



Middlesex
University
London

MIDDLESEX UNIVERSITY

FINANCIAL STATEMENTS

2021/22



FOR THE YEAR ENDED
31 JULY 2022



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IN NUMBERS

2021/22



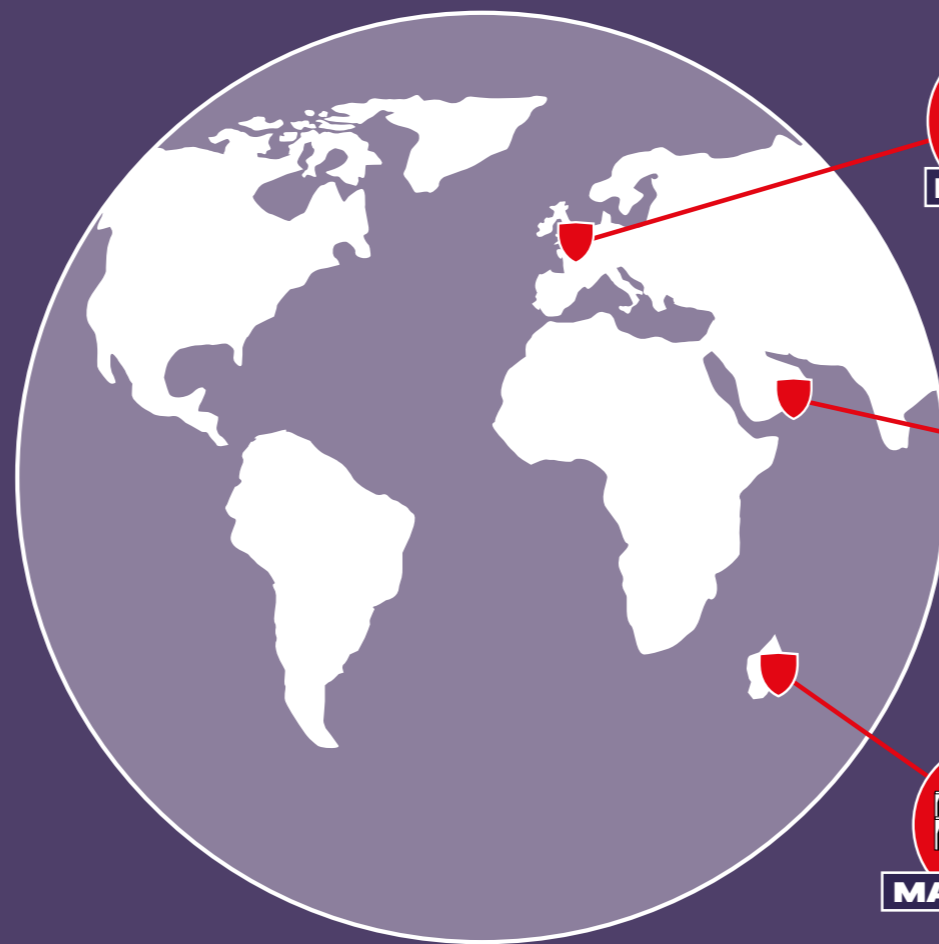
Increase in global impact of our world-leading research (REF 2021)



£23M simulation-based skills facilities in London



TOP 10 UK university for business leaders and entrepreneurs (Hitachi Capital Finance, 2020)



TOP 2 UK university (THE Young Universities Rankings 2022)



93% of our postgraduates are in high skilled employment or further study (Graduate Outcomes 2019/20)



TOP 200 university globally advancing United Nations' Sustainable Development Goals (THE Impact Rankings 2021)



+1,700 staff from 73 nationalities in London



+38,000 students +274,000 alumni around the world



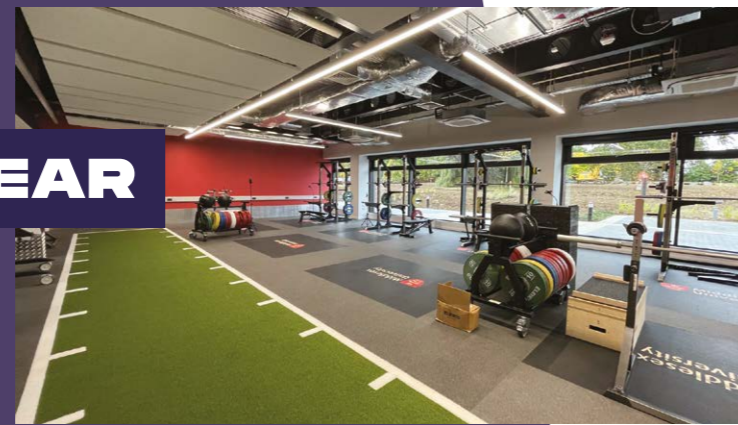
3 campuses 14 regional offices worldwide



1,000 industry partners enhance our education and student opportunities

REVIEW

OF THE YEAR



Above: West Stand sports facilities

Left: Middlesex University Strategy 2031 Launch Event.
Photo credit: Richard Bailey

The 2021/22 financial year proved to be a challenging one for Middlesex University, with the impacts from the COVID-19 pandemic hitting us later than expected. Nevertheless, the University remains in a strong overall position following several years of good financial performance.

Our income for the year was £192.1m, down £13.6m on the prior year £205.8m. This reflected lower student recruitment and retention as well as reductions in recurrent government grants. The causes of this included changes to the way A-levels were assessed and disruption to our teaching and assessment methods during the pandemic; a buoyant post-pandemic labour market, and drop-off in EU domiciled students following Brexit.

While we controlled our expenditure during the year, this inevitably increased driven by a return to in-person teaching and the recognition of £2.4m of one-off costs, mostly depreciation, relating to property that we will cease to use due to decisions to downsize our estate and to our major Estates Master Plan development at Hendon. Overall our operating result was a deficit for the year of £23.1m compared with £3.0m last year. However, at year end we retained £104.5m (2020/21 £110.7m) of cash and investments and had positive reserves of £166.5m (2020/21 £40.2m) which leaves us in a strong position to deliver our new Strategy 2031.

The prospects for 2022/23 remain challenging, and we are seeking to make cost savings to ensure that we remain financially strong into the future, savings which will only be fully realised in 2023/24. The continuing freeze in the regulated tuition fee in the face of high price inflation means that action is required to protect our long-term financial strength. Our forecasts indicate a return to pre-COVID-19

levels of financial performance in the medium term, though the current high levels of economic uncertainty, for example over energy prices, will introduce more risks than normal.

In response to the challenges we faced, 2021/22 was an extraordinary demonstration of how our global University community collaborates to create knowledge for the benefit of our students, society and the economy. At a time of significant change around the world it can be challenging to plan for the next decade, but the strengths of the Middlesex culture – agility, innovation and a deep and lasting spirit of community – are exemplified in everyone's commitment to our new strategic direction.

Our Middlesex Strategy 2031, which was internally launched in summer 2021, was formally shared externally to our local, national and international communities at an on-campus event in November 2021. Alongside our Strategy website, the event, which was attended by 109 in person and 70 via live-stream, showcased some of the amazing work already underway. Over the year, our work was extensive and vast, and it involved everyone across our global community of academics, researchers, professional services staff, students and partners. As a result, the following end of year reflection can only give a high-level view of the countless ways in which Middlesex's efforts – aligned with our three strategic priorities – inspired, empowered and delivered many more transformative outcomes for individuals, communities and organisations.



Above: Sentinel Square Collaborative Project



Above: Simulated hospital ward in West Stand teaching facilities

STRATEGIC PRIORITY 1:

Transforming learning through providing innovative, flexible and highly accessible practice-led education, with excellent outcomes for students

Middlesex provides highly accessible life-long and life-wide learning to inspire and enable learners from all backgrounds to be part of our global community. We connect learning, discovery and innovation and collaborate across the whole Middlesex family. In 2021/22 we strengthened our approach to learning, teaching and assessment through practice, for example working on projects and portfolios. We focussed on high-value, experiential learning which is delivered through flexible, blended models and harnesses technology to support students in a tailored and meaningful way. A successful partnership with Barnet Council saw Middlesex Interiors and Architectural Technology undergraduate and postgraduate students and academics collaborate with our local Borough, eminent industry practitioners (Brinkworth Studio), and international students and academics (Politecnico di Milano). The 'Sentinel Square Collaborative Project' – which focused on the regeneration of Sentinel Square, a run-down 1960s shopping centre close to our Hendon campus – is one example of how our teaching and learning is focused on practice and external collaboration towards a tangible impact on the improvement of individuals' lives and the sustainability of communities. The outcomes were presented in an exhibition at Middlesex and an event organised at Politecnico di Milano (Erasmus+ funded), while there are ongoing conversations with Barnet Council for further development of the project.

This year we expanded and improved our infrastructure, which enables us to create knowledge and put it into action through education, research and knowledge exchange, and engagement, irrespective of time differences, geographical locations, and cultural backgrounds. In London, we continued to develop our pioneering complex within the West Stand of the StoneX Stadium, in partnership with Saracens Rugby Club and London Borough of Barnet which has funded the project through a £22.9m loan agreement. StoneX, which is located near our campus in Hendon and is home to the Saracens, hosts our impressive, new, four-floor development that has housed the specialist, industry-standard facilities and practical teaching sessions of our London Sport Institute, Nursing and Midwifery courses since the end of September

2022, and Natural Sciences courses since early October 2022. These new facilities provide our Sports students with greater opportunities to study in technologically advanced sport science labs and engage with professional, academy and community athletes within a live working sport facility. Our Nursing and Midwifery students are taught in our new flexible simulated hospital environment which is an adaptable space to simulate a ward, A&E environment, birthing environments and consultancy areas. Specially designed simulation equipment and dedicated suites also prepare our Natural Sciences students for professional settings. A cardiology ward, a neuroscience ward, a neurophysiology space, and a medical physiology laboratory are some of the facilities which allow immersive learning and valuable hands-on experience for our students.

Middlesex aims to provide an excellent experience for all our students by transforming the way that we provide support – working with students and our Students' Union to develop a vibrant, global student community. This year we co-chaired the Student Experience Committee with the President of the Students' Union. The strategic initiative of co-leading with students and the Students' Union and co-creating across disciplines and services aims to position leadership as a graduate competency for all students; embedding leadership as part of the curriculum and across the student journey; aligned to academic advising and employability; and recognised through micro-credentials.

Our Mauritius campus also worked hard to strengthen our students' leadership skills, introducing a programme focussed on students' wellbeing, leadership, and employability to better prepare them for their future careers. With a holistic approach to co-curricular activities, we encouraged our students' participation in various initiatives including on-campus leadership roles, society memberships, volunteering, internships, entrepreneurial activities and representing the University in local and international competitions, as well as in proactive career ready and wellbeing workshops. A key programme highlight was the three-week online employer showcase with interactive and skill-based sessions, and inspire-me talks, offered by 55 employers and attended by over 1,000 students.

STRATEGIC PRIORITY 2:

Creating impact through practice-oriented and collaborative research, knowledge exchange and education

As a community, our collaborative, creative and inclusive approach is helping to shape the future of research. We promote excellence in research and knowledge exchange, with Research Excellence Framework (REF) 2021 results providing a strong platform to build on and meet the objectives of our ten-year global Strategy of undertaking collaborative research with impact under the umbrella of our three key thematic areas. The REF 2021 exercise, which is the UK's system for assessing the quality of research in UK higher education institutions and whose results were published in May 2022, showed that Middlesex improved on its previous, REF 2014 position in terms of increasing the scale, scope and quality of outputs, and producing impactful research. Research from more staff was submitted for consideration in 2021 compared with 2014 and virtually 100% of our eligible staff were submitted across 12 units. Our submission to the Business and Management Studies Unit of Assessment (UoA) of REF 2021 performed particularly well. Much of the focus of the submission reflects this strategic theme, for example, research on improving the treatment of BAME employees in the NHS, encouraging adoption of the Living Wage by employers, extending maternity protection and rights in the global south, and exposing employers for not paying staff wages. This year we also introduced our all-staff Research and Knowledge Exchange series, with the first event focussing on our REF 2021 results providing insight into our results, exploring work that supported our submission and key learnings that we can build into our future work.

Many of our students are from socially and financially disadvantaged backgrounds, so we teach and support them in ways that ensure that their outcomes are not limited by their past opportunities. Our learners cover a long educational distance between the time they join us through to their graduation, but we support them to understand both that their unique backgrounds and experiences bring great value in the workplace and that they can use them to improve their global employability. This year our dedicated careers and employability service in London, MDXworks, continued to prepare our students for the world of work. An example of the service's impact in 2021/22 was supporting approximately 45 students in Year 3 of BA Marketing in our Faculty of Business and Law to engage with 12 external local small business and social enterprises in addressing real world, business-critical project challenges. The BA Marketing Consultancy Project module ran over 12 weeks, with weekly sessions on project delivery including collaboration and team dynamics; problem solving;



Above:
Dr Bianca Stumbitz from our Business School during fieldwork in South Africa



Right:
'Move on Up' report

client management and engagement – delivered jointly by academics and MDXworks – as well as client updates.

We seek to ensure our long-term sustainability and enhance our global reputation by developing a diverse and sustainable student and market base and by building partnerships. More than half of the students receiving a Middlesex degree are not studying on our global campuses, rather at one of our partner institutions in the UK or abroad. Across Faculties, we engaged with 66 academic partners, validating over 300 programmes, and had more than 17,500 students registered to study with our academic partners towards a Middlesex degree in the UK and abroad. An example of our growth in academic partnerships in 2021/22 was the establishment of a new partnership with Activate Learning, a pioneering education group with a global reach comprising secondary, further and higher education; apprenticeships; and business training, who are committed to transforming lives through their approach to learning.

In our 17th year in the United Arab Emirates (UAE), we expanded into new markets, launched new programmes responding to industry demand, and enhanced our student experience. Our target of welcoming 5,000 students by 2025 is already within reach, while the Knowledge and Human Development Authority (KHDA) recognised Middlesex University Dubai as Dubai's largest UK university for total student enrolment. For the second consecutive year, KHDA awarded us with a high quality five-star rating in their 2022 Higher Education Classification, developed in partnership with QS™, giving Middlesex five stars across Internationalisation, Research, Facilities, Happiness and Wellbeing, and Inclusiveness.

STRATEGIC PRIORITY 3:

Constructing a learning organisation through a culture that is creative, inclusive, nurturing, agile and outcome-focused

Our culture and people are vital – it is both who we are, and how we are as a University, as colleagues, and as individuals who are growing and enjoying careers and studies, and who are dedicating their efforts to shaping a brighter, more inclusive and equitable world together. We aim to encourage and support a positive, inclusive and respectful environment within Middlesex which helps staff and students fulfil their potential. Over the course of this year, a lot of amazing work took place towards nurturing, strengthening and empowering our community, with a significant focus and commitment around supporting and embedding equality, diversity and inclusion meaningfully. We were awarded the Bronze Award in Stonewall's 2022 Workplace Equality Index, and ranked 103rd (out of 403 institutions) moving up 62 places since 2020 and coming 15th out of the 50 participating higher education institutions. Another recognition of our efforts was gaining the highest status, Disability Confident Leader (level 3), in the government's Disability Confident Scheme. The Scheme recognises organisations which play a leading role in changing attitudes for the better, changing behaviour and cultures in their own businesses, networks and communities, and reaping the benefits of inclusive recruitment practices.

Our Inclusive Curriculum Framework has been co-created and owned by a community of approximately 100 staff and 20 students from across our three global campuses who wrote it "bottom up". The Framework is providing real momentum in our endeavour of creating a more inclusive Middlesex culture and fairer societies more broadly. Our approach to co-developing this manifesto championed intersectionality as a means to achieving inclusivity. We recognise the interconnections between social categorizations such as race, class, and gender group, so we brought together specialists in race, disability, mental health and LGBTQIA+ and reflected on how the suggestions apply within and across. The University champions individual identity and lived experiences as being unique and dependent upon context, and our manifesto applies across all social categorisations.

In 2021/22 we also co-led with students and our Students' Union to facilitate an excellent experience for our students, one which is inspiring and fosters a sense of belonging. Between January and May 2022, a Development Group consisting of 20 academic and professional services staff regularly met with the Student Insight Group which comprises 14 students for a series of scoping workshops

where they explored the use of a proposed wider frame of reference to position student voice and engagement within our whole community approach.

When Middlesex adopted the Student Learning Assistants (SLAs) scheme in 2009, the goal was to support student progression, tackle non-continuation and enhance student satisfaction by connecting students to the wider University and help them navigate their time studying. The initial pool of 40 SLAs has grown to 320 in the last decade, with the initiative covering 136 modules across all Faculties. Uniquely in the UK, Middlesex pays our SLAs, while providing them with employability skills, and embedding their support within the curriculum rather than as an optional add-on. The highly valued scheme, which aims to support every student through at least one module in their studies, won a prestigious AdvanceHE Collaborative Award for Teaching Excellence (CATE) this year, which signifies excellence in teamwork and significant impact on learning and teaching.

The University also received national recognition for our research winning the 2022 Universities Association for Lifelong Learning (UALL) Research Award. The Award recognised the outstanding contribution of our research report 'Move on Up? Measuring the social mobility impact of apprenticeships' which was published in early 2022 and highlighted that apprenticeships help disadvantaged students gain professional jobs. The study also underlined how the IMD and POLAR methods, which are established methods for measuring the social mobility impact of degree apprenticeships and are used by OfS and the national policy discourse, are not reliable or valid measures of social mobility, and they are not designed for this purpose.

Find out more about Middlesex University's local, national, and global impact in our 2021/22 Annual Report, which will be published in 2023 on our website

PUBLIC BENEFIT

STATEMENT

At Middlesex, we create knowledge and put it into action to develop fairer, healthier, more prosperous and sustainable societies. Our vision is to transform outcomes for individuals, communities and organisations, and to empower people to change their lives. We work in partnership and bring people together to create solutions to complex problems, and this was an important year at Middlesex for advancing our mission across our three Strategy integrating themes. Here, we share a high-level summary of only some of the work that took place over 2021/22.



1. EQUITY AND IMPROVEMENTS IN HEALTH AND WELLBEING

We create new knowledge and put it into action to benefit society and the economy, while ensuring that the skills and experiences gained by our students translate into wider choices on employment, future careers and shaping their impact on the world. Our annual NHS Careers Fair, in collaboration with North Central London (NCL) Training hubs, returned in March 2022, amid a well-documented surge of applications for various health care education and training courses across the country after the COVID-19 pandemic. Middlesex's Education Liaison and Outreach team and NCL Training hubs – which provide collaborative learning and programmes in the region, bringing together NHS organisations, community, local authorities and education providers across Haringey, Camden, Islington, Barnet and Enfield – hosted the free event on-campus and online via live-stream. The Fair was attended by 238 students in person and online, an increase of 50% in attendance compared to last year's event. Attendees learned about the sector and career paths in the NHS from over 75 NHS healthcare professionals, as well as Middlesex healthcare academics and students from our Faculty of Health, Social Care and Education.

Following a four-day inspection in June 2022 by the Office for Standards in Education, Children's Services and Skills (Ofsted), Middlesex University apprenticeships received a 'good' rating in all five areas – overall effectiveness, quality of education, leadership and management, behaviour and attitudes, and personal development. Among other highlights, Ofsted identified that our apprenticeships enhance both employer productivity and apprentices' social mobility, and that much of our portfolio addresses national workforce deficits, particularly around nursing and policing.

Our Faculty of Science and Technology directly addressed the under-representation of people from Black, Asian and other ethnically diverse backgrounds in full-time Sport Performance Analysis (SPA) positions within professional sport through their pioneering SPA Scholarships. Worth approximately £100k and delivered in partnership with The English Institute of Sport, The Rugby Football Union, The England and Wales Cricket Board, The Lawn Tennis Association and The Football Association, the scholarships focussed on increasing students' employability through mentoring and on skills development relevant to addressing the changing landscape in sports analysis.



Above: NHS Careers Fair 2022.

Photo credit: John Griffith, Social Video

2. SUSTAINABILITY OF COMMUNITIES AND THE ENVIRONMENT

Locally, nationally, and around the world, our campuses support people to make their communities more sustainable and fairer, and to protect the environment. Middlesex University London is one of only three UK universities to be awarded the highest three-star Fairtrade University and College Award, and the 2022 Award audit gave us the maximum score in three criteria themes including Campaigning and Influencing, and Innovative Interventions. In July 2022 we maintained our EcoCampus Platinum/ISO 14001 certification, which we first achieved in 2018/19. Certification body NQA carried out an audit, which included interviews with our staff and contractors. Energy use has returned to just below pre-COVID levels and this reflects the return to campus of greater numbers of staff and students across the academic year. Associated Carbon Dioxide Emissions are slightly below pre-COVID levels, reflecting the ongoing improvement in emissions associated with grid electricity. Following the removal of COVID-safe measures, the University has renewed its focus on energy reduction in line with its Net Zero commitment.

The socio-economic impact of the COVID-19 pandemic, supply chain disruptions, and climate change are among today's great global challenges. In Dubai, our newly launched Souq Economics – Centre for Economics Research and Centre for Supply Chain Excellence explored these issues by hosting a joint symposium with presentations from researchers and practitioners, which attracted over

175 delegates from around the world including from the UAE, US, UK, India, Thailand, Malaysia and Australia. Our UAE campus also collaborated with Dubai Cares and Expo 2020 to host a speaker series offering free education to teachers and parents in line with the United Nations' Sustainable Development Goals (SDGs).

