Infrastructure:** To enhance facilities and services for students and staff that support learning, teaching, research, knowledge exchange and diversity, including virtual and physical environments, with agile and effective business processes.
- **Financial Sustainability:** To maximise the financial resources available for strategic refresh and to place the University on a financially sustainable footing that enables us to deliver our academic objectives.

The outcomes of the Strategy Refresh will be the starting point for developing our new Strategic Plan 2017-2022 during the forthcoming academic year. Middlesex University is at an important stage in its history. We are embarking on a new strategic plan to equip us for what will be an exciting and challenging few years ahead. This is a significant time of change for the higher education sector with new entrants to the market, a fast creative and disruptive digital world, and the uncertainty created by the decision to leave the EU and the associated impact on UK universities.

In an increasingly competitive world where value for money from student fees is also a key consideration, we are positioning Middlesex to stand out for the quality of our education and scholarship, and the success of our graduates. As we develop our strategic plan, we will set ourselves high standards and aim to improve all the time by putting our students first and ensuring that everything we do adds value to each step of the student journey, from an attractive curriculum offer to personal and career outcomes.

As we move forward, the new strategic plan will provide the platform for Middlesex to continue to transform the lives of our students, provide great professional services, discover new knowledge and bring new insights through our research and practice to make tomorrow better.



Review of operations

Learning, teaching and assessment

This year saw the start of the review of the Middlesex Strategic Plan in advance of the development of a new Strategy for 2017-22 – with the emphasis placed firmly on student success and the role of our portfolio and pedagogic practices in achieving this.

The re-emphasis on student-centered practice throughout all our activity has provided us with a clear sight of where we are currently focussing on our student success and how we want to develop this in the future. There will be a greater emphasis to invest further in Graduate Academic Assistants, to support progression and achievement in our Foundation Year cohorts, and further refinement of the role of the Student Achievement Officers to underpin support in faculties to drive improved rates of retention and completion.

The Centre for Academic Practice Enhancement (CAPE) works with our academic faculties, services and the Students' Union (MDXSU) to enhance student satisfaction, engagement and outcomes. It has been working with academic colleagues on a range of initiatives across our faculties to support innovation and student success; projects include:

- Development of green campus learning environments with Science and Technology.
- Exploration of social media practices to build professional identity with Biomedical Sciences.
- Working with Education to examine how images can be used to prompt deep learning.
- Mentoring and feedback in the support of students pitching creative ideas within TV Production.
- Investigating the experience of LGBT students in Art and Design through work culminating in an external exhibition.
- The development of technology to support systematic literature review.

The emphasis on innovation extends beyond our pedagogic practice to underpin the processes supporting it, with considerable work this year on the definition and form of an inclusive curriculum and a range of technological platforms to support its delivery, in addition to reviews – inter alia – of peer observation and module evaluation.

The University also was accredited by the Higher Education Academy to award all four levels of professional standards framework fellowship – with several colleagues achieving Senior and Principal Fellowship.

These domains were recognised through the successful outcome of the Quality Assurance Agency (QAA) Higher Education Review which detailed its findings in January this year.



Employability

At the same time as enabling students to develop subject knowledge and expertise, the University continues to place great emphasis on supporting students to build 'skills for employment', gain work experience and develop personal characteristics.

Student employment outcomes have reflected the investment made, with significant improvements in the University's employment related performance measures in the last three years:

| Measure | 2012 Result | 2014 Result | Change |
|--|-------------|-------------|--------|
| DLHE Survey | | | |
| Employment Performance Indicator Rate – graduates into jobs/further study | 82% | 91% | + 9% |
| Employment Performance Indicator Rate – graduates into graduate jobs/further study | 56% | 74% | + 18% |
| Employment Rate | 60% | 71% | + 11% |
| Performance against HESA benchmark | -3% | +0.7% | + 3.7% |
| How well did graduates feel prepared for employment? | 62% | 67% | + 5% |
| How well did graduates feel prepared for self-employment | 35% | 48% | + 13% |
| How well did graduates feel prepared for further study? | 71% | 73% | + 2% |
| National Student Survey – supplementary questions | | | |
| "As a result of my course, I believe that I have improved my career prospects." | 81% | 88% | + 7% |
| "Good advice is available for making career choices." | 67% | 74% | + 7% |
| "Good advice is available on further study opportunities." | 65% | 73% | + 8% |
| University League Tables* | | | |
| Complete University Guide – graduate prospects score | 55 | 65 | + 10 |
| Complete University Guide – overall league table position | 93 | 78 | + 15 |
| Sunday Times University Guide – graduate prospects score | 56 | 60 | + 4 |
| Sunday Times University Guide – overall league table position | 90 | 86 | + 4 |
| The Guardian League Table – graduate prospects score | 53 | 64 | + 11 |
| The Guardian League Table – overall league table position | 103 | 74 | + 29 |

*Please note that the results for the University League Tables relate to the DLHE Survey year and not to the year in which the League Tables are published.

A whole-University approach to graduate employment

Student success, measured through graduate employment outcomes, continues to be a priority for the University. A whole-university approach draws on the knowledge, skills, experience and networks of the Faculties, Services and the Student Union which collaborate to deliver opportunities that connect students to the world of work.

The following are in-year examples which illustrate the type of activities the University has been engaged in:

Employment Opportunities

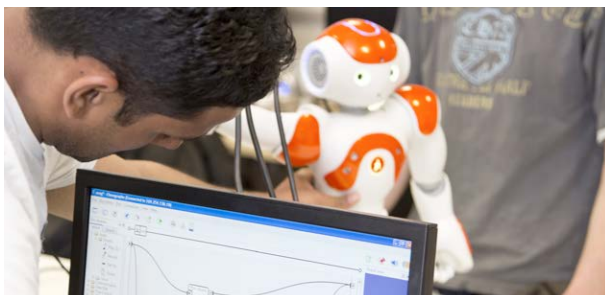


Faculty of the Arts and Creative Industries

- The Art & Design Fashion Runway Panel comprised experts from major names in the fashion industry who provided real-time feedback and assessment to students; experts engaged included those from organisations such as Glass Magazine, Wunderland, Hunger Magazine, Vivienne Westwood and Diesel.
- A Media & Performing Arts Project delivered in collaboration with FutureRising resulted in students exploring creative industry opportunities with leading employers such as Cake, Mozoo, TVC Group and EG+.

Faculty of Professional and Social Sciences

- A series of Business Employer Networking Events were delivered; these included an assessment centre for banking and finance students (in conjunction with the Chartered Institute for Management Accountants); a speed networking event for accounting and finance students (in conjunction with the Institute of Chartered Accountants in England and Wales) and a 'Work for Warner Bro' workshop (in conjunction with Warner Brothers).
- Health & Education continued to provide opportunities for students to review their employability through formal and regular personal development planning sessions.
- Law's Clinical Legal Education Programme supported students to access work experience opportunities and network with leading legal organisations such as 36 Bedford Row, Tuckers, the European Human Rights Advocacy Centre and Wood Green Legal Clinic.

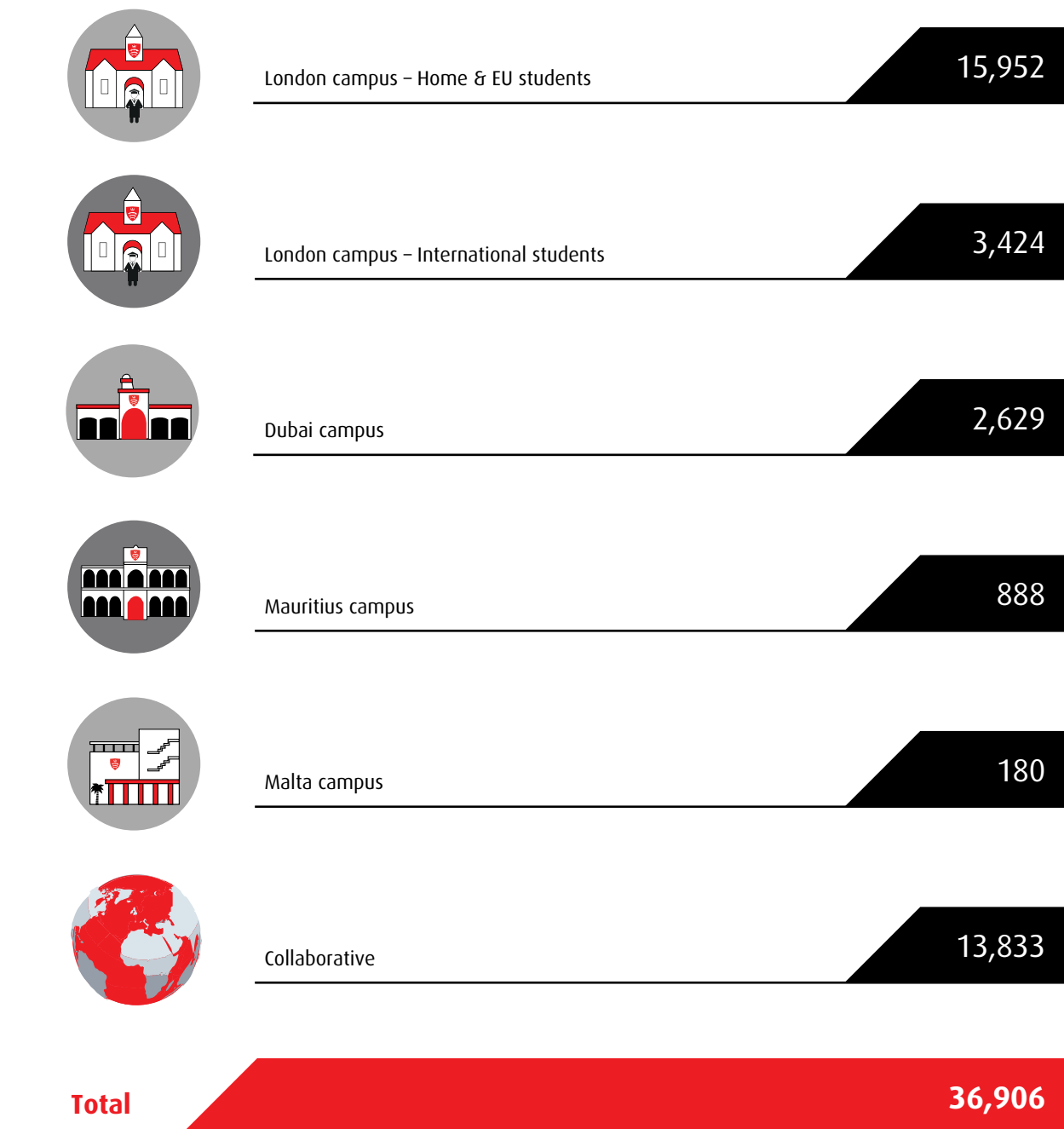


Faculty of Science and Technology

The Faculty of Science & Technology connected employers with students for a variety of purposes including sharing insights into global employment practices, delivering joint projects and promoting work experience opportunities; employers engaged included Three Mobile, Ernst & Young, exponential-e, Dell and Comic Relief.

Student numbers

Student headcount numbers in 2015/16



Student experience

Overall satisfaction with the learning experience at Middlesex held at 83% in this year's National Student Survey – mapping the national picture, which saw no overall increase in student satisfaction.

It was pleasing to see that many of the individual questions interrogating the teaching experience at Middlesex had shown some improvement, and that our outcomes in the assessment and feedback theme of the survey showed at 76%, three per cent ahead of the sector average.

Satisfaction with Learning Resources also continued to grow, with students voting positively for the library and learning resources also being, three points ahead of sector average. A pleasing result in a fees climate that sees students continually looking for value from their university experience.

At the same time, our ongoing work in partnership with Middlesex Students' Union (MDXSU) saw the Union demonstrate a well-deserved vote of confidence from the student body – with 67% of students indicating satisfaction with their Union, a rise of 3% on last year.

Our commitment to the ongoing improvement of all these results was underlined by the introduction of a whole university approach to module evaluation this year – with this initiative being further developed to boost response rates to support greater understanding of the learning experience in the coming year.

We also continued our emphasis on inclusion and engagement for our international cohort, beginning the year with our British Tea Party welcome for students during orientation. The themes of diversity and inclusion underpinned our discussions on student success in the Strategic Refresh and provided a backdrop for additional measures developed to prepare the institution for the loss of income resulting from changes to DSA funding from 2016/17 onwards.

These commitments to the curricular and extra-curricular experience of the student cohort were recognized in this year's still more improved Student-Led Teaching Awards, run by MDXSU, which saw nearly 500 academics and academic support staff nominated by students for the inspiration and guidance they had provided throughout the year.



Research and business



Research

We continue to make good progress with the University's research strategy, with continued investment in staff, students and infrastructure. This was the first year of our much improved Research Excellence Framework income, rising almost 70%, to £4.43m.

We have enjoyed continued success in research grant and contracts, with research income recognition increasing from £4.9m in 2014/15 to £5.3m in 2015/16 and new grants and contracts to the value of £7.8m being secured during the year.

Research Council grants include £159k from the Economic and Social Research Council (ESRC) Urgent Research Grants Strategic call for proposals related to the Mediterranean migration crisis, £145k from the National Institute for Health Research (NIHR) for a study into mental health service user perspectives on targeted violence and hostility, two Engineering and Physical Sciences Research Council

(EPSRC) first grant awards of £100k each to Andrei Popescu and Taolue Chen from Computer Science, and £97k from the British Council for work on Restoration of Heritage using Building Information Modelling.

An EU H2020 grant of £190k was awarded to Vincenzo Ruggiero from the Law Department for a project to 'Understand the Dimensions of Organised Crime and Terrorist Networks for Developing Effective and Efficient Security Solutions for First-line-practitioners and Professionals'.

Further successes in EU funding included a grant of £220k awarded to Florian Kammüller from the Department of Computer Science for a project concerned with secure access to the internet of things, and Vida Midgelow from Media and Performing Arts for work on Artistic Doctorates in Europe.

