

Financial Statements 2013/14

For the year ended
31 July 2014

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Introduction from the Vice-Chancellor

Over the last 12 months, business conditions have remained challenging within a sector that continues to experience unprecedented change and increased competition. By staying committed to our five-year strategy and our vision to be internationally excellent in all we do, in teaching, research and knowledge transfer, we have kept improving.

In 2013/14 we started to see the fruits of our recent transformation and investments. Our 200 outstanding academics and three new Deans, recruited in 2012, have already made a noticeable impact on the quality of our teaching and research.

Our academic team has the leadership and capacity to deliver an exceptional student experience, and research and practice led teaching. Links with industry partners, professional bodies and other organisations are strong with many staff active in professional roles outside of the University.

Over recent years more than £200m has been invested in our infrastructure. The investment now sees our talented community teach, learn and research in striking, built-for-purpose buildings. It is one of the best campuses in London, with facilities and equipment that rival the best in the sector.

Achieving academic excellence

Our research makes a real difference to people's lives. The Research Assessment Exercise 2008 placed us among the top post-1992 institutions, with 77% of our submitted research being of internationally recognised quality or better, and we are confident of an even stronger outcome in the 2014 Research Excellence Framework.

International activities

Our global presence continues to be a significant aspect of the Middlesex success story. Since 2005, we have opened new campuses in Dubai, Mauritius and most recently Malta, attracting ambitious students who aspire to gain internationally recognised British qualifications. Many take the opportunity to study at our campus in London as part of their course.

Investing in students' employability

Alongside excellence in staff and facilities, we have also prioritised the student experience and students' employability. All of our courses are designed to give students every opportunity to develop real-world skills that lead to better jobs, higher incomes and faster promotion paths. All students gain access to dedicated career advisers, global job vacancies, networking events and workshops through our new employability service.



Individual success

Our aim to attract ambitious students and high performing staff has resulted in some notable achievements in the last year. For example fashion designer Rhiannon Wakefield received the top accolade at this year's Fashion Awareness Direct competition. Among our staff, Professor William Schabas has been chosen to chair an independent International Commission of Inquiry to investigate violations of international humanitarian and human rights law in Gaza.

Future sustainability

These are exciting times for Middlesex. We can look to the future with genuine optimism. Yet, we know very well that nothing stands still in the modern, global higher education environment. We will continue to operate with agility and respond to changing circumstances and to find the resources to invest in developing our status and raising awareness globally and domestically. Reputation remains the main driver of success among external stakeholders and research communities, so we will continue to raise our standing among students, parents, our peers and external stakeholders.

Middlesex is a vibrant, diverse and dynamic institution - and we're in excellent financial health. I have no doubt the University will continue to succeed in the coming months and years.

Professor Michael Driscoll
Vice-Chancellor



Hatchcroft, Middlesex University London

Operating and financial review

About Middlesex University

London: our gateway to the world

Middlesex is a thriving global university with an ambitious vision for the future. We teach 38,500 students on career-focused courses at our campuses in London, Dubai, Mauritius and Malta with prestigious academic partners and some 1,900 staff across the world.

Our outstanding teaching, research and knowledge transfer make a real difference to people's lives worldwide, while our foresighted approach to industry collaboration provides key advantages to our students, staff and business partners alike.

Commitment to excellence

We strive to grow our worldwide community of successful Middlesex graduates who make vital contributions to the societies in which they live and work. By offering the highest quality university experience, we aim to attract students and staff of stature and talent who will expand our reputation for international excellence.

In recent years, we have invested strategically in our estate, including £200 million to transform our Hendon campus into one of the best learning spaces and single campus experiences in London.

London Campus



Dubai Campus



Mauritius Campus



Malta Campus

Middlesex in numbers

£180m

total income

£14m

research and
knowledge
transfer income

3

overseas
campuses

6

academic schools

1,900

staff worldwide

23,000

students based
in London

38,500+
students on our
courses globally

98,000+
alumni

87%
graduate
employability

85%
student
satisfaction

75th
in The Times &
The Sunday Times
league table
▲ 19 places

86th
in The Guardian
league table
▲ 17 places



Reverend Jesse Jackson at Middlesex University London

Making waves: our year in review

At Middlesex, it's the people that matter. We take huge pride in the many achievements of our students and staff. Our determination to give them every chance of realising their potential was signalled in the latest National Student Survey, when Middlesex recorded an 85% satisfaction rate, up by 3% on last year.

Inspiring research

Our ability to make a positive impact on society globally is a key priority in our 20 world-class research centres. In recent years, we have bolstered this ambition by recruiting some of academia's brightest minds.

William Wong, Professor of Human-Computer Interaction, has led the way, developing a virtual reality system that will allow emergency service workers to train for potential disasters such as a plane crash or terrorist attack through an interactive 3D virtual world.

Professor William Schabas has been chosen to chair the UN Independent Commission of Inquiry to investigate possible violations of international humanitarian and human rights law in Gaza.

This year we began hosting the Centre for Abuse and Trauma Studies, a leading cross-discipline centre for research, practice and training on issues of trauma and abuse led by professors Antonia Bifulco and Julia Davidson. Our appointment was officially launched at the House of Lords in December.

Senior Research Fellow Rosemary Butcher was recognised for services to contemporary dance in the Queen's birthday honours list.

During the UK's winter of extreme weather, the spotlight fell on our Flood Hazard Research Centre. We responded to the call and three of our leading flood experts helped to advise Whitehall on research and development into flood and coastal risk management.

Inspiring students

Adam Warne, an undergraduate on our Popular Music degree, secured his 'lucky break', after his band Synaesthesia released their first album on the Giant Electric Pea label.