Our researchers in Mauritius continued to produce action-oriented research aimed at informing policy to improve outcomes for the environment, the public and specific stakeholders including small-scale farmers and coastal users. The strength of our London campus research aligned with the advancement of the UN SDGs also continued to increase. For instance, we secured three further grants from the British Council Newton Fund with the aim of developing further international collaborations with Vietnam and Indonesia, for projects running in 2022-2024. One of the projects, in Vietnam and the UK, which was devised in response to challenges in agricultural product supply during COVID-19, will adapt a highly automated vertical farm system to the urban context aimed at sustainability issues arising from food resilience needs. The project will bring together research, technical work, and education of young people on vertical farming.

3. INCLUSIVE SOCIO-ECONOMIC DEVELOPMENT AND ENRICHING LIVES THROUGH CULTURE

This year our Faculty of Arts and Creative Industries continued to build on our reputation for working with our local community to advance equality, diversity and inclusion through knowledge exchange. In partnership with Barnet Mencap, restorative justice provider Why me?, and Fixation Academy, as well as learning from focus groups with participants with autism and/or learning disabilities, BA Film students produced and delivered four short educational, campaign films which make the processes



Above: Filming of restorative justice film 'Mate Crime'



Above: Middlesex University Mauritius

of restorative justice more accessible to individuals with learning disabilities and/or autism. These films are being used by our partners as a tool for facilitating conversations with clients and referrals, ultimately contributing to tackling the rise in disability-related hate crime. Feedback showed that all students agreed that this was a unique learning experience, particularly for improving their understanding of learning disabilities and autism and for the opportunity to work with neurodivergent actors. Some students expressed feeling well equipped to continue working with actors with disabilities, as now they have a sense of being able to guide them in preparing for a role. We will be building on these community links to develop further work with these partners but also creating a model of best practice to develop further partnerships.

In March 2022, Middlesex Mauritius launched the Mauritius Arbitration Academy which provides skills training and networking events for current and recently graduated students, primarily from Middlesex but also from other institutions across the island, by bridging theory with practice between young arbitration practitioners in Mauritius and the national and international arbitration community.

In London, for the second year in a row, a Middlesex project was among the winners of Startup Accelerator Programme (CyberASAP), a one-year competition-based programme that funds innovative academic research projects on cyber security with the aim of identifying the most promising commercial opportunities. MLighter, our winning project, provides a solution to detecting security vulnerabilities in Machine Learning models and received funding to build a proof of concept (PoC). The PoC was presented to public and private sector investors and stakeholders in February 2022, with work continuing in this direction with a new proposal, Capable, for the cyber security innovation call by the Defence Science and Technology Laboratory.

Explore our 2021/22 UN SDG Report, which will be published in 2023 on our website, to find out more about our work to advance the UN SDGs

A SUSTAINABLE CAMPUS

| Total Energy Use (kWh) | 2019/20 | 2020/21 | 2021/22 |
|---------------------------------------|-------------------|-------------------|-------------------|
| Electricity from Grid | 8,026,574 | 8,027,001 | 9,126,995 |
| Electricity from Onsite Photovoltaics | 70,008 | 73,123 | 77,064 |
| Electricity from Onsite CHP Units | 479,999 | 364,092 | 294,186 |
| Natural Gas from Grid | 7,189,319 | 9,179,421 | 7,639,821 |
| Total Energy Use (kWh) | 15,765,900 | 17,643,637 | 17,138,066 |

Note: data includes supplier and Middlesex University data

| Electricity provision % | 2019/20 | 2020/21 | 2021/22 |
|---------------------------------------|---------|---------|---------|
| Electricity from Grid | 50.90% | 45.50% | 53.30% |
| Electricity from Onsite Photovoltaics | 0.40% | 0.40% | 0.40% |
| Electricity from Onsite CHP Units | 3.00% | 2.10% | 1.70% |
| Natural Gas from Grid | 45.60% | 52.00% | 44.60% |

| Carbon Emissions (TCO2e) | 2019/20 | 2020/21 | 2021/22 |
|--------------------------|----------|----------|----------|
| Total Scope 1 and 2 | 3,255.26 | 3,385.00 | 3,137.00 |
| Scope 1 | 62.00 | 0.00 | 0.00 |
| Scope 2 | 3,193.00 | 3,385.00 | 3,137.00 |

Note: DEFRA conversion factors are used to provide carbon emissions. Carbon associated with electricity generated from onsite CHP plants is reported under natural gas conversion factors to avoid double counting emissions.

BREAKDOWN OF ENERGY USED IN 2021/22



53.30% grid electricity



44.60% natural gas



0.40% solar



1.70% combined heat and power

TOTAL ENERGY USED 2021/22 17,138,066 KWH

| Emissions Intensity Ratio | 2019/20 | 2020/21 | 2021/22 |
|-------------------------------------|-----------|-----------|-----------|
| Net Internal Area (m ²) | 41,276.00 | 41,276.00 | 41,276.00 |
| FTE* Staff | 1,637.48 | 1,603.00 | 1,573.00 |
| FTE Students | 16,987.00 | 18,046.00 | 13,463.00 |
| Total FTE | 18,624.48 | 19,649.00 | 15,036.00 |

| Energy Intensity Ratio | 2019/20 | 2020/21 | 2021/22 |
|----------------------------------------|---------|---------|----------|
| kWh/m ² (Net Internal Area) | 382.00 | 427.46 | 415.21 |
| kWh/FTE (Staff and Students) | 846.50 | 897.94 | 1,139.80 |

| Emissions Intensity Ratio | 2019/20 | 2020/21 | 2021/22 |
|-------------------------------------|-----------|-----------|-----------|
| Net Internal Area (m ²) | 38,631.00 | 38,631.00 | 38,631.00 |

| Carbon Intensity Ratio (Scope 1 and 2) | 2019/20 | 2020/21 | 2021/22 |
|------------------------------------------|---------|---------|---------|
| TCO2e/m ² (Net Internal Area) | 0.079 | 0.082 | 0.076 |
| TCO2e/FTE (Staff and Students) | 0.175 | 0.172 | 0.208 |

* Full-time Equivalent (FTE) at 1 April 2022



3,137.00 TONNES OF CARBON (TCO2) emitted in 2021/22

CARBON DIOXIDE EMISSIONS REMAINED BELOW PRE-COVID LEVELS in 2018/19

415.21 KWH PER m² in 2021/22



1,139.80 KWH PER PERSON in 2021/22

FINANCIAL REVIEW

FOR THE YEAR ENDED 31 JULY 2022

RESULTS FOR THE YEAR AND OUTLOOK

2021/22 has been a challenging year for the University, as the delayed impact of COVID-19 affected student retention, while student recruitment, particularly of home students, was down on the previous year.

2021/22 saw Middlesex University record a deficit of £23.1m. This includes the Local Government Pension Scheme (LGPS) service cost and interest charge of £12.2m. The deficit for the year before pension cost adjustments is £10.9m.

In 2020/21 the University had budgeted for a significant reduction in the number of Undergraduate (UG) students continuing their studies. In actuality, this impact was not felt in that year and has instead impacted on the retention rate in 2021/22. A range of factors, including disruption to our teaching and assessment methods during the pandemic and a buoyant post-pandemic labour market, have impacted on progression rates. Recruitment of new students was also below target, reflecting increased competition in the home

market allied to changes in the way A-levels were assessed and the continuing impact of COVID-19 on the international market. These decreases meant that the sharp fall in European Union (EU) recruitment following Brexit, which had been predicted, was not offset. In response, ongoing control of costs, including staff recruitment, meant that we were able to make savings against planned expenditure.

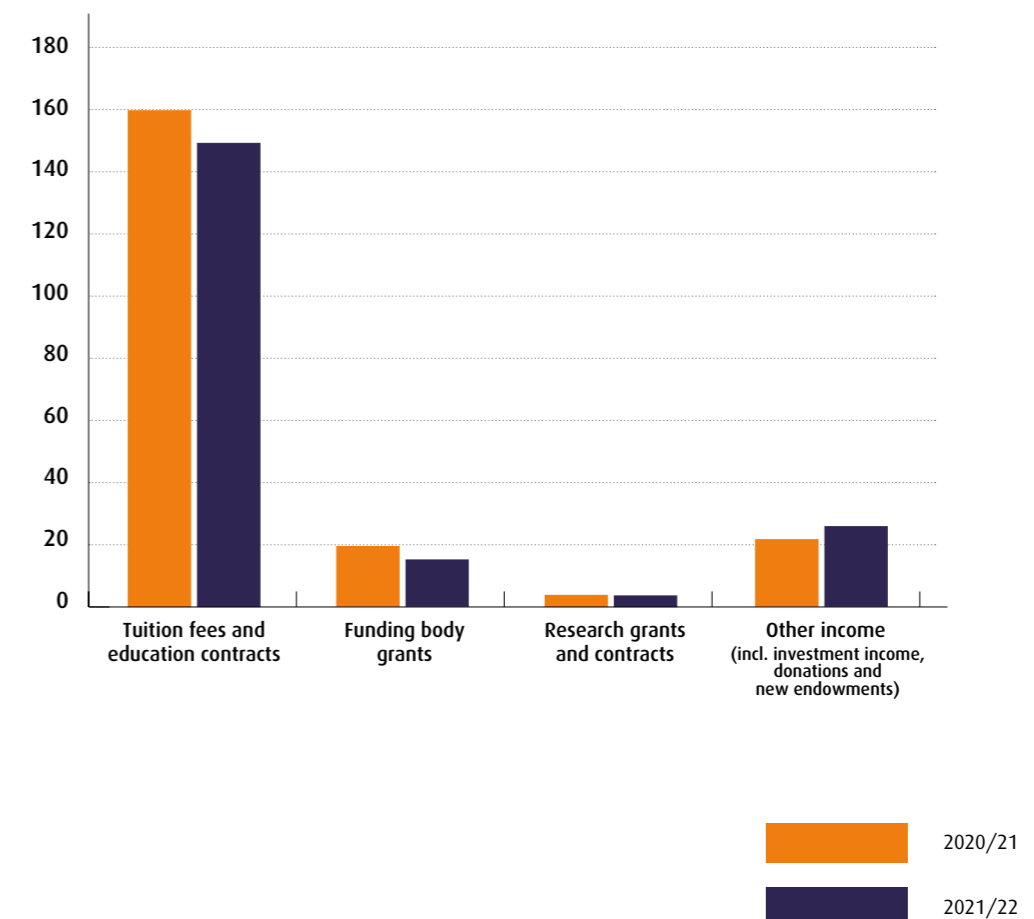
Looking forward, we are forecasting a smaller deficit for 2022/23. This reflects retention rates gradually improving towards pre-pandemic levels, along with improved recruitment particularly of International students. We are also looking at strategically growing other streams of income including from Apprenticeships, Academic Partnerships and Continuing Professional Development (CPD), although the benefit will mainly be felt from 2023/24 onwards, when we are forecasting a return to surpluses. This is allied to an ongoing programme looking at our cost structure and identifying where savings can be permanently made to the cost base.

| | Consolidated Year ended 31 July 2022 | Consolidated Year ended 31 July 2021 |
|-----------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| | £m | £m |
| Results for the year | | |
| Income | 192.1 | 205.8 |
| Expenditure | (215.2) | (208.6) |
| Tax costs | - | (0.1) |
| Deficit for the year | (23.1) | (3.0) |
| | | |
| LGPS pension service cost and Interest charge | 12.2 | 9.8 |
| (Deficit)/surplus before pension costs and charges | 10.9 | 6.8 |

INCOME

Total income in 2021/22 was £192.1m, a decrease of £13.6m against the prior year. This is largely due to a below-target recruitment round for home students and a drop in retention rates linked to the delayed impact of the COVID-19 pandemic and the post-recovery economic outlook.

Income by source £m



FINANCIAL REVIEW

FOR YEAR ENDED 31 JULY 2022 (continued)

Tuition Fees and Education Contracts accounted for 75.4% of the Group's total income. Of this, 60.8% related to fees from UK and EU full-time students (this compares with 66.2% in 2020/21; the decrease is linked to the decline in EU student recruitment). We were below our target for UK and EU Undergraduate recruitment, and the fall in retention had a significant impact with the University being 600 full-time equivalent (FTE) students below target. UK and EU Postgraduate (PG) income was £7.6m, a fall of £1.9m compared with the prior year. Income from full-time international students maintained the high level seen in 2020/21; retention and UG recruitment below target were also an issue with this cohort, though they were partially offset by strong PG recruitment. Income from CPD and short courses has increased by £1.2m from 2020/21 reflecting both a return to pre-COVID-19 levels of activity and indicating the University's continued drive to increase its provision in this area, while Apprenticeships is now a well-established part of our academic offering.

Funding Body Grants for the year were £16.1m (8.4% of total income). This represents a decrease of £3.2m on the previous year. The main Recurrent Teaching Grant has reduced by £2.9m, with the largest impact being the decision by the government to discontinue the London Weighting element of the Grant (this was £2.2m in 2020/21). Against this, funding for Research and Higher Education Innovation Funding (HEIF) increased by 6.0% to £7.4m. The reduction in other grants reflects the one-off nature of the £1.2m received in 2020/21 to combat student hardship caused by the COVID-19 pandemic. In 2021/22 we secured £2.0m of capital funding via the Office for Students' (OfS) new bidding process for development of the new West Stand at the StoneX Stadium to increase our existing teaching space in Nursing and Sports Science subjects.

Research Grant income was £4.2m (2.2% of total income), a decrease of £0.7m compared with the previous year. The difference is primarily due to reduction in activity in our MU Ventures Limited subsidiary which includes the income from a new grant commencing in 2020/21, funded by NHS Test and Trace, which involves analysing wastewater for traces of COVID-19. Underlying activity in the University was at a similar level to 2020/21.

Other Operating Income (including investment income and new endowments) totalled £26.9m and represented 14.0% of total income, an increase of £5.1m compared with the prior year. Accommodation income has increased by £3.1m to £7.2m reflecting increased demand following the COVID-19 pandemic, although halls of residence were

not at full capacity. Academic Partnerships income reduced by £1.5m with the most significant movement being the loss of one of our large Overseas Validation partnerships to another provider. Our overseas campuses in Mauritius and Dubai continue to perform strongly.

OPERATING EXPENDITURE

Expenditure in the year, including LGPS pension service costs and interest charge, totalled £215.2m, a 3.1% increase from the prior year.

Staff costs (excluding restructuring costs) increased against the previous year by £3.4m (2.8%) to £125.2m. These costs represented 58.2% of total expenditure. The LGPS service cost has increased by £2.0m; if these costs are excluded, there would have been an overall £1.4m increase in staff costs, largely reflecting the impact of pay inflation.

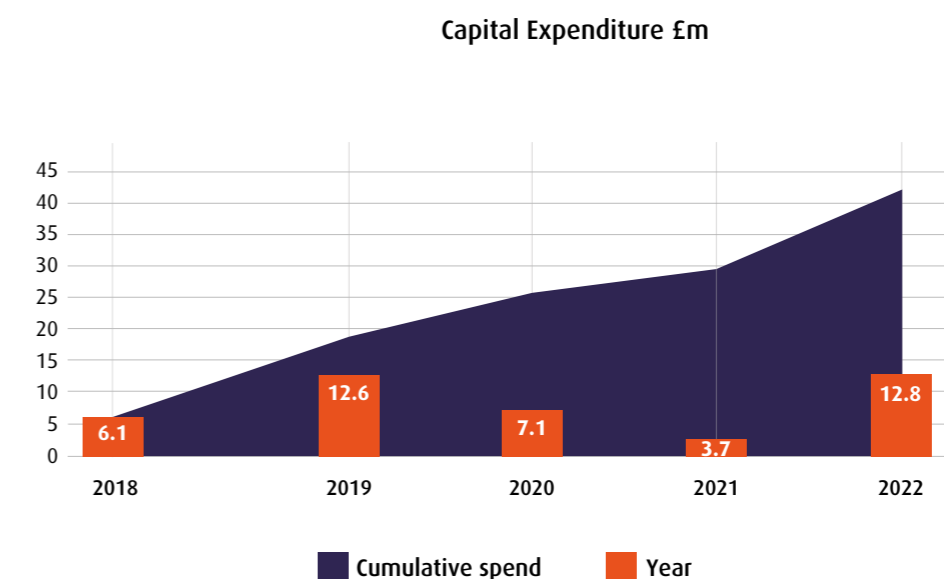
Spend on other operating expenses increased by £1.5m to £68.5m compared with the previous year, and represents 31.8% of total expenditure. At University-only level the increase is £4.2m and reflects both a reversal of the impact of the lockdowns during the COVID-19 pandemic and the ongoing inflationary pressure on our cost base. In particular the increase of £2.0m in catering, accommodation and partner costs reflect increased student numbers in our halls of residence, higher security costs due to the return to campus of higher numbers of students, staff and visitors, and increased catering for events such as Graduation, which were postponed in 2020/21. The increase of £1.5m in IT expenditure and maintenance from 2020/21 reflects increased software costs to meet new blended learning requirements along with expenditure incurred to meet Cyber Essentials requirements.

Depreciation was £14.4m, an increase of £1.2m against the prior year. Of the 2021/22 figure, £2.1m relates to fixed asset impairments arising from ongoing campus restructuring. Overall, depreciation made up 6.7% of total expenditure in 2021/22, reflecting the significant investment the University has made over the last few years in our infrastructure at the London campus.

Interest and other finance costs have increased by £0.3m against last year to £6.6m. Increases in exchange differences and the interest charge in the LGPS deficit totalling £0.5m offset the reduction in the ongoing interest expense as we continue to pay down the bank loans utilised to fund the London campus estate infrastructure developments.

CAPITAL INVESTMENT

Over the last five years the University has spent £42.3m on capital investment, as detailed in the chart below:



In 2021/22 we significantly increased our capital expenditure following the decision in 2020/21 to pause a number of projects in order to preserve our cash and liquidity levels. The majority of expenditure was on the completion of teaching space within the new West Stand of the StoneX

stadium, which significantly increases our existing teaching space for Sports Science and Nursing subjects, and opened for the 2022/23 academic year.

FINANCIAL REVIEW

FOR YEAR ENDED 31 JULY 2022 (continued)

NET ASSETS

At 31 July 2021, total net assets were £166.5m, an increase of £126.3m from the previous year's figure of £40.2m. £136.6m of the movement reflects a decrease in the obligation to fund the deficit in the LGPS pension following the 31 July 2022 actuarial valuation of the Pension Scheme, largely as a result of increases in interest rates in the bond markets. The LGPS is completely independent of the Group, which has no control over its policies or decisions (note 31).

The reduction in creditors: amounts due after more than a year, of £5.6m on 2021/22 reflects further reductions in long-term bank loan and finance lease debt. This is partially offset by a decrease in net current assets of £14.4m largely reflecting a reduction in the cash balance. The latter is still maintained at a high level: as at 31 July 2022 cash and current investment balances represented net liquidity of 160 days to meet ongoing short-term obligations.

CASH FLOWS, FINANCING AND TREASURY MANAGEMENT

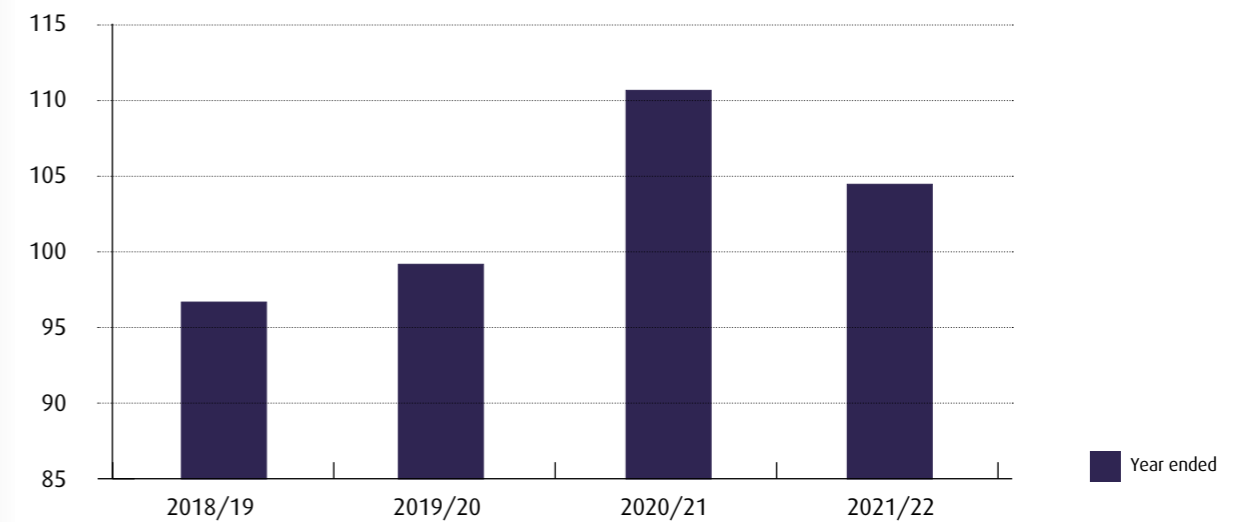
During the year the University generated a net positive cash inflow of £12.6m from its operating activities before external financing costs and investments. Following last year when we conserved our cash due to uncertainties caused by COVID-19, this year we invested a further £12.8m in capital, serviced repayments on bank loans and interest costs of £7.9m, and we set aside £10.1m in current investments, leaving a net cash decrease for the year of £16.6m.