Research and business

Knowledge Transfer

Knowledge transfer (KT) activities focus on the ways in which the work that takes place inside a higher education institution can benefit those outside of it. Aggregate income in 2015/16 was £10.7m confirming the value of the work to Middlesex University and the wider community. Middlesex has been able to grow KT income since the recession to an extent sufficient to warrant a significant increase in HEFCE's allocation of Higher Education Innovations Fund (HEIF) funding by a little under 50%. What may not be appreciated just from these figures, though, is the capacity of KT work to enable Middlesex directly to impact social and economic life in the UK.

In contract research new projects in 2015/16 included the 'NuTec SMART HOMES: Building construction model for active environments' project (BRICS) (Science & Technology, value £155k), the development of an NHS FGM Training Strategy for NHS England (Health & Education, £39k) and Piloting the Q Pack in the Scottish Fostering Service – Phase 3 FOR Action for Children (Law, £5k). These are just three examples of activities, large and small, all contributing to our impact on practice through commissioned research. CPD activities developed at Middlesex were intended directly to transform practice, such as Social Worker training for London Borough of Barnet, the VASS 2016 CPD programme (in association with MASS Consultants), Guernsey NMC programmes, and a Theatre Arts Exchange project connected with Edinburgh Festival Fringe.

Direct delivery of training events demonstrated the capability of our staff to respond to specific training needs, often at short notice, and with the added benefit of enhancing the reputation of the University and drawing new partners into the orbit of the University. Examples of such events included CLCH Resuscitation training, a summer dance intensive workshop, Moving and Handling training for The Whittingdon Hospital, Emergency Nurse Practitioner training, and health care training at HMYOI Feltham for Care UK. Conferences, too, helped to cement Middlesex's reputation as an institution able to help the transfer of knowledge directly to the domain of practice – as examples from areas as diverse as Psychology, Criminology &

Sociology, Marketing, Branding and Tourism, Performing Arts, Adult Child and Midwifery practice, Business Management and Organisation Studies, Mental Health, Social Work, and Integrative Medicine all testified this year.

Recent patents include those for the use of electrical impedance tomography with nanoparticles to scan for tumours, a technique for rendering images inside the body using sensors, and technology to enable the analysis of neonatal lung function. Much of this intellectual property (IP) is in development for commercialisation with industrial partners, who value Middlesex's willingness to work with them on the difficult task of translating science into feasible products for the market. IP, of course, doesn't come in the form of patents alone, and much of the IP we develop at Middlesex comes in the form of design rights secured, image rights (which we successfully licence), and other forms of so-called attested rights.

Our current performance and the lively level of engagement by all staff in our KT activities – from partnerships with orchestras and theatre groups, to R&D partnerships with companies to develop new technology, to contract research that is shaping government policy – confirms that the University remains an engaged university, seeking to benefit those outside its walls by connecting our research and 'know how' with wider needs in the society it serves.

Resources

People

Our average staff numbers were 1,828 in 2015/16. Group staff costs (excluding restructuring costs) were £105.5m representing 55.7 % of total income.

During the year a number of important changes were made to the senior leadership of the University to take forward priorities we have started to develop in the Strategy Refresh, including strengthening the University's finances and our capability to develop and implement strategic change. In particular, the changes to the Vice-Chancellor's Executive were aimed at achieving stronger engagement of our academic units with Executive discussions and decision-making, and a more joined-up, coherent and cost-effective approach to student recruitment.

To achieve this link between our academic units and the Executive, the previous six Schools were grouped into three Faculties:

- The Faculty of Arts and Creative Industries created from the School of Art & Design and School of Media & Performing Arts.
- The Faculty of Professional and Social Sciences created from the School of Health and Education, School of Law, the Business School and the Institute for Work Based Learning.
- The Faculty of Science and Technology created from the previous School of Science and Technology.

The new Executive now comprises the Vice-Chancellor; the Deputy Vice-Chancellor Learning and Innovation; three Faculty Pro Vice-Chancellors; the Chief Operating Officer; the Chief Financial Officer; and the Chief Commercial Officer.

During the year we continued to support the implementation of the University people strategy. The strategy outlines the University's vision to provide an excellent workplace for staff, facilitating the success of a workforce dedicated to the successful provision of academic and professional services in support of the University's strategic goals. The strategy will be reviewed in 2016/17 to ensure that it continues to support the University's vision and objectives.

Staff development

We continued to provide a wide range of development and training opportunities for all our staff, with a focus on supporting the achievement of the University's strategic priorities. We have continued to actively support The Leadership Foundation for Higher Education's initiative for women's leadership development through the sponsorship of thirteen participants. The programme aims to improve the numbers of women in senior higher education posts.

Staff Development was strongly focused on leadership, supporting academic staffing and engagement, as well as developing the infrastructure to underpin engagement and performance management through the implementation of online appraisals. The priority for leadership and management development continued to be on leading through change and the further embedding of the leadership model at all levels throughout the University. We continued to support academic leaders with one cohort of programme leaders following a leadership development programme and a further two cohorts planned to start in 2016/17.



Estates and facilities



The Estates Plan continues to focus on providing qualitative improvements around the campus for staff and students.

A long period of estates development for the Hendon campus is drawing to a close, with the new Ritterman Building which was commissioned in early September 2016. The building provides 3,300 sq metres of high quality modern and sustainable space available for students joining Middlesex in the 2016/17 year. This will provide valuable additional space for two faculties, Science and Technology and Arts and Creative Industries. The completion of the Ritterman building allowed the University to carry out an extensive program of work on the Hendon campus during the summer of 2016, including additional teaching space in the college building, additional wet labs in Hatchcroft and additional facilities for Media teaching and rehearsal space in Grove.

The lease was finally completed for Church Farm, a grade 2 listed building which will provide additional accommodation for research staff from the Faculty of Professional and

Social Sciences and replacement of the gym and changing facilities in MDX House.

Negotiations are underway with Saracens Rugby Club about the potential for the University to collaborate with the club over the development of a new stand at Allianz Park which can provide valuable additional facilities. In addition the University is working with the London Borough of Barnet and other partners on several other potential projects to improve or enhance teaching facilities, student accommodation or other facets of the estate.

The University has also negotiated a new partnership agreement in Mauritius with Medine for the development of a new campus and facilities. This development is underway and will be available for the beginning of the 2017/18 academic year.

Information Technology

In September 2015 Exponential-e Ltd (the British Cloud and Network provider) was formally awarded the University's Data Centre and Server Managed Services contract. Work started immediately after the contract signature in preparing the Exponential-e's data centres, server and network infrastructure to receive the 240+ University systems and by 31 July 2016 all of these had been migrated to the new service. Key benefits realised in moving to the new service include:

- Reduced costs whilst realising increased server capacity
- Modern server hardware, providing improved systems performance times
- The ability to scale services dynamically to cater for short periods of time when additional capacity is required
- The use of "mirroring" services to increase the speed and reduce the complexity of systems recovery in the event of a disaster.

Other projects include: the move of all staff email services to Microsoft Office 365; installation of our wired and wireless network into the new Ritterman building; enhancements to our on-line applications system to improve management of Agents and application processes for non UCAS applicants including tuition fee/deposit payment by debit/credit card; and the replacement of over 1000 desktops.



Public benefit and corporate social responsibility

Corporate social responsibility

At Middlesex University we aim to embed corporate social responsibility (CSR) into everything we do and have developed a CSR policy with five key pillars:

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

Public Benefit

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

The University is also an exempt charity under the Charities Act 2011 and subject to monitoring by the Higher Education Funding Council for England (HEFCE) in its role as principle regulator under the terms of the charities Act 2011. This act requires the University to demonstrate clearly the public benefit it provides and that these are related to the aims of the University. For the purposes of charity law the Governors are the trustees of the University and, as required, have regard to the Charity Commission's guidance on public benefit.

At Middlesex, we put students first and aim for the best possible outcomes for our students. We enable our students to become partners and co-creators of their future success. We want to achieve this while opening up opportunities, attracting students from diverse backgrounds as we see a mix of perspectives and influences is a resource for learning, personal development and social change.

We have become truly global but our sense of community is still very important. Our Hendon campus is in Barnet, one of London's largest boroughs, where nearly 16,000 students and almost 1,800 staff work and where we generate more than £280m a year for the local economy. The University supports 3,800 local jobs.

Middlesex University invests in research that develops and enhances our students' learning. Our research focuses on scientific, professional, business and creative challenges that engage with industry. Our research has real world impact that enhances the influence and relevance of our scholarship and reputation, and our teaching is informed by the latest research and practice.

Volunteering and community work

The University sits at the heart of Hendon's civic centre and plays a significant role in the community. From taking part in litter picks through to hosting major events such as the North London Literary Festival or organising a series of events to support national initiatives such as Mental Health Awareness week the University continues to fully participate in local life.

Our sports and recreation team actively engage students and staff in a wide variety of community development initiatives, many of which are linked to sport. Activities undertaken last year included delivering sports coaching sessions in local primary schools and at borough sports events and delivering sports and fitness instruction to children deemed to be 'at risk'.

Over 450 staff and students took part in the Sport Relief Mile, raising a total of £1,500 for charity. The event was supported by parents, teachers and pupils from St Joseph's and Northway primary schools based in the local area. The Sports and Recreation Service also organised additional sport activities including a charity cricket match and a pillow fight with the Students' Union, raising an additional £150 for charity.

Sustainability

Sustainability has remained a top priority for the University. We are a member of the Environmental Association of Universities and Colleges participating in the London Universities Environment Group. We have developed our environmental management system further, improving our resource use and making good on our policy aspirations. We have continued to run 'Go Green Week' getting our students and staff involved in environment activities; we worked with the London Wildlife Trust to develop a Biodiversity Action Plan; and we created sustainability information at this year's Fresher's Fair informing students of travel, waste and recycling at home.

We have extended our commitment to sustainability in the new Ritterman Building which has been developed with a living wall, allowing the building to recycle rain water.

Financial Review for the year ended 31 July 2016



Changes in Accounting Standards

This is the first year that the University has prepared financial statements in accordance with FRS102, the Financial Reporting Standard applicable in the UK. This follows the latest Higher Education Statement of Recommended Practice (SORP) issued in March 2014 that reflects the changes to UK Generally Accepted Accounting Practice (GAAP) that became effective for financial years beginning on or after 1 January 2015.

The new UK standards are intended to present a clearer view of the financial performance of the University to its board and stakeholders. The changes are in both presentation and in the assumptions and judgements which underpin the financial information provided.

The most significant change relates to pensions. FRS102 requires a single charge, calculated using the liability discount rate on the net pension liability, which is charged under 'Interest and other finance costs' at note 11.

Under the previous accounting standards a separate return on assets using the expected return discount rate and interest cost on liabilities was calculated, which were presented within 'other finance income' and interest payable', respectively.

While this change has no impact on the overall pension liability it has affected the allocation of interest expense between that shown as a charge to the consolidated statement of comprehensive income and expenditure and a movement in balance sheet reserves as actuarial gains and losses so increasing the charge for the financial year to £3.7m.

Additionally under FRS102, an accrual for staff holiday pay is required where holiday is due at the year-end but not taken. The movement in the holiday pay accrual for the year ended 31 July 2016 is £0.5m.

Financial Review for the year ended 31 July 2016

The only change that significantly affects 2015–2016 total net assets value on the balance sheet is £2.5m of government capital grant income deferred awaiting release to income as result of the University adopting the Performance model for government source capital grants. These grants were previously only reported as part of balance sheet reserves.

All figures for 2014-15 have been restated to ensure that all information is presented on a comparable basis.

The presentation includes disclosure of Middlesex University Higher Education Corporation as a standalone entity alongside the consolidated figures for the first time.

Full details of all the changes to the financial statements as a result of the transition to FRS102 are given in the notes to the accounts (see note 37)

Results for the year

The University recorded a consolidated surplus for the year of £2.6m which was achieved after charging £0.7m of restructuring costs, with the underlying surplus on normal operations before this one-off item being £3.3m, or 1.8% of turnover. The University surplus was higher for the year at £9m due to a dividend payment of £6.6m made from overseas campuses paid from surpluses made in previous years.

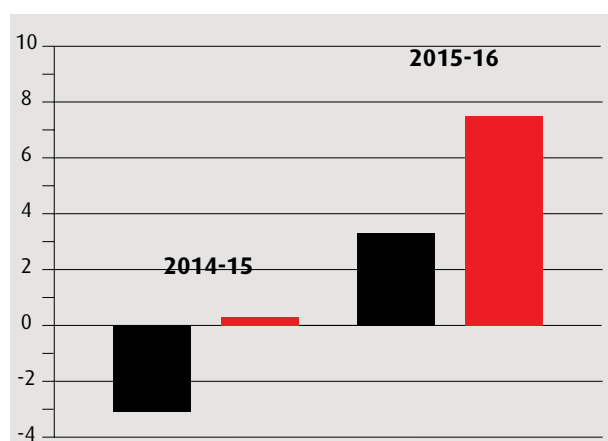
In 2015-16, the University had a positive student recruitment round particularly foundation year but faced continued pressure on overseas student recruitment, cost inflation pressures as wage costs increase and fees for undergraduate students remaining capped at £9k.

Total income this year was £189.2m, an increase of £13.6m or 7.7% against the prior year. This was due in the main to increased home and EU foundation year students.