Sports scientist Lutalo Muhammad kicked on from his London 2012 bronze medal, winning gold at the inaugural World Taekwondo Grand Prix in Manchester. He is now

world number one in the under 80kg category.

Talented fashion designer Rhiannon Wakefield scooped the top gong at this year's Fashion Awareness Direct competition. In doing so, she became the first menswear finalist to win the competition in its 13-year history.

At Middlesex, encouraging entrepreneurialism and career focus is a central cog in our drive to offer an outstanding student experience. Masters student Nasir Abdulqadir Yammama outstripped thousands of competitors to win the Enterprise Challenge - an online competition to find outstanding Nigerian entrepreneurs. His prize was a business masterclass with Richard Branson.

A talented group of students from across the University organised a high profile conference looking at the issues faced by ex-offenders. They worked with the Networking with Offenders and Offering Resolve Initiative and attracted a number of high profile figures including HRH the Princess of Iraq Dr Nisreen El-Hashemite, and High Sheriff of Greater London Kevin McGrath Esq.

Leading the debate

Our excellent academic reputation is attracting famous names to share their experiences and to inspire the next generation of thinkers and doers to follow in their footsteps.

Human rights campaigner Reverend Jesse Jackson spoke passionately to a 700-strong audience about the need for universal access to education and jobs, and for young people to actively engage in politics. He praised Middlesex for its commitment to diversity and recognised the potential of our students.

Middlesex also invited the Apprentice star and business guru Karren Brady to talk about leadership and share the lessons she has learned on the way to becoming one of the UK's most successful businesswomen.

Finally, in April this year, one of Britain's most successful writers David Nicholls, author of the hit novels 'One Day' and 'Starter for Ten', visited Middlesex as part of the free, student-run North London Literary Festival.



College Building entrance, Middlesex University London

Organisation

University executive

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

Deputy Chief Executive

Melvyn Keen

Responsibility for estates and facilities, academic registry, computing and communication system services, library and student support, the Mauritius and Malta campuses and the Clerk to the Board of Governors. He is also executive lead for sports & recreation, fundraising, environment & sustainability and corporate engagement.

Background:

- Middlesex Finance Director for 10 years
- Fellow of the Institute of Chartered Accountants
- Fellow of the Royal Society of Arts

Deputy Vice-Chancellor, Academic

Professor Waqar Ahmad

Portfolio covers research and academic strategy, the management of the University's academic schools, research and knowledge transfer, academic quality, and the Dubai campus. In addition, he is the designated 'champion' of equal opportunities and ethics across the University.

Background:

- Chief Social Scientist in the Office of the Deputy Prime Minister
- Fellow of the Academy of Social Sciences

Deputy Vice-Chancellor, Chief Marketing Officer

Katie Bell

Responsible for global marketing and communications, student recruitment, student experience, student employability, admissions and alumni. She is also the executive lead on developing the University's reputation.

Background:

- Brand marketer for Nestlé UK and GlaxoSmithKline Consumer Healthcare
- Director of the European University Business School in Barcelona

Deputy Vice-Chancellor, International

Professor Judith Lamie

Responsible for the strategic leadership and development of the University's international activities, partnerships, business development and reputation. She leads and manages the University's international regional directors who are based in Dubai, Hong Kong and London, the Director of Academic Partnerships, and the Director of International Business Development.

Background:

- Over 20 years' experience in international education
- Widely published on English language teaching and learning

Deputy Vice-Chancellor, Finance

Peter Vermeulen

Overall responsibility for the financial viability and strategy of the University and its impact on the core business of teaching, research and enterprise. His portfolio also covers all global financial operations, human resource services and planning.

Background:

- Audit & assurance with PricewaterhouseCoopers
- Prime brokerage for Deutsche Bank and Merrill Lynch

Academic structure

The strategic decision to introduce a new school structure for the 2012/13 academic year, replacing the previous four Schools with six which are more closely aligned with relevant industry, has quickly borne fruit. We have already raised levels of student satisfaction, and by helping students to realise their full potential have achieved better than expected academic results.

Our six schools:

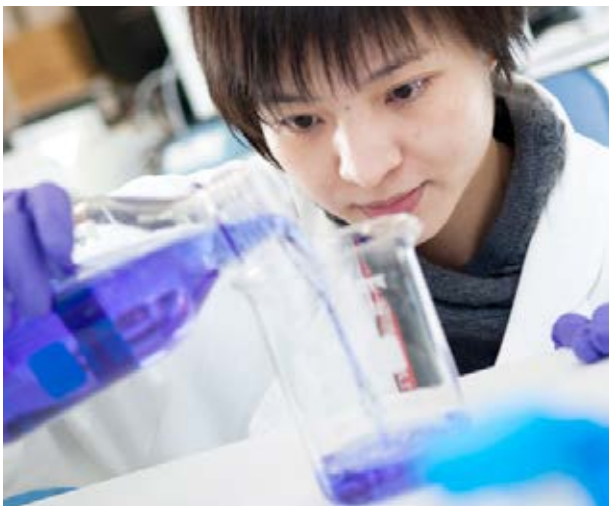
- **Art and Design** – Dean, Professor Hilary Robinson
- **Business** – Dean, Anna Kyprianou
- **Health and Education** – Dean, Jan Williams
- **Law** – Dean, Professor Joshua Castellino
- **Media and Performing Arts** – Dean, Professor Carole-Anne Upton
- **Science and Technology** – Dean, Professor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

Our Schools encourage the cross-pollination of ideas and expertise across teaching, research and services for business. Students learn within a flexible and adaptable year-long modular framework - as against a more rigid trimester or semester structure - that ensures a rich, effective and sustainable learning experience.