Total Group cash in hand (including cash equivalents, note 24) and current investments (note 19) decreased by £6.2m at the end of the financial year to £104.5m. Cash equivalents are short-term deposits held with Lloyds Bank on fixed short-term (with a maturity date of three months or less at the date of deposit) and AAA credit rated cash investment funds managed by Royal London Asset Management. Current investments include both deposits held with Lloyds Bank with an overall term of more than three months to maturity (£12.5m in 2021/22), and an investment portfolio comprising funds held in a range of asset classes, as adopted by the Board of Governors in March 2021.



CASH FLOWS, FINANCING AND TREASURY MANAGEMENT (continued)

Cash and Current Investments Balance £m



Cash in hand and short-term deposit levels fluctuate throughout the year due to the timing of tuition fee and other receipts, operating and capital investment expenditures. These cash in hand levels are in line with our target to maintain a minimum working capital cash level at two months of expenditure. We have continued with measures to preserve our liquidity levels, including

the embedding of cost savings and maintained careful budgetary management. In addition, the University has a Revolving Credit Facility of £25.0m with our bankers to ensure we have ready access to funds should we need them. The Facility is initially available until October 2023 and is subject to extension options.

FINANCIAL REVIEW

FOR YEAR ENDED 31 JULY 2022 (continued)

FINANCIAL RISKS

The University is exposed to a number of financial risks as a result of several external factors including changes in government policy and legislation, competition for student recruitment, and the increasing threat posed by cyber-attacks.

Actions are being taken to mitigate those risks that threaten the achievement of the University's strategic objectives. The University has a well-established set of procedures to assess and manage risks at both institutional and departmental level which includes the Institutional Risk Register. Further details on the key institutional risks and mitigations are available on pages 31 to 32.

The key financial risks which could directly threaten financial sustainability and performance are outlined below:

— Engagement – National Education policy

Higher Education remains on the government's agenda, and policy continues to change and evolve with uncertainty exacerbated by recent government instability. The University had to respond rapidly to a number of policies and initiatives designed to mitigate the impact of COVID-19 and we are trying to understand and navigate the longer-term impacts of these. We still await the response to the 2019 Post-18 Education Review (the Augar Review), which could impact on the level of fees we can charge and the number of students we can recruit. The government's Skills and Post-16 Education Bill is also likely to have a knock-on impact on universities.

The University will continue to plan for a variety of scenarios and to proactively influence government and other stakeholders' policies. Our Strategy seeks to mitigate for the uncertainty by looking to further diversify our income streams and ensuring we are pro-active in managing our cost base.

— Growth and Diversification – Student Recruitment and Retention

Tuition fees are a substantial proportion of the University's total income, being dependant on both new student recruitment and retention of existing students to ensure income is in line with forecast. Although the number of UK 18-year-olds is now increasing after a period of decline, the recruiting environment is more competitive than ever and a strong labour market increases the attractiveness of work relative to study. Following our exit from the European Union and the consequent removal of access to student loans for EU students the number of EU-domiciled students has dropped significantly. The University is looking to mitigate this by increasing international student recruitment from outside the EU whilst ensuring compliance with visa rules.

Detailed reviews of our course portfolio have been undertaken in some areas to ensure that we continue to provide innovative, flexible and highly accessible practice-led education with excellent student outcomes in subjects that are in demand. The University is also launching a project to look at student retention in more depth following a drop in 2021/22's retention rates. A project to facilitate driving up our CPD income is also underway as is a transformation of our web presence.

— Infrastructure – Overall Financial Sustainability

In the current economic climate, costs, including energy, are rising at a higher rate than income, with the level of the regulated tuition fee paid by most UK undergraduates remaining frozen.

The University has effective cost control measures in place as part of its management of operations to mitigate rising costs. Recent actions have included participation in sector cost benchmarking and actual

and planned reductions in building space used. Reviews are underway to assess the potential to control our energy usage and look at how we can use increased interest rates to restructure our debt portfolio in a cost-effective way.

— Infrastructure – Cybersecurity

Technology has become a bigger part of our daily and business lives and has a significant impact on the way we communicate, work, learn and live. Middlesex will continue to invest in new technologies and its network infrastructure to enhance the learning experience for students and to improve the way we work. The University provides support to those in need of help with access to its systems, for example supplying students with laptops on loan and Wi-Fi dongles.

With ever growing reliance on technology comes greater risk as IT systems, applications and software become ever more vital. The move to more blended forms of working and learning means students and staff are increasingly reliant on remote access to University systems and networks. A major disruption to these could have a significant impact on student experience and staff working.

This means we are more exposed to cyber-attacks, but the risk cannot be entirely eliminated and we continue to see universities being targeted. We have robust cyber security systems and plans to mitigate those risks. Chief among these is achieving government Cyber Essentials accreditation, of which we are in the final stages, with recent actions including improved monitoring and control over devices accessing our systems and removal of dependencies on old and potentially more insecure third-party software.

GOING CONCERN

The University's business activities and future activities are set out in overview on pages 6 to 13. A separate, more comprehensive University Annual Report will be published on our website in early 2023.

The forecast for 2022/23 indicates a scenario where the University may breach current loan covenants. The University has entered constructive dialogue with its lenders to restate any covenants in order to avoid any such breach. In the current forecasts, cash balances exceed the value of the outstanding loans.

See also accounting policies notes on page 47.

After reviewing the latest available information at its meeting on 21 November 2022 and having considered the various scenarios, based on the information known to the date of approval of this report and noting the available cash balances, the Board of Governors recognise that whilst there is uncertainty, these matters do not constitute a material uncertainty and consider that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, the University continues to adopt the going concern basis in preparing the Financial Statements.



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT

The University is committed to exhibiting best practice in all aspects of corporate governance. It aims to conduct its business in a responsible and transparent way, and in accordance with:

- The principles identified by the Committee on Standards in Public Life, the Nolan Principles (selflessness, integrity, objectivity, accountability, openness, honesty and leadership)
- The University's governing documents, the Instrument and Articles of Government
- The requirements of the Higher Education (HE) regulator, the Office for Students (OfS)
- The Committee of University Chairs (CUC) Higher Education Code of Governance and other relevant guidance
- Charity Commission Guidance.

This Corporate Governance statement covers the period for the year ended 31 July 2022 and up to the date of approval of the annual accounts.

CONSTITUTION AND CHARITABLE STATUS

Middlesex University is a Higher Education corporation established under the provisions of the Education Reform Act 1988. The University is also an exempt charity under schedule 3 of the Charities Act 2011, with the OfS acting as its principal regulator.

The Education Reform Act 1988 lays down the powers of the University as being the provision of education and research together with associated activities, and these represent the charitable objects of the University.

The charitable purpose of the University is the advancement of education for the public benefit. The Governors have regard to the Charity Commission's guidance on public interest. Our activities for public interest are outlined on pages 6 to 13. A separate, more comprehensive University Annual Report will be published on the University's website in early 2023.

Members of the University's Board of Governors (the Board) are the Charity Trustees and are responsible for ensuring compliance with charity legislation. The University's Trustees/Governors have regard to and comply with the Charity Commission's general and supplementary guidance on the public benefit in exercising their powers and duties.

APPROACH TO CORPORATE GOVERNANCE

The University's framework of governance is established in the Instrument and Articles of Government. In order to operate more transparently and efficiently, the Board adopted revised Instrument and Articles of Government, from August 2021. The Instrument and Articles of Government are supplemented by a set of internal Regulations that lay out internal rules and procedures for certain decisions. These Regulations are subject to regular review and updating.

In June 2022 the Board agreed to enhanced responsibilities for its standing Committees terms of reference following consideration by the Governance, Nominations and People Committee to relieve the Board of the need to scrutinise lengthy reports in order to concentrate more detailed discussion on strategy implementation.

BOARD OF GOVERNORS

The Trustees of the exempt charity, Middlesex University, are the members of its Board of Governors. The membership of the Board of Governors is set out on page 24. It is the Board's responsibility to bring independent judgement to bear on issues of strategy, risk, performance, resources and standards of conduct.

The Board has a duty to enable Middlesex University to develop its Vision and Strategy and achieve success in meeting its objectives for education, research and enterprise. In doing this, it seeks at all times to safeguard the good name and values of the institution.

The Board has formal decision-making responsibility in a number of key areas, including the approval of the University's Strategy (last approved in June 2021) and other major strategic policies which sit underneath this or for which it has a legal responsibility to oversee. Other major tasks crucial to the success and sustainability of the University are the appointment and performance management of the Vice-Chancellor, the appointment of other senior post holders, adoption of its annual Financial Statements, budgets, financial forecasts and the appointment of the University's internal and external auditors.

The Board's regulatory and stewardship responsibilities centre on its role as Middlesex University's ultimate legal authority and for safeguarding the University's assets and its financial sustainability, and receiving assurance that its systems comply with the University's legal and regulatory obligations, including as an exempt charity, and of the OfS.

The Board of Governors comprises a majority of members from outside the University, from whom the Chair and Deputy Chair position are drawn, together with the Vice-Chancellor and members of the staff and student bodies.

In meeting the OfS requirements, the University has demonstrated that it meets the public interest governance principles. The Board delegates a number of its responsibilities in several ways:

- ensuring that the Vice-Chancellor effectively leads the academic and executive management of the University. The University Executive Team (UET) is the University's senior leadership team, comprising individuals with academic and professional support portfolios. The role of the UET is to advise the Vice-Chancellor who is responsible for strategic and operational management
- delegating to its Committees: The Board has a number of standing Committees with responsibility for Finance and Infrastructure; Audit and Risk; Governance, Nominations and People; and Remuneration. The Academic Board, chaired by the Vice-Chancellor, makes reports to the Board of Governors.

These Committees are chaired by, and their membership made up primarily from, the independent members of the Board.

These Committees meet regularly and have clearly defined, delegated responsibilities. All of the Board's Committees regularly report to the Board, making recommendations as appropriate. In addition, the Audit and Risk Committee produces an annual report for the Board of Governors.

Students and staff are represented on the Board of Governors. Members of the UET attend all Board meetings, and Committee meetings as required.

The University is committed to the principles of academic freedom and equality of opportunity. The University also has a Code of Practice on Freedom of Speech to help ensure that freedom of speech within the law is secured. The Board has agreed a Policy on Public Interest Disclosure, which is published on the University's website.

The University maintains a register of interest of members of the Board and senior officers which is available for inspection on request to the Clerk to the Board of Governors.

MEMBERSHIP OF THE BOARD OF GOVERNORS

In March 2022 Ms Proudler resigned as Chair of the Board of Governors. During her tenure, she provided outstanding leadership and helped to guide the Board and UET during a time of significant change and challenge. She was instrumental in forming and setting the direction for the future of the University, most recently in the development and implementation of the University's Strategy 2031.

Ms Proudler played a pivotal role in connecting the Board with staff and students across the whole University community. She has championed the interests of the student body, encouraging students from all backgrounds, and has been a strong and consistent advocate for equality and social justice throughout the organisation.

MS GERALDINE PROUDLER, (Chair), Independent Governor appointed 14 March 2014. Demitted office on 14 March 2022

MS MARIANNE NEVILLE-ROLFE, Independent Governor appointed 14 March 2014. Appointed interim Chair on 17 March 2022

MR MARTIN TAYLOR, (Deputy Chair), Independent Governor appointed 8 July 2013. (Extension until July 2023 granted)

PROFESSOR LIZ BARNES, Independent Governor appointed 17 January 2022

PROFESSOR NIC BEECH, Vice-Chancellor appointed 3 February 2020

MR SIMON DARLING, Independent Governor appointed 1 July 2019

MS ELITA ELIADES, Staff Governor appointed 27 November 2017. Demitted office on 12 September 2022

MR CHRIS FENTON, Independent Governor appointed 10 March 2017

MR DAVID GILANI, Staff Governor appointed 21 November 2022

MS LAURA GUITTARD, Independent Governor appointed 21 September 2022

TWINKLE GUPTA, Student Governor appointed 1 July 2021. Demitted office on 30 June 2022

MR SAGAR JOSHI, Student Governor appointed 1 July 2022

Following Ms Proudler's resignation the Board approved the appointment of Ms Marianne Neville-Rolfe as Interim Chair. Ms Neville-Rolfe possesses a strong background in higher education governance, having previously been Chair of the Board of Governors at the University of Bolton.

The process to appoint the permanent Chair of the Board of Governors is currently underway.

The Board membership in the period up to the approval of the Financial Statements is as follows:

MS ANNE KIEM, Independent Governor appointed 21 November 2022

MR MARK LEACH, Independent Governor appointed 1 July 2019

MR MATT LEWIS, Independent Governor appointed 10 March 2017

MS LILI LONG, Independent Governor appointed 21 November 2022

MS NAJIHA MALIK, Student Governor appointed 1 July 2022

MR PAUL PUGH, Independent Governor appointed 10 March 2017. Demitted office on 26 October 2022

NISHTHA RELAN, Student Governor appointed 1 July 2021. Demitted office on 30 June 2022

MR ASIF SADIQ, Independent Governor appointed 20 September 2021. Demitted office on 9 August 2022

DR MONA SAKR, Staff Governor appointed 23 September 2019

MR ANDY WILSON, Independent Governor appointed 23 September 2019. Demitted office on 27 June 2022.

MR HOMIYAR WYKES, Independent Governor appointed 13 October 2022

STANDING COMMITTEES OF THE BOARD

AUDIT AND RISK COMMITTEE

The role of the Audit and Risk Committee is to advise and assist the Board of Governors in respect of the assurance and control environment of the University. The Committee meets with the University's external and internal auditors in attendance. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of assurance and 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 OfS 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. The Committee meets annually with 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 auditors undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit and Risk Committee also advises the Board on the appointment of internal and external auditors and the remuneration for both audit and non-audit work. PwC were the University's internal auditors and BDO the external auditors for 2021/22.

Ms Neville-Rolfe became the interim Chair of the Board in March 2022 and immediately stepped down as Chair of the Audit and Risk Committee. Mr Lewis became Chair of the Committee from March 2022

Attendance at Audit and Risk Committee meetings was as follows:

| Name | 13 September 2021 | 15 November 2021 | 7 March 2022 | 20 June 2022 |
|-------------------------------|-------------------|------------------|--------------|--------------|
| MARK LEACH | present | apologies | apologies | apologies |
| MATT LEWIS | present | present | present | present |
| MARIANNE NEVILLE-ROLFE | present | present | present | N/A |
| PAUL PUGH | present | present | present | present |
| MONA SAKR | N/A | N/A | N/A | present |

FINANCE AND INFRASTRUCTURE COMMITTEE

The Finance and Infrastructure Committee's role is to:

- Oversee the development and implementation of the financial objectives of the University Strategy including financial sustainability, performance and compliance
- Oversee the implementation of the estates and digital infrastructure objectives of the University Strategy including financial sustainability, performance and compliance
- Provide the Board with assurance on the delivery of key financial and infrastructure elements of the University Strategy

- Provide the Board with assurance that the University is operating in line with its annual financial plan objectives and, where not, satisfy itself that appropriate action is being taken by the UET
- Oversee compliance with any specific financial requirements set out by the OfS.

Attendance at Finance and Infrastructure Committee meetings was as follows:

| Name | 11 October 2021 | 8 November 2021 | 25 January 2022 | 28 February 2022 | 29 March 2022 | 13 June 2022 |
|----------------------|-----------------|-----------------|-----------------|------------------|---------------|--------------|
| SIMON DARLING | present | present | present | present | present | present |
| CHRIS FENTON | present | present | present | present | present | present |
| MARTIN TAYLOR | present | present | present | present | present | present |
| ANDY WILSON | apologies | present | present | present | present | present |

GOVERNANCE, NOMINATIONS AND PEOPLE COMMITTEE

The Governance, Nominations and People Committee's role is to oversee the appointment of the Governors, the chairing and membership of Committees, the effectiveness of the University's governance arrangements, and the effectiveness of the University's people strategies, and to make recommendations to the Board or act with delegated decision-making powers from the Board.

Activity to support the University's equality, diversity and inclusion objectives is reported to Governors through regular updates at both Governance, Nominations and People Committee and the Board of Governors.

Attendance at Governance, Nominations and People Committee meetings was as follows:

GOVERNANCE, NOMINATIONS AND PEOPLE COMMITTEE (continued)

| Name | 18 October 2021 | 24 January 2022 | 21 February 2022 | 7 March 2022 | 10 March 2022 | 29 March 2022 | 25 April 2022 | 6 June 2022 | 12 July 2022 |
|-------------------------------|-----------------|-----------------|------------------|--------------|---------------|---------------|---------------|-------------|--------------|
| NIC BEECH | present | present | present | present | present | present | apologies | present | present |
| MATT LEWIS | present | present | present | present | apologies | present | apologies | present | present |
| MARIANNE NEVILLE-ROLFE | present | present | present | present | present | present | present | present | present |
| GERALDINE PROUDLER | present | present | present | present | N/A | N/A | N/A | N/A | N/A |
| MARTIN TAYLOR | present | present | present | present | present | present | present | present | present |

During 2021/22 the Committee reviewed its membership and engaged an executive recruitment agency to support the appointment of a Chair and new Governors to the Board.

REMUNERATION COMMITTEE

Responsibilities of the Remuneration Committee

The Remuneration Committee is responsible for agreeing the pay and conditions for the Vice-Chancellor, and other members of the UET. The UET comprises:

- Vice-Chancellor
- Deputy Chief Executive Officer
- Deputy Vice-Chancellor, Provost
- Deputy Vice-Chancellor for Global Innovation and Impact
- Chief Officer for People and Culture (change in postholder from June 2022)
- Chief Officer for Students and University Registrar (up to 12 August 2022).

Membership of the Remuneration Committee

During 2021/22, the membership of the Remuneration Committee included:

- Liz Barnes (from January 2022)
- Matt Lewis (Chair)
- Marianne Neville-Rolfe (from March 2022)
- Geraldine Proudler (up to March 2022)
- Paul Pugh (up to 26 October 2022).

All appointments to the Committee are approved by the Governance, Nominations and People Committee.

The Remuneration Committee is chaired by an Independent Governor other than the Chair of the Board, which means that the person with responsibility for appraising the performance of the Vice-Chancellor does not also chair the Committee. The Vice-Chancellor is not a member of the Committee.

Operation of the Remuneration Committee during 2021/22

The University complies with the CUC Higher Education Senior Staff Remuneration Code and operates in accordance with best practice as recommended in the Higher Education Code of Governance and other relevant guidance, focussing on a fair, appropriate and justifiable level of remuneration, procedural fairness, and transparency and accountability.

The governance arrangements and the processes that underpin the determination of Vice-Chancellor and senior staff pay are kept under review to ensure that the Committee operates in line with best practice.

REMUNERATION COMMITTEE

(continued)

Frequency of Remuneration Committee Meetings

The Remuneration Committee usually meets once per financial year. During 2021/22 it met twice.

Attendance at meetings during 2021/22 was as follows:

| Name | 4 November 2021 | 27 June 2022 |
|------------------------|-----------------|--------------|
| Liz Barnes | N/A | present |
| Matt Lewis | present | present |
| Marianne Neville-Rolfe | N/A | present |
| Geraldine Proudler | present | N/A |
| Paul Pugh | present | present |

The Chief Officer for People and Culture attends meetings by invitation of the Committee to provide specialist knowledge and support but is not present for any consideration of their own remuneration.

Approach to Remuneration

The Committee applies a strong, evidence-based ethos to its discussions. The Committee works within the parameters of the Remuneration Policy, which is determined by the Board and which is intended to:

- Support and guide the Remuneration Committee in exercising its accountability for senior pay in a responsible and equitable way, meeting the requirements of the CUC Senior Staff Remuneration Code 2018
- Ensure that individuals are paid fairly in a way that reflects relative accountabilities, job size and performance. The Policy aims to support the University's Equality, Diversity and Inclusion objectives, including those related to Equal Pay
- Offer rates of pay that enable the University to secure, retain and engage high calibre and high performing leaders with the skills, knowledge, experience and attributes required to deliver University Strategy
- Ensure that remuneration is proportionate to wider pay rates within the sector, whilst taking into account the need to demonstrate responsible investment of public monies
- Ensure that the University's reward arrangements underpin the delivery of the University Strategy 2031 and reflect senior managers' individual and collective performance with line of sight between UET objectives and that Strategy.

The University participates in two national salary surveys that relate to senior post holders: the UCEA annual survey and the Committee of University Chairs annual survey. The 2021 UCEA survey covered the salaries of over 31,000 senior staff across 152 institutions; further information from the CUC annual survey is provided to Middlesex on the remuneration package of Vice-Chancellors from a smaller comparator group of ten universities.

Approach to Vice-Chancellor's Remuneration

The policy is that the Vice-Chancellor has an annual Performance Development Review meeting with the Chair of the Board of Governors to review performance against objectives and to discuss objectives for the next academic year. The current Vice-Chancellor, Professor Nic Beech, took up post on 3 February 2020. The Vice-Chancellor's performance against agreed objectives is then assessed by the Chair of the Board and considered by the Remuneration Committee. Regular meetings took place during 2021/22 between the former Chair of the Board, the interim Chair of the Board and the Vice-Chancellor with a final assessment review at the end of the year.