Expenditure in the year (excluding restructuring costs) totalled £185.7m, a 4% increase over the previous year. The increase reflects wage cost inflation and strict controls on non-staff costs, coupled with lower bad debt write-downs due to improved credit control procedures.

| | Consolidated 2015-16 | Consolidated 2014-15 |
|--|---------------------------------|-------------------------|
| Results for the year | £m | £m |
| Income | 189.2 | 175.6 |
| Expenditure (excluding restructuring costs) | (185.7) | (178.5) |
| Taxation and other items | (0.2) | (0.2) |
| Surplus/(deficit) on normal operations before one-off items | 3.3 | (3.1) |
| Staff restructuring costs | (0.7) | (0.9) |
| Statutory surplus/(deficit) for the year | 2.6 | (4.0) |

Surplus on Normal Operations £m



■ Surplus on normal operations

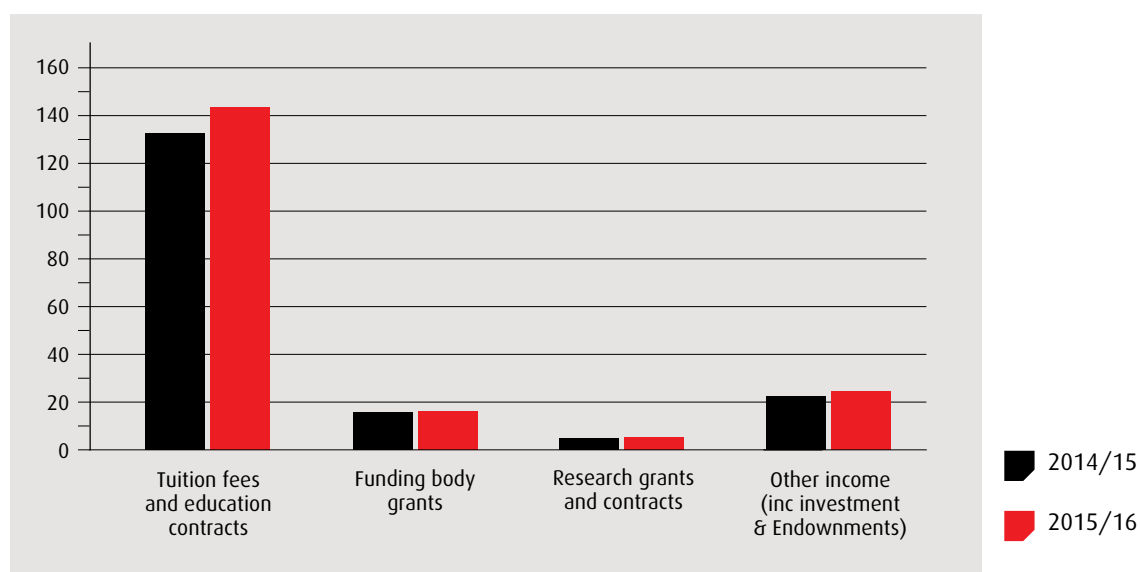
■ Surplus on normal operations before one-off items & FRS102

Financial Review for the year ended 31 July 2016

The reconciliation below adjusts the statutory results before one-off items for the two significant FRS102 accounting adjustments (pension interest expense and staff holiday pay accrual) to derive an underlying performance before one-off and FRS102 items. The purpose of this measure is to reflect the boards view of the Groups underlying performance and to assist with like for like comparisons to prior year performance.

| Reconciliation of statutory Surplus/(deficit) to underlying surplus on normal operations | Consolidated 2015-16 £m | Consolidated 2014-15 £m |
|---|------------------------------------|------------------------------------|
| Statutory surplus/(deficit) for the year before one off items | 3.3 | (3.1) |
| Impact of FRS102 conversion in year | 4.2 | 3.4 |
| Surplus on normal operations before one off items and FRS102 | 7.5 | 0.3 |

Income by Source £m



Financial Review for the year ended 31 July 2016

Tuition Fees and Education Contracts now account for 75.8% of the University's total income (compared to 75.6% in 2014-15), Funding Body grants make up 8.5%, Research Grants and Contracts 2.8% and other income (including investment and endowments) equates to 12.9%. In 2016-17, the University expects to maintain the specialist funding it currently receives through the HEFCE teaching grant to support the widening participation agenda.

Expenditure

Staff costs increased by £6m to £105.5m, an increase of 6%; an additional £0.7m was incurred relating to the restructuring of academic and administration provision across the University. Staff costs (excluding restructuring costs) represent 55.7% of total income.

Spend on other operating expenses remained unchanged over last year's reduction, reflecting the close control over expenditure in our continuing drive for efficiency, particularly in administration.

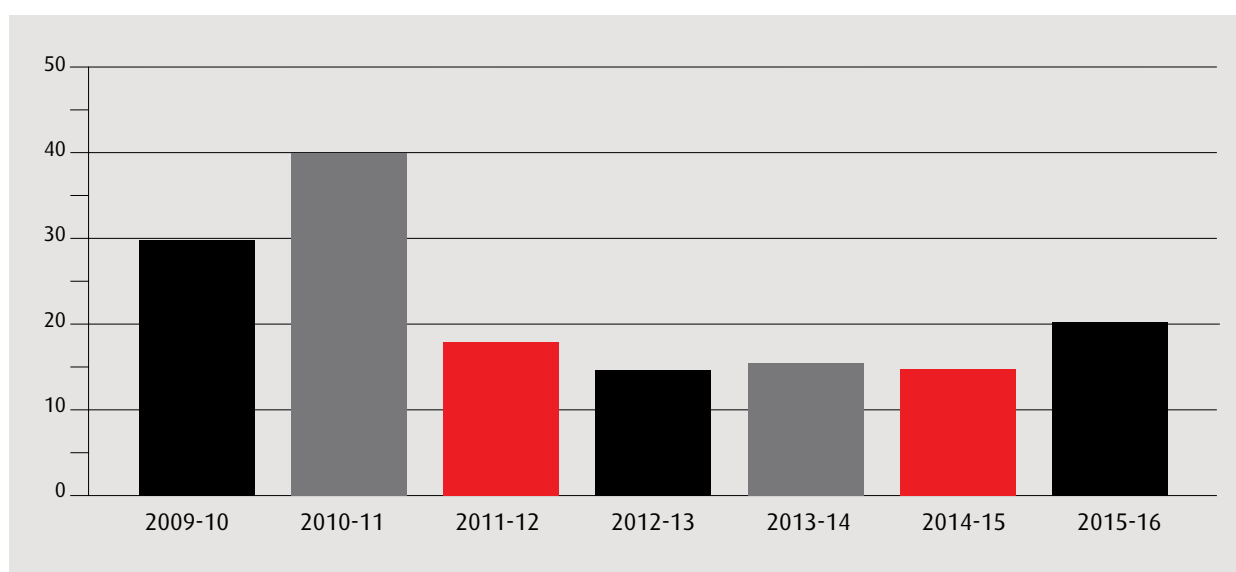
With the net book value of tangible fixed assets reflecting the University's estate now fully consolidated onto one campus at Hendon, the total depreciation charge on these assets increased by 2.8%, primarily due to ongoing investment in new and existing buildings.

Interest costs increased by £600k (or 6.9%) on last year, reflecting the higher net charge on pension scheme liabilities. The ongoing interest expense relates to bank loans to fund the building works at Hendon.

Balance Sheet

The University completed the fourteenth year of its Estates Development Strategy and invested a further £20.2m in infrastructure. In consolidating the University's operations onto one campus in London, investment was made during the year in the new Ritterman building and a number of building reconfigurations to develop and improve student and staff facilities.

Capital Spend £m



Financial Review for the year ended 31 July 2016

The pension liability for the University's Local Government Pension Scheme (LGPS) increased from £99.3m in 2014-15 to £128.6m this year due to changing assumptions. The main drivers include mortality rates increasing with the average life expectancy for both men and women going up by 0.1 years and a decrease in the discount rate used to value future pensions payable from 3.7% to 2.4% reflecting the increase in annualised yields on long term AA rated (high quality) corporate bonds.

Treasury Management

The University's cash and short term deposit levels fluctuate throughout the year due to the timing of tuition fee receipts and expenditure on capital works programmes. The average monthly cash balance in the year decreased from £56.1m in 2014-15 to £52.3m this year, with the daily balance ranging from a minimum of £35m to £82.2m over the year.

Cash balances at the year-end include those held on short-term deposit with secure AA rated banks and building societies through Royal London Asset Management. Funds are also invested in fixed term deposits with Lloyds Bank. The long-term policy remains to maintain minimum working capital cash levels at 2 months of expenditure, which equates to approximately £31.7m. Going forward the University will maintain this working capital year on year.

The University's loan profile is as detailed below:

| Loan Balances | Total Debt 2015-16 £m | Total Debt 2014-15 £m |
|----------------------------|--------------------------------------|-----------------------------|
| Barclays Bank | 32.5 | 34.0 |
| Lloyds Bank | 53.0 | 54.1 |
| Total secured loans | 85.5 | 88.1 |

Outlook

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

Demand from UK/EU undergraduates remains strong and the University is recovering from the lower than expected student recruitment in 2014-15 and increased competition in the sector from both other University's and private providers.

Risk and uncertainties

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

A key risk at this point is Brexit; however, Government assurances combined with confirmation that EU students will still be able to receive funding for courses starting in 2017-18 mean this risk is likely to play out over a significant period of time. The University will need to adapt, and there is a risk of an impact on financial performance in the future.

In addition, changes to recruitment behaviour across the sector will add volatility to the Higher Education market along with the uncertainty around the impact of including overseas student numbers in the Home Office's targets for net immigration.

The University will mitigate the risk of volatility in the UK/EU undergraduate student cohort by reviewing its course portfolio, assessing our areas of strength, identifying the areas at risk and deciding on the most sustainable curriculum going forward. We will also be embedding a financial sustainability programme to ensure we continue to invest in priority programmes and areas.

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

Corporate governance



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

The Board of Governors

It is the Board of Governors' responsibility to bring independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

The Board of Governors are 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.

In the year ended 31 July 2016, the Board of Governors met seven times. The Board is responsible for setting the strategic direction of the University and for the finance, property, investments and general business of the University and is required to present audited financial statements for each financial year.

The Board of Governors conducts its business through a number of committees. Each committee has terms of reference approved by the Board of Governors. The standing committees are the Finance Committee, Governance and Nominations Committee, Remuneration Committee and Audit and Risk Committee.

Corporate governance

All Governors are able to take independent professional advice in the 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 judgment.

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

Appointments to the Board of Governors

Any new appointments to the Board of Governors are a matter for the consideration of the Board as a whole. The Board of Governors has a Governance and Nominations Committee that considers the skills set available to the Board and issues of succession planning. It also advises on mechanisms for securing the services of new Governors, including advertisement and interviews, and identifies preferred candidates to the Board. The Board also has responsibility for ensuring that appropriate training is provided as required.

Finance Committee

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

Audit and Risk Committee

The Audit and Risk Committee meets three times a year, with the University's external and internal auditors in attendance. The Committee comprises of four independent members of the Board of Governors and two co-opted members, and considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans.

The Committee reports to the Board on the adequacy and effectiveness of the University's arrangements for:

- Risk management, control and governance;
- Financial reporting (i.e. the integrity of financial reporting arrangements, including the corporate governance statement and the statement of members' responsibilities as reported in the annual financial statements);
- Economy, efficiency and effectiveness (Value for Money);
- Data quality

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 and Risk Committee as necessary, they are not members of the Committee and the Committee has the opportunity to meet the Auditors on their own for independent discussions.

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

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

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

Corporate governance

Remuneration Committee

The Remuneration Committee determines the salaries and conditions of service of the most senior staff, including the Vice-Chancellor and members of the Executive team. Details of remuneration for the year ended 31 July 2016 are set out in note 9 of the financial statements.

Governance and Nominations Committee

The Governance and Nominations Committee meets twice a year and comprises of four members of the Board of Governors. The Committee seeks to ensure diversity, breadth and continuity of expertise amongst the membership of the Board. It also undertakes succession planning with respect to the membership, leadership and committees and good practice in governance.

Internal Control

The University's 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 2016 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 Accountable Officer, for reviewing the adequacy of the system of internal control and making any appropriate amendments. He is also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

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

- The Board of Governors meets six times a year to consider the plans and strategic direction of the Institution. It is advised by its key committees, receiving regular reports from each committee and other reports from management as required. In addition the Board of Governors holds an away day each year to discuss the Strategic Plan in greater detail. The assumptions and aims are reviewed against domestic demand, international demand, funding and research and business development.



Corporate governance

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

The Board of Governors 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 2016 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Governing Body. The University also complies with the CUC Higher Education Code of Governance published in December 2014.

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 28 November 2016, 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.

Corporate governance

Membership of the Board of Governors

| Board of Governors – Trustees and Members during 2015/16, including the period up to the approval of the financial statements | | |
|--|---------------------------------------|----------------------------------|
| Mr Colin Hughes (Chair) | Independent governor | |
| Mr Peter Thomas (Deputy Chair) | Independent governor | |
| Professor Tim Blackman | Vice-Chancellor | |
| Ms Donna Beamish | Staff governor | Appointed 4 July 2016 |
| Mr Nick Fuller | Independent governor | |
| Ms Firoozeh Ghaffari | Staff governor | |
| Mr Sulaiman Lkaderi | Student governor | Appointed 1 July 2016 |
| Professor Martin Loomes | Academic Board nominee | Demitted office 31 May 2016 |
| Professor Angela McFarlane | Independent governor | |
| Ms Marianne Neville-Rolfe | Co-opted governor | |
| Mr Ross Porter | Staff governor | Demitted office 16 May 2016 |
| Ms Geraldine Proudler | Independent governor, Chair designate | |
| Mr Alan Riddell | Independent governor | |
| Mr Nik Rochez | Independent governor | Demitted office 4 July 2016 |
| Mr Jaz Saggi | Independent governor | Demitted office 6 September 2016 |
| Mr Aman Siddiqi | Student governor | Demitted office 30 June 2016 |
| Mr Martin Taylor | Independent governor | |
| Mr Tevin Tobun | Independent governor | Appointed 19 September 2016 |

Statement of the responsibilities of the Board of Governors

The Board of Governors conducts periodic reviews of effectiveness in accordance with the CUC Code of Practice. The last review was completed in 2015. The next review is due in 2019.

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

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and

to enable it to ensure that the financial statements are prepared in accordance with the University's Articles, the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and other relevant UK accounting standards.

In addition, within the terms and conditions of the memorandum of assurance and accountability agreed between the Higher Education Funding Council for England (HEFCE) and the Funding Agreement with the National College for Teaching and Leadership (NCTL) and the University's Board of Governors, the Board of Governors – through its designated accountable officer – is required to prepare financial statements for each financial year which give a true and fair view of the University's state of affairs and of the surplus or deficit and cash flows for that year.

Corporate governance

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

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

The Governing Body has taken reasonable steps to:

- Ensure that funds from HEFCE, SFA and the NCTL are used only for the purposes for which they have been given and in accordance with the memorandum of assurance

and accountability with the Funding Councils and the Funding Agreement with NCTL, and any other conditions which the Funding Council or NCTL may from time to time prescribe;

- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the University, prevent and detect fraud, and ensure that risk management is in place;
- Ensure that the Board of Governors' report and other information included in the Financial Statements are prepared in accordance with relevant legislation in the UK;
- 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.