We recognise the benefits of research and knowledge transfer on teaching performance, student satisfaction and student employability. With over 20 world-class research centres and groups, we have assembled a body of internationally recognised researchers whose work is having an impact in and beyond academia.

Our centres for research excellence include:

- **Forensic Psychology Research Group**, Head: Professor Joanna Adler
- **London Sport Institute**, Head: Rhonda Cohen
- **Flood Hazard Research Centre**, Head: Sue Tapsell
- **Centre for Investigative & Diagnostic Oncology**, Head: Professor Ivan Roitt
- **Social Policy Research Centre**, co-directors, Professors Eleonore Kofman and Louise Ryan
- **European Human Rights Advocacy Centre**, Head: Professor Philip Leach
- **Crime and Conflict Research Centre**, Head: Professor Vincenzo Ruggiero
- **Centre for Abuse and Trauma Studies**, Heads: Professors Julia Davidson and Antonia Bifulco
- **Centre for Enterprise and Economic Development**, Head: Professor Stephen Syrett
- **Art & Design Research Institute**, Director: Professor Suzanne Buchan
- **Interaction Design Centre**, Director: Professor William Wong
- **ResCen**, Head: Professor Chris Bannerman
- **Urban Pollution Research Centre**, Director: Professor Lian Lundy



Strategic review

Our purpose

Middlesex University is committed to:

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

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





The Grove, Middlesex University London

Five-year plan key priorities

Enhancing student achievement and satisfaction

In an ever more competitive world, where reputation will be the main driver of success, our ability to reposition the University as a destination of choice and build a reputation that enables us to secure the income to finance quality higher education remains critical to success. Our standing among external stakeholders, especially those who influence student choice, rests entirely on the stature and talent of our staff and students.

At the heart of our strategic plan is our determination to attract the right students to Middlesex. These students set themselves ambitious goals. They are involved in the life of the University, contributing to the experiences of fellow students, as well as the staff who teach and support them. When they leave, they will become strong advocates and ambassadors for the University as alumni.

Our objective is to attract students with the ability and determination to excel, providing modern and innovative student support services and achieving increased levels of student satisfaction, achievement and graduate employment prospects.

Strengthening leadership and staff performance

We need excellent leaders and managers who are committed to the success of the University and our students. The reputation of our academic staff and leaders is a catalyst for long-term transformation and remains a particular focus for enhancement. Inspirational teaching will remain a necessary requirement for all our academic staff, although more will be expected in terms of contribution to research and engagement with professional practice.

We support passionate and motivated staff to take their research forward and keep up-to-date with developments in industry. This will create a rich, research-excellent environment in which to work and that will have a significant impact on building our reputation.

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

Supporting policies and strategies

We strive to attract the best students by developing policies and strategies that maximise student performance, teaching satisfaction, services and quality of life. By raising our entry requirements, attracting and retaining inspirational and high reputation academic staff, providing excellent facilities and equipment, and developing opportunities for career entry or enhancement.



Review of operations

Learning, teaching and assessment

We work with students to create an excellent environment for learning where students are actively encouraged to raise their aspirations, motivated to achieve their full potential and confident in their ability to learn and succeed within a global culture, economy and environment.

Investment, including the introduction of student learning assistants, graduate teaching assistants and achievement officers as well as changes to individual curricula, continues to impact positively on student progression and achievement. Further investment of £375,000 was allocated to support additional posts in these areas.

Student progression and achievement have been strong in 2013/14 - progression to second year has increased from 85% to 89%, and achievement has increased from 55% to 59%.

We ensure our students receive a learning and teaching experience that is contemporary and develops their critical use of digital materials and technology. To help achieve this we are introducing a new cloud based technology, Moodle, which creates an enhanced learning environment.

To support our doctoral students in developing their academic practice we have introduced PhD Teach, a short programme to enhance their expertise in facilitating learning and teaching.

Employability

We launched a new-look employability service in 2013/14, and it has achieved some impressive results. It engaged over 8,000 students through one-to-one employability sessions and employability workshops. While 2,500 employers were engaged and 1,300 job vacancies – including placements and internships – were sourced specifically for Middlesex students and graduates.

Student employment for UK, full-time, first degree graduates from Middlesex has increased by 5% to 87%, according to the Destinations of Leavers in Higher Education Survey 2012/13.



Student numbers

Student numbers remained strong in 2013/14, with a total of 38,500 students. There was a small decline of 700 home and EU students in London, and 250 international students due to the large cohorts in 2011 rolling out.

At Middlesex's overseas campuses student numbers in Dubai declined by 100 this year following withdrawal of a couple of courses, Mauritius grew by 200 students and Malta saw its first cohort of students. There has been a strategic phasing out of some collaborative partnerships, meaning collaborative student numbers have declined by 3,500 in the past year.

Student headcount numbers 2013/14

London campus – Home & EU students	17,761
London campus – International students	4,356
Dubai campus	2,549
Mauritius campus	744
Malta campus	224
Collaborative	12,929
Total	38,563

Student experience

Our work on improving the student experience is reaping rewards, with the 3% rise in overall satisfaction recorded in the annual National Student Survey.

The survey also measured our students' propensity to recommend us to family or friends – with this score rising 8% in a year – and now sitting at 84%.

In 2013/14 we ran a programme of events aimed at specific cohorts of students. International students were welcomed by the Lord Lieutenant of the City of London at a tea party, while postgraduate students were treated to networking events with prominent speakers from the business world including Levi Roots.

We co-designed a new social space, MDX House, with the Students' Union to create a home away from home for students to relax and socialise, while fitting the technology to act as an effective solo and group working space.