The Vice-Chancellor's salary reflects the following:

- Market rate by size and complexity of institution, including total income
- Market rate by geographic region
- The scale and complexity of the job
- Comparisons with benchmarks
- Performance as measured against robust objectives set by the Chair of the Board of Governors.

Approach to University Executive Team remuneration

The policy is that members of the UET have an annual Performance Development Review meeting with the Vice-Chancellor to review performance against objectives and to agree objectives for the next academic year. Regular meetings took place during 2021/22 between members of UET and the Vice-Chancellor with a final assessment review at the end of the year.

Objectives for the 2022/23 year are being agreed and the 2022/23 salary review will be dependent on the achievement of those objectives.



The Committee normally reviews and agrees the remuneration for each member of UET based on information provided by the Chief Officer for People and Culture following an appraisal process and within the parameters of the Remuneration Policy (last reviewed in March 2021). In reaching its decisions on remuneration packages for individual Executive members of staff the Committee considers:

- Performance against objectives
- Sustained performance over time
- External benchmarks and comparators
- Affordability.

External Remunerated Appointments

The Vice-Chancellor and senior staff contracts include a requirement for exclusivity of service which means that staff are not permitted to take on work with or for any organisation other than the University without permission. The Vice-Chancellor does not receive income from any external bodies.

Expenses

All expenditure for and by the Vice-Chancellor is wholly and exclusively for approved University business with the aim of enhancing the outcomes for students and staff.

ACADEMIC BOARD

Academic Board is the academic authority of the University as delegated by the Board of Governors. The Board is chaired by the Vice-Chancellor and comprises 30 senior academic and professional services colleagues alongside representatives from the Students' Union (MDXSU). Academic Board is responsible for the academic standards of the University and the regulation of academic matters. Reports, minutes and key points from its meetings are presented at Board of Governors meetings.

Academic Board holds quarterly meetings annually, discharging its responsibility for general issues relating to the research, scholarship, teaching and learning at Middlesex. The Board also considers the development of the University's academic activities and the resources needed to support them, supporting the Vice-Chancellor and, through him, the Board of Governors. Throughout the development of the new Strategy there was Governor representation on a joint steering group linking with Academic Board.

ACADEMIC BOARD MEMBERS

PROFESSOR NIC BEECH (Chair),
Vice-Chancellor

PROFESSOR FATIMA ANNAN-DIAB,
Academic Dean [Faculty of Business and Law (BSL)]

PROFESSOR KURT BARLING,
Professor in Journalism (Practice), (elect)

PROFESSOR BALBIR BARN,
Academic Dean [Faculty of Science and Technology (SAT)]

PHIL BERRY,
Director of Academic Quality Service

SOPHIE BOWEN,
Chief Officer for Students and University Registrar

ANASTASIA CALIN,
Vice-President of MDXSU (SAT)

DR JAMES MARTIN CHARLTON,
Lead representative, Head of Department [Faculty of Arts and Creative Industries (ACI)] – until 26 April 2022

PROFESSOR CARMEL CLANCY,
Academic Dean [Faculty of Health, Social Care and Education (HSCE)]

DR CEDWYN FERNANDES,
Campus Director (Dubai)

TWINKLE GUPTA,
President of MDXSU

PROFESSOR KENE IGWEONU,
Academic Dean (ACI) – replaced by Dr James Martin Charlton (interim ACI Academic Dean) from 7 June 2022

DR DEBBIE JACK,
Head of Department (Education), (elect)

PROFESSOR MARI JANSEN VAN RENSBURG,
Campus Director (Mauritius)

ANNA KYPRIANOU,
Pro Vice-Chancellor for Equality, Diversity and Inclusion

MATTHEW LAWSON,
Director of Library and Student Support

DR EDEL MAHONY (Secretary),
Academic Registrar

DR EMILY MCINTOSH,
Director of Learning, Teaching and Student Experience

PROFESSOR JAYNE OSGOOD,
Professor in Education (Early Years), (elect)

DR MONA SAKR (Staff Governor),
Senior Lecturer (Education and Early Childhood Studies)

DR JOHAN SIEBERS,
Associate Professor (Philosophy and Religion), (elect)

MARION TAYLOR,
Director of Programmes (Nursing), (elect)

PROFESSOR CAROLE-ANNE UPTON,
Deputy Vice-Chancellor for Global Innovation and Impact

PROFESSOR SEAN WELLINGTON,
Deputy Vice-Chancellor, Provost

NON-MEMBERS (In attendance)

GLORIA AMADI (online meeting support),
Academic Registry Administrator

JENN MANLEY (minutes),
Academic Registry Service Officer

Observer: **RACHAEL WALL**,
Head of Membership Services (MDXSU staff representative)

INTERNAL CONTROL

The University's Board of Governors is responsible for ensuring that the University maintains an effective system of internal control that supports the achievement of strategic aims and objectives while safeguarding assets for which it is responsible. 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 University has well established and comprehensive processes in place with regard to its institutional risk management supported by well-designed policies which guide staff on responsibilities, quantifiable ratings and risk identification.

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.

The Institutional Risk Register is the focus for the documentation and assessment of key Institutional risks. The Register captures the level of Risk Appetite for each Risk Theme as set out in the University's Risk Appetite Statement, identifies individual risks, assesses their likelihood and impact, and outlines the mitigating actions in place or underway to control and/or reduce the impact of the risk.

The Board of Governors has delegated 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 normally 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 up to two Strategy days 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. The effectiveness review of the internal control system is informed by the work of the internal auditors who operate to the standards defined in the Office for Students Audit Code of Practice

- The University Executive Team (UET) receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning mechanisms which are embedded within departmental unit plans. The UET also ensures that the University is meeting its many statutory and regulatory compliance obligations and provides reports to the Board of Governors as required

- The UET and the Audit and Risk Committee also receive regular reports from internal auditors, who provide independent opinion on the adequacy and effectiveness of the University's system of internal control, together with 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 control

- The internal auditors provide the Board of Governors with an annual report and opinion on the adequacy and effectiveness of risk management, and control and governance processes, that is reflective of the work that they have delivered in that year. They provide a written report and annual internal audit opinion at the request of the University

- The Internal Controls Committee is responsible for overseeing an assessment of the effectiveness of internal control on a rolling basis and provides periodic reports to the Governors through the Audit and Risk Committee. The Internal Controls Committee identifies and evaluates the key controls required for significant risks faced by the University and considers a risk-based assessment of effectiveness

- An Institutional Risk Register is maintained and is available on the University's intranet. The Register is reviewed by senior risk owners and updated quarterly. Senior managers report on the actions taken to mitigate the risks. The Register is cross-referenced with Strategic Action Frameworks (SAFs) – which aim to operationalise our Strategy across key implementation areas such as Education, Student Experience, Research and Knowledge Exchange, Infrastructure, People and Culture, and Growth and Diversification – as an additional mechanism for the identification of risks

- Business Units report on the local management of institutional risks, identify risks at an operational level and include plans for the mitigation of these risks. Further strengthening of the local risk management process has taken place during 2021/22 academic year as part of the simplified institutional planning process
- The Risk Appetite Matrix and Risk Appetite Statements are additional tools introduced in 2021/22 that provide the foundation for our process in developing the projects and defining the priorities within the business plans, and facilitating our decision-making during the implementation of our Middlesex Strategy 2031. The key three steps in the process are to:
 - Assess the project against the Matrix and score for each core Risk Theme: are these scores within the Board's Risk Appetite range?
 - Describe the strategic benefits of the project: do the benefits outweigh and/or justify taking a significant risk(s)?
 - Consider the mitigations or controls that will be built into the plan to ensure the level of risk is likely to be

within the Board's Risk Appetite while justified by the defined benefits.

- Monthly management accounts are presented to the Finance and Infrastructure Committee and Governors. The annual budget and financial forecasts are presented to the Finance and Infrastructure Committee ahead of formal approval by the Board of Governors.

Risk Appetite is our embedded approach to setting a level for categories of risks, while ensuring that we understand the agreed level of risk we should accept in order to achieve our strategic priorities and objectives.

The University does not have a single Risk Appetite, but rather appetites across the range of its activities aligned to the University Strategy 2031: Knowledge into Action. In the pursuit of our strategic priorities we may choose to accept different degrees of risk in different areas. The Risk Appetite for each Core Institutional Risk Theme is summarised below:

| Core Institutional Risk Themes | Risk Appetite | Institutional Risk Area |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategic Delivery | We have an open appetite when taking proportionate risks or committing to take maximum advantage of opportunities and innovative developments which help us achieve our strategic priorities and objectives | <ul style="list-style-type: none"> Academic quality and graduate outcomes Quality of student educational experience, student wellbeing and engagement Innovative approaches to qualification and courses International collaboration, partnerships and global reputation |
| Compliance/Regulatory | We prefer to avoid any action that could result in regulatory challenge. We will carefully assess the risks and opportunities of each potential regulatory challenge and take a more cautious approach to risks in this area | <ul style="list-style-type: none"> Regulatory and legislative requirements Adaptation to changes in external policy environment |
| Financial Sustainability | We have an open to moderate risk appetite and are willing to support risks which could impact on core income and/or contribution where clear long-term benefits are defined. We are prepared to invest for acceptable levels of reward in terms of strategic change or new markets and also accept the possibility of limited financial loss or cash flow deficit | <ul style="list-style-type: none"> Research and Knowledge Exchange Quality of student recruitment across subjects Strong financial position |
| Change | We adopt a more open appetite for taking well managed risks where change and our innovative approach to ways of working create opportunities for evident benefits and clear improvements in our ability to achieve our strategic objectives. We are willing to consider moderate levels of simultaneous change at any given time and will ensure that this is proportionate and in line with other risk appetite themes as articulated above | <ul style="list-style-type: none"> Middlesex Culture and high performing learning organisation Digital and Estate Infrastructure Major cybersecurity incident |

STATEMENT OF THE RESPONSIBILITIES OF THE BOARD OF GOVERNORS

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

The Board 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: Accounting in Further and Higher Education, and UK Generally Accepted Accounting Practice.

In addition, within the OfS terms and conditions of funding and the Funding Agreement with the Department for Education (DfE), the University's Board of Governors – through its designated accountable officer – is required to prepare Financial Statements for each financial year which give a true and fair view of the University's state of affairs and of the surplus or deficit and cash flows for that year.

In preparing the Financial Statements, the Board 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
- Financial Statements are prepared on the going concern basis unless it is inappropriate to presume that the institution will continue in operation.

The Board has taken reasonable steps to:

- Ensure that funds provided by the OfS, DfE and Research England are applied in accordance with relevant legislation
- Ensure that funds provided by the OfS, DfE and Research England are applied in accordance with the terms and conditions of funding for Higher Education Institutions and any other terms and conditions attached to them
- 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 and that the requirements of the OfS accounts direction have been met
- Secure the economical, efficient and effective management of the University's resources and expenditure
- Ensure that the University operates an effective health and safety policy.

TRADE UNION

ACTIVITIES

MIDDLESEX UNIVERSITY THE TRADE UNION (Facility Time Publication Requirements) Regulations 2017

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the University to publish information on trade union facility time annually and the table of data for the reporting period 1 April 2021 to 31 March 2022 is as follows:

TABLE 1 – RELEVANT UNION OFFICIALS

| | |
|----------------------------------------------------------------------------------|------|
| Number of employees who were relevant union officials during the relevant period | 21 |
| Full-time equivalent employee number | 20.3 |

TABLE 2 – PERCENTAGE OF TIME SPENT ON FACILITY TIME

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | 0 |
| 1% – 50% | 20 |
| 51% – 99% | 0 |
| 100% | 1 |

TABLE 3 – PERCENTAGE OF PAY BILL SPENT ON FACILITY TIME

| | Figures |
|---------------------------------------------------------|--------------|
| Total cost of facility time | £152,126 |
| Total pay bill | £104,624,000 |
| Percentage of the total pay bill spent on facility time | 0.15% |

TABLE 4 – PAID RELEVANT TRADE UNION ACTIVITIES

| | |
|-------------------------------------------------------------------------------------|-----|
| Time spent on paid trade union activities* as a % of total paid facility time hours | 15% |
| Time spent on paid trade union duties** as a % of total paid facility time hours | 85% |

*Activities encompass such things as branch meetings, elections and conference attendance

**Duties encompass such things as casework, representation of employees



140,000 bees
are buzzing on the
roof of Grove
2 beehives
producing upto 100 jars
of honey a year

AUDITOR'S REPORT

TO THE AUDIT COMMITTEE OF MIDDLESEX UNIVERSITY

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 of the University's affairs as at 31 July 2022 and of the Group's and the University's income and expenditure, gains and losses, changes in reserves and the Group's and the University's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of Middlesex University ("the University") and its subsidiaries ("the Group") for the year ended 31 July 2022 which comprises the Consolidated and University Statement of Comprehensive Income, the Consolidated and University Statement of Financial Position, the Consolidated and University Statement of changes in Reserves, the Consolidated Statement of Cash flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the University's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board members with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The audit committee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information including the Review of the Year, the Public Benefit Statement, the Financial Review, Corporate Governance and Trade Union Activities and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS REQUIRED BY THE OFFICE FOR STUDENTS ("OFS"), UK RESEARCH AND INNOVATION (INCLUDING RESEARCH ENGLAND), DEPARTMENT FOR EDUCATION, AND EDUCATION AND SKILLS FUNDING AGENCY

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 managed in accordance with relevant legislation
 - Funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions
 - The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.
- We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:
- The University's grant and fee income, as disclosed in notes 3 and 4 to the accounts, has been materially misstated
 - The University's expenditure on access and participation activities for the financial year, as has been disclosed in note 12b to the accounts, has been materially misstated.

RESPONSIBILITIES OF THE AUDIT COMMITTEE

As explained more fully in the Statement of the Responsibilities of the Board of Governors on page 33, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the audit committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the audit committee are responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

concern basis of accounting unless the audit committee either intends to liquidate the University or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS") and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the OfS Accounts Direction and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

INDEPENDENT

AUDITOR'S REPORT

TO THE AUDIT COMMITTEE OF MIDDLESEX UNIVERSITY (continued)

The audit procedures to address the risks identified included:

- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer;
- Reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters where applicable;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the provision against student debt, the actuarial assumptions used for the pension schemes in place and the useful economic lives and impairment of assets;
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition; and
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management and journals posted after the year end.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the

further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 Terms and Conditions of Funding with the OfS and Research England, the Education and Skills Funding Agency and the Department for Education.

USE OF OUR REPORT

This report is made solely to the audit committee, as a body, in accordance with Section 75 of the Higher Education Research Act 2017. Our audit work has been undertaken so that we might state to the University's audit committee 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 audit committee as a body, for our audit work, for this report, or for the opinions we have formed.

Paula Willock

Paula Willock (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

Date: 21 December 2022

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

MIDDLESEX UNIVERSITY

FINANCIAL STATEMENTS

2021/22



**— CONSOLIDATED AND UNIVERSITY
STATEMENT OF COMPREHENSIVE INCOME**

Year ended 31 July 2022

| | Notes | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|---------------------------------------------------------------------------------------------|-------|-------------------------|---------------------|-------------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Income | | | | | |
| Tuition fees and education contracts | 3 | 144,893 | 134,880 | 159,688 | 150,819 |
| Funding body grants | 4 | 16,146 | 16,146 | 19,383 | 19,383 |
| Research grants and contracts | 5 | 4,156 | 3,455 | 4,845 | 3,417 |
| Other income | 6 | 26,443 | 23,278 | 21,723 | 20,151 |
| Investment income | 7 | 373 | 371 | 104 | 101 |
| Donations and endowments | 8 | 91 | 91 | 8 | 8 |
| Total income | | 192,102 | 178,221 | 205,751 | 193,879 |
| Expenditure | | | | | |
| Staff costs | 9 | 125,650 | 112,333 | 122,237 | 112,817 |
| Other operating expenses | 10 | 68,472 | 68,599 | 66,917 | 64,368 |
| Depreciation | 14 | 14,409 | 14,339 | 13,189 | 13,122 |
| Interest and other finance costs | 11 | 6,635 | 6,493 | 6,298 | 6,350 |
| Total expenditure | 12a | 215,166 | 201,764 | 208,641 | 196,657 |
| Deficit before other gains/(losses) | | (23,064) | (23,543) | (2,890) | (2,778) |
| Deficit before tax | | (23,064) | (23,543) | (2,890) | (2,778) |
| Taxation | 13 | (6) | - | (111) | - |
| Deficit for the year | | (23,070) | (23,543) | (3,001) | (2,778) |
| Other comprehensive income/(expense) | | | | | |
| Actuarial gain in respect of LGPS pension scheme | 31 | 148,765 | 148,765 | 9,859 | 9,859 |
| Actuarial gain in respect of pension enhancements | 22 | 370 | 370 | - | - |
| Foreign exchange translation gain/(loss) on foreign currency net investment in subsidiaries | | 203 | - | (150) | - |
| Total comprehensive income for the year | | 126,268 | 125,592 | 6,708 | 7,081 |

| | Notes | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|----------------------------------------------------------|-------|-------------------------|---------------------|-------------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Represented by: | | | | | |
| Endowment comprehensive expense for the year | 23 | (8) | (8) | (84) | (84) |
| Unrestricted comprehensive income for the year | | 125,961 | 125,661 | 6,566 | 7,226 |
| Revaluation reserve comprehensive income for the year | | (61) | (61) | (61) | (61) |
| Attributable to the University | | 125,892 | 125,592 | 6,421 | 7,081 |
| Attributable to the non-controlling interest | | 376 | - | 287 | - |
| Total comprehensive income/(expense) for the year | | 126,268 | 125,592 | 6,708 | 7,081 |
| Deficit for the year attributable to: | | | | | |
| Non-controlling interest | | 376 | - | 287 | - |
| University | | (23,446) | (23,543) | (3,288) | (2,778) |
| Deficit for the year | | (23,070) | (23,543) | (3,001) | (2,778) |

All items of income and expenditure, and the deficit for the year, are derived from continuing activities. The accompanying notes and policies on pages 47 to 95 form part of these Financial Statements.

**— CONSOLIDATED AND UNIVERSITY
STATEMENT OF CHANGES IN RESERVES**

Year ended 31 July 2022

CONSOLIDATED

| | Income and expenditure reserve | | Revaluation reserve | Total | Non-controlling interest | Total including non-controlling interest |
|---------------------------------------------------------------------------------------------|--------------------------------|----------------|---------------------|----------------|--------------------------|------------------------------------------|
| | Endowment | Unrestricted | | | | |
| | £'000 | £'000 | | | | |
| Balance at 31 July 2020 | 669 | 13,008 | 19,664 | 33,341 | 185 | 33,526 |
| Surplus/(deficit) for the year | 5 | (3,293) | - | (3,288) | 287 | (3,001) |
| Other comprehensive income | - | 9,859 | - | 9,859 | - | 9,859 |
| Transfers between revaluation and income and expenditure reserve | - | 61 | (61) | - | - | - |
| Foreign exchange translation gain/(loss) on foreign currency net investment in subsidiaries | - | (150) | - | (150) | - | (150) |
| Release of restricted funds spent in year | (89) | 89 | - | - | - | - |
| Total comprehensive income/(expense) for the year | (84) | 6,566 | (61) | 6,421 | 287 | 6,708 |
| Balance at 31 July 2021 | 585 | 19,574 | 19,603 | 39,762 | 472 | 40,234 |
| Surplus/(deficit) for the year | 97 | (23,543) | - | (23,446) | 376 | (23,070) |
| Other comprehensive income | - | 149,135 | - | 149,135 | - | 149,135 |
| Transfers between revaluation and income and expenditure reserve | - | 61 | (61) | - | - | - |
| Foreign exchange translation gain/(loss) on foreign currency net investment in subsidiaries | - | 203 | - | 203 | - | 203 |
| Release of restricted funds spent in year | (105) | 105 | - | - | - | - |
| Total comprehensive income/(expense) for the year | (8) | 125,961 | (61) | 125,892 | 376 | 126,268 |
| Balance at 31 July 2022 | 577 | 145,535 | 19,542 | 165,654 | 848 | 166,502 |

The accompanying notes and policies on pages 47 to 95 form part of these Financial Statements.

UNIVERSITY

| | Income and expenditure reserve | | Revaluation reserve | Total |
|------------------------------------------------------------------|--------------------------------|----------------|---------------------|----------------|
| | Endowment | Unrestricted | | |
| | £'000 | £'000 | | |
| Balance at 31 July 2020 | 669 | 10,324 | 19,664 | 30,657 |
| Surplus/(deficit) for the year | 5 | (2,783) | - | (2,778) |
| Other comprehensive income | - | 9,859 | - | 9,859 |
| Transfers between revaluation and income and expenditure reserve | - | 61 | (61) | - |
| Release of restricted funds spent in year | (89) | 89 | - | - |
| Total comprehensive income/(expense) for the year | (84) | 7,226 | (61) | 7,081 |
| Balance at 31 July 2021 | 585 | 17,550 | 19,603 | 37,738 |
| Surplus/(deficit) for the year | 97 | (23,640) | - | (23,543) |
| Other comprehensive income | - | 149,135 | - | 149,135 |
| Transfers between revaluation and income and expenditure reserve | - | 61 | (61) | - |
| Release of restricted funds spent in year | (105) | 105 | - | - |
| Total comprehensive income/(expense) for the year | (8) | 125,661 | (61) | 125,592 |
| Balance at 31 July 2022 | 577 | 143,211 | 19,542 | 163,330 |

The accompanying notes and policies on pages 47 to 95 form part of these Financial Statements.