Corporate governance

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 senior officers of the University;
- A comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- Regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors;
- Comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit and Risk Committee and Finance Committee; and
- A professional Internal Audit service, with terms of reference which reflect guidance issued by HEFCE, and whose annual programme is approved by the Audit and Risk Committee.

Independent Auditors' Report to the Governors of Middlesex University

We have audited the financial statements of Middlesex University for the year ended 31 July 2016 which comprise the Consolidated and University Statement of Comprehensive Income, Consolidated Statement of Changes in Reserves, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Memorandum of Assurance and Accountability with the Higher Education Funding Council for England.

Opinion on the financial statements

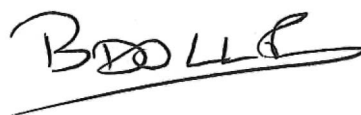
In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2016 and of the Group and University's income and expenditure, gains and losses and reserves and the Group's cash flows for the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education.

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

In our opinion, in all material respects:

- Funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- Funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- The requirements of the HEFCE's Accounts Direction have been met.



James Aston, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom

Date: 28 November 2016

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

Financial statements

Consolidated Statement of Comprehensive Income and Expenditure

Year ended 31 July 2016

| | Notes | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|--|-------|-------------------------|--------------------|-------------------------|--------------------|
| | | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| Income | | | | | |
| Tuition fees and education contracts | 3 | 143,432 | 137,415 | 132,723 | 127,601 |
| Funding body grants | 4 | 16,005 | 16,005 | 15,740 | 15,740 |
| Research grants and contracts | 5 | 5,267 | 5,103 | 4,934 | 4,788 |
| Other income | 6 | 23,773 | 25,698 | 21,523 | 18,421 |
| Investment income | 7 | 537 | 470 | 513 | 458 |
| Total income before endowments and donations | | 189,014 | 184,691 | 175,433 | 167,008 |
| Donations and endowments | 8 | 222 | 222 | 123 | 123 |
| Total income | | 189,236 | 184,913 | 175,556 | 167,131 |
| Expenditure | | | | | |
| Staff costs | 9 | 106,155 | 99,161 | 100,453 | 95,020 |
| Other operating expenses | 10 | 60,321 | 57,260 | 59,849 | 57,925 |
| Depreciation | 14 | 10,771 | 10,522 | 10,481 | 10,276 |
| Interest and other finance costs | 11 | 9,214 | 8,964 | 8,619 | 8,617 |
| Total Expenditure | 12 | 186,461 | 175,907 | 179,402 | 171,838 |
| Surplus/(deficit) before other gains/(losses) and share of operating surplus/(deficit) of joint ventures. | | 2,775 | 9,006 | (3,846) | (4,707) |
| Share of operating deficit/(surplus) in joint venture | 28 | (113) | - | (137) | - |
| Surplus/(deficit) before tax | | 2,662 | 9,006 | (3,983) | (4,707) |
| Taxation | 13 | (70) | - | (69) | - |
| Surplus/(deficit) for the year | | 2,592 | 9,006 | (4,052) | (4,707) |

Consolidated Statement of Comprehensive Income and Expenditure (continued)

Year ended 31 July 2016

| | Notes | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|---|-------|-------------------------|--------------------|-------------------------|--------------------|
| | | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| Actuarial loss in respect of LGPS pension scheme | 21 | (25,015) | (25,015) | (19,112) | (19,112) |
| Actuarial loss in respect of Enhanced pension schemes | 21 | - | - | (900) | (900) |
| Foreign exchange translation gains on foreign currency net investment in subsidiaries | | 1,127 | - | 406 | - |
| Total comprehensive income for the year | | (21,296) | (16,009) | (23,658) | (24,719) |
| Represented by: | | | | | |
| Endowment comprehensive income for the year | 22 | 39 | 39 | (105) | (105) |
| Unrestricted comprehensive income for the year | | (21,335) | (16,048) | (23,553) | (24,614) |
| Attributable to the University | | (21,296) | (16,009) | (23,658) | (24,719) |
| Attributable to the non-controlling interest | | 113 | - | (323) | - |
| | | (21,183) | (16,009) | (23,981) | (24,719) |
| Surplus/(deficit) for the year attributable to: | | | | | |
| Non controlling interest | | 113 | - | (323) | - |
| University | | 2,592 | 9,006 | (4,052) | (4,707) |
| | | 2,705 | 9,006 | (4,375) | (4,707) |
| Total Comprehensive income for the year attributable to: | | | | | |
| Non controlling interest | | 113 | - | (323) | - |
| University | | (21,296) | (16,009) | (23,658) | (24,719) |
| | | (21,183) | (16,009) | (23,981) | (24,719) |

All items of income and expenditure relate to continuing activities

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2016

| Consolidated | Income and expenditure account | | Revaluation reserve | Total excluding Non Controlling Interest | Non controlling interest | Total |
|---|--------------------------------|-----------------|---------------------|--|--------------------------|-----------------|
| | Endowment | Unrestricted | | | | |
| | £000 | £000 | | | | |
| Balance at 1 August 2014 | 681 | 51,631 | 20,030 | 72,342 | 195 | 72,537 |
| Surplus/(deficit) for the year | 128 | (4,180) | - | (4,052) | (323) | (4,375) |
| Other comprehensive income | - | (20,012) | - | (20,012) | - | (20,012) |
| Foreign exchange translation gains on foreign currency net investment in subsidiaries | - | 406 | - | 406 | - | 406 |
| Release of restricted funds spent in year | (233) | 233 | - | - | - | - |
| Total comprehensive income for the year | (105) | (23,553) | - | (23,658) | (323) | (23,981) |
| Balance at 1 August 2015 | 576 | 28,078 | 20,030 | 48,684 | (128) | 48,556 |
| Surplus/(deficit) for the year | 230 | 2,362 | - | 2,592 | 113 | 2,705 |
| Other comprehensive income | - | (25,015) | - | (25,015) | - | (25,015) |
| Foreign exchange translation gains on foreign currency net investment in subsidiaries | - | 1,127 | - | 1,127 | - | 1,127 |
| Release of restricted funds spent in year | (191) | 191 | - | - | - | - |
| Total comprehensive income for the year | 39 | (21,335) | - | (21,296) | 113 | (21,183) |
| Balance at 31 July 2016 | 615 | 6,743 | 20,030 | 27,388 | (15) | 27,373 |

Consolidated and University Statement of Changes in Reserves (continued)

Year ended 31 July 2016

| University | Income and expenditure account | | | | | |
|--|--------------------------------|-----------------|---------------------|--|--------------------------|-----------------|
| | Endowment | Unrestricted | Revaluation reserve | Total excluding Non Controlling Interest | Non controlling interest | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance at 1 August 2014 | 681 | 46,140 | 20,030 | 66,851 | - | 66,851 |
| Surplus/(deficit) for the year | 128 | (4,835) | - | (4,707) | - | (4,707) |
| Other comprehensive income | - | (20,012) | - | (20,012) | - | (20,012) |
| Release of restricted funds spent in year | (233) | 233 | - | - | - | - |
| Total comprehensive income for the year | (105) | (24,614) | - | (24,719) | - | (24,719) |
| Balance at 1 August 2015 | 576 | 21,526 | 20,030 | 42,132 | - | 42,132 |
| Surplus/(deficit) for the year | 230 | 8,776 | - | 9,006 | - | 9,006 |
| Other comprehensive income | - | (25,015) | - | (25,015) | - | (25,015) |
| Release of restricted funds spent in year | (191) | 191 | - | - | - | - |
| Total comprehensive income for the year | 39 | (16,048) | - | (16,009) | - | (16,009) |
| Balance at 31 July 2016 | 615 | 5,478 | 20,030 | 26,123 | - | 26,123 |

All items of income and expenditure arise from continuing operations.

Consolidated and University Balance Sheet

Year ended 31 July 2016

| | Notes | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|---|-------|-------------------------|--------------------|-------------------------|--------------------|
| | | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| Non-current assets | | | | | |
| Fixed assets | 14 | 221,170 | 220,823 | 211,676 | 211,272 |
| Investments | 15 | 36 | 61 | 36 | 61 |
| | | 221,206 | 220,884 | 211,712 | 211,333 |
| Current assets | | | | | |
| Stock | 16 | - | - | 17 | 17 |
| Trade and other receivables | 17 | 26,874 | 29,610 | 24,094 | 24,437 |
| Investments | 18 | 30,000 | 30,000 | 30,000 | 30,000 |
| Cash and cash equivalents | 23 | 37,112 | 29,949 | 33,284 | 24,236 |
| | | 93,986 | 89,559 | 87,395 | 78,690 |
| Less: Creditors: amounts falling due within one year | 19 | (57,343) | (54,519) | (42,983) | (40,323) |
| Net current assets | | 36,643 | 35,040 | 44,412 | 38,367 |
| Total assets less current liabilities | | 257,849 | 255,924 | 256,124 | 249,700 |
| Creditors: amounts falling due after more than one year | 20 | (91,906) | (91,231) | (97,049) | (97,049) |
| Provisions | | | | | |
| Pension provisions | 21 | (134,435) | (134,435) | (105,546) | (105,546) |
| Other provisions | 21 | (4,135) | (4,135) | (4,973) | (4,973) |
| Total net assets | | 27,373 | 26,123 | 48,556 | 42,132 |
| Restricted Reserves | | | | | |
| Income and expenditure reserve - endowment reserve | 22 | 615 | 615 | 576 | 576 |
| Unrestricted Reserves | | | | | |
| Income and expenditure reserve - unrestricted | | 6,743 | 5,478 | 28,078 | 21,526 |
| Revaluation reserve | | 20,030 | 20,030 | 20,030 | 20,030 |
| | | 27,388 | 26,123 | 48,684 | 42,132 |
| Non-controlling interest | | (15) | - | (128) | - |
| Total Reserves | | 27,373 | 26,123 | 48,556 | 42,132 |

The financial statements were approved by the University Board of Governors on 28 November 2016 and were signed on its behalf on that date by:



Colin Hughes
Chair of the Board of Governors



Professor Tim Blackman
Vice-Chancellor



James Kennedy
Chief Finance Officer

Consolidated Cash Flow

Year ended 31 July 2016

| | | Year ended 31 July 2016 | Year ended 31 July 2015 |
|---|---------|-------------------------|-------------------------|
| | Notes | Consolidated £000 | Consolidated £'000 |
| Cash flow from operating activities | | | |
| Surplus/(deficit) for the year | | 2,592 | (4,052) |
| Adjustment for non-cash items | | | |
| Depreciation | 14 | 10,771 | 10,481 |
| Loss on fixed asset disposal | 14 | - | 90 |
| Decrease in stock | 16 | 17 | 286 |
| Increase in debtors | 17 | (2,780) | (1,792) |
| Increase in creditors | 19 / 20 | 11,163 | 171 |
| Increase in pension provision | 21 | 3,874 | 2,377 |
| Decrease in other provisions | 21 | (838) | (1,364) |
| Dividend paid to minority interest | | - | (460) |
| Share of operating surplus in joint venture | | 113 | 137 |
| Adjustment for investing or financing activities | | | |
| Investment income | 7 | (537) | (513) |
| Interest payable | 11 | 5,528 | 6,117 |
| Endowment income | | (222) | (123) |
| Capital grant income | | - | (1) |
| Net cash inflow from operating activities | | 29,681 | 11,354 |
| Cash flows from investing activities | | | |
| Capital grants receipts | | 1,091 | 1,533 |
| Investment income | | 537 | 513 |
| Payments made to acquire fixed assets | | (20,265) | (14,834) |
| New deposits | | - | 679 |
| | | (18,637) | (12,109) |

All items of income and expenditure relate to continuing activities

Consolidated Cash Flow (continued)

Year ended 31 July 2016

| | | Year ended 31 July 2016 | Year ended 31 July 2015 |
|---|-------|-------------------------|-------------------------|
| | Notes | Consolidated £000 | Consolidated £000 |
| Cash flows from financing activities | | | |
| Interest paid | | (5,528) | (5,483) |
| Endowment cash received | | 222 | 125 |
| Repayments of unsecured loans | | (299) | – |
| Repayments of amounts borrowed | | (2,737) | (2,599) |
| Capital element of finance lease and service concession payments | | (1) | (22) |
| | | (8,343) | (7,979) |
| Increase/(decrease) in cash and cash equivalents in the year | | 2,701 | (8,734) |
| Increase/(decrease) in cash and cash equivalents in the year | | 2,701 | (8,734) |
| Cash and cash equivalents at beginning of the year | 23 | 33,284 | 41,612 |
| Foreign exchange translation gains on foreign currency net investment in subsidiaries | | 1,127 | 406 |
| Cash and cash equivalents at end of the year | 23 | 37,112 | 33,284 |

Notes to the Accounts for the Year ended 31 July 2016

1. Statement of Accounting Policies

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

a. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of land and buildings fixed assets).

b. Going Concern

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

c. Basis of Consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2016. Details of the subsidiary undertakings included are given at note 28. The subsidiaries are consolidated on a line by line basis with intra-group transactions and balances eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Income and Expenditure from the date of acquisition or up to the date of disposal.

The consolidated financial statements do not include the income and expenditure of the Middlesex University Students' Union (MdxSU) as the University has no financial interest, does not exert control or dominant influence over policy decisions. The grant expenditure included at note 10 represents the University contribution to Students Union activities.

Joint ventures and associated companies are accounted for using the equity method.

d. Income Recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Tuition Fee income chargeable to students or their sponsors is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which the 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 deducted from income.

Investment income is credited to the Consolidated Statement of Comprehensive Income and Expenditure on a receivable basis.

Grant funding including funding council block grant and research grants from government sources and from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as the conditions are met.