We worked with the Students' Union to establish 24 academic societies - providing activities connected to students' subject of study. Colleagues across the University were recognised for their commitment to student success through a series of heart-felt nominations from students.

Middlesex University is committed to promoting equality of opportunity and ensures that it does not treat disabled students less favourably in line with its obligations under the Equality Act 2010. The Disability and Dyslexia Service (DDS) provides advice and guidance to students and staff regarding the implementation of reasonable adjustments so that disabled students are not disadvantaged due to their disability. This includes, for example, ensuring that learning materials are in the appropriate format, allowing additional time to complete exams, and allocating support workers where appropriate. DDS also assists eligible students to apply for the Disabled Students Allowance, which provides assistive technology and non-medical help.

Levi Roots speaking at a postgraduate event



Interior of MDX House



Research and business

We have continued to make significant progress with the roll-out of the University's research strategy, with further major investment in staff, students and infrastructure.

Support for research and knowledge transfer has been strengthened with a number of new appointments in the Research and Knowledge Transfer Office (RKTO).

The number of academic staff submitted for the Research Excellence Framework 2014 increased significantly from its 2008 equivalent, rising from 31% of staff to 42%, demonstrating the increasing strength of our research base.

We have continued to enjoy success in our grant applications, research income recognition increased to £4m, from £3.5m in 2012/13.

Research grants include Arts and Humanities Research Council funding of £272k to investigate the way communities and individuals in neighbourhoods live with each other and their environment in relation to water.

The European Union funded a project into legal interpreting and translation in civil justice proceedings to the tune of £236k. We received Research Council funding of £385k to investigate the development of a reliable and valid interactive online method for measuring stressful life events and difficulties.

There was further EU funding for computer scientist Professor Chris Huyck to contribute to the 'The Human Brain Project'. The Flood Hazard Research Centre, was awarded £488k to lead an investigation into community based adaptive learning in the management of conflicts and natural resources in Bangladesh and Nepal.

Knowledge transfer and knowledge exchange

There were plenty of new activities representing a commitment to knowledge transfer and knowledge exchange across the University. Income has increased from £7.5m in 2012/13 to £9.7m in the year just gone.

We provided strength, conditioning and sports science to the British Fencing team, an extensive programme of clinical skills training for Central London Community Health Care Trust, and a contract research report on domestic violence policing for the Home Office. The findings were well received and had a direct impact on domestic violence policy.

Hatchcroft, Middlesex University London



Resources

People

A new people strategy focusing on shaping the workforce, developing people, leadership development, and performance reward and benefits has been implemented.

The strategy outlines the University's vision to provide an excellent workplace for staff, facilitating the success of a workforce dedicated to the successful provision of academic and professional services in support of the University's strategic goals.

Following the introduction of the new academic staffing structure in 2013/14 the University completed the mapping exercise of its entire academic staff onto new job descriptions. This clarified the academic pathways via research or professional practice route alongside a strong contribution to teaching.

Our average group staff numbers increased from 1,791 in 2012/13 to 1,941 in 2013/14. Group staff costs (excluding restructuring and enhanced pensioner costs) during 2013/14 were £93.4m representing 51.8% of total income. This contrasted with £88.4m, representing 49.4% of total income in 2012/13.

Staff development

To support the development of academic colleagues with the University's enhanced emphasis on research we launched a programme of support. This has been supplemented by the launch of a new mentoring programme to enhance career and personal development initially to support staff involved in research.

Managers are being supported with online resources from the Chartered Management Institute. We have actively supported The Leadership Foundation for Higher Education's initiative for women's leadership development through the sponsorship of ten participants. The programme aims to address the declining numbers of women in senior higher education posts.



Estates and facilities

The estates strategy is focused on providing a higher quality of space around the campus for staff and students.

The AstroTurf has been refitted to provide a state-of-the-art playing surface which will be used by students, staff and the local community. Students' social areas have been transformed to provide a quality new space including a new outdoor terrace.

A number of under-utilised spaces and classrooms have been upgraded to provide more teaching and meeting spaces. Eight high quality temporary classrooms have been built to ensure that we can provide a timetable to suit all staff and students.

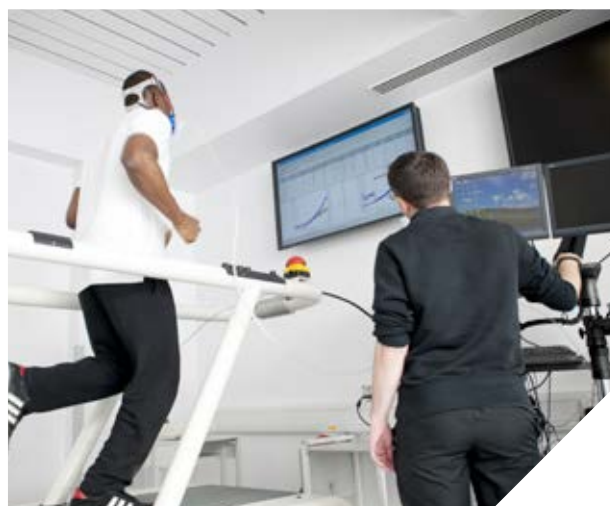
Our partnership with Premiership rugby team Saracens has allowed the London Sports Institute to re-locate part of its provision to the brand new Allianz Park in London. Discussions are ongoing about taking more space in the stadium. This would increase the provision of specialist sports and research facilities for students including biomechanics, physiology and performance analysis laboratories.

Information technology

A new look corporate website is the result of a major transformation project. The new platform provides a significantly enhanced user experience through the vibrancy and relevance of the website content and the way information is displayed across the site. It now also has full compatibility with mobile devices.