— CONSOLIDATED AND UNIVERSITY STATEMENT OF FINANCIAL POSITION

Year ended 31 July 2022

| | Notes | As at 31 July 2022 | | As at 31 July 2021 | |
|---------------------------------------------------------|-------|-----------------------|---------------------|-----------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Non-current assets | | | | | |
| Fixed assets | 14 | 198,147 | 198,047 | 199,786 | 199,684 |
| Investments | 16 | 36 | 36 | 36 | 36 |
| Investment in subsidiaries | 16 | – | 25 | – | 25 |
| | | 198,183 | 198,108 | 199,822 | 199,745 |
| Current assets | | | | | |
| Stock | 17 | 10 | 10 | 10 | 10 |
| Trade and other receivables | 18 | 21,217 | 20,845 | 25,737 | 25,558 |
| Investments | 19 | 22,649 | 22,649 | 12,537 | 12,537 |
| Cash and cash equivalents | 24 | 81,812 | 74,838 | 98,177 | 91,490 |
| | | 125,688 | 118,342 | 136,461 | 129,595 |
| Less: Creditors: amounts falling due within one year | 20 | (57,688) | (53,439) | (54,099) | (49,652) |
| Net current assets | | 68,000 | 64,903 | 82,362 | 79,943 |
| Total assets less current liabilities | | 266,183 | 263,011 | 282,184 | 279,688 |
| Creditors: amounts falling due after more than one year | 21 | (67,053) | (67,053) | (72,692) | (72,692) |
| Provisions | | | | | |
| Pension provisions | 22 | (30,837) | (30,837) | (168,128) | (168,128) |
| Other provisions | 22 | (1,791) | (1,791) | (1,130) | (1,130) |
| Total net assets | | 166,502 | 163,330 | 40,234 | 37,738 |
| Restricted Reserves | | | | | |
| Income and expenditure reserve – endowment reserve | 23 | 577 | 577 | 585 | 585 |
| Unrestricted Reserves | | | | | |
| Income and expenditure reserve – unrestricted | | 145,535 | 143,211 | 19,574 | 17,550 |
| Revaluation reserve | | 19,542 | 19,542 | 19,603 | 19,603 |
| | | 165,654 | 163,330 | 39,762 | 37,738 |
| Non-controlling interest | | 848 | – | 472 | – |
| Total Reserves | | 166,502 | 163,330 | 40,234 | 37,738 |

The Financial Statements were approved by the University Board of Governors on 21 November 2022, and were authorised for issue and signed on its behalf on 16 December 2022 by:



Marianne Neville-Rolfe
Interim Chair of the Board of Governors



Professor Nic Beech
Vice-Chancellor

The accompanying notes and policies on pages 47 to 95 form part of these Financial Statements.

— CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 July 2022

| | Notes | Year ended | Year ended |
|--------------------------------------------------|-------|-----------------|---------------|
| | | 31 July 2022 | 31 July 2021 |
| | | £'000 | £'000 |
| Cash flow from operating activities | | | |
| Deficit for the year before tax | | (23,064) | (2,890) |
| Adjustment for non-cash items | | | |
| Depreciation | 14 | 14,448 | 13,129 |
| Increase in stock | 17 | – | (7) |
| Decrease in debtors | 18 | 4,520 | 1,738 |
| Increase/(decrease) in creditors | 20/21 | 2,955 | (811) |
| Increase in pension provision | 22 | 11,844 | 9,456 |
| Increase/(decrease) in other provisions | 22 | 661 | (179) |
| Investment income | 7 | (373) | (104) |
| Interest payable | 11 | 3,874 | 3,879 |
| Endowment income | | (88) | (5) |
| Loss on the sale of fixed assets | 14 | 27 | 1 |
| Capital grant income | | (2,223) | (1,708) |
| Cash flows from operating activities | | 12,581 | 22,499 |
| Taxation | 13 | (6) | (111) |
| Net cash inflow from operating activities | | 12,575 | 22,388 |
| Cash flows from investing activities | | | |
| Capital grants receipts | | 2,223 | 1,577 |
| Investment income | | 373 | 104 |
| Payments made to acquire fixed assets | | (12,836) | (3,718) |
| New deposits | | (10,112) | (7,507) |
| | | (20,352) | (9,544) |

— CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 July 2022

| | Notes | Year ended 31 July 2022 £'000 | Year ended 31 July 2021 £'000 |
|-----------------------------------------------------------------------|-------|-------------------------------------|-------------------------------------|
| Cash flows from financing activities | | | |
| Interest paid | 11 | (3,874) | (3,879) |
| Endowment cash received | | 88 | 5 |
| Repayments of amounts borrowed | 20/21 | (4,044) | (3,861) |
| Capital element of finance lease payments | 20/21 | (961) | (965) |
| | | (8,791) | (8,700) |
| (Decrease)/increase in cash and cash equivalents in the year | | (16,568) | 4,144 |
| (Decrease)/increase in cash and cash equivalents in the year | | (16,568) | 4,144 |
| Cash and cash equivalents at beginning of the year | 24 | 98,177 | 94,183 |
| Foreign exchange translation (gain)/loss on cash and cash equivalents | | 203 | (150) |
| Cash and cash equivalents at end of the year | 24 | 81,812 | 98,177 |

The accompanying notes and policies on pages 47 to 95 form part of these Financial Statements.

— NOTES TO THE ACCOUNTS

Year ended 31 July 2022

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 2019 edition and in accordance with Financial Reporting Standard 102 (FRS 102). They have also been prepared in accordance with the Accounts Direction issued by the Office for Students (OfS).

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 Financial Statements have been prepared on the basis that the University is a going concern. As part of the going concern assessment, the Board has considered the University's financial position over a period of twelve months from the date when the Financial Statements are authorised for issue. This period includes the current (2022/23) and 2023/24 academic years.

The University's budget for 2022/23 was approved by the Board on 27 June 2022 and included a financial forecast for future years. The Board have viewed updated forecasts considering student enrolments in October and other pertinent data. In making the going concern assessment, the Board has considered the updated forecasts and the impact of these on the cash flow forecasts and cash balances.

The Board also assessed the principal financial risks discussed at page 20 of the Financial Review. Part of that assessment consisted of modelling a number of possible scenarios to reflect those risks, such as the continuing freeze in the regulated tuition fee, ongoing pressures on recruitment (particularly the increasingly competitive environment for home undergraduate students), increasing student retention rates having been heavily impacted by the COVID-19 pandemic and the strategy to broaden the mix of income sources.

There are still areas of cost uncertainty relating to inflationary escalation, particularly with regard to staff, construction materials and energy costs; potential for

government policy changes impacting tuition fees and funding; and the ongoing impact of COVID-19, all of which, could impact on the University's financial position. A programme of structural savings is being implemented in order to drive efficiencies and consolidate the level of base resource.

The forecast for 2022/23 indicates a scenario where the University may breach current loan covenants. The University has entered constructive dialogue with its lenders to restate any covenants in order to avoid any such breach. In the current forecasts, cash balances exceed the value of the outstanding loans.

After reviewing the latest available information and having considered the various scenarios, based on the information known to the date of approval of this report and noting the available cash balances, the Board of Governors recognise that, whilst there is uncertainty, these matters do not constitute a material uncertainty and consider that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, the University continues to adopt the going concern basis in preparing the Financial Statements.

C Basis of Consolidation

The consolidated Financial Statements include the University and all of its subsidiaries for the financial year to 31 July 2022. Details of the subsidiary undertakings included are given at note 30. 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 from the date of acquisition or up to the date of disposal.

A 49% non-controlling interest exists in Middlesex International (Mauritius) Limited, a subsidiary undertaking. The value of this minority interest has therefore been disclosed in the Financial Statements.

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, and does not exert control or dominant influence over policy decisions. The grant expenditure included at note 10 represents the University contribution to MDXSU activities.

Year ended 31 July 2022

D Income Recognition

Income from the sale of goods or services is credited to the consolidated statement of comprehensive income 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 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 on a receivable basis.

Grant funding including funding body 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 statement of financial position 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 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 32 to 34.

G Accounting for Retirement Benefits

The University contributes to two principal staff pension Schemes for the University's staff, the Teachers' Pension Scheme (TPS), 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 5 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 6 April 2016.

The TPS is usually subject to a full valuation every four years and the LGPS every three years by professionally qualified independent actuaries.

Both Schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the University. However, the arrangements for the TPS 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 statement of financial position.

Defined Contribution Scheme

A defined contribution scheme is a pension scheme under which the employer 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 TPS, which whilst being a defined benefit scheme yet is treated as a defined contribution scheme as explained above, are recognised as an expense in the consolidated statement of comprehensive income in the periods during which services are rendered by employee members.

MU Services Limited's obligations for contributions to the Middlesex University Defined Contribution Pension Scheme, which is a defined contribution scheme as explained above, are recognised as an expense in the consolidated statement of comprehensive income 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.

Further details of the pension Schemes are given in note 31.

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 1990s. The liabilities of the pension enhancements on termination can be estimated under FRS 102 and are included in the Financial Statements at note 22.

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 date which employees can carry forward into the next financial year.

I Leases and service concession arrangements**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.

Year ended 31 July 2022

Service concession arrangements

Fixed assets held under service concession arrangements are recognised on the statement of financial position at the present value of the minimum lease payments when the assets are brought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

J Foreign Currencies

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the rate of exchange on the transaction date.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to the functional currency at the exchange rate prevailing at that date.

Non-monetary assets and liabilities that are measured at 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 the exchange rates prevailing at the dates the fair value was determined.

Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income 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).

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 exchange rates ruling at the statement of financial position date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the 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.

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 FRS 102 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 |

Buildings include long leasehold premises and property depreciated over the life of the lease up to a maximum of 50 years. Capitalised costs of leasehold building improvements are depreciated over the shorter of their useful life or the remaining term of the lease.

Equipment**Capitalisation**

Fixtures, fittings and equipment, including computers and software, costing less than *de minimis* £30,000 per individual item or group of related items 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 |

Equipment assets held under finance leases are depreciated over the life of the lease if this is a shorter period.

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 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.

L Investments**Non-current asset investments**

Non-current investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment of their value. Those that are listed are included at market value and any gains and losses on revaluations are recognised in the surplus or deficit.

Investments in subsidiaries and jointly controlled entities are held on the statement of financial position at original cost of the investment less a provision for impairment in value where appropriate in the University's accounts. Impairment is assessed by comparing the carrying value of the investment against either an earnings- or asset-based valuation of each entity as applicable to the business concerned.

Current asset investments

Current asset investments comprising funds held on deposit in money market funds are recognised at cost less impairment. Current asset investments comprising listed equity investments or investment funds are stated at fair value with movements recognised in the surplus or deficit. Interest is accrued on a daily basis.

M Stock

Stocks of finished goods and work-in-progress are held at the lower of cost and estimated selling price less costs to complete and sell, 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 of three months or less at the date of deposit.

Cash flows comprise increases or decreases in cash and cash equivalents.

O Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised in the Financial Statements when:

- a) the University has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- c) 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.

Contingencies

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 statement of financial position but are disclosed in the notes.

P Taxation

Current tax, including UK Corporation Tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is provided in full on timing differences that exist at the statement of financial position date and that result in an obligation to pay more tax, or a right to pay less tax in the future. The deferred tax is measured at the rate expected to apply in periods in which the timing differences are expected to reverse, based on the tax rates and laws that are enacted or substantively enacted at the statement of financial position date. Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax assets and liabilities are not discounted.

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. The University is recognised as a charity by HM Revenue & Customs (Ref. XN92247). 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 UK Corporation Tax 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.

Q Financial Instruments

Financial assets – which includes deposits and investments, and financial liabilities including all loans – are classified as basic instruments and held at amortised cost using the effective interest rate method or cost, and are subject to an annual impairment review in accordance with FRS 102.

Other, more complex financial instruments and transactions are held at fair value, with changes in fair value taken direct to the statement of comprehensive income.

R 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.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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. However, given the judgemental nature of such estimates, actual results could be different from the assumptions used.

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. The determination included the consideration of these factors relevant to the Estates Master Plan Development at Hendon which considered impairments were appropriate at 31 July 2022.

Other key areas of estimation uncertainty are as follows:

a. Local Government Pension Scheme (LGPS) defined benefit pension scheme (see note 31)

Obligation to fund pensions

The University has obligations to pay pensions benefits under the defined benefit LGPS pension scheme. The cost of these benefits and the estimate of the present value of the obligation depend on a number of critical underlying assumptions including: longevity (member 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.

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme obligations calculated by a qualified independent actuary are set out below:

Key areas subject to judgement are as follows:

a. Leases classification (see note 28)

To 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.

b. Financial instruments

To determine whether an asset or liability that arises from a contract is a basic financial instrument and accounted for in accordance with FRS 102 Section 11 or Section 12 which applies to other, more complex financial instruments and transactions.

c. Impairment of tangible assets (see note 14)

To determine whether there are indicators of impairment of the University and Group's tangible assets. Factors taken into consideration in reaching such a decision

CHANGE IN FINANCIAL ASSUMPTIONS AT 31 JULY 2022:

| | Approximate % increase to defined benefit obligation | Approximate monetary amount increase to defined benefit obligation £'000 |
|-------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------|
| 0.1% decrease in the real discount rate for liabilities | 2% | 5,988 |
| 1 year increase in member life expectancy | 4% | 11,909 |
| 0.1% increase in the rate of increase in salaries | 0% | 618 |
| 0.1% increase in the rate of increase in pensions (CPI increases) | 2% | 5,397 |

Year ended 31 July 2022

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**Change in demographic assumptions at 31 July 2022**

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes the actuary estimates that a one year increase in life expectancy would approximately increase the University defined benefit obligation by around 3% to 5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to member survival rates predominantly apply at younger or older age groups).

Funding deficit plan

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.

b. Pension enhancements on termination (see note 22)

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. Tangible fixed assets depreciation (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.

d. Trade and tuition fee debtors (see note 18)

The Group has a material level of exposure to collection of trade and tuition fee receivables. The estimate for receivables relates to the recoverability of the balances outstanding at the year end. Provisions in respect of these balances are calculated from a review performed on an accounts receivable ageing method to determine whether debt is recoverable by aged group and a predetermined rate. Analysis of actual recovery compared with provisioning levels have not, to date, resulted in material variances.

3. TUITION FEES AND EDUCATION CONTRACTS

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|-------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Full-time home and EU students | 88,052 | 87,746 | 105,686 | 104,825 |
| Full-time international (non EU) students | 40,955 | 31,248 | 39,747 | 31,739 |
| Part-time students | 3,781 | 3,781 | 3,053 | 3,053 |
| Apprenticeship Programmes | 2,000 | 2,000 | 2,448 | 2,448 |
| Short courses and CPD training | 9,757 | 9,757 | 8,550 | 8,550 |
| NHS education contracts | 348 | 348 | 204 | 204 |
| | 144,893 | 134,880 | 159,688 | 150,819 |

4. FUNDING BODY GRANTS

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|-------------------------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Recurrent grant | | | | |
| Office for Students (OfS) | 6,526 | 6,526 | 9,463 | 9,463 |
| Department for Education (DfE) | 7 | 7 | - | - |
| Specific grants | | | | |
| Higher Education Innovation Fund | 2,248 | 2,248 | 2,057 | 2,057 |
| Research grants | 5,130 | 5,130 | 4,906 | 4,906 |
| Other grants | 12 | 12 | 1,249 | 1,249 |
| Capital grants released in year | | | | |
| Buildings (OfS and Research England) | 110 | 110 | 644 | 644 |
| Fixtures, fittings and equipment (OfS and Research England) | 2,113 | 2,113 | 1,064 | 1,064 |
| | 16,146 | 16,146 | 19,383 | 19,383 |

5. RESEARCH GRANTS AND CONTRACTS

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|-----------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Research Councils | 1,374 | 1,374 | 951 | 951 |
| UK based research charities | 363 | 363 | 398 | 398 |
| UK central government | 1,070 | 404 | 1,888 | 501 |
| UK industry and commerce | 225 | 190 | 181 | 140 |
| European Commission | 578 | 578 | 608 | 608 |
| EU based research charities | 334 | 334 | 21 | 21 |
| EU other | 87 | 87 | 91 | 91 |
| Other overseas | 96 | 96 | 241 | 241 |
| Other sources | 29 | 29 | 466 | 466 |
| | 4,156 | 3,455 | 4,845 | 3,417 |

Year ended 31 July 2022

6. OTHER INCOME

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|--------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Residences, catering and conferences | 7,158 | 7,158 | 4,026 | 4,026 |
| Other services rendered | 3,159 | 3,159 | 1,739 | 1,739 |
| Sports income | 178 | 178 | 77 | 77 |
| Childcare | 307 | 307 | 363 | 363 |
| Rent and room hire | 414 | 414 | 384 | 382 |
| Validation fees | 6,241 | 6,241 | 7,699 | 7,699 |
| Subsidiary companies trading income | 7,867 | 5,194 | 6,432 | 5,303 |
| Other income | 1,119 | 627 | 937 | 496 |
| Other government grants | - | - | 66 | 66 |
| | 26,443 | 23,278 | 21,723 | 20,151 |

7. INVESTMENT INCOME

| | Notes | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|---------------------------------|-------|-------------------------|---------------------|-------------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Investment income on endowments | 23 | 9 | 9 | - | - |
| Other investment income | | 364 | 362 | 104 | 101 |
| | | 373 | 371 | 104 | 101 |

Other investment income includes £30k of realised gains due to dividends and interest, received and reinvested into the funds shown at note 19, and £153k of unrealised gains which is the net movement in fair value of these funds during the year.

8. DONATIONS AND ENDOWMENTS

| | Notes | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|------------------------|-------|-------------------------|---------------------|-------------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| New endowments | 23 | 88 | 88 | 5 | 5 |
| Unrestricted donations | | 3 | 3 | 3 | 3 |
| | | 91 | 91 | 8 | 8 |

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|--|-------------------------|---------------------|-------------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |

Note: The source of grant and fee income, included in notes 3, 4, 5 and 6 is as follows:

Details of grant and fee income

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|-------------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Grant income from the Office for Students (OfS) | 8,569 | 8,569 | 12,064 | 12,064 |
| Grant income from other funding bodies | 11,962 | 11,261 | 12,506 | 11,078 |
| Fee income for taught awards* | 135,931 | 126,732 | 152,309 | 143,963 |
| Fee income for research awards* | 1,636 | 1,636 | 1,503 | 1,503 |
| Fee income from non qualifying courses* | 7,097 | 6,283 | 5,600 | 5,077 |
| Total grant and fee income | 165,195 | 154,481 | 183,982 | 173,685 |

*amounts are exclusive of VAT

Year ended 31 July 2022

9. STAFF COSTS

| | Notes | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|--------------------------------------------|-------|-------------------------|---------------------|-------------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Staff costs | | | | | |
| Salaries | | 89,180 | 76,523 | 87,741 | 78,574 |
| Social security costs | | 9,389 | 9,012 | 9,025 | 8,882 |
| LGPS FRS 102 pension charge | 31 | 9,511 | 9,511 | 7,499 | 7,499 |
| Movement on pension enhancements provision | 22 | 12 | 12 | - | - |
| Other pension costs | 31 | 17,157 | 16,874 | 17,560 | 17,450 |
| | | 125,249 | 111,932 | 121,825 | 112,405 |
| Staff restructuring costs | | 401 | 401 | 412 | 412 |
| Total | | 125,650 | 112,333 | 122,237 | 112,817 |

Other pension costs of the University represent the employer's contributions to the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) shown at note 31.

Average group staff numbers by major category, expressed on a full-time equivalent basis, during the year were:

| | Year ended 31 July 2022 | Year ended 31 July 2021 |
|--------------------------------------|----------------------------|----------------------------|
| | Number | Number |
| Academic | 967 | 992 |
| Administration and senior management | 865 | 774 |
| Technical | 85 | 92 |
| Other (including Research) | 30 | 40 |
| | 1,947 | 1,898 |

Average group staff numbers for the year ended 31 July 2022 reflect an average calculated on the full 12 months of employee full-time equivalent data.

9. STAFF COSTS (continued)

| | Year ended 31 July 2022 | Year ended 31 July 2021 |
|-------------------------------------------|----------------------------|----------------------------|
| Vice-Chancellor remuneration | £'000 | £'000 |
| Professor Nic Beech | | |
| Basic salary | 254 | 250 |
| Payments in lieu of pension contributions | 25 | 25 |
| Contribution to relocation costs | - | 10 |
| Total remuneration | 279 | 285 |

The Vice-Chancellor Professor Nic Beech's annual total remuneration is £279k for the year ended 31 July 2022. No performance related pay has been awarded during the year 2021/22.