Capital grants

Government and all other source capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

e. Accounting for Charitable Donations and Endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms of the restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

- 1. Restricted donations** – the donor has specified that the donation must be used for a particular objective.
- 2. Unrestricted permanent endowments** – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
- 3. Restricted expendable endowments** – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
- 4. Restricted permanent endowments** – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

f. Agency arrangements

Funds the University receives and disburses as paying agent on behalf of a funding body (or other body) are excluded from the Consolidated Statement of Comprehensive Income and Expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction. The balances and movement of these funds are disclosed in notes 31 to 34.

g. Accounting for Retirement Benefits

The University contributes to two principal staff pension schemes – for the University's staff are the Teachers' Pension (TP), independently administered by the Department for Education (DfE) and the Local Government Pension Scheme (LGPS), independently administered by the London Borough of Barnet.

The schemes are defined benefit schemes which are externally funded and for the period up to 5th April 2016 were contracted out of the State Second Pension (S2P) when contracting-out ceased on the introduction of the Government's new state pension on 6th April 2016.

Each fund is valued every three years by professionally qualified independent actuaries.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the University. However, the arrangements for the Teachers' Pension mean that liabilities for these benefits cannot ordinarily be identified specifically to the University. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

Defined Contribution Scheme

A defined contribution scheme is a pension scheme under which the University pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The University's obligations for contributions to the Teachers' Pension whilst being a defined benefit scheme is treated as a defined contribution scheme as explained above and are recognised as an expense in the Consolidated Statement of Comprehensive Income and Expenditure in the periods during which services are rendered by employee members.

Defined Benefit Scheme

Defined benefit schemes are pension schemes other than defined contribution schemes. Under defined benefit schemes, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group recognises a liability for its obligations under the LGPS net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of scheme assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Other pension benefits

The University continues to make a small and diminishing number of supplementary payments to former staff and dependants of those staff, who took early retirement during the 1990's. The liabilities of the pension enhancement can be estimated under FRS 102 and are included in the financial statements at note 21.

h. Employment Benefits

Short term employment benefits include benefits payable during employment such as salaries and compensated absences (e.g. paid annual leave) and are recognised as an expense in the year in which the employees render service to the University.

Short term employee benefits are those due to be settled within 12 months of the year-end date.

Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

An accrual is made for the cost of annual leave entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year.

i. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The University as Lessee**Finance leases**

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

j. Foreign Currencies

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit (except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in Other Comprehensive Income). Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date.

The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to the Consolidated Statement of Comprehensive Income and Expenditure.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity.

k. Tangible Fixed Assets**Valuation**

Fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of land and buildings fixed assets that have been revalued on the date of transition to the 2015 HE SORP are measured on the basis of deemed cost, being the revalued amount at the date of the revaluation 31 July 2014.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings**Capitalisation**

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University.

Depreciation

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

Freehold Buildings

| | |
|----------------------|---------------|
| Freehold Buildings | 50 years |
| Major Improvements | 50 years |
| Minor Refurbishments | 10 – 20 years |

Land and buildings include long leasehold premises and property. Capitalised costs are depreciated on a straight line basis over their expected leasehold lives.

Equipment**Capitalisation**

Fixtures, Fittings and Equipment, including computers and software, costing less than de minimums £30,000 per individual item is recognised as expenditure through write off in the year of acquisition. All other equipment is capitalised.

Depreciation

Capitalised equipment is stated at cost and depreciated on a straight line basis over its expected useful life as follows:

| | |
|---|--------------|
| Fixtures, fittings and equipment | 5 – 10 years |
| Computer Equipment (Hardware and Software) | 4 years |
| Motor Vehicles: Van and minibus fleet | 5 – 10 years |
| Motor Cars fleet | 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.

Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

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 Consolidated Statement of Comprehensive Income and Expenditure 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

Non-current asset investments, including investments in subsidiaries, jointly controlled entities and associates are held on the Balance Sheet at original cost of the investment less a provision for impairment in value where appropriate in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

m. Stock

Stocks of finished goods and work-in-progress are held at the lower of cost and estimated net realisable value, and are measured using an average cost formula.

Where appropriate, a provision is made for obsolete, slow moving or defective items.

n. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. These include investments held as part of the University's treasury management activity with a maturity date at the year end of 3 months or less.

Cash flows comprise increases or decreases in cash.

o. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- the University has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

p. Accounting for Joint Operations, Jointly Controlled Assets and Jointly Controlled Operations

The University accounts for its share of joint ventures using the equity method.

The University accounts for its share of transactions from joint operations and jointly controlled assets in the Consolidated Statement of Comprehensive Income and Expenditure.

q. Taxation

The University is an exempt charity within the meaning of Part 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. It is therefore a charity within the meaning of Paragraph 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) 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 fixed assets is included in their cost.

The University's UK subsidiaries are liable to Corporation Tax and VAT in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

r. Financial assets

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

s. Financial liabilities

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

t. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

u. Transition to 2015 SORP

The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to 2015 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 37.

Application of first time adoption grants certain exemption from the full requirements of 2015 SORP in the transition period.

The following exemptions have been taken in these financial statements:

- Fair value or revaluation as deemed cost at 31st July 2014, fair value has been used for deemed cost for properties measured at fair value.
- No cash flow statement has been presented for the University.

2. Accounting estimates and judgments

In preparing these financial statements, the board and management have made judgments, estimates and assumptions that affect the application of the University's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other facts, including expectations of future events that are believed to be reasonable under the circumstances.

Key areas subject to judgment are as follows:

a. Tangible fixed assets (see note 14)

A full valuation of the freehold and long leasehold University buildings was carried out on 31 July 2014 by an independent, professionally qualified valuer which provided the fair value as at the transition date to FRS102. As with all property valuations there is an inevitable degree of judgement as the properties are unique and their value can ultimately only be reliably tested in the market itself.

b. Pension enhancements on termination (see note 21)

The critical underlying assumptions in relation to the estimate of the pension enhancement obligation such as life expectancy and the discount rate on corporate bonds. Variations in these assumptions have the ability to significantly influence the value of the provision for unfunded liabilities recorded and annual expense.

c. Onerous contract provision (see note 21)

Determine whether contracts entered into by the University and Group as lessee are onerous. These decisions depend on an assessment of whether the aggregate cost required to fulfil the contract are higher than the economic benefit to be obtained from it.

The underlying assumptions in relation to the estimate of the present value of the total commitment under the lease such as the annual obligation over the period of the lease and the discount rate to be used.

d. Leases (see note 26)

Determine whether leases entered into by the University and Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

e. Defined benefit pension scheme (see note 30)

The critical underlying assumptions in relation to the estimate of the defined benefit LGPS pension scheme obligation such as life expectancy, anticipated future salary increases, asset valuations and the discount rate on corporate bonds. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

The underlying assumptions in relation to the estimate of the present value of the obligation in respect of the funding deficit plan for the LGPS pension scheme such as the salary inflation over the period of the funding deficit plan and the discount rate to be used.

f. Impairment

Determine whether there are indicators of impairment of the University and Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating activity, the viability and expected future performance of that activity.

Other key areas of estimation uncertainty are as follows:

Tangible fixed assets (see note 14)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset, and projected disposal values.

Trade debtors (see note 17)

The estimate for receivables relates to the recoverability of the balances outstanding at the year end. A review is performed on an accounts receivable aging method to determine whether debt is recoverable by aged group and a predetermined rate.

| | Notes | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|--|-------|-------------------------|--------------------|-------------------------|--------------------|
| | | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| 3. Tuition fees and education contracts | | | | | |
| Full-time home and EU students | | 93,377 | 92,789 | 82,417 | 81,853 |
| Full-time international (non EU) students | | 28,495 | 23,066 | 28,264 | 23,706 |
| Part-time students | | 3,007 | 3,007 | 2,713 | 2,713 |
| Short courses and training CPD | | 9,030 | 9,030 | 9,427 | 9,427 |
| NHS education contracts | | 9,523 | 9,523 | 9,902 | 9,902 |
| | | 143,432 | 137,415 | 132,723 | 127,601 |
| 4. Funding body grants | | | | | |
| Recurrent grant | | | | | |
| Higher Education Funding Council for England (HEFCE) | | 10,546 | 10,546 | 12,450 | 12,450 |
| National College of Teaching and Leadership (NCTL) | | 66 | 66 | 6 | 6 |
| Specific grants | | | | | |
| Higher Education Innovation Fund (HEIF) | | 844 | 844 | 563 | 563 |
| Research grants | | 4,428 | 4,428 | 2,623 | 2,623 |
| Other grants | | 121 | 121 | 98 | 98 |
| | | 16,005 | 16,005 | 15,740 | 15,740 |
| 5. Research grants and contracts | | | | | |
| Research Councils | | 662 | 662 | 536 | 536 |
| UK based Research charities | | 788 | 768 | 484 | 442 |
| UK central government | | 1,017 | 910 | 916 | 850 |
| UK industry and commerce | | 161 | 124 | 277 | 248 |
| European Commission | | 2,020 | 2,020 | 2,532 | 2,526 |
| EU other | | 248 | 248 | - | - |
| Other overseas | | 330 | 330 | 115 | 112 |
| Other sources | | 41 | 41 | 74 | 74 |
| | | 5,267 | 5,103 | 4,934 | 4,788 |
| 6. Other income | | | | | |
| Residences, catering and conferences | | 5,513 | 5,513 | 5,431 | 5,431 |
| Other services rendered | | 1,477 | 1,477 | 1,680 | 1,680 |
| Sports income | | 338 | 338 | 366 | 366 |
| Childcare | | 471 | 471 | 404 | 404 |
| Rent and room hire | | 1,276 | 1,274 | 1,279 | 1,275 |
| Validation fees | | 6,351 | 6,351 | 6,296 | 6,296 |
| Subsidiary companies trading income | | 7,070 | 9,165 | 5,567 | 1,893 |
| Other income | | 1,277 | 1,109 | 500 | 1,076 |
| | | 23,773 | 25,698 | 21,523 | 18,421 |
| 7. Investment income | | | | | |
| Investment income on endowments | 22 | 8 | 8 | 5 | 5 |
| Other investment income | | 529 | 462 | 508 | 453 |
| | | 537 | 470 | 513 | 458 |
| 8. Donations and endowments | | | | | |
| New endowments | 22 | 222 | 222 | 123 | 123 |
| | | 222 | 222 | 123 | 123 |

| | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|--|-------------------------|--------------------|-------------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| 9. Staff costs | | | | |
| Staff Costs: | | | | |
| Salaries | 84,663 | 77,757 | 81,009 | 75,639 |
| Social security costs | 7,298 | 7,235 | 6,511 | 6,471 |
| Movement on LGPS provision | 541 | 541 | 156 | 156 |
| Movement on Enhanced Pension provision | 149 | 149 | 206 | 206 |
| Other pension costs | 12,841 | 12,816 | 11,640 | 11,617 |
| | 105,492 | 98,498 | 99,522 | 94,089 |
| Staff restructuring costs | 663 | 663 | 931 | 931 |
| Total | 106,155 | 99,161 | 100,453 | 95,020 |

| | Year Ended 31 July 2016 | Restated Year Ended 31 July 2015 |
|---|----------------------------|--|
| | Number | Number |
| Average group staff numbers by major category, expressed on a full time equivalent basis, during the year were: | | |
| Academic | 880 | 857 |
| Administration and senior staff | 778 | 757 |
| Technical | 100 | 94 |
| Other (including Research) | 70 | 77 |
| | 1,828 | 1,785 |

Average group staff numbers for the year ended 31 July 2015 have been restated to reflect a full time equivalent basis.

Senior post-holder's emoluments

The emoluments of the Vice-Chancellor are shown on the same basis as for other higher paid staff and represent in year earnings.

| | Year Ended 31 July 2016 £000 | Year Ended 31 July 2015 £000 |
|------------------------------------|------------------------------------|------------------------------------|
| Emoluments of the Vice-Chancellor: | | |
| Salary | 252 | 305 |
| Contribution to relocation costs | 3 | 1 |
| Benefits in kind | – | 54 |
| | 255 | 360 |
| Pension contributions to LGPS | 29 | 2 |
| | 284 | 362 |

The 2015 emoluments figure comprises earnings and amounts paid to the previous Vice-Chancellor who left the University on 31 July 2015 (£340k) and earnings and amounts paid to the current incumbent who joined on 1 July 2015 (£22k).

The Vice-Chancellor received a contribution to relocation costs up to 31 October 2015, an allowance approved by the University's Remuneration committee which is funded from general income.

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

9. Staff costs (continued)

Higher paid post-holders' emoluments

The number of higher paid staff (excluding the Senior post holder) who received emoluments excluding employer's pension contributions in the following ranges was:

| | Year Ended 31 July 2016 Number | Year Ended 31 July 2015 Number |
|----------------------|--------------------------------------|--------------------------------------|
| £100,000 to £109,999 | 6 | 3 |
| £110,000 to £119,999 | 4 | 2 |
| £120,000 to £129,999 | 1 | 2 |
| £130,000 to £139,999 | 1 | – |
| £140,000 to £149,999 | – | 1 |
| £150,000 to £159,999 | – | 1 |
| £160,000 to £169,999 | 1 | 2 |
| £170,000 to £179,999 | 1 | – |
| | 14 | 11 |

| | Year Ended 31 July 2016 £000 | Year Ended 31 July 2015 £000 |
|---|------------------------------------|------------------------------------|
| The above higher paid staff emoluments are made up as follows: | | |
| Salaries | 1,654 | 1,704 |
| Compensation for loss of office | 141 | – |
| Benefits in kind | 22 | 75 |
| | 1,817 | 1,779 |
| Pension contributions | 235 | 166 |
| Total emoluments | 2,052 | 1,945 |

The pension contributions of higher paid staff are in respect of employer's contributions to either the Teachers Pension or the Local Government Pension Scheme and are paid at the same rate as for all other employees.

| | Year Ended 31 July 2016 £000 | Year Ended 31 July 2015 £000 |
|---|------------------------------------|------------------------------------|
| Compensation for loss of office to higher paid post holders: | | |
| Compensation paid or payable | 141 | – |
| Compensation recorded within staff costs | 141 | – |

The compensation pay for loss of office comprise of amounts paid or payable where a liability existed at 31 July 2016 to two employees earning emoluments in excess of £100,000 and was funded from general income. The compensation pay and benefits was approved by the University's Remuneration committee or the respective delegated authority as appropriate.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel. Middlesex University defines 'key management personnel' as members of the Vice Chancellor's Executive (VCE). If a member of staff was a member of the VCE at any point in the year, the full years costs are disclosed. Salary costs include one member of the VCE who was paid a fee at a level comparable to equivalent roles paid via the payroll. Compensation consists of salary and benefits including any employer's pension contribution.

| | Year Ended 31 July 2016 £000 | Year Ended 31 July 2015 £000 |
|--|------------------------------------|------------------------------------|
| Key management personnel compensation | 1,452 | 1,099 |

9. Staff costs (continued)

The Board of Governors

The University Board of Governors members are the trustees for charitable law purposes. Due to the nature of the University's operations and because the composition of the Board of Governors is made up of both internal and external representatives 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, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures.