Other projects include a new income management system, new operational and business intelligence reporting tools, and attendance monitoring software to support legislation changes. We have also updated all staff and students PCs to Windows 7.

The Grove Atrium, Middlesex University London





Public benefit and corporate social responsibility

Corporate social responsibility

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

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

Volunteering and community work

Our sports and recreation team continue to engage students and communities at home and abroad. Students delivered a sports festival for primary school children in Enfield, a trip to The Gambia was organised where students delivered sports coaching, and we worked with Barnet Youth Service to deliver sports and fitness instruction to children in the borough deemed to be 'at risk'.

The University was awarded the Mayor's Charter for 'Healthy Workplace' in 2012 and has recently created two new posts aimed at promoting health and wellbeing.

Sustainability

We have developed our environmental management system further, improving our resource use and making good on our policy aspirations. Waste management is achieving a 50% recycling rate, upgrades to energy efficient LED lighting is reducing energy use in certain classrooms by 70%, and sustainable travel incentives have all helped enhance our green credentials.

Public Benefit

The University performs its responsibilities as set out in legislation to carry out teaching and research and in relation to this, the University has regard to the Charity Commissioner's guidance on public benefit. The University admits students to its full-time undergraduate programmes on the basis of merit and potential to benefit, and has in place an agreement with the Office for Fair Access (OFFA) to demonstrate that access should not be limited on the grounds of individual financial circumstances. A statement on charitable status is detailed in the section on corporate governance in the operating financial review.



Financial Review - for the year ended 31 July 2014

Results for the year

The University recorded a historic surplus of £13.3m, the eighth consecutive year of surpluses.

The surplus was achieved after charging £1.4m of restructuring costs and recognising a £8.1m gain on disposal of the University’s Archway campus. The underlying surplus before these one-off items is £6.6m, or 3.7% of turnover, a sustainable level for continued investment in the organisation.

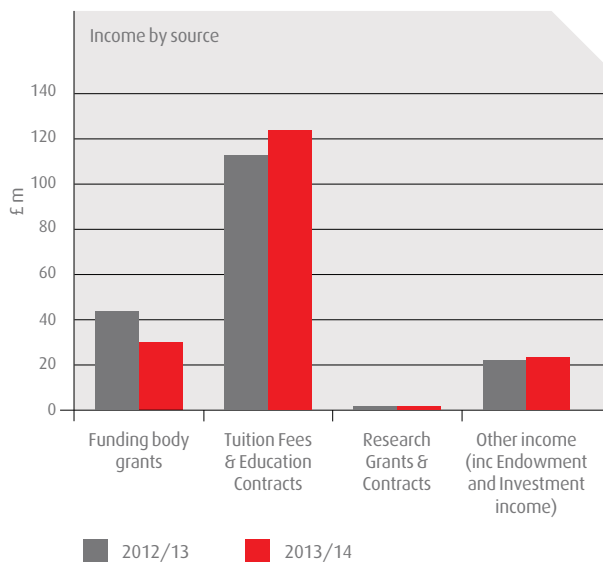
Results overview



Total income remained at similar levels to last year at £180.3m, with the anticipated reduction in funding body grants offset by increases in tuition fee income. Expenditure in the year totalled £174.8m, a 4.3% increase over the previous year. This reflects the University’s strategy of moving towards a new staff structure, increasing academic staff headcount and the ongoing restructuring plan to meet our strategic vision. During the year, strict controls have been maintained on non-staff cost coupled with lower bad debt write-downs due to improved credit control procedures.

	2013/14	2012/13
Financial Results	£m	£m
Income	180.3	180.5
Expenditure (excluding restructuring costs)	(173.4)	(165.0)
Surplus on normal operations before one-off items	6.9	15.5
Staff restructuring costs	(1.4)	(2.6)
Surplus on property disposals (including valuation gains)	8.1	25.7
Historic cost adjustment	0.1	0.1
Taxation and other items	(0.4)	(0.2)
Historic surplus after taxation and historic cost adjustment	13.3	38.5

Income Analysis



Tuition fee income rose this year, in part reflecting the increase in UK/EU undergraduates and postgraduate full time students. This offset the anticipated reduction in funding body teaching grants, including the NCTL grant for initial teacher training now funded via tuition fees.

Tuition Fee and Education Contracts now account for 69.1% of the University’s total income, with Funding Body grants representing 15.8%, Research Grants and Contracts 2.2% and Other income (including endowments) 12.9%. The

increase in tuition fee income reflects the government's shift from funding higher education via the HEFCE teaching grant to students funding their own education. Going forward, the University expects to maintain the specialist funding it currently receives through the HEFCE teaching grant to supporting widening participation.

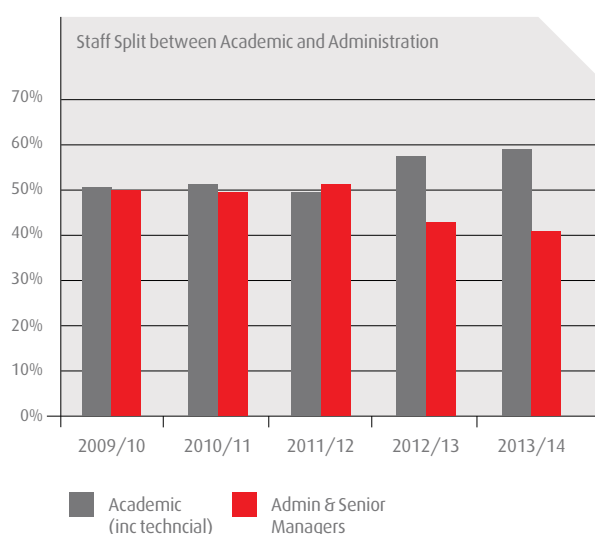
Research income increased to £4m, following the appointment of high calibre academic staff who will contribute to our vision of being recognised internationally for the quality of our research, in addition to excellent teaching. We expect our REF performance in 2015 to also reflect these improvements.