The Vice-Chancellor did not receive any pension contributions in the year. The Vice-Chancellor voluntarily withdrew from the LGPS on the date of his appointment (3 February 2020) and, in accordance with an understanding reached upon joining the University and ratified by the Remuneration Committee, has received, from that date, a monthly salary adjustment (shown within remuneration as 'payments in lieu of pension contributions') in the form of earnings as 10% of his annual basic salary. The 10% is below the LGPS employer's primary pension contribution rate of 20.7% for the year ended 31 July 2022.

Last year the Vice-Chancellor received £10k in the form of earnings which represents the second half of a £20k one-off contribution to relocation expense that was ratified by the Remuneration Committee.

Justification for the total remuneration package for the Vice-Chancellor**Processes and oversight of remuneration decision**

The Vice-Chancellor's remuneration is set by the University's Remuneration Committee.

To establish basic salary the Remuneration Committee considers pay benchmarking data in respect of heads of institution provided annually by the Universities and Colleges Employers Association (UCEA) and the Committee of University Chairs (CUC) for the UK Higher Education sector. Specific benchmarks include median and mean comparisons as well as quartile pay and total pay data for all institutions, post-92 universities and universities within a similar institutional income bracket.

The University provides to the Vice-Chancellor only benefits in kind that simply flow from being an employee of the University and that are available to all employees. The extra allowances are paid in the form of earnings.

Performance-related pay is awarded based on Vice-Chancellor's previous year's performance and is linked to the value delivered by the Vice-Chancellor.

Justification for the level of remuneration

The University is based in London and operates within a competitive employment market in the higher education sector. The University aims to recruit and retain talented individuals in professional roles with appropriate skills, experience and performance in support of the university's strategic objectives. The remuneration packages are scrutinised by the Remuneration Committee to ensure the basic annual salaries and other earning allowances are appropriately set.

The latest official analysis published by Office for Students for the pay to the heads of higher education providers covers the academic year 2019/20. The Vice-Chancellor's total annual remuneration of £279k in 2021/22 is just above the mean total remuneration for the heads of providers of all providers within the scope of this two-year-old analysis, and the Remuneration Committee considers this amount of remuneration to be an effective use of resources as it must attract the best leader possible in order to deliver the best outcomes for students, society and the economy.

Year ended 31 July 2022

9. STAFF COSTS (continued)**Process for judging performance**

The Remuneration Committee reviews the Vice-Chancellor's individual performance against targets agreed by the Chair of the Board of Governors, through a series of regular meetings, with a particular focus on the Vice-Chancellor's contribution to progress in achieving the University's strategic aims.

The consideration also includes assessment of the Vice-Chancellor's individual performance based on the University's Senior staff appraisal scheme where the level of pay awards to other senior staff is also taken into account.

Pay multiple

The relationship between the Vice-Chancellor's remuneration and that for all other staff, expressed as a pay multiple, during the year were:

| University | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|-----------------------------------------|----------------------------------------|--------------------------------|----------------------------------------|--------------------------------|
| | Vice-Chancellor Professor Nic Beech | | Vice-Chancellor Professor Nic Beech | |
| | Basic Salary £'000 | Total Remuneration £'000 | Basic Salary £'000 | Total Remuneration £'000 |
| Vice-Chancellor pay (annualised amount) | 253.8 | 279.1 | 250.0 | 285.0 |
| Median pay for all other staff | 43.3 | 52.1 | 43.9 | 53.0 |
| Pay Multiple | 5.9:1 | 5.4:1 | 5.7:1 | 5.4:1 |

The pay multiple represents the Vice-Chancellor's pay (annualised amount) divided by the median pay for all other staff at the University (excluding subsidiary companies), on a full-time equivalent basis.

The median pay for all other staff is calculated using pay data in the year for all staff who are required to be included in Real Time Information (RTI) reporting to HM Revenue & Customs.

9. STAFF COSTS (continued)**Senior staff remuneration**

The number of senior staff (including the Vice-Chancellor) expressed on a full-time equivalent basis who received basic annual salaries in the following ranges were:

| | Year ended 31 July 2022 | Year ended 31 July 2021 |
|----------------------|----------------------------|----------------------------|
| | Number | Number |
| £100,000 to £104,999 | 6 | 2 |
| £105,000 to £109,999 | 1 | 2 |
| £110,000 to £114,999 | 2 | 1 |
| £115,000 to £119,999 | 1 | – |
| £120,000 to £124,999 | – | – |
| £125,000 to £129,999 | – | 1 |
| £130,000 to £134,999 | 2 | 2 |
| £135,000 to £139,999 | – | 1 |
| £140,000 to £144,999 | 2 | 1 |
| £145,000 to £149,999 | – | 1 |
| £150,000 to £154,999 | – | 1 |
| £155,000 to £159,999 | 1 | 1 |
| £250,000 to £254,999 | 1 | 1 |
| | 16 | 14 |

Severance payments

The total amount of compensation for loss of office paid to all staff across the University during the year were:

| | Year ended 31 July 2022 | Year ended 31 July 2021 |
|------------------------------|----------------------------|----------------------------|
| | £'000 | £'000 |
| Compensation paid or payable | 423 | 402 |
| | 423 | 402 |

The compensation pay for loss of office is comprised of amounts paid or payable where a liability existed at 31 July 2022 to 22 employees (2021: 12) and was funded from general income. The compensation pay and benefits were approved by the University's Remuneration Committee or the respective delegated authority as appropriate.

Year ended 31 July 2022

9. STAFF COSTS (continued)**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 University Executive Team (UET) led by Vice-Chancellor Professor Nic Beech. Compensation consists of salary and benefits including any employer's social security and pension contributions. No performance related pay has been awarded during the year 2021/22.

The pension contributions of key management personnel 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 member employees.

| | Year ended 31 July 2022 | Restated Year ended 31 July 2021 |
|-----------------------------------------------------|----------------------------|----------------------------------------|
| | £'000 | £'000 |
| Total compensation paid to key management personnel | 1,416 | 1,967 |

The total compensation paid for the year ended 31 July 2021 has been restated to include employer's social security costs under Financial Reporting Standard 102 (FRS 102).

During the year the UET comprises the following roles: Vice-Chancellor; Deputy Vice-Chancellor, Provost; Deputy Vice-Chancellor Research, Knowledge Exchange and Engagement; Deputy Chief Executive Officer; Chief Officer for People and Culture; and Chief Officer for Students and University Registrar. Information about the current members of the UET can be found on the University website.

10. OTHER OPERATING EXPENSES

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|---------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Premises and maintenance costs | 11,648 | 9,951 | 10,700 | 9,328 |
| Marketing and recruitment | 10,311 | 11,492 | 11,578 | 12,639 |
| Catering, accommodation and partners | 14,057 | 14,051 | 12,073 | 12,035 |
| General expenses | 2,920 | 2,855 | 2,533 | 2,368 |
| IT equipment and maintenance | 9,083 | 9,060 | 7,547 | 7,522 |
| Other central costs | 8,975 | 8,420 | 10,382 | 9,739 |
| Outsourcing and professional advisors | 5,833 | 7,416 | 7,224 | 6,000 |
| Learning resources | 4,947 | 4,680 | 4,512 | 4,409 |
| Staff development | 698 | 674 | 368 | 328 |
| | 68,472 | 68,599 | 66,917 | 64,368 |

| | Notes | 31 July 2022 | 31 July 2021 |
|----------------------------------------------------------------------------------------------------------------|-------|--------------|--------------|
| | | £'000 | £'000 |
| Other operating expenses (consolidated) include: | | | |
| Auditors' remuneration | | | |
| BDO LLP external auditor's remuneration in respect of: | | | |
| Audit of Middlesex University (including group Financial Statements) | | 156 | 141 |
| Audit of UK subsidiary company Director's Report and Financial Statements | | 18 | 14 |
| External auditors' remuneration in respect of audit of overseas subsidiary company annual Financial Statements | | 35 | 33 |
| External auditors' (BDO LLP) remuneration in respect of non-audit services | | 23 | 19 |
| Other including internal auditor remuneration | | 150 | 155 |
| | | 382 | 362 |
| Operating lease rentals | | | |
| Land and buildings | | 1,596 | 1,794 |
| Equipment | | 266 | 303 |
| | | 1,862 | 2,097 |
| Finance lease rentals | | | |
| Equipment | | 967 | 967 |
| Grant to Students' Union (MDXSU) | 35 | 1,251 | 1,091 |

Year ended 31 July 2022

11. INTEREST AND OTHER FINANCE COSTS

| | Notes | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|------------------------------------------------------------|-------|-------------------------|---------------------|-------------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Interest on bank loans not wholly repayable within 5 years | | 3,732 | 3,732 | 3,931 | 3,931 |
| Exchange differences | | 142 | – | (52) | – |
| Interest charge on pension enhancement provision | 22 | 71 | 71 | 80 | 80 |
| Interest charge on net LGPS pension scheme deficit | 31 | 2,690 | 2,690 | 2,339 | 2,339 |
| | | 6,635 | 6,493 | 6,298 | 6,350 |

12.a. ANALYSIS OF TOTAL EXPENDITURE BY ACTIVITY

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|--------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Academic Faculties | 89,304 | 76,760 | 86,277 | 75,822 |
| Academic services | 48,714 | 46,495 | 45,815 | 45,878 |
| Research grants and contracts | 4,123 | 3,453 | 4,845 | 3,419 |
| Residences, catering and conferences | 9,160 | 9,160 | 7,754 | 7,754 |
| Premises | 26,010 | 26,010 | 24,151 | 24,151 |
| Central services and administration* | 34,155 | 36,528 | 36,679 | 36,667 |
| Other expenses | 3,299 | 2,957 | 2,708 | 2,554 |
| | 214,765 | 201,363 | 208,229 | 196,245 |
| Staff restructuring costs | 401 | 401 | 412 | 412 |
| | 215,166 | 201,764 | 208,641 | 196,657 |

*Central services and administration expenditure includes costs of student and staff facilities and amenities, and general education expenditure.

12.b. ACCESS AND PARTICIPATION PLAN EXPENDITURE

| | Year ended 31 July 2022 | Year ended 31 July 2021 |
|----------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| University | £'000 | £'000 |
| Access investment | 790 | 819 |
| Financial support provided to students | 524 | 1,639 |
| Disability support for students (excluding expenditure included in the two categories above) | 1,793 | 1,718 |
| Research and evaluation of access and participation activities | 213 | 246 |
| | 3,320 | 4,422 |

12.b. ACCESS AND PARTICIPATION PLAN EXPENDITURE (continued)

The total of the approved expenditure in the University's Access and Participation Plan for the year ended 31 July 2022 was £1,789k (2021: £1,762k). The categories included in the Plan submitted to OfS do not fully correlate with the expenditure recorded in note 12b above, due to the expenditure category Disability support for students being excluded from the Plan but included in the reporting as required under the OfS Regulatory Advice 9: Accounts direction: Clarification on the requirements of the accounts direction. Included within the note 12b expenditure is £1,913k of costs recorded within the note 9 staff costs total for the University.

Excluding Disability support for students, the expenditure recorded in note 12b is approximately £250k below the University's planned spend of £1,789k for the year ended 31 July 2022 due to a significant drop in Access and Participation Plan countable students. The reduction in financial support provided to students in 2021/22 compared to 2020/21 relates to the high level of financial support provided to our students during the COVID-19 pandemic.

Details of the approved Plan can be found at:

[Middlesex University Higher Education Corporation \(officeforstudents.org.uk\)](https://officeforstudents.org.uk)

[Get the dashboard data - Office for Students](#)

13. TAXATION

| | Year ended 31 July 2022 | Year ended 31 July 2021 |
|-----------------------------------------------------------------------------------------|----------------------------|----------------------------|
| | £'000 | £'000 |
| Recognised in the consolidated statement of comprehensive income and expenditure | | |
| Foreign taxes | 6 | 111 |
| Total tax expense | 6 | 111 |

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

Year ended 31 July 2022

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 2021 | 32,125 | 12,178 | 214,510 | 29,021 | 1,987 | 289,821 |
| Exchange Revaluation | - | - | - | 45 | - | 45 |
| Additions at cost | - | 380 | 364 | 1,690 | 10,357 | 12,791 |
| Transfers of completed construction into use | - | - | 113 | 254 | (367) | - |
| Disposals | - | (2,997) | (3,622) | (6,132) | - | (12,751) |
| At 31 July 2022 | 32,125 | 9,561 | 211,365 | 24,878 | 11,977 | 289,906 |
| Consisting of: | | | | | | |
| Valuation as at 31 July 2014 | 29,101 | - | 145,099 | - | - | 174,200 |
| Cost | 3,024 | 9,561 | 66,266 | 24,878 | 11,977 | 115,706 |
| | 32,125 | 9,561 | 211,365 | 24,878 | 11,977 | 289,906 |
| Depreciation | | | | | | |
| At 1 August 2021 | - | 7,913 | 66,007 | 16,115 | - | 90,035 |
| Exchange Revaluation | - | - | - | 39 | - | 39 |
| Charge for the year | - | 2,558 | 6,314 | 5,537 | - | 14,409 |
| Disposals | - | (2,997) | (3,622) | (6,105) | - | (12,724) |
| At 31 July 2022 | - | 7,474 | 68,699 | 15,586 | - | 91,759 |
| Net book value | | | | | | |
| At 31 July 2022 | 32,125 | 2,087 | 142,666 | 9,292 | 11,977 | 198,147 |
| At 31 July 2021 | 32,125 | 4,265 | 148,503 | 12,906 | 1,987 | 199,786 |

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 2021 | 32,125 | 12,178 | 214,510 | 28,358 | 1,987 | 289,158 |
| Additions at cost | - | 380 | 364 | 1,601 | 10,357 | 12,702 |
| Transfers of completed construction into use | - | - | 113 | 254 | (367) | - |
| Disposals | - | (2,997) | (3,622) | (5,956) | - | (12,575) |
| At 31 July 2022 | 32,125 | 9,561 | 211,365 | 24,257 | 11,977 | 289,285 |
| Consisting of: | | | | | | |
| Valuation as at 31 July 2014 | 29,101 | - | 145,099 | - | - | 174,200 |
| Cost | 3,024 | 9,561 | 66,266 | 24,257 | 11,977 | 115,085 |
| | 32,125 | 9,561 | 211,365 | 24,257 | 11,977 | 289,285 |
| Depreciation | | | | | | |
| At 1 August 2021 | - | 7,913 | 66,007 | 15,554 | - | 89,474 |
| Charge for the year | - | 2,558 | 6,314 | 5,467 | - | 14,339 |
| Disposals | - | (2,997) | (3,622) | (5,956) | - | (12,575) |
| At 31 July 2022 | - | 7,474 | 68,699 | 15,065 | - | 91,238 |
| Net book value | | | | | | |
| At 31 July 2022 | 32,125 | 2,087 | 142,666 | 9,192 | 11,977 | 198,047 |
| At 31 July 2021 | 32,125 | 4,265 | 148,503 | 12,804 | 1,987 | 199,684 |

The University depreciation charge for the year includes a one-off impairment of £2.1m relating to the Estates Master Plan Development. This includes a £1.2m impairment to building leasehold improvements and a £200k write down of freehold buildings carrying values to the estimated recoverable amount, as a result of the Hendon Hub Scheme where these buildings will be demolished or sold to make way for new teaching spaces and student accommodation on campus.

Year ended 31 July 2022

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 £12,575k (2021: £4,514k). The group has an additional £27k deficit on the disposal of equipment fixed assets.

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 are considered of iconic value to the University. These property assets incorporate significantly higher levels of fit-out and so the method for valuation applicable to educational assets was further adjusted to reflect the unique nature of the building space and/or specialised equipment fit-out.

The net book value of land and buildings assets comprises:

| | At 31 July 2022 £'000 | At 31 July 2021 £'000 |
|---------------------------|--------------------------|--------------------------|
| University | | |
| Freehold Tenure: | | |
| Land, at valuation | 29,101 | 29,101 |
| Buildings, at valuation | 110,486 | 114,605 |
| | 139,587 | 143,706 |
| Land, stated at cost | 3,024 | 3,024 |
| Buildings, stated at cost | 32,180 | 33,898 |
| | 35,204 | 36,922 |
| | 174,791 | 180,628 |
| Leasehold Tenure: | | |
| Buildings, stated at cost | 2,087 | 4,265 |
| Net book value | 176,878 | 184,893 |

14. FIXED ASSETS (continued)

The net book value of freehold tenure land and building assets includes £162,828k (2021: £168,061k) in respect of assets charged as securities on the bank loan facilities detailed at note 21.

The net book value of fixtures, fittings and equipment assets includes the following amounts in respect of assets held under finance leases:

| | At 31 July 2022 £'000 | At 31 July 2021 £'000 |
|-----------------------|--------------------------|--------------------------|
| University | | |
| Cost | 2,897 | 3,862 |
| Charge for year | (965) | (965) |
| Net book value | 1,932 | 2,897 |

15. SERVICE CONCESSION ARRANGEMENTS

The University has one service concession arrangement.

Hendon Campus – Student Accommodation

In April 2006 the University entered into a project agreement with a third-party property operator, Middlesex First Limited, for the refurbishment, financing, maintenance, managing and servicing of student accommodation on the Hendon Campus.

The student accommodation consists of three halls of residence (Usher, Platt and Writtle) where Middlesex First Limited will manage them for 35 years until 2039/40, at which point the facilities will revert back to University ownership for nil consideration.

Under the project agreement, the University does not incur a minimum guaranteed payment and instead nominates a number of rooms on an annual basis thereby incurring the demand risk on those rooms only.

Therefore the University has no infrastructure asset or liability to recognise on the statement of financial position for its obligations under the service concession arrangement as defined by FRS 102.

This arrangement has been accounted for as follows:

- The net book value of the three halls' land and property assets are recognised on the statement of financial position, as no disposal of assets is deemed to have taken place. At 31 July 2022 these assets had a net book value of £8,456k (2021: £8,757k) included in note 14
- The premium that was received by the University under the agreement was treated as payment for the right to access the property over the period of the agreement and is included as deferred income and is being amortised over the life of the arrangement with an amount of £374k being recognised as income each year
- The costs and fees associated with the project agreement incurred by the University were treated as a prepayment and is being amortised over the life of the arrangement with an amount of £62k being recognised as expenditure each year
- The annual rental income received by the University from students in the three halls and the amounts paid by the University to Middlesex First Limited as a unitary charge are both accounted for in the statement of comprehensive income.

Year ended 31 July 2022

16. NON-CURRENT INVESTMENTS

| | Notes | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|------------------------------------|-------|-------------------------|---------------------|-------------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Investment in subsidiary companies | 16a. | – | 25 | – | 25 |
| Other investments | 16b. | 36 | 36 | 36 | 36 |
| | | 36 | 61 | 36 | 61 |

a. Investment in subsidiary companies

The Board believe that the carrying value of the investments in trading subsidiary companies is supported by the subsidiary company net assets and/or their business plans. Investments in the subsidiary companies are stated at cost less impairment. The University holds a £4k provision against its investment in Middlesex University (Malta) Limited (2021: £4k). Details of the subsidiary companies are shown in note 30.

b. Other investments

Other investments have been valued at historical cost value and consist of:

| | Consolidated and University £'000 |
|-------------------------------|-----------------------------------------|
| Shares in CVCP Properties plc | 36 |
| | 36 |

CVCP Properties plc is a company owned by all UK university institutions, whose executive heads (Vice-Chancellors or Principals) are members of Universities UK, and Universities UK itself. Universities UK is the representative organisation for the United Kingdom's universities.

17. STOCK

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|--------------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Research grants and contracts – work in progress | 10 | 10 | 10 | 10 |
| | 10 | 10 | 10 | 10 |

18. TRADE AND OTHER RECEIVABLES

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|------------------------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Amounts falling due within one year: | | | | |
| Trade debtors | 2,722 | 2,622 | 3,322 | 3,221 |
| Tuition fees | 5,888 | 5,529 | 11,027 | 10,340 |
| Other receivables | 860 | 788 | 2,525 | 1,064 |
| Prepayments and accrued income | 10,687 | 6,664 | 7,741 | 5,740 |
| Amounts due from subsidiary companies | – | 4,182 | – | 4,071 |
| | 20,157 | 19,785 | 24,615 | 24,436 |
| Amounts falling due after more than one year: | | | | |
| Prepayments | 1,060 | 1,060 | 1,122 | 1,122 |
| | 21,217 | 20,845 | 25,737 | 25,558 |

19. CURRENT INVESTMENTS

| | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|----------------------|-------------------------|---------------------|-------------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Investment portfolio | 10,108 | 10,108 | – | – |
| Short term deposits | 12,541 | 12,541 | 12,537 | 12,537 |
| | 22,649 | 22,649 | 12,537 | 12,537 |

The investment portfolio comprises funds held in a range of asset classes as defined under the University's Investment Policy adopted by the Board of Governors in March 2021. The portfolio funds are managed by the appointed investment manager, Goldman Sachs International.

Deposits are held with Lloyds Bank plc operating in the London market and licensed by the Prudential Regulation Authority with a maturity date of more than three months' maturity at the date of deposit. The funds are held in a notice account where the interest rate for the deposit is linked to the Bank of England base rate plus Lloyds Bank basis points (BPS).