A register of interests is maintained for members of the Board of Governors and Senior Management, and no such transactions or payments were reported during the year.

No Governor has received any remuneration or waived payments in respect of their service from the University during the year (2015: none).

The total expenses paid to 6 governors was £2,968 (2015: £1,725 to 8 governors). This represents travel and subsistence expenses incurred in attending Board and Committee meetings and University events in their official capacity.

| | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|---|-------------------------|--------------------|-------------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| 10. Other operating expenses | | | | |
| Consumables | 3,125 | 3,049 | 3,024 | 2,980 |
| Learning resources | 5,410 | 4,540 | 3,793 | 3,049 |
| Funds payable to other colleges | 2,461 | 2,461 | 1,602 | 1,602 |
| Auditors' remuneration | 365 | 315 | 299 | 252 |
| Catering and hospitality | 1,071 | 970 | 1,285 | 1,195 |
| Marketing related costs | 2,488 | 2,132 | 2,289 | 1,932 |
| Collaborative partners and advisors | 3,056 | 2,940 | 3,441 | 3,343 |
| External staffing and services | 2,519 | 2,441 | 2,583 | 2,492 |
| Staff development costs | 1,019 | 980 | 1,123 | 1,106 |
| Student recruitment, bursaries and scholarships | 8,804 | 9,002 | 9,487 | 10,742 |
| Subscriptions and memberships | 1,521 | 1,504 | 1,242 | 1,231 |
| Non-capitalised equipment | 1,184 | 1,180 | 1,532 | 1,532 |
| IT expenditure and maintenance | 6,324 | 6,265 | 5,201 | 5,134 |
| IT operating lease rentals | 363 | 363 | 451 | 451 |
| NHS service charge costs | 427 | 427 | 150 | 150 |
| Grant to Students' Union (MdxSU) | 943 | 943 | 888 | 888 |
| Transport, travel and subsistence | 2,193 | 2,037 | 2,493 | 2,287 |
| Insurance | 534 | 391 | 503 | 423 |
| Telephones and postage | 336 | 296 | 323 | 310 |
| Rent and rates | 3,259 | 2,882 | 3,008 | 2,776 |
| Repairs and general maintenance | 2,986 | 2,970 | 2,886 | 2,870 |
| Utilities | 1,470 | 1,456 | 1,697 | 1,685 |
| Other premises related costs | 7,513 | 7,044 | 7,764 | 7,385 |
| Other expenditure | 950 | 672 | 2,785 | 2,110 |
| | 60,321 | 57,260 | 59,849 | 57,925 |

| | Year Ended 31 July 2016 £000 | Year Ended 31 July 2015 £000 |
|---|------------------------------------|------------------------------------|
| Other operating expenses (consolidated) include: | | |
| Auditors' remuneration | | |
| BDO LLP external auditors' remuneration in respect of: | | |
| Audit of University annual financial statements | 122 | 122 |
| Audit of UK subsidiary company annual financial statements | 10 | 10 |
| External auditors remuneration in respect of audit of overseas subsidiary company annual financial statements | 40 | 37 |
| External auditors (BDO LLP) remuneration in respect of non-audit services | 16 | 10 |
| Other including Internal auditor remuneration (Grant Thornton LLP) | 177 | 120 |
| | 365 | 299 |

| | Notes | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|---|-------|-------------------------|--------------------|-------------------------|--------------------|
| | | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| 11. Interest and other finance costs | | | | | |
| Interest on loans not wholly repayable within 5 years | | 5,278 | 5,278 | 5,255 | 5,255 |
| Exchange differences | | 234 | - | - | - |
| Other finance costs | | 16 | - | 228 | 226 |
| Net charge on pension scheme (LGPS) | 30 | 3,686 | 3,686 | 3,136 | 3,136 |
| | | 9,214 | 8,964 | 8,619 | 8,617 |

| | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|--|-------------------------|--------------------|-------------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| 12. Analysis of total expenditure by activity | | | | |
| Academic schools | 74,920 | 69,841 | 69,544 | 65,502 |
| Academic services | 46,732 | 41,671 | 43,378 | 40,546 |
| Research grants and contracts | 5,267 | 5,104 | 4,934 | 4,788 |
| Residences, catering and conferences | 5,539 | 5,539 | 5,264 | 5,264 |
| Premises | 26,600 | 26,600 | 26,777 | 26,777 |
| Central services and administration* | 21,357 | 21,357 | 21,624 | 21,901 |
| Other expenses | 5,383 | 5,132 | 6,950 | 6,129 |
| | 185,798 | 175,244 | 178,471 | 170,907 |
| Staff restructuring costs | 663 | 663 | 931 | 931 |
| | 186,461 | 175,907 | 179,402 | 171,838 |

*Central services and administration expenditure includes expenditure incurred on student and staff facilities and amenities, and general educational expenditure.

| | Year ended 31 July 2016 £000 | Year ended 31 July 2015 £000 |
|---------------------|------------------------------------|------------------------------------|
| 13. Taxation | | |
| Foreign taxes | 70 | 69 |
| | 70 | 69 |

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

The University is an exempt charity within the meaning of schedule 2 of The Charities Act 1993 and, as such is a charity within the meaning of section 506(1) of the Taxes Act 1988. Accordingly the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478 - 488 of the Corporation Tax Act 2010 (CTA 2010) (formally enacted in section 505 of the Taxes act 1988) or section 256 of the Taxation and 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.

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.

14. Fixed Assets

| Consolidated | Freehold Land £000 | Leasehold Buildings £000 | Freehold Buildings £000 | Fixtures, Fittings and Equipment £000 | Assets in the Course of Construction £000 | Total £000 |
|------------------------------|-----------------------|-----------------------------|----------------------------|--|--|----------------|
| Cost or valuation | | | | | | |
| At 1 August 2015 | 32,125 | 10,393 | 189,127 | 22,797 | 5,331 | 259,773 |
| Exchange Revaluation | - | - | - | 70 | - | 70 |
| Additions | - | 657 | 1,330 | 3,327 | 14,881 | 20,195 |
| Transfers | - | 160 | 107 | 901 | (1,123) | 45 |
| Disposals | - | - | (263) | (4,088) | - | (4,351) |
| At 31 July 2016 | 32,125 | 11,210 | 190,301 | 23,007 | 19,089 | 275,732 |
| Consisting of: | | | | | | |
| Valuation as at 31 July 2014 | 29,101 | - | 145,099 | - | - | 174,200 |
| Cost | 3,024 | 11,210 | 45,202 | 23,007 | 19,089 | 101,532 |
| | 32,125 | 11,210 | 190,301 | 23,007 | 19,089 | 275,732 |
| Depreciation | | | | | | |
| At 1 August 2015 | - | 2,774 | 32,561 | 12,762 | - | 48,097 |
| Charge for the year | - | 979 | 5,154 | 4,638 | - | 10,771 |
| Transfers | - | - | 42 | 3 | - | 45 |
| Disposals | - | - | (263) | (4,088) | - | (4,351) |
| At 31 July 2016 | - | 3,753 | 37,494 | 13,315 | - | 54,562 |
| Net book value | | | | | | |
| At 31 July 2016 | 32,125 | 7,457 | 152,807 | 9,692 | 19,089 | 221,170 |
| At 31 July 2015 | 32,125 | 7,619 | 156,566 | 10,035 | 5,331 | 211,676 |

14. Fixed Assets (continued)

| University | Freehold Land £000 | Leasehold Buildings £000 | Freehold Buildings £000 | Fixtures, Fittings and Equipment £000 | Assets in the Course of Construction £000 | Total £000 |
|------------------------------|-----------------------|-----------------------------|----------------------------|--|--|----------------|
| Cost and valuation | | | | | | |
| At 1 August 2015 | 32,125 | 10,393 | 189,127 | 21,388 | 5,331 | 258,364 |
| Additions | - | 657 | 1,330 | 3,205 | 14,881 | 20,073 |
| Transfers | - | 160 | 107 | 856 | (1,123) | - |
| Disposals | - | - | (263) | (3,952) | - | (4,215) |
| At 31 July 2016 | 32,125 | 11,210 | 190,301 | 21,497 | 19,089 | 274,222 |
| Consisting of: | | | | | | |
| Valuation as at 31 July 2014 | 29,101 | - | 145,099 | - | - | 174,200 |
| Cost | 3,024 | 11,210 | 45,202 | 21,497 | 19,089 | 100,022 |
| | 32,125 | 11,210 | 190,301 | 21,497 | 19,089 | 274,222 |
| Depreciation | | | | | | |
| At 1 August 2015 | - | 2,774 | 32,561 | 11,757 | - | 47,092 |
| Charge for the year | - | 979 | 5,154 | 4,389 | - | 10,522 |
| Transfers | - | - | 42 | (42) | - | - |
| Disposals | - | - | (263) | (3,952) | - | (4,215) |
| At 31 July 2016 | - | 3,753 | 37,494 | 12,152 | - | 53,399 |
| Net book value | | | | | | |
| At 31 July 2016 | 32,125 | 7,457 | 152,807 | 9,345 | 19,089 | 220,823 |
| At 31 July 2015 | 32,125 | 7,619 | 156,566 | 9,631 | 5,331 | 211,272 |

14. Fixed Assets (continued)

Disposals include the write off of historical tangible fixed assets that are fully depreciated. The gross cost of these assets amounted to £4,351k (2015: £2,840k).

A full valuation of the University's land, academic, research, ancillary and support buildings was carried out on 31 July 2014 by Jones Lang LaSalle Limited, Chartered Surveyors.

The basis of the valuation was as follows:

- Land was valued at market value.
- Educational assets, be that academic/research or ancillary/support buildings were valued using the direct comparison method. This method considers recent sales and letting transactions of appropriate properties, which are adjusted to reflect differences in size, location, physical characteristics, local demand/supply and tenure.
- 'Trophy' educational assets, which include the College Building, The Grove, Hatchcroft and the Sheppard Library which incorporate significantly higher levels of fit-out have been valued to reflect the unique nature of the building space and/or specialised equipment fit-out.

The net book value of land and buildings comprises:

| | Year Ended 31 July 2016 £000 | Year Ended 31 July 2015 £000 |
|---------------------------|------------------------------------|------------------------------------|
| University | | |
| Freeholds: | | |
| Land, at fair value | 29,101 | 29,101 |
| Buildings, at fair value | 145,099 | 145,099 |
| | 174,200 | 174,200 |
| Land, stated at cost | 3,024 | 3,024 |
| Buildings, stated at cost | 7,708 | 11,467 |
| | 10,732 | 14,491 |
| | 184,932 | 188,691 |
| Leaseholds: | | |
| Buildings, stated at cost | 7,457 | 7,619 |
| Net book value | 192,389 | 196,310 |

15. Non-Current Investments

| Consolidated | Subsidiary companies £000 | Other non-current investments £000 | Total £000 |
|------------------------|---------------------------------|---|---------------|
| At 1 August 2015 | – | 36 | 36 |
| At 31 July 2016 | – | 36 | 36 |
| University | £000 | £000 | £000 |
| At 1 August 2015 | 25 | 36 | 61 |
| At 31 July 2016 | 25 | 36 | 61 |

The non-current investments have been valued at market value.

The board believe that the carrying value of the investments in trading subsidiary companies is supported by the subsidiary company net assets and/or business plans. Investments in the subsidiary companies are stated at cost with the exception of MU Ventures Limited. The University holds a £2m provision against MU Ventures Limited (2015: £2m). Details of the subsidiary companies are shown in Note 28.

| | Consolidated and University £000 |
|---|--|
| Other non-current investments consist of: | |
| CVCP Properties plc | 36 |
| Argentium International Limited | – |
| | 36 |

CVCP Properties plc is a company owned by 132 UK university institutions, whose executive heads (vice-chancellors/principals) are members of Universities UK.