Expenditure

Group staff costs increased by £5m to £93.6m, an increase of 5.6%, an additional £1.4m was incurred relating to the restructuring of academic provision across the University. The change in staff expenditure reflects the University's strategic plan to increase the number of academic staff with a research focus and lower the staff student ratio.

Staff costs, excluding restructuring and enhance pensioner costs, represented 52% of total income which remains below the sector average of 52.9%. This reflects the high level of outsourcing of support activities, including accommodation, security, cleaning, catering and the efficiency of the existing operations.

Expenditure overview



Other expenses, after a one-off additional onerous lease provision in relation to property in New Southgate, remain at similar levels to last year reflecting close control over expenditure in our continuing drive for efficiency, particularly on administration.

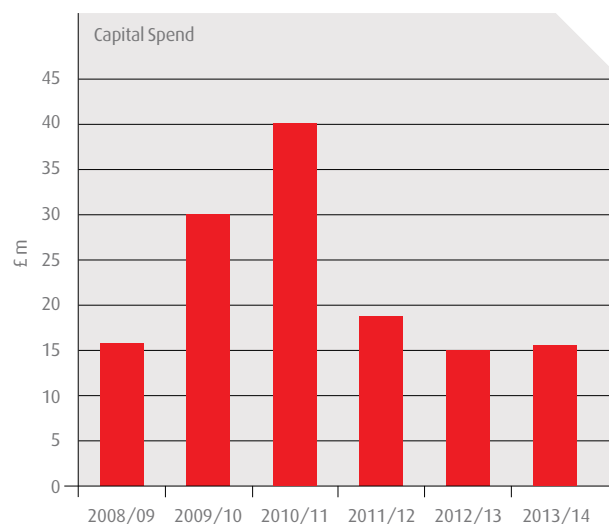
With the net book value of tangible fixed assets reflecting the University's estate now fully consolidated onto one campus in Hendon, the total depreciation charge on these assets increased by 8.1% primarily due to ongoing investment in new buildings and £0.5m impaired assets write down required this year.

Interest costs remained unchanged on last year reflecting the ongoing interest expense on the bank loan to fund the building work at Hendon.

Balance Sheet

The University completed the 12th year of its estates development strategy and invested a further £15.6m in infrastructure. In consolidating the University operations onto one campus in London, investment was made during the year in a number of building reconfigurations to develop and improve the student and staff learning and working environment.

Balance Sheet overview



Cash generated from operations was £16.7m, a combination of the trading surplus and sale of Archway campus.

The pension liability for the University's Local Government Pension Scheme (LGPS) increased from £57.7m last year to £76.9m this year. The main drivers include mortality assumptions increasing with the average life expectancy for men going up by 2 years, and 0.7 years for women, a decrease in the discount rate from 4.8% to 4.2% reflecting the decrease in annualised yields on long term AA rated corporate bonds, and a marginal increase of 0.3% per annum on long term future expected investment returns to 6.1%.

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

Treasury Management

The University's cash and short term deposit levels fluctuate throughout the year due to the timing of tuition fee receipts, capital expenditure programmes and property sales. The average monthly cash balance in the year increased from £38.4m last year to £61.3m this year, with the monthly balance ranging from a minimum of £47.9m to £86.3m over the year.

Cash balances at year-end are invested in fixed term deposits with Lloyds Bank and secure AA rated banks and building societies through Royal London Cash Management. The long term policy remains to maintain minimum working capital cash levels at two months of expenditure which equates to approximately £29.6m. Going forward, the University will maintain this working capital year on year.

The University's loan profile is detailed below. This excludes £9.7m shown in the accounts as a long term creditor which relates to the lease premium received on student halls which is being amortised over the life of the lease (35 years).

Loan Balances	Total Debt 2013/14 £m	Total Debt 2012/13 £m
Barclays	35.5	36.9
Lloyds	55.2	56.3
Total Borrowings	90.7	93.2

Outlook

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

Demand from UK/EU undergraduates remains strong following the introduction of higher tuition fees. However, flexibility introduced around student number controls will lead to increased competition in the sector from both other universities and private providers. The University has seen a strong rise in the league tables this year, in particular a 19 place rise in The Times and The Sunday Times Good University Guide 2015 - we were the highest rising university in London and the fourth highest riser nationally.

The Guardian ranked Middlesex as the best modern university in London. In addition, student satisfaction has increased by 3%, entry standards rose significantly following the University's focus on raising tariff points and graduate employment rose by 5%, all of which will influence student choice in the future.

As noted in the strategic plan, the University's focus over the next year is to provide an outstanding student experience across the globe, to grow income in all areas including research and to continue to strive to achieve improved productivity across all operations. This will allow the University to be sufficiently flexible to adapt to changes in the sector.

Risk and uncertainties

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

The corporate risk register lists all key risks facing the University at this time. The overriding financial risk going forward is the behaviour of other universities following the lifting of the cap on student numbers and changes this will make to recruitment behaviour across the sector. Several universities have embarked on a growth strategy to secure financial sustainability. Adding to this volatility is the uncertainty around the funding environment post the election on 7th May 2015.

The University is seeking to mitigate the risk of volatility in the UK/EU undergraduate student cohort by reviewing its course portfolio, assessing our areas of strength, identifying the areas at risk and deciding on the most sustainable curriculum going forward. We will also be using detailed internal analysis of the relative contribution of all activities and benchmarking exercises with the sector to allocate resources through the contribution reporting model.