Year ended 31 July 2022

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Notes | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|--------------------------------------------|-------|-------------------------|---------------------|-------------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Secured loans | 21 | 4,297 | 4,297 | 4,044 | 4,044 |
| Obligations under finance leases | 28 | 967 | 967 | 967 | 967 |
| Research grants received on account | | 7,415 | 7,415 | 6,962 | 6,962 |
| Other liabilities due within one year | | 11,764 | 10,833 | 11,696 | 10,988 |
| Trade payables | | 5,929 | 4,268 | 3,973 | 2,634 |
| Social security and other taxation payable | | 2,388 | 2,317 | 2,946 | 2,826 |
| Accruals and deferred income | | 24,928 | 23,342 | 23,511 | 21,231 |
| | | 57,688 | 53,439 | 54,099 | 49,652 |

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

| | Notes | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|------------------------------------------------------|-------|-------------------------|---------------------|-------------------------|---------------------|
| | | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Deferred income | | 6,365 | 6,365 | 6,742 | 6,742 |
| Other liabilities due after one year | | 10 | 10 | 14 | 14 |
| Obligations under finance lease | 28 | 969 | 969 | 1,930 | 1,930 |
| Secured loans | | 59,709 | 59,709 | 64,006 | 64,006 |
| | | 67,053 | 67,053 | 72,692 | 72,692 |
| Analysis of secured loans: | | | | | |
| Due within one year or on demand (note 20) | | 4,297 | 4,297 | 4,044 | 4,044 |
| Due between one and two years | | 4,486 | 4,486 | 4,242 | 4,242 |
| Due between two and five years | | 17,923 | 17,923 | 14,023 | 14,023 |
| Due in five years or more | | 37,300 | 37,300 | 45,741 | 45,741 |
| Due after more than one year | | 59,709 | 59,709 | 64,006 | 64,006 |
| Total secured loans | | 64,006 | 64,006 | 68,050 | 68,050 |
| Secured loans repayable to Barclays Bank plc by 2030 | | 21,122 | 21,122 | 23,274 | 23,274 |
| Secured loans repayable to Lloyds Bank plc by 2037 | | 42,884 | 42,884 | 44,776 | 44,776 |
| | | 64,006 | 64,006 | 68,050 | 68,050 |

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

(continued)

The secured bank loan facilities are repayable over the terms shown below. Interest is charged at the rates shown and all rates are subject to change where a renewal date is set or if a variable rate applies, otherwise they are fixed until the end of the loan term.

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

| Lender | Borrower | Property name | Loan amount £'000 | Draw down amount £'000 | Amount outstanding at 31 July 2022 £'000 | Term | Interest rate at 31 July 2022 % | Rate renewal date | Loan term end date |
|----------------------------|------------|------------------------------------|----------------------|---------------------------|---------------------------------------------|------------|--------------------------------------------------------------------------------|-------------------|--------------------|
| Barclays Bank plc | University | Part of Hendon Campus | 43,000 | 43,000 | 21,122 | 25 Years | 6.0300% Fixed | end of loan term | 2030 |
| Lloyds Bank plc | University | | 12,000 | 12,000 | 9,392 | 28 Years | 6.5950% Fixed | end of loan term | 2037 |
| Lloyds Bank plc | University | | 15,000 | 15,000 | 11,683 | 27 Years | 6.4250% Fixed | end of loan term | 2037 |
| Lloyds Bank plc | University | | 10,000 | 10,000 | 7,815 | 26 Years | 6.5450% Fixed | end of loan term | 2037 |
| Lloyds Bank plc | University | Part of Hendon Campus and Ivy Hall | 5,000 | 5,000 | 3,340 | 26 Years | Variable - 3 month LIBOR (to 31 December 2021) and SONIA (from 1 January 2022) | Rolling quarterly | 2037 |
| Lloyds Bank plc | University | | 5,000 | 5,000 | 3,925 | 26 Years | 6.7050% Fixed | 7 September 2026 | 2037 |
| Lloyds Bank plc | University | | 10,000 | 10,000 | 6,729 | 25.5 Years | Variable - 3 month LIBOR (to 31 December 2021) and SONIA (from 1 January 2022) | Rolling quarterly | 2037 |
| | | | 57,000 | 57,000 | 42,884 | | | | |
| Total secured loans | | | 100,000 | 100,000 | 64,006 | | | | |

The Group has applied the Amendments to FRS 102: Interest rate benchmark reform (Phase 1 and Phase 2). Applying the practical expedient introduced by the amendments, when the benchmark affecting the Group's loans are replaced, the adjustments to the contractual cash flows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loans' benchmark interest rate will not result in an immediate gain or loss recorded in profit or loss, which may have been required if the practical expedient was not available or adopted. As at 31 July 2022, all bank loans had transitioned to alternative interest rate benchmarks.

Year ended 31 July 2022

22. PROVISIONS FOR LIABILITIES**Consolidated and University**

| | Obligation to fund deficit on LGPS Pension £'000 | Pension enhancements on termination £'000 | Total Pension Provisions £'000 | Restructuring Provision £'000 | Onerous Contract £'000 | Leasehold Dilapidation £'000 | Taxation £'000 | Total Other Provisions £'000 |
|-----------------------------------|--------------------------------------------------|-------------------------------------------|--------------------------------|-------------------------------|------------------------|------------------------------|----------------|------------------------------|
| At 1 August 2021 | 163,495 | 4,633 | 168,128 | 130 | – | 1,000 | – | 1,130 |
| Utilised in year | – | (428) | (428) | (150) | (5) | – | – | (155) |
| Additions/(reductions) in 2021/22 | (136,564) | (299) | (136,863) | 159 | 199 | 240 | 218 | 816 |
| At 31 July 2022 | 26,931 | 3,906 | 30,837 | 139 | 194 | 1,240 | 218 | 1,791 |

Obligation to fund deficit on LGPS pension

The obligation is in respect of the University's Local Government Pension Scheme (LGPS). Further details regarding the LGPS and the assumptions underlying the provision can be found at note 31.

Pension enhancements on termination

A pension provision in respect of pension enhancements payable to staff who left the University during the 1990s as part of an early retirement scheme. Currently there are 152 people (2021: 161 people) who receive a pension. This provision will be utilised over the period of retirement. The provision is based upon the full actuarial valuation at 30 April 2022 by a qualified independent actuary and updated to 31 July 2022.

The default assumptions used by the actuary that comply with FRS 102 for calculating the provision for pension enhancements on termination at 31 July 2022 are as follows:

Financial assumptions:

| | Consolidated |
|------------------------------------------------------------------|--------------|
| Discount rate for liabilities | 3.50% |
| Consumer price inflation (CPI increases) – Pension increase rate | 2.75% |

Longevity assumptions:**Mortality**

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% per annum for both males and females.

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 2022.

It is estimated that the provision will be fully utilised or released in the statement of comprehensive income and expenditure in 2022/23 dependent upon the agreed departure date of the relevant employees.

22. PROVISIONS FOR LIABILITIES (continued)**Onerous contract provision**

The cost of an onerous contract relating to the vacation of a leased property, 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 31 May 2024 when it is surrendered.

Leasehold dilapidation

£1m of the dilapidation provision relates to current estimated cost of dilapidations relating to Building 2 of the former New Southgate Campus in returning the property to the lessor when the lease was surrendered on 7 June 2020. A further £200k dilapidation provision represents the estimated expenditure to be incurred upon vacating the East Stand of the StoneX Stadium and is based on the contractual terms and the condition of properties as at 31 July 2022. It is estimated that the provisions will be fully utilised or released in the statement of comprehensive income and expenditure in 2022/23 dependent upon the building works completion.

Taxation

The provision is an estimate of the costs related to a formal review undertaken by a foreign taxation authority in an overseas region in which there is some uncertainty around the eventual outcome where reasonable estimate of outflow could be identified. Payment is possible over the next year.

Year ended 31 July 2022

23. ENDOWMENT RESERVES

| Restricted net assets relating to endowments are as follows: | Notes | Restricted permanent endowments £'000 | Expendable endowments £'000 | 2022 Total £'000 | 2021 Total £'000 |
|--------------------------------------------------------------------|-------|------------------------------------------|--------------------------------|---------------------|---------------------|
| Balances at 1 August 2021 | | | | | |
| Capital value | | 400 | 178 | 578 | 660 |
| Accumulated income | | – | 7 | 7 | 9 |
| | | 400 | 185 | 585 | 669 |
| New endowments | 8 | – | 88 | 88 | 5 |
| Investment income | 7 | 1 | 8 | 9 | – |
| Expenditure | | – | (105) | (105) | (89) |
| Total endowment comprehensive (expense)/income for the year | | 1 | (9) | (8) | (84) |
| At 31 July 2022 | | 401 | 176 | 577 | 585 |
| Represented by: | | | | | |
| Capital value | | 400 | 171 | 571 | 578 |
| Accumulated income | | 1 | 5 | 6 | 7 |
| | | 401 | 176 | 577 | 585 |
| Analysis by type of purpose: | | | | | |
| Prize funds, scholarships and bursaries | | 401 | 44 | 445 | 458 |
| General | | – | 132 | 132 | 127 |
| | | 401 | 176 | 577 | 585 |
| Analysis by asset: | | | | | |
| Cash and cash equivalents | | | | 577 | 585 |
| | | | | 577 | 585 |

24. CASH AND CASH EQUIVALENTS

| | At 1 August 2021 £'000 | Cash flows £'000 | At 31 July 2022 £'000 |
|---------------------------|---------------------------|---------------------|--------------------------|
| Consolidated | | | |
| Cash and cash equivalents | 98,177 | (16,365) | 81,812 |
| | 98,177 | (16,365) | 81,812 |
| | At 1 August 2021 £'000 | Cash flows £'000 | At 31 July 2022 £'000 |
| University | | | |
| Cash and cash equivalents | 91,490 | (16,652) | 74,838 |
| | 91,490 | (16,652) | 74,838 |

The University cash represents £30.5m (2021: £43.3m) of funds held in operating bank accounts.

Cash equivalents of the University represent £44.3m (2021: £48.2m) of funds deposited for short-term (with maturity of three months or less at the date of deposit) investment purposes with two other parties as follows:

£27.1m (2021: £35.6m) is deposited with Royal London Asset Management Limited. £12.1m (2021: £12.6m) in funds is held with Lloyds Bank plc which operates in the London market and is licensed by the Prudential Regulation Authority. These deposits comprise a mixture of day notice and fixed term trades, therefore interest rates may be variable and/or fixed for the duration of the deposit at the time of placement depending on the deposit type. A further £5.0m (2021: £nil) is segregated for investment purposes with Lloyds Bank plc.

Cash and cash equivalents of the University include £374k (2021: £433k) in respect of net monies held on behalf of third parties as disclosed in notes 32 to 34.

Year ended 31 July 2022

25. RECONCILIATION OF NET DEBT

| Consolidated Analysis of changes in net funds/(debt): | At 1 August 2021 £'000 | Cash flows £'000 | Foreign exchange translation gain £'000 | At 31 July 2022 £'000 |
|----------------------------------------------------------|------------------------------|------------------------|--------------------------------------------------|-----------------------------|
| Cash and cash equivalents | 98,177 | (16,568) | 203 | 81,812 |
| Obligations under finance lease | (2,897) | 961 | - | (1,936) |
| Secured loans | (68,050) | 4,044 | - | (64,006) |
| Net funds | 27,230 | (11,563) | 203 | 15,870 |

26. CAPITAL AND OTHER COMMITMENTS

Provision has not been made for the following capital commitments at 31 July 2022:

| | 31 July 2022 | | 31 July 2021 | |
|-----------------------------------------------------------|-----------------------|---------------------|-----------------------|---------------------|
| | Consolidated £'000 | University £'000 | Consolidated £'000 | University £'000 |
| Commitments contracted for at 31 July | 2,167 | 2,167 | 1,129 | 1,129 |
| Authorised by the Board but not contracted for at 31 July | 41,779 | 41,779 | 20,146 | 20,146 |
| | 43,946 | 43,946 | 21,275 | 21,275 |

27. CONTINGENT LIABILITIES**Middlesex University (Malta) Limited**

The University closed its Malta campus on 30 September 2022. A contingent liability exists in relation to campus closing activities aimed at providing the best student experience possible. In the unlikely event of the campus not having sufficient assets to meet its liabilities, those liabilities would fall to be met by the University as a whole. The Group has therefore given a written undertaking of support to its subsidiary Middlesex University (Malta) Limited.

The University entered into a capital contribution agreement with Middlesex University (Malta) Limited at 15 July 2022 whereby the intercompany debt of £294k at that date due to the University was converted to a capital contribution reserve and forms part of the total capital and reserves of Middlesex University (Malta) Limited. The purpose of the capital contribution agreement was for the University to introduce new capital into Middlesex University (Malta) Limited without issuing new shares or creating new debt through the conversion of existing intercompany debt.

At 31 July 2022, the date of its latest audited balance sheet, Middlesex University (Malta) Limited had total net assets of £127k (2021: £471k). The maximum value of future operating losses recognised at present value using a discount rate is £462k for the financial year ending 31 July 2023.

28. LEASE OBLIGATIONS**Lessee – operating leases**

At 31 July the Group was committed to making the following future minimum lease rental payments in respect of non-cancellable operating leases:

| Total rentals payable under operating leases: | 31 July 2022 | | | 31 July 2021 |
|-----------------------------------------------|--------------------------------|--------------------|----------------|----------------|
| | Land and Buildings £'000 | Equipment £'000 | Total £'000 | Total £'000 |
| Future minimum lease payments due: | | | | |
| Not later than 1 year | 2,681 | 697 | 3,378 | 2,456 |
| Later than 1 year and not later than 5 years | 9,987 | 853 | 10,840 | 13,055 |
| Later than 5 years | 190,742 | - | 190,742 | 181,240 |
| Total lease payments due | 203,410 | 1,550 | 204,960 | 196,751 |

Rental commitments in respect of land and buildings leases include Hendon Hub Scheme leases arising from non-cancellable arrangements where a development agreement for a lease has been signed, however individual lease agreements have not been signed. As the development agreement is non-cancellable and specifically includes a provision that the properties on completion of the development shall be leased by Middlesex University, these have been included within building rental commitments as at 31 July 2022.

Lessee – finance leases

At 31 July the University was committed to making the following future minimum lease rental payments in respect of finance leases:

| Total payment under finance leases: | 31 July 2022 | 31 July 2021 |
|----------------------------------------------|--------------------|--------------------|
| | Equipment £'000 | Equipment £'000 |
| Future minimum lease payments due: | | |
| Not later than 1 year | 967 | 967 |
| Later than 1 year and not later than 5 years | 969 | 1,930 |
| Total lease payments due | 1,936 | 2,897 |

29. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting date which would require disclosure or adjustment to the Financial Statements for the year ended 31 July 2022.

Year ended 31 July 2022

30. SUBSIDIARY UNDERTAKINGS

| Principal trading subsidiary | Parent interest in ordinary shares voting rights | Principal activity | Country of incorporation |
|----------------------------------------|--------------------------------------------------|----------------------------------------------------|----------------------------|
| MU Ventures Limited | 100% owned | Contract research and consultancy services | England and Wales |
| MU Services Limited | 100% owned | Staffing services to Middlesex University | 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 International (Dubai) FZ-LLC | 100% owned | Training and development, academic staff provision | Dubai/United Arab Emirates |
| Middlesex University (Malta) Limited | 100% owned | Education services and campus administration | Malta |

MU Ventures Limited has ownership of the following companies overseas:

- 100% of Middlesex Educational Consulting (Beijing) Co., Ltd., a company incorporated and registered in China providing student recruitment and marketing services to the University in that region
- 99.99% of MU Ventures India Private Limited, a company incorporated and registered in India providing student recruitment and marketing services to the University in that region. The remaining 0.01% of MU Ventures India Private Limited is owned by Middlesex International (Dubai) FZ-LLC
- 100% of Middlesex Education Private Limited, a company incorporated and registered in India that had ceased trading in 2019/20 will be dissolved in the period ending 31 July 2023.

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

Middlesex University Higher Education Corporation - Dubai Branch does not have share capital disclosed above, but the results, assets and liabilities for the year ended 31 July 2022 are included in the consolidated Financial Statements by virtue of the fact that the University has dominant influence over financial and operating policies. The company is incorporated and registered in Dubai/UAE providing student recruitment and marketing services to the University in that region.

The Board believe that the carrying value of the investments in the trading subsidiary companies as disclosed at note 16 is supported by the subsidiary company net assets and/or business plans.

31. PENSION SCHEMES

The University's employees belong to two principal pension Schemes, the Teachers' Pension Scheme (TPS) 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 transition to career average arrangements are protected, providing benefits based on a final pensionable salary. The University's pension costs and charges for the year in respect of these two Schemes, included within note 9 staff costs, were:

| | Year ended 31 July 2022 £'000 | Year ended 31 July 2021 £'000 |
|----------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Total defined benefit pension cost for the year within staff costs: | | |
| Contributions paid by the University | 16,874 | 17,450 |
| FRS 102 pension charge: | | |
| LGPS - current and past service costs | 17,508 | 15,646 |
| LGPS - employer contributions | (7,997) | (8,147) |
| | 9,511 | 7,499 |
| Total University pension costs (note 9) | 26,385 | 24,949 |

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is operated by the Department for Education (DfE) and is governed by statutory regulations. Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a multi-employer pension scheme. As the TPS pension benefits are 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 TPS is a statutory, contributory, unfunded, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. Contributions are credited to the government 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 latest Scheme funding valuation and the employer's contribution rates.

The Scheme is subject to a full actuarial valuation usually every four years with the most recent funding valuation carried out as at 31 March 2016. The funding valuation report was published by the Government Actuary's Department on behalf of the DfE on 5 March 2019. The key highlights from this report are as follows:

| Whole Scheme valuation of balance sheet | At 31 March 2016 £bn |
|-----------------------------------------|-------------------------|
| Aggregate Scheme liabilities | (218.1) |
| Aggregate Scheme notional assets | 196.1 |
| Notional past service deficit | (22.0) |

Year ended 31 July 2022

31. PENSION SCHEMES (continued)

The employer's contribution rate determined by the valuation at 31 March 2016 and applicable from 1 September 2019 (to 31 March 2023) was 23.68% of pensionable salaries (inclusive of the administrator levy of 0.08%). The Scheme will next be subject to actuarial valuation as at 31 March 2020, the results of which are expected to take effect from April 2024.

The total of all contributions into the TPS for the year ended 31 July 2022 was £13,561k (2021: £13,593k) of which employers' contributions totalled £9,563k (2021: £9,513k) and employees' contributions totalled £3,998k (2021: £4,080k).

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 of all contributions into the LGPS for the year ended 31 July 2022 was £10,076k (2021: £10,308k) of which employers' contributions totalled £7,997k (2021: £8,147k) and employees' contributions totalled £2,079k (2021: £2,161k).

For the period to 31 July 2022 (date extended from period to 31 March 2022 under an arrangement with the Scheme administrators) the overall 'effective' employer contribution rate was 25.9% (2021: 25.9%).

From 2014, the University entered into a funding deficit recovery plan with the Scheme administrators. This treatment required the employer's cost of providing pension benefits to be broken down into two distinct contribution elements: the employer's current Scheme funding (known as the 'primary rate') and a deficit reduction contribution. Contributions under the plan are set for three years and renewed as part of the results of the full actuarial valuation of the Fund. The latest full actuarial valuation was carried out for the period as at 31 March 2019 and has been effective since 1 August 2020 (date extended from 1 April 2020 under an arrangement with the Scheme administrators).

Under the current three year funding deficit recovery plan, for the period from 1 August 2021 to 31 July 2022, the employer's primary rate is 20.7% (2021: 20.7%) of pensionable salaries and the deficit reduction contribution is £1,714k (2021: £1,663k).

The total employer contributions expected to be paid into the Scheme during the year ended 31 July 2023 is £7,708k. This is based on the primary rate from 1 August 2022 of 20.7% of pensionable salaries for current Scheme funding and a deficit reduction contribution of £1,766k.

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 (FRS 102)

The following information is based upon a full actuarial valuation of the Fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary, using financial assumptions in accordance with the requirements of FRS 102.

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 are dependent on the following major assumptions:

31. PENSION SCHEMES (continued)

Longevity assumptions:

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% per annum for both males and females.

Based on these assumptions, the average future life expectancies assuming retirement at age 65 (years) are:

| | | At 31 July 2022 | At 31 July 2021 |
|-------------------------------------------|---------|-----------------|-----------------|
| Current pensioners (retiring today) | Males | 21.7 | 21.9 |
| | Females | 24.3 | 24.4 |
| Future pensioners (retiring in 20 years)* | Males | 23.1 | 23.3 |
| | Females | 26.1 | 26.4 |

*Figures assume members aged 45 as at the last formal valuation date (31 March 2019).

Historic mortality

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future life expectancies are shown below:

| Period ended | Current Pensioners | Future Pensioners |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31 July 2022 | CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term-rate of improvement of 1.5% per annum. | CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long-term rate of improvement of 1.5% per annum. |

The mortality assumptions used to value the obligations in the University's closing position are different to those used to value the obligations in the University's opening position.

Commutation

A commutation allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Year ended 31 July 2022

31. PENSION SCHEMES (continued)**Local Government Pension Scheme** (continued)**Financial assumptions:**

The default financial assumptions are summarised below:

| | At 31 July 2022 | At 31 July 2021 |
|----------------------------------------------|--------------------|--------------------|
| Rate of increase in pensions (CPI increases) | 2.75% | 2.85% |
| Rate of increase in salaries | 3.45% | 3.55% |
| Discount rate for liabilities | 3.50% | 1.60% |

As at the date of the most recent valuation (31 March 2019) the duration of the University funded liabilities is 21 years.