The University holds a £30k provision (2015: £30k) against its shareholding in Argentium International Limited.

| | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|------------------|-------------------------|--------------------|-------------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| 16. Stock | | | | |
| Work in progress | - | - | 17 | 17 |
| | - | - | 17 | 17 |

| | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|--|-------------------------|--------------------|-------------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| 17. Trade and other receivables | | | | |
| Amounts falling due within one year: | | | | |
| Trade debtors | 2,953 | 1,743 | 3,591 | 2,832 |
| Tuition fees | 4,667 | 4,667 | 4,590 | 4,590 |
| Other receivables | 9,471 | 8,558 | 6,257 | 5,374 |
| Prepayments and accrued income | 8,349 | 6,477 | 8,159 | 7,017 |
| Amounts due from subsidiary companies | - | 6,731 | - | 3,127 |
| | 25,440 | 28,176 | 22,597 | 22,940 |
| Amounts falling due after more than one year: | | | | |
| Prepayments | 1,434 | 1,434 | 1,497 | 1,497 |
| | 26,874 | 29,610 | 24,094 | 24,437 |

| | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|--------------------------------|-------------------------|--------------------|-------------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| 18. Current Investments | | | | |
| Short term deposits | 30,000 | 30,000 | 30,000 | 30,000 |
| | 30,000 | 30,000 | 30,000 | 30,000 |

Deposits are held with Lloyds Bank plc operating in the London market and licensed by the Prudential Regulation Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

| | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|---|-------------------------|--------------------|-------------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| 19. Creditors: amounts falling due within one year | | | | |
| Secured loans | 3,012 | 3,012 | 2,737 | 2,737 |
| Unsecured loans | 52 | - | 351 | - |
| Obligations under finance leases | 1 | - | 2 | - |
| Research grants received on account | 8,725 | 8,725 | 5,374 | 5,374 |
| Other liabilities due within one year | 7,482 | 7,454 | 7,226 | 7,226 |
| Trade payables | 4,427 | 3,469 | 3,246 | 2,303 |
| Social security and other taxation payable | 2,414 | 2,321 | 2,543 | 2,476 |
| Accruals and deferred income | 31,230 | 29,538 | 21,504 | 20,207 |
| | 57,343 | 54,519 | 42,983 | 40,323 |

| | Year ended 31 July 2016 | | Year ended 31 July 2015 | |
|--|-------------------------|--------------------|-------------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| 20. Creditors: amounts falling due after more than one year | | | | |
| Deferred income | 9,288 | 8,613 | 11,456 | 11,456 |
| Other liabilities due after one year | 174 | 174 | 137 | 137 |
| Secured loans | 82,444 | 82,444 | 85,456 | 85,456 |
| | 91,906 | 91,231 | 97,049 | 97,049 |
| Analysis of secured loans: | | | | |
| Due within one year or on demand (Note 19) | 3,012 | 3,012 | 2,737 | 2,737 |
| Due between one and two years | 3,360 | 3,360 | 3,012 | 3,012 |
| Due between two and five years | 11,035 | 11,035 | 10,533 | 10,533 |
| Due in five years or more | 68,049 | 68,049 | 71,911 | 71,911 |
| Due after more than one year | 82,444 | 82,444 | 85,456 | 85,456 |
| Total secured loans | 85,456 | 85,456 | 88,193 | 88,193 |
| Secured loans repayable by 2030 | 32,484 | 32,484 | 34,049 | 34,049 |
| Secured loans repayable by 2037 | 52,972 | 52,972 | 54,144 | 54,144 |
| | 85,456 | 85,456 | 88,193 | 88,193 |

Bank loans are repayable over the terms shown below. Interest is charged at the rates shown and all rates are fixed until their rate is renewed at a fixed future date or at the end of the loan term.

The loans are secured against the University campus properties to which they relate.

| Lender | Borrower | Property name | Amount outstanding at 31 July 2016 £000 | Term | Fixed Until | Interest rate % | Expiry date |
|---------------|------------|---------------|--|------------|-------------|-----------------|-------------|
| Barclays Bank | University | Hendon Campus | 32,484 | 25 Years | 2030 | 5.2900% | 2030 |
| Lloyds Bank | University | Hendon Campus | 11,189 | 28 Years | 2037 | 6.5950% | 2037 |
| Lloyds Bank | University | Hendon Campus | 13,962 | 27 Years | 2037 | 6.4250% | 2037 |
| Lloyds Bank | University | Hendon Campus | 9,319 | 26 Years | 2037 | 6.5450% | 2037 |
| Lloyds Bank | University | Hendon Campus | 4,667 | 26 Years | 2026 | 6.7050% | 2037 |
| Lloyds Bank | University | Hendon Campus | 4,653 | 26 Years | 2016 | 6.3950% | 2037 |
| Lloyds Bank | University | Hendon Campus | 9,182 | 25.5 Years | 2017 | 5.1550% | 2037 |
| | | | 52,972 | | | | |
| | | | 85,456 | | | | |

21. Provisions for liabilities

Consolidated and University

| | Obligation to fund deficit on LGPS Pension £000 | Pension Enhancements on Termination £000 | Total Pensions Provisions £000 | Restructuring Provision £000 | Onerous Contract Provision £000 | Total Other Provisions £000 |
|------------------------|--|---|-----------------------------------|---------------------------------|------------------------------------|--------------------------------|
| At 1 August 2015 | 99,349 | 6,197 | 105,546 | 364 | 4,609 | 4,973 |
| Utilised in year | – | (502) | (502) | (285) | (1,021) | (1,306) |
| Additions in 2015/16 | 29,242 | 149 | 29,391 | 283 | 185 | 468 |
| At 31 July 2016 | 128,591 | 5,844 | 134,435 | 362 | 3,773 | 4,135 |

LGPS deficit (see note 30)

The obligation to fund the past deficit on the University's Local Government Pension Scheme (LGPS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the LGPS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

Pension enhancements

A pension provision in respect of pension enhancements payable on behalf of staff who took early retirement during the 1990s. Currently there are 179 people in the scheme. This provision will be utilised over the period of retirement. The provision is based upon a full actuarial valuation at 31 July 2015 by a qualified independent actuary.

The assumptions used by the actuary that comply with FRS102 for calculating the provision for pension enhancements on termination at 31 July 2016 are as follows:

| Financial assumptions: | Consolidated |
|--|--------------|
| Discount rate for liabilities | 3.7% |
| Retail price inflation (RPI increases) | 2.9% |
| Consumer price inflation (CPI increases) – Pension increase rate | 1.9% |

Mortality assumptions:

The post retirement mortality tables adopted for current pensioners are the S1PA tables.

Restructuring provision

The restructuring provision is an estimated liability 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 amounts provided include the final settlement of unfunded pension costs of former staff specified in the University's voluntary redundancy scheme and the estimated future costs of lump sum redundancy payments and unfunded pensions payable to staff who have agreed terms at 31 July 2016.

It is estimated that the provision will be fully utilised in the income and expenditure account in 2016/17 dependent upon the agreed departure date of the relevant employees.

Onerous contract provision

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

22. Endowment Reserves

| Restricted net assets relating to endowments are as follows: | Restricted permanent endowments £000 | Expendable endowments £000 | 2016 Total £000 | 2015 Total £000 |
|--|---|-------------------------------|-----------------------|-----------------------|
| Balances at 1 August 2015 | | | | |
| Capital | 400 | 156 | 556 | 678 |
| Accumulated income | – | 20 | 20 | 3 |
| | 400 | 176 | 576 | 681 |
| New endowments | – | 222 | 222 | 123 |
| Investment income | 7 | 1 | 8 | 5 |
| Expenditure | (7) | (184) | (191) | (233) |
| Total endowment comprehensive income for the year | – | 39 | 39 | (105) |
| At 31 July 2016 | 400 | 215 | 615 | 576 |
| Represented by: | | | | |
| Capital | 400 | 193 | 593 | 556 |
| Accumulated income | – | 22 | 22 | 20 |
| | 400 | 215 | 615 | 576 |
| Analysis by type of purpose: | | | | |
| Prize funds, Scholarships and bursaries | 400 | 156 | 556 | 496 |
| General | – | 59 | 59 | 80 |
| | 400 | 215 | 615 | 576 |
| Analysis by asset | | | | |
| Cash & cash equivalents | | | 615 | 576 |
| | | | 615 | 576 |

23. Cash and cash equivalents

| Consolidated | At 1st August 2015 £000 | Cash Flows £000 | At 31st July 2016 £000 |
|---------------------------|-------------------------------|-----------------------|------------------------------|
| Cash and cash equivalents | 33,284 | 3,828 | 37,112 |
| | 33,284 | 3,828 | 37,112 |
| University | | | |
| Cash and cash equivalents | 24,236 | 5,713 | 29,949 |
| | 24,236 | 5,713 | 29,949 |

Cash and cash equivalents includes £366k (2015: £389k) in respect of monies held on behalf of third parties as disclosed in Notes 31 to 34.

24. Capital and other commitments

| | 31 July 2016 | | 31 July 2015 | |
|---|----------------------|--------------------|----------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| Provision has not been made for the following capital commitments at 31 July 2016: | | | | |
| Commitments contracted for at 31 July | 1,837 | 1,837 | 1,738 | 1,738 |
| Authorised by the board but not contracted for at 31 July | 14,761 | 14,761 | 26,261 | 26,261 |
| | 16,598 | 16,598 | 27,999 | 27,999 |

25. Contingent liabilities

The University has given written undertakings to support the UK subsidiary company disclosed at Note 28 for twelve months from the date of approval of these financial statements.

26. Lease obligations

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

Total rentals payable under operating leases:

| | 31 July 2016 | | | 31 July 2015 | |
|--|-------------------------------|-------------------|---------------|---------------|--|
| | Land and Buildings £000 | Equipment £000 | Total £000 | Total £000 | |
| Future minimum lease payments due: | | | | | |
| Not later than 1 year | 2,247 | 215 | 2,462 | 2,521 | |
| Later than 1 year and not later than 5 years | 9,388 | 17 | 9,405 | 8,779 | |
| Later than 5 years | 33,508 | - | 33,508 | 36,680 | |
| Total lease payments due | 45,143 | 232 | 45,375 | 47,980 | |

27. Events after the reporting period

On 25 October 2016 the University ended its lease arrangements at part of the New Southgate campus. At that date all existing lease obligations and liabilities in relation to Building 4 were terminated early through a deed of settlement with the landlord. The cost of the lease which was normally due to expire in 2020 was previously subject to a provision for an onerous lease which is reported as part of Note 21 - Onerous contract provision. The activities and lease arrangements at Building 2 of the New Southgate campus continue and were unaffected by this change.

28. Subsidiary undertakings

The subsidiary companies, wholly-owned or effectively controlled by the University, are as follows:

| Principal trading subsidiary | Parent interest in ordinary shares voting rights | Principal activity | Country of incorporation |
|--|--|---|--------------------------|
| MU Ventures Limited | 100% owned | Consultancy services | England and Wales |
| Middlesex Services Limited (Hong Kong) | 100% owned | Student recruitment and marketing services | Hong Kong |
| Middlesex Uni (SEA) SDN BHD | 100% owned | Student recruitment and marketing services | Malaysia |
| Middlesex Educational Services (Mauritius) Limited | 100% owned | Student recruitment and marketing services | Mauritius |
| Middlesex International (Dubai) FZ-LLC | 100% owned | Training and development, academic staff provision. | Dubai/UAE |

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

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

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

On the 30 September 2015 the University's principal trading subsidiary, Middlesex International (Dubai) FZ-LLC acquired the 100% ownership of Middlesex International JSS (Mauritius) Limited after purchasing the 49% shareholding of JSS Academy Limited. On 18 February 2016 the 49% shareholding was purchased by Medine Limited.

The board believe that the carrying value of the investments disclosed at Note 15 is supported by the subsidiary company net assets and/or business plans.

MU UK Consultants Limited and Middlesex Education Private Limited do not have share capital disclosed above, but their results, assets and liabilities for the year ended 31 July 2016 are included in the group financial statements by virtue of the fact that the University has dominant influence over financial and operating policies. MU UK Consultants Limited is incorporated and registered in Dubai/UAE and Middlesex Education Private Limited incorporated and registered in India with both providing student recruitment and marketing services to the University within those regions overseas.

29. Professional Advisors**External auditors**

| | |
|---------|---|
| BDO LLP | 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA |
|---------|---|

Internal auditors

| | |
|--|--------------------------------------|
| PricewaterhouseCoopers LLP (appointed 1 August 2016) | 1 Embankment Place, London, WC2N 6RH |
|--|--------------------------------------|

| | |
|---|-------------------------------------|
| Grant Thornton LLP (period to 31 July 2016) | 30 Finsbury Square, London EC29 2YU |
|---|-------------------------------------|

Bankers

| | |
|-----------------|---|
| Lloyds Bank plc | 4th Floor, 25 Gresham Street, London EC2V 7HN |
|-----------------|---|

Legal advisors

| | |
|-----------------|--------------------------------|
| Collyer Bristow | 4 Bedford Row, London WC1R 4DF |
|-----------------|--------------------------------|

| | |
|-----------|--|
| Eversheds | Franciscan House, 51 Princes Street, Ipswich IP1 1UR |
|-----------|--|

| | |
|-------------------|----------------------------------|
| Nabarro Nathanson | 125 London Wall, London EC2Y 5AL |
|-------------------|----------------------------------|

| | |
|--------|--|
| SA Law | Gladstone Place, 36–38 Upper Marlborough Road, St Albans, Hertfordshire AL1 3UU |
|--------|--|

| | |
|----------------|--|
| Weightmans LLP | Exchequer Court, 33 St Mary Axe, London EC3A 8AA |
|----------------|--|

Taxation advisors

| | |
|----------|--|
| KPMG LLP | 1 St Peter's Square, Manchester M2 3AE |
|----------|--|

30. Pension Schemes

The University's employees belong to two principal pension schemes, the Teachers' Pension (TP) for most academic staff and the Local Government Pension Scheme (LGPS) for all other staff. The schemes are defined benefit schemes providing benefits based on career average design. Benefits accrued prior to the schemes transitions to career average arrangements are protected 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 £13,357k (2015: £11,497k).

Teachers' Pension

The Teachers' Pension (TP) is operated by the Department for Education (DfE) and is governed by statutory regulations. Under the definitions set out in Financial Reporting Standard 102 (FRS102), the TP is a multi-employer pension scheme. As the TP 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 TP is a statutory, contributory, unfunded, defined benefit scheme. The regulations under which the TP 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 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 employer's contribution rates set by the schemes actuary and approved by the DfE for the University's academic staff were 14.1% of pensionable salaries to 31 August 2015 and from 1 September 2015 (to 31 March 2019) increasing to 16.48% of pensionable salaries.

The scheme is subject to full valuation every four years with the most recent valuation being 31 March 2012. The key highlights from this report are as follows:

| Funding position | At 31 March 2012 £bn |
|--------------------------------|-------------------------|
| Aggregate value of liabilities | 191.5 |
| Aggregate value of assets | 176.6 |
| Total (shortfall) | (14.9) |

Total Scheme liabilities for service to the effective date are £191.5bn and notional assets of £176.6bn giving notional past service deficit of £14.9bn.

30. Pension Schemes (continued)

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 2016 was £8,753k (2015: £8,437k) of which employers contributions totalled £6,755k (2015: £6,516k) and employees contributions totalled £1,998k (2015: £1,921k).

For the period from 1 April 2015 to 31 March 2017 the overall employer contribution rate is 26.6%. In 2014 the University entered into a funding deficit recovery plan with the scheme administrators. This treatment required the cost of providing pension benefits to be broken down into two distinct elements: current scheme funding of 11.3% of pensionable salaries from 1 April 2014 to 31 March 2017 and a deficit reduction contribution. The deficit reduction contribution was £3,541k in the period to 31 March 2016 and is £3,638k in the period to 31 March 2017. The indicative employers rate (which includes the current scheme funding and deficit reduction elements) from 1 April 2017 will be disclosed in the next full actuarial valuation of the fund for the period to 31 March 2016 when it is published in 2017. The total employer contributions expected to be paid into the scheme during the year ended 31 July 2017 are £6,761k.