The University will focus activities to ensure we continue to improve our position in the league tables, building on our success this year. There is a sound belief that improvements in league table performance will continue in the future.

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





Corporate governance

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

Charitable status

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

The University is also an exempt charity under the meaning of Schedule 2 of the Charities Act 1993, and as such is a charity within the meaning of section 506(1) of the Taxes Act 1988. The University is accountable through its Board of Governors who act as trustees. As an exempt charity, the University is regulated by HEFCE in accordance with the Charities Act 2006.

The Board of Governors

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

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

The Board of Governors meets six times a year. The Board of Governors conducts its business through a number of committees. Each committee has terms of reference approved by the Board of Governors. The standing committees are Finance Committee, Governance and Nominations Committee, Remuneration Committee and Audit and Risk Committee. A Selection Committee was formed in January 2014 for the purpose of the recruitment of a new Vice-Chancellor to succeed Professor Driscoll when he retires in 2015. This committee reports to the Board of Governors.

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

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

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

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

Appointments to the Board of Governors

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

Finance Committee

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

Audit and Risk Committee

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

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

Remuneration Committee

The Remuneration Committee determines the salaries and conditions of service of the Vice-Chancellor and deputy Vice-Chancellors. Details of remuneration for the year ended 31 July 2014 are set out at note 6 of the financial statements.

Internal control

The University's Governing Body, the Board of Governors, is responsible for ensuring that the University maintains an effective system of internal control. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2014 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

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

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

- The Board of Governors meets six times a year to consider the plans and strategic direction of the Institution. It is advised by its key committees, receiving regular reports from each committee and other reports from management as required. The Board of Governors holds an away day each year to discuss in greater detail a key strand of the corporate plan. The assumptions and aims are reviewed against domestic demand, international demand, funding and research and business development.
- The executive team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units.

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

The governing body is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks; that it has been in place for the year ended 31 July 2014 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the governing body. The University also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen in March 2009.

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

Going concern

After reviewing detailed papers the Board of Governors considered, at its meeting on 17 November 2014, that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

**Membership of the Board of Governors
- end of July 2014**

Bipin Desai	A
Professor Michael Driscoll	G
Nick Fuller	G
Firoozeh Ghaffari	
Stephen Hand	F, R, S
Colin Hughes	G, R, S
Professor Martin Loomes	
Professor Angela McFarlane	A, S
Marianne Neville-Rolfe	F, S
Ross Porter	G
Geraldine Proudler	A
Alan Riddell	A
Ann Robinson OBE	G, R, S
Nik Rochez	A
Aman Siddiqi	
Peter Thomas	F, R, S
Martin Taylor	F

Key:

A Audit and Risk Committee

F Finance Committee

G Governance and Nominations Committee

R Remuneration Committee

S Selection Committee



Statement of the responsibilities of the Board of Governors

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

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

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

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

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

The Governing Body has taken reasonable steps to:

- ensure that funds from HEFCE, SFA and the NCTL are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Councils and the Funding Agreement with NCTL, and any other conditions which the Funding Council or NCTL may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;

- safeguard the assets of the University, prevent and detect fraud, and ensure that risk management is in place;
- secure the economical, efficient and effective management of the University's resources and expenditure; and
- ensure that the University operates an effective health and safety policy.

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

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

Independent auditors' report to the Board of Governors of Middlesex University

We have audited the financial statements of Middlesex University for the year ended 31 July 2014 which comprise the Consolidated Income and Expenditure Account, Consolidated Statement of Total Recognised Gains and Losses, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University's Governors, as a body, in accordance with paragraph 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the University's Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University's Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the University's governing body and auditors

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

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2014 and of the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Education Reform Act 1988 and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions".

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

In our opinion, in all material respects:

- income has been applied in accordance with the University's statutes and where appropriate with the applicable Financial Memorandum with the Higher Education Funding Council for England.
- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation.
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception.

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

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



James Aston
BDO LLP
Statutory Auditor
Gatwick, United Kingdom

Date: 19 November 2014

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

Statement of principal accounting policies

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

A. Accounting convention

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

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

B. Going concern

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

C. Basis of consolidation

The financial statements consolidate the accounts of the University and its material subsidiary undertakings. Details of the subsidiary undertakings included are given at note 13. The subsidiary undertakings are consolidated on a line by line basis with intra-group transactions and balances eliminated on consolidation.

The consolidated financial statements do not include those of the Middlesex University Students Union as the University has no financial interest, does not exert control or dominant influence over policy decisions. The grant expenditure included at note 7 represents the University contribution to Students Union activities.

D. Income recognition

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

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

Income from grants, contracts and other services rendered are recognised on an accruals basis, together with any related contributions towards overhead costs and included to the extent of the completion of the contract or service concerned. Income received in excess of such performance is recognised on the balance sheet as deferred liabilities.

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

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

Capital grants received to finance the acquisition of tangible fixed assets are treated as deferred capital grants and released to income on a straight line basis over the same period as the related asset is depreciated.

E. Endowment assets

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

F. Agency arrangements

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

G. Leases

Leases - lessee

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

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

Leased assets - lessor

Amounts received by the University in relation to lease payments for assets which remain on the balance sheet (as the risk and rewards are retained) are accounted for in line with SSAP 21. Lease premiums received are released to the income and expenditure account over the life of the lease. Leased assets are accounted for in accordance with the policy for tangible fixed assets.

H. Taxation

Middlesex University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

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

I. Tangible fixed assets**Capitalisation**

Freehold land and buildings, long leasehold and short leasehold premises are included at cost or valuation together with subsequent refurbishment expenditure, less amounts written off by way of depreciation. In the case of properties and assets inherited by the University under the Education Reform Act 1988, these are included at valuation at the time of inheritance.