Investment Returns:

The return on the fund in market value terms for the period to 31 July 2022 is estimated based on actual fund returns as provided by the Scheme administering authority and index returns where necessary. Details are set out below:

| | |
|---------------------------------------------------------|-------------|
| Actual returns from 1 July 2021 to 30 June 2022 | -4.0% |
| Total returns from 1 August 2021 to 31 July 2022 | 0.1% |

Share of plan assets by major category:

The estimated share of plan assets as a percentage of total plan assets as at 31 July 2022 is set out below:

| Major asset category: | At 31 July 2022 | At 31 July 2021 |
|-----------------------|--------------------|--------------------|
| Equities | 66% | 64% |
| Bonds | 27% | 28% |
| Property | 6% | 4% |
| Cash | 1% | 4% |
| Total | 100% | 100% |

31. PENSION SCHEMES (continued)**Local Government Pension Scheme** (continued)

| | Year ended 31 July 2022 £'000 | Year ended 31 July 2021 £'000 |
|----------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Analysis of the amount shown in the statement of financial position: | | |
| Fair value of Scheme assets | 270,790 | 268,378 |
| Present value of Scheme liabilities | (297,721) | (431,873) |
| Deficit in the Scheme – Net pension liability recorded within Pension Provisions (note 22) | (26,931) | (163,495) |
| Amounts included in Staff Costs (note 9): | | |
| Current service costs | 17,440 | 15,349 |
| Past service cost (including curtailments) | 68 | 297 |
| Total operating charge | 17,508 | 15,646 |
| Analysis of the amount charged to interest payable (note 11): | | |
| Interest cost on Scheme liabilities | 6,998 | 5,383 |
| Interest income on Scheme assets | (4,308) | (3,044) |
| Net charge to interest payable | 2,690 | 2,339 |
| Total charged to statement of comprehensive income and expenditure before deduction for tax | 20,198 | 17,985 |
| Analysis of amounts recognised in other comprehensive income: | | |
| (Loss)/return on fund assets in excess of interest | (4,083) | 46,311 |
| Changes in financial assumptions | 152,411 | (36,845) |
| Change in demographic assumptions | 1,305 | (4,795) |
| Experience (loss)/gain on liabilities | (868) | 5,188 |
| Remeasurements of net defined benefit pension liability | 148,765 | 9,859 |

Year ended 31 July 2022

31. PENSION SCHEMES (continued)**Local Government Pension Scheme** (continued)

| | Notes | At 31 July 2022 £'000 | At 31 July 2021 £'000 |
|---------------------------------------------------------------------------------------|-------|----------------------------------|----------------------------------|
| Movement in deficit during the year | | | |
| Deficit at beginning of year | | (163,495) | (163,516) |
| Movement in the year: | | | |
| Contributions or benefits paid by the University | | 7,997 | 8,147 |
| Current service costs | | (17,440) | (15,349) |
| Past service cost (including curtailments) | | (68) | (297) |
| Other finance charge | | (2,690) | (2,339) |
| Gain/(loss) recognised in other comprehensive income | | 148,765 | 9,859 |
| Deficit at end of year | 22 | (26,931) | (163,495) |
| | | Year to 31 July 2022 £'000 | Year to 31 July 2021 £'000 |
| Movement in present value of the Scheme liabilities | | | |
| Opening present value of the defined benefit obligation | | 431,873 | 379,596 |
| Movement in the year: | | | |
| Current service costs | | 17,440 | 15,349 |
| Interest cost | | 6,998 | 5,383 |
| Past service cost (including curtailments) recorded within other comprehensive income | | 68 | 297 |
| Member contributions (including unfunded pension payments) | | 2,079 | 2,161 |
| Actuarial (gain)/loss arising from changes in financial and demographic assumptions | | (153,716) | 41,640 |
| Other experience loss/(gain) | | 868 | (5,188) |
| Estimated benefits paid | | (7,889) | (7,365) |
| Present value of liabilities at the end of year | | 297,721 | 431,873 |

31. PENSION SCHEMES (continued)**Local Government Pension Scheme** (continued)

| | Year to 31 July 2022 £'000 | Year to 31 July 2021 £'000 |
|----------------------------------------------------------------|----------------------------------|----------------------------------|
| Analysis of movement in the fair value of Scheme assets | | |
| Opening fair value of Scheme assets | 268,378 | 216,080 |
| Movement in the year: | | |
| Interest income on assets | 4,308 | 3,044 |
| Return on assets excluding amounts included in net interest | (4,083) | 46,311 |
| Contributions paid by the University | 7,997 | 8,147 |
| Member contributions | 2,079 | 2,161 |
| Estimated benefits paid | (7,889) | (7,365) |
| Fair value of Scheme assets at end of year | 270,790 | 268,378 |
| | Year to 31 July 2022 £'000 | Year to 31 July 2021 £'000 |
| Actual return on Scheme assets | | |
| Interest income on assets | 4,308 | 3,044 |
| Return on assets excluding amounts included in net interest | (4,083) | 46,311 |
| | 225 | 49,355 |

Middlesex University Defined Contribution Pension Scheme

The Middlesex University Defined Contribution Pension Scheme provided by Scottish Widows is a defined contribution plan, a post employment benefit plan under which MU Services Limited pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the year during which services are rendered by MU Services Limited employees. The pension contributions for the year in respect of the scheme included within note 9 consolidated staff costs, totalled £166k (2021: £3k).

Year ended 31 July 2022

32. DEPARTMENT FOR EDUCATION — TEACHER TRAINING BURSARIES

| | At 31 July 2022 £'000 | At 31 July 2021 £'000 |
|-------------------------------------------|-----------------------------|-----------------------------|
| Balance brought forward | 2 | (36) |
| Funds received | 711 | 1,754 |
| | 713 | 1,718 |
| Disbursed to students | (734) | (1,716) |
| Balance carried forward at 31 July | (21) | 2 |

The Department for Education (DfE) training bursaries are a financial incentive to attract and retain high quality graduates into the teaching profession.

The DfE bursaries received as detailed in this note are available solely for students; the University acts only as a paying agent. All of the funding and related disbursements are therefore excluded from the statement of comprehensive income and shown within note 20, other liabilities due within one year.

33. MILLIONPLUS

| | At 31 July 2022 £'000 | At 31 July 2021 £'000 |
|-----------------------------------------------------|-----------------------------|-----------------------------|
| Balance brought forward | 431 | 366 |
| Subscriptions received from affiliated universities | 518 | 545 |
| | 949 | 911 |
| Campaign expenses | (448) | (480) |
| Balance carried forward at 31 July | 501 | 431 |

Middlesex University acts as a paying agent for MillionPlus by accepting subscriptions received from its affiliated member universities and bearing all campaign costs and expenses. All of the funding and related disbursements are therefore excluded from the statement of comprehensive income and shown within note 20, other liabilities due within one year. The University is not a member of MillionPlus, its role is to provide the financial administration function.

34. COLLABORATIVE RESEARCH FUNDS

| | At 31 July 2022 £'000 | At 31 July 2021 £'000 |
|-------------------------------------------|-----------------------------|-----------------------------|
| Balance brought forward | - | 106 |
| Partner funds received | 116 | 116 |
| | 116 | 222 |
| Distributions to partners | (222) | (222) |
| Balance carried forward at 31 July | (106) | - |

The University is the lead partner-coordinator for a number of European Commission and UK Government Research funding agreements involving other named collaborative partners.

Where the University receives funding as the lead coordinator in a collaborative research agreement it acts as paying agent for the funding of the other participants with no discretion over how the funds received are distributed and used, acting only in accordance with the instructions and directions of the funder. The funds received by the University as agent are not recognised as assets in its statement of financial position as the funds are not within its control. The receipt of the funds is not recognised as income, nor is the distribution to another named partner recognised as expenditure and as such excluded from the statement of comprehensive income shown within note 20, other liabilities due within one year.

The proportion of the grant funding that is attributable to the University for delivering its component of the grants' purpose is recognised in note 5 dependent on the performance related conditions being met.

Year ended 31 July 2022

35. RELATED PARTY TRANSACTIONS

During the year ended 31 July 2022 the University had transactions with a number of organisations which fell within the definition of Related Parties under FRS 102. Transactions are disclosed where members of the Board of Governors and the University Executive Team disclose an interest in a body with whom the University undertakes transactions.

The University has taken advantage of the exemption within FRS 102 Section 33 'Related Party Disclosures' and has not disclosed transactions with other wholly owned subsidiary companies.

A Register of Interests is maintained for members of the Board of Governors and the University Executive Team, and included within the financial statements are the following transactions with related parties:

| | Year ended 31 July 2022 | | | Year ended 31 July 2021 | | |
|----------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------|------------------------------------------------------------------------|-------------------------|----------------------|------------------------------------------------------------------------|
| | Income £'000 | Expenditure £'000 | Balance at 31 July 2022 due to/(from) the University £'000 | Income £'000 | Expenditure £'000 | Balance at 31 July 2021 due to/(from) the University £'000 |
| Senior manager Company director of MURTC Limited (Company reg no 06834218) | - | 3 | - | - | 2 | - |
| Senior manager Governor of Abingdon and Witney College | - | - | - | 10 | - | 10 |
| Senior manager Director/Trustee of Education Higher (Company reg no 05731255) | - | 34 | - | - | 33 | - |
| Senior manager Company director of UCAS Media Limited (Company reg no 02737300) | - | - | - | - | 22 | - |
| Senior manager Director/Trustee of Quality Assurance Agency for Higher Education (Company reg no 03344784) | - | 39 | - | - | - | - |
| Senior manager Director/Trustee of University Alliance (Company reg no 08137679) | - | 77 | - | - | - | - |
| Independent Governor LLP member at CMS Cameron McKenna Nabarro Olswang LLP (Company reg no OC310335) | - | 140 | - | - | 82 | (41) |
| Independent Governor Company director of Wonkhe Ltd (Company reg no 08784934) | - | 6 | - | - | 6 | 0 |

35. RELATED PARTY TRANSACTIONS (continued)

| continued | Year ended 31 July 2022 | | | Year ended 31 July 2021 | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------|------------------------------------------------------------------------|-------------------------|----------------------|------------------------------------------------------------------------|
| | Income £'000 | Expenditure £'000 | Balance at 31 July 2022 due to/(from) the University £'000 | Income £'000 | Expenditure £'000 | Balance at 31 July 2021 due to/(from) the University £'000 |
| Independent Governor Trustee of Committee of University Chairs (Charity reg no 1189481) | - | 2 | - | - | 2 | - |
| Independent Governor Non-executive director of Barnet, Enfield and Haringey Mental Health NHS Trust Charity (Charity reg no 1103407) | 60 | 13 | 2 | 3 | 34 | 4 |
| Independent Governor Non-executive governor of University of Sunderland | 28 | - | - | - | - | - |

Nature of Transactions

All income and expenditure disclosed relates to fee and supplier invoices processed through the accounts receivable and payable system received and payable in the normal course of business.

Students' Union (MDXSU)

Middlesex University considers the Students' Union at Middlesex University (MDXSU) to be a related party due to the level and nature of the transactions between the organisations.

During the year the Board agreed to pay MDXSU a grant of £1,251k (note 10) for the year ending 31 July 2022 (2021: £1,091k). MDXSU (Charity registration number 1140254) is represented on the University's Board of Governors. The grant was provided in accordance with the University's 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.

Middlesex University Real Tennis Club (MURTC)

There is a contractual arrangement dated 11 September 2017 whereby Middlesex University and MURTC Limited undertake an economic activity of managing a Middlesex University Real Tennis Club (MURTC) that is subject to joint control. This joint venture takes the form of a jointly controlled operation. Middlesex University and MURTC Limited recognise in their financial statements the asset that they control, the liabilities and the expenses that they incur and their share of the income that they earn. Middlesex University also owns 50% of shares of MURTC Limited.

Board of Governors Expenses

The University Board of Governors members are the trustees for charitable law purposes. No Independent Governor has received any remuneration or waived payments from the University during the year in respect of their services as a trustee (2021: £nil).

The total expenses paid to three Independent Governors were £1,389 (2021: £nil). This represents travel expenses incurred in attending Board and Committee meetings and University events in their official capacity.

Year ended 31 July 2022

36. US DEPARTMENT OF EDUCATION FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

In satisfaction of its obligations to facilitate students' access to US federal financial aid, Middlesex University is required, by the US Department of Education, to present the following Supplemental Schedule in a prescribed format. The amounts presented within the schedules have been:

– prepared using United Kingdom Generally Accepted Accounting Practice, (UK GAAP), in accordance with Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);

– presented in pounds sterling.

The schedules set out how each amount disclosed has been extracted from the Financial Statements. As set out above, the accounting policies used in determining the amounts disclosed are not intended to and do not comply with the requirements of United States of America Generally Accepted Accounting Principles (US GAAP).

| Reference to primary statement or note presented in the financial statements | Heading in the US Federal Regulations | Heading in United Kingdom Accounting Standards (UK GAAP) | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------|-------------------------|----------|
| | | | £'000 | £'000 | £'000 | £'000 |
| | Expendable Net Assets | | | | | |
| Consolidated and University Statement of Financial Position – Unrestricted reserves | Statement of Financial Position – Net assets without donor restrictions | Income and expenditure reserve + Revaluation reserve | | 165,925 | | (39,177) |
| Consolidated and University Statement of Financial Position – Restricted reserves | Statement of Financial Position – Net assets with donor restrictions | Income and Expenditure restricted reserve + Income and Expenditure endowment reserve | | 577 | | (585) |
| - | Statement of Financial Position – Related Party receivable and Related party note disclosure | - | - | - | - | - |
| - | Statement of Financial Position – Related party receivable and Related party note disclosure | - | - | - | - | - |
| Consolidated and University Statement of Financial Position – Fixed Assets | Statement of Financial Position – Property, Plant and equipment, net | Tangible fixed assets | 196,215 | | 199,786 | |
| Consolidated and University Statement of Financial Position – Fixed Assets | Note of the Financial Statements – Statement of Financial Position – Property, plant and equipment – pre-implementation | (Freehold/Leasehold Land & Buildings, Equipment) Balance at 1 August 2020 – disposals, depreciation and Exchange Revaluation in the year to 31 July 2021 | | 172,573 | | 196,068 |
| - | Note of the Financial Statements – Statement of Financial Position – Property, plant and equipment – post-implementation with outstanding debt for original purchase | - | - | - | - | - |
| Note of the Financial Statements – 14. Fixed Assets | Note of the Financial Statements – Statement of Financial Position – Property, plant and equipment – post-implementation without outstanding debt for original purchase | Additions (Freehold/Leasehold Land & Buildings + Equipment) | | 12,206 | | 9,083 |
| Note of the Financial Statements – 14. Fixed Assets | Note of the Financial Statements – Statement of Financial Position – Construction in progress | Additions (Construction in Progress) | | 11,436 | | 809 |
| - | Statement of Financial Position – Lease right-of-use assets, net | - | 1,932 | | - | |

36. US DEPARTMENT OF EDUCATION FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE (continued)

| Reference to primary statement or note presented in the financial statements | Heading in the US Federal Regulations | Heading in United Kingdom Accounting Standards (UK GAAP) | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------|--------|-------------------------|---------|
| | | | £'000 | £'000 | £'000 | £'000 |
| | Expendable Net Assets | | | | | |
| - | Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset pre-implementation | - | | 1,932 | | - |
| - | Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset post-implementation | - | | - | | - |
| - | Statement of Financial Position – Goodwill (and other intangibles) | - | | - | | - |
| Consolidated and University Statement of Financial Position – Pension provisions | Statement of Financial Position – Post-employment and pension liabilities | Pension provision | | 30,837 | | 168,128 |
| Note(s) of the Financial Statements – 20. Creditors: amounts falling due within one year and 21. Creditors: amounts falling due after more than one year | Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process | Bank loans | 64,006 | | 68,050 | |
| Note(s) of the Financial Statements – 20. Creditors: amounts falling due within one year and 21. Creditors: amounts falling due after more than one year | Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process | Bank loans | | 64,006 | | 68,050 |
| - | Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process | - | - | - | - | - |
| - | Statement of Financial Position – Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for Construction in process | - | - | - | - | - |
| Note(s) of the Financial Statements – 20. Creditors: amounts falling due within one year and 21. Creditors: amounts falling due after more than one year | Statement of Financial Position – Lease right-of-use asset liability | Lease right of use creditor | 1,936 | | 2,897 | |
| Note(s) of the Financial Statements – 20. Creditors: amounts falling due within one year and 21. Creditors: amounts falling due after more than one year | Statement of Financial Position – Lease right-of-use asset liability pre-implementation | Lease right of use creditor | | 1,936 | | 2,897 |
| - | Statement of Financial Position – Lease right-of-use asset liability post-implementation | - | - | - | - | - |
| - | Statement of Financial Position – Annuities | - | - | - | - | - |

Year ended 31 July 2022

**36. US DEPARTMENT OF EDUCATION FINANCIAL RESPONSIBILITY
SUPPLEMENTAL SCHEDULE (continued)**

| Reference to primary statement or note presented in the financial statements | Heading in the US Federal Regulations | Heading in United Kingdom Accounting Standards (UK GAAP) | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------|-------------------------|----------|
| | | | £'000 | £'000 | £'000 | £'000 |
| | Expendable Net Assets | | | | | |
| - | Statement of Financial Position – Term endowments | - | | - | | - |
| - | Statement of Financial Position – Life Income Funds | - | | - | | - |
| Consolidated and University Statement of Financial Position – Restricted reserves | Statement of Financial Position – Perpetual Funds | Income and Expenditure endowment reserve | | 577 | | (585) |
| | Total Expenses and Losses | | | | | |
| Consolidated and University Statement of Comprehensive Income | Statement of Activities – Total Operating Expenses (Total from Statement of Activities prior to adjustments) | Total expenditure | | 215,166 | | 208,641 |
| Consolidated and University Statement of Comprehensive Income | Statement of Activities – Non-Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, changes other than net periodic pension, Change in value of split-interest agreements and Other gains (loss) – (Total from Statement of Activities prior to adjustments) | Investment income + Actuarial gain on Defined Benefit pension scheme + Foreign exchange translation loss on foreign currency net investment in subsidiaries | | (149,711) | | (9,813) |
| Consolidated and University Statement of Comprehensive Income | Statement of Activities – (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss) | Investment income | | (373) | | (104) |
| - | Statement of Activities – Pension related changes other than periodic pension | - | | - | | - |
| | Modified Net Assets | | | | | |
| Consolidated and University Statement of Financial Position – Unrestricted reserves | Statement of Financial Position – Net assets without donor restrictions | Income and expenditure reserve + Revaluation reserve | | 165,925 | | (39,177) |
| Consolidated and University Statement of Financial Position – Restricted reserves | Statement of Financial Position – total Net assets with donor restrictions | Income and Expenditure restricted reserve + Income and Expenditure endowment reserve | | 577 | | (585) |
| - | Statement of Financial Position – Goodwill (and other intangibles) | - | | - | | - |
| - | Statement of Financial Position – Related party receivable and Related party note disclosure | - | | - | | - |
| - | Statement of Financial Position – Related party receivable and Related party note disclosure | - | | - | | - |

**36. US DEPARTMENT OF EDUCATION FINANCIAL RESPONSIBILITY
SUPPLEMENTAL SCHEDULE (continued)**

| Reference to primary statement or note presented in the financial statements | Heading in the US Federal Regulations | Heading in United Kingdom Accounting Standards (UK GAAP) | Year ended 31 July 2022 | | Year ended 31 July 2021 | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------|---------|-------------------------|---------|
| | | | £'000 | £'000 | £'000 | £'000 |
| | Modified Assets | | | | | |
| Consolidated and University Statement of Financial Position | Statement of Financial Position – Total Assets | Non-current assets + Current assets | | 323,871 | | 336,283 |
| Note of the Financial Statements – 14. Fixed Assets | Note of the Financial Statements – Statement of Financial Position – Lease right-of-use asset pre-implementation | Lease right of use asset | | 1,932 | | 2,897 |
| Note(s) of the Financial Statements – 20. Creditors: amounts falling due within one year and 21. Creditors: amounts falling due after more than one year | Statement of Financial Position – Lease right-of-use asset liability pre-implementation | Lease right of use creditor | | 1,936 | | 2,897 |
| - | Statement of Financial Position – Goodwill (and other intangibles) | - | | - | | - |
| - | Statement of Financial Position – Related party receivable and Related party note disclosure | - | | - | | - |
| - | Statement of Financial Position – Related party receivable and Related party note disclosure | - | | - | | - |
| | Net Income Ratio | | | | | |
| Middlesex University Consolidated and University Statement of Changes in Reserves – Consolidated Total comprehensive income/ (expense) for the year | Statement of Activities – Change in Net Assets Without Donor Restrictions | Income and expenditure reserve | | 126,276 | | 6,792 |
| Consolidated and University Statement of Comprehensive Income | Statement of Activities – (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses) | Total income – investment income | | 191,729 | | 205,647 |

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Above left: DiscoMAKE with Orsola de Castro.
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