For the period to 31 March 2016 the scheme was contracted out of the State additional Pension (S2P) of pension provision. Contracting out on a defined benefit basis ended in April 2016, when the government's state pension reforms came into force.

Financial Reporting Standard 102 (FRS102)

The following information is based upon a full actuarial valuation of the Fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary, using financial assumptions that comply with FRS102.

Basis for estimating assets and liabilities

The liabilities have been assessed using the projected unit method, an estimate of the pensions that will be payable in future years dependent on the following major assumptions:

Mortality assumptions:

The post retirement mortality tables adopted are the S1PA tables.

| | | At 31 July 2016 | At 31 July 2015 |
|---|-------------------------------------|-----------------|-----------------|
| Life expectancy from age 65 (years) | | | |
| | Current pensioners (retiring today) | | |
| | Males | 22.1 | 22.0 |
| | Females | 24.4 | 24.3 |
| Future pensioners (retiring in 20 years)* | | | |
| | Males | 24.2 | 24.1 |
| | Females | 26.8 | 26.7 |

* Figures assume members aged 45 as at the last formal valuation date.

| Financial assumptions: | At 31 July 2016 | At 31 July 2015 |
|--|-----------------|-----------------|
| Retail price inflation (RPI increases) | 2.9% | 3.4% |
| Consumer price inflation (CPI increases) | 1.9% | 2.5% |
| Rate of increase in salaries | 3.9% | 4.3% |
| Rate of increase for pensions | 1.9% | 2.5% |
| Discount rate for liabilities | 2.4% | 3.7% |

Share of assets by category:

The estimated share of assets as a percentage of total plan assets as at 31 July 2016 is set out below:

| Asset category: | At 31 July 2016 | At 31 July 2015 |
|-----------------|-----------------|-----------------|
| Equities | 76% | 67% |
| Bonds | 23% | 32% |
| Property | 0% | 0% |
| Cash | 1% | 1% |
| Total | 100% | 100% |

The actuary has estimated the bid value of the fund's assets as at 31 July 2016 to be £1.044bn based on the information provided by the administering authority and allowing for index returns where necessary.

30. Pension Schemes (continued)

| | Year Ended 31 July 2016 £000 | Year Ended 31 July 2015 £000 |
|--|------------------------------------|------------------------------------|
| Analysis of the amount shown in the balance sheet: | | |
| Fair value of scheme assets | 166,605 | 141,074 |
| Present value of scheme liabilities | (295,196) | (240,423) |
| Net pension liability – Deficit on the scheme | (128,591) | (99,349) |
| Amount recorded within pension provisions (Note 21) | | |
| Current service cost | 7,296 | 6,023 |
| Past service costs | – | 496 |
| Administration expenses | – | 153 |
| Total operating charge: | 7,296 | 6,672 |
| Analysis of the amount charged to interest payable (Note 11): | | |
| Interest cost | 8,964 | 8,846 |
| Interest on net deficit | (5,278) | (5,710) |
| Net charge to other finance income | 3,686 | 3,136 |
| Total profit and loss charge before deduction for tax | 10,982 | 9,808 |
| Analysis of other comprehensive income: | | |
| Return on fund assets in excess of interest | 17,083 | 2,633 |
| Actuarial losses on assets | – | (5,101) |
| Change in financial assumptions | (45,942) | (16,643) |
| Experience gain/(loss) on liabilities | 3,844 | (1) |
| Total other comprehensive income before deduction for tax | (25,015) | (19,112) |

30. Pension Schemes (continued)

| | Year Ended 31 July 2016 £000 | Year Ended 31 July 2015 £000 |
|--|------------------------------------|------------------------------------|
| Movement in deficit during the year | | |
| Deficit at beginning of year | (99,349) | (76,945) |
| Movement in the year | | |
| Contributions or benefits paid by the University | 6,755 | 6,516 |
| Current service costs | (7,296) | (6,023) |
| Past service cost (including curtailments) | – | (496) |
| Administration expenses | – | (153) |
| Other finance charge | (3,686) | (3,136) |
| Loss recognised in other comprehensive income | (25,015) | (19,112) |
| Deficit at end of year | (128,591) | (99,349) |
| | | |
| | Year Ended 31 July 2016 £000 | Year Ended 31 July 2015 £000 |
| Movement in present value of the scheme liabilities | | |
| Opening present value of the defined benefit obligation | 240,423 | 212,077 |
| Movement in the period: | | |
| Current service costs | 7,296 | 6,023 |
| Interest cost | 8,964 | 8,846 |
| Past service cost (including curtailments) | – | 496 |
| Member contributions (including unfunded pension payments) | 1,998 | 1,921 |
| Actuarial loss arising from changes in financial assumptions | 45,942 | 16,643 |
| Other experience | (3,844) | 1 |
| Estimated benefits paid net of transfers in | (5,583) | (5,584) |
| Present value of liabilities at the end of the year | 295,196 | 240,423 |

30. Pension Schemes (continued)

| | Year to 31 July 2016 £000 | Year to 31 July 2015 £000 |
|--|---------------------------------|---------------------------------|
| Analysis of movement in the fair value of scheme assets | | |
| Opening fair value of scheme assets | 141,074 | 135,132 |
| Movement in the period: | | |
| Interest income on assets | 5,278 | 5,710 |
| Return on assets less interest | 17,083 | 2,633 |
| Administration expenses | – | (153) |
| Actuarial loss on assets | – | (5,101) |
| Contributions paid by University | 6,755 | 6,516 |
| Member contributions | 1,998 | 1,921 |
| Estimated benefits paid | (5,583) | (5,584) |
| Fair value of scheme assets at end of period | 166,605 | 141,074 |
| | Year to 31 July 2016 £000 | Year to 31 July 2015 £000 |
| Actual return on scheme assets | | |
| Expected return on Scheme assets | 5,278 | 5,710 |
| Asset loss | – | (5,101) |
| | 5,278 | 609 |

31. HEFCE - Postgraduate support scheme funds

| | At 31 July 2016 £000 | At 31 July 2015 £000 |
|------------------------------------|----------------------------|----------------------------|
| Balance brought forward | – | – |
| Funds received | 330 | – |
| | <u>330</u> | <u>–</u> |
| Disbursed to Students | (330) | – |
| Balance carried forward at 31 July | <u>–</u> | <u>–</u> |

The Postgraduate Support Scheme (PSS) supports students progressing to postgraduate taught education. It focuses on students who are under-represented at postgraduate level and in subjects aligned with the government's growth strategies.

Under the scheme's guidelines the University has matched funded the HEFCE contribution, so that more money can be made available through the scheme to students. This note does not include the University's matched contribution and the related student disbursements.

32. HEFCE - National Scholarship Programme funds

| | At 31 July 2016 £000 | At 31 July 2015 £000 |
|------------------------------------|----------------------------|----------------------------|
| Balance brought forward | – | – |
| Funds received | – | 548 |
| | <u>–</u> | <u>548</u> |
| Disbursed to Students | – | (548) |
| Balance carried forward at 31 July | <u>–</u> | <u>–</u> |

The National Scholarship Programme has now ended. NSP awards from HEFCE were not available for students starting higher education in 2015/16 and beyond. The programme aimed to help individual students from low-income backgrounds as they entered higher education.

In 2015/16 the University has continued to fund the continuing students who had been awarded HEFCE funding in prior years. This note does not include the University's contribution and the related student disbursements.

33. NCTL - Teacher Training Bursaries

| | At 31 July 2016 £000 | At 31 July 2015 £000 |
|------------------------------------|----------------------------|----------------------------|
| Balance brought forward | 88 | 25 |
| Funds received | 1,357 | 1,000 |
| | <u>1,445</u> | <u>1,025</u> |
| Disbursed to Students | (1,342) | (937) |
| Balance carried forward at 31 July | <u>103</u> | <u>88</u> |

The NCTL training bursaries are a financial incentive to attract and retain high quality graduates into the teaching profession.

Funding body bursaries and other student grants received as detailed in notes 31 to 33 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 statement of income and expenditure and shown within Note 19 other liabilities due within one year.

34. million+

| | At 31 July 2016 £000 | At 31 July 2015 £000 |
|---|----------------------------|----------------------------|
| Balance brought forward | 301 | 307 |
| Subscriptions received from affiliated universities | 408 | 373 |
| | 709 | 680 |
| Campaign expenses | (446) | (379) |
| Balance carried forward at 31 July | 263 | 301 |

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

The University acts as a paying agent for million+. All of the funding and related disbursements are therefore excluded from the statement of income and expenditure account and shown within Note 19 other liabilities due within one year.

35. Financial instruments

The University has the following debt instruments measured at amortised cost.

Financial assets that are debt instruments measured at amortised cost:

| | Year Ended 31 July 2016 | | Year Ended 31 July 2015 | |
|---------------------------------------|-------------------------|--------------------|-------------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| Trade debtors | 2,953 | 1,743 | 3,591 | 2,832 |
| Tuition fees | 4,667 | 4,667 | 4,590 | 4,590 |
| Other receivables | 9,471 | 8,558 | 6,257 | 5,374 |
| Accrued income | 5,272 | 3,507 | 4,703 | 3,630 |
| Amounts due from subsidiary companies | – | 6,731 | – | 3,127 |
| Investments | 30,000 | 30,000 | 30,000 | 30,000 |
| Cash and cash equivalents | 37,112 | 29,949 | 33,284 | 24,236 |
| | 89,475 | 85,155 | 82,425 | 73,789 |

Financial liabilities measured at amortised cost:

| | Year Ended 31 July 2016 | | Year Ended 31 July 2015 | |
|----------------------------------|-------------------------|--------------------|-------------------------|--------------------|
| | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| Secured loans | 85,456 | 85,456 | 88,193 | 88,193 |
| Unsecured loans | 52 | – | 351 | – |
| Obligations under finance leases | 1 | – | 2 | – |
| Other liabilities and payables | 10,070 | 9,949 | 9,906 | 9,839 |
| Trade payables | 4,427 | 3,469 | 3,246 | 2,303 |
| Accruals | 13,194 | 12,474 | 10,873 | 10,411 |
| | 113,200 | 111,348 | 112,571 | 110,746 |

36. Related party transactions

During the year the board agreed to pay Middlesex University Student Union (MDXSU) a grant of £943k for the year ending 31 July 2016 (2015: £888k). MDXSU (Charity registration number 1140254) is represented on the University's board of governors. The grant was provided in accordance with the Universities normal policies and procedures. Although MDXSU receives an annual grant and the University works closely with them, they are an independent organisation which represents student interests on a local, regional and national level.

37. Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP).

An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

| Financial position | Ref | 1 August 2014 | | 31 July 2015 | |
|---|---------|-------------------------|--------------------|----------------------|--------------------|
| | | Consolidated £000 | University £000 | Consolidated £000 | University £000 |
| Total reserves under 2007 SORP | | 67,981 | 62,295 | 45,846 | 39,422 |
| Deferred Capital Grants | a1. | (936) | (936) | (2,469) | (2,469) |
| Employee leave accrual | b. | (5,426) | (5,426) | (5,739) | (5,739) |
| Land and Buildings Revaluation | c. | 10,918 | 10,918 | 10,918 | 10,918 |
| Total effect of transition to FRS102 | | 4,556 | 4,556 | 2,710 | 2,710 |
| Total reserves under 2015 SORP | | 72,537 | 66,851 | 48,556 | 42,132 |
| Financial performance | | Year ended 31 July 2015 | | | |
| | Ref | Consolidated £000 | University £000 | | |
| Deficit for the year under 2007 SORP | | (102) | (757) | | |
| Deferred Capital Grants | a2 / a3 | (982) | (982) | | |
| Employee leave accrual | b. | (313) | (313) | | |
| Endowments | e. | 123 | 123 | | |
| | | (1,172) | (1,172) | | |
| Actuarial loss in respect of LGPS pension scheme | d. | (2,778) | (2,778) | | |
| Total effect of transition to FRS102 | | (3,950) | (3,950) | | |
| Total Deficit for the year under 2015 SORP | | (4,052) | (4,707) | | |

37. Transition to FRS102 and the 2015 SORP (continued)

Explanation of the changes to previously reported surplus and net assets:

a. Deferred Capital Grants

1. Represents the transfer of Deferred Capital grants from Government sources (accounted for under the performance model) to creditors within Net Assets where the performance related conditions have not been met.
2. FRS102 requires income from Non-Government grant sources to be accounted for under the Performance model. This change in rules has resulted in £896k of Non-government capital grants being credited to general reserves at the transitional date 31 July 2014 and a further £22k reversal of the annual release in the income statement at 31 July 2015.
3. An option under FRS102 is to account for income from Government grant sources under the performance or accruals model. The choice of performance model has resulted in £23,669k of Government capital grants being credited to general reserves at the transitional date 31 July 2014 and a further £960k reversal of the annual release in the income statement 31 July 2015.

b. Employer leave accrual

FRS102 requires an accrual for staff holiday pay where holiday is due at the year end but has not been taken. The resulting accrual at the transitional balance sheet date 31 July 2014 is £5.4m and a further £313k reported in the income statement ending 31 July 2015 representing the movement (increase) in the opening liability.

c. Land and buildings Revaluation

An option under FRS102 allows at transition date 31 July 2014 a final valuation of property to be regarded as 'deemed cost'. The net effect in the transitional balance sheet of adopting this 'one-off' policy in revaluing certain Land & Building assets has resulted in a uplift in land value by £11.9m and an impairment on Buildings of £995k.

d. Actuarial (loss)/gain in respect of LGPS pension scheme

The net effect in the period ending 31 July 2015 of the revised method for determining interest cost on the LGPS defined benefit pension scheme under FRS102. Although the change required has no effect on the overall deficit in the LGPS (£99.3m 2014/15) the interest cost has increased by £2.8m.

e. Donations and Endowments

The recognition in the income statement of £123k of Endowment income on entitlement.

Cash flows

The presentation of the Cash flow statement has also been changed in order to comply with FRS102.