Depreciation

Freehold land is not depreciated. Finance costs that are directly attributable to the construction of land and buildings are capitalised as part of the costs of those assets. Equipment costing less than £30k per individual item is generally written off in the year of acquisition. All other equipment is capitalised at cost.

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

Freehold buildings

Freehold buildings and major improvements	50 years
Minor improvements to freeholds buildings	10 - 20 years

Fixtures, fittings and equipment

Fixtures, fittings and equipment (including van and minibus fleet)	5 - 10 years
Computer hardware and software	4 years
Motor cars	3 years

Assets under construction

Assets in the course of construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to the end of the year. They are not depreciated until they are brought into use.

Valuation

Following the implementation of Accounting Standard FRS15 'Tangible Fixed Assets' during the year ended 31 July 2000, the University adopted a policy of not revaluing fixed assets. The carrying amounts of tangible fixed assets previously revalued were retained at their book value.

Impairment

A review for impairment of fixed assets is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable, whether through the economic benefits of use or through disposal. Where there is evidence of impairment, fixed assets are written down to the recoverable amount.

Repairs and maintenance

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

Fixed assets identified for disposal

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

J. Investments

Investments in subsidiary undertakings are stated at the original cost of the investment less a provision for impairment in value where appropriate.

Investments held as part of the University's treasury management activity with a maturity date at the year end of shorter than 12 months are treated as short term deposits within current assets.

K. Stock

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

L. Cash

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available within 24 hours without penalty.

M. Foreign Currencies

Foreign currency transactions are recorded at the rate of exchange ruling at the date of the transaction. Foreign currency monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are taken to the income and expenditure account for the period which they arise.

N. Accounting for charitable donations**Unrestricted donations**

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

Endowment funds

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

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

O. Accounting for retirement benefits**Defined benefit pension schemes**

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

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

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

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

Other pension schemes

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

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

P. Provisions

Provisions are recognised in the financial statements when the University has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.



Financial Statements

Consolidated income and expenditure account

Year ended 31 July 2014

	Notes	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Income			
Funding body grants	1	28,565	42,946
Tuition fees and education contracts	2	124,631	112,175
Research grants and contracts	3	3,987	3,475
Other income	4	22,619	21,691
Endowment and investment income	5	490	228
Total Income		180,292	180,515
Expenditure			
Staff costs	6	95,069	91,316
Other operating expenses	7	61,914	59,162
Depreciation	12	10,719	9,915
Interest and other finance costs	8	7,134	7,292
Total Expenditure		174,836	167,685
Surplus after depreciation of tangible fixed assets at valuation and before tax		5,456	12,830
Surplus on disposal of fixed assets	12	8,066	20,393
Surplus after depreciation of tangible fixed assets at valuation and disposal of assets but before tax		13,522	33,223
Taxation	10	(142)	(11)
Minority interest		(198)	(153)
Surplus on continuing operations after depreciation of tangible fixed assets at valuation, disposal of assets and tax		13,182	33,059
Transfer from accumulated return within restricted endowments		320	332
Surplus for the year retained within general reserves	23	13,502	33,391

All items of income and expenditure arise from continuing operations.

Statement of Group historical cost surpluses and deficits

Year ended 31 July 2014	Notes	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Surplus on continuing operations before taxation		13,324	33,070
Valuation gains realised on the disposal of tangible fixed assets	22	–	5,299
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	22	148	148
Historical cost surplus for the year before taxation		13,472	38,517
Historical cost surplus for the year after taxation		13,330	38,506

Statement of Group total recognised gains and losses

Year ended 31 July 2014	Notes	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		13,182	33,059
New endowments	21	119	255
Actuarial (loss)/gain on local government pension scheme	32	(18,153)	9,831
Foreign exchange translation gains on foreign currency net investment in subsidiaries	23	(361)	23
Total recognised (losses)/gains for the year		(5,213)	43,168
Total (losses)/gains recognised since last financial year		(5,213)	43,168
Reconciliation			
Opening reserves and endowments		48,978	5,810
Total recognised (losses)/gains for the year		(5,213)	43,168
Closing reserves and endowments		43,765	48,978

The notes on pages 41 to 61 form part of these financial statements.

Balance sheets

as at 31 July 2014

	Notes	Group 2014 £000	University 2014 £000	Group 2013 £000	University 2013 £000
Fixed assets					
Tangible assets	12	196,495	196,033	192,770	192,448
Investments	13	36	61	36	717
		196,531	196,094	192,806	193,165
Endowment assets	21	681	681	882	882
Current assets					
Stock	14	303	23	436	93
Fixed assets identified for disposal	12	-	-	3,309	3,309
Debtors: amounts falling due within one year	15	20,532	19,193	18,889	18,090
Debtors: amounts falling due after more than one year	15	1,559	1,559	1,621	1,621
Cash at bank and in hand	16	14,772	8,626	65,459	60,057
Short term deposits		56,839	56,839	-	-
		94,005	86,240	89,714	83,170
Creditors: amounts falling due within one year	17	(34,853)	(32,661)	(36,883)	(35,039)
Net current assets		59,152	53,579	52,831	48,131
Total assets less current liabilities		256,364	250,354	246,519	242,178
Creditors: amounts falling due after more than one year	18	(98,042)	(97,718)	(101,351)	(101,006)
Provisions for liabilities	19	(11,915)	(11,915)	(11,701)	(11,701)
Total net assets excluding pensions liability		146,407	140,721	133,467	129,471
Net pensions liability	32	(76,945)	(76,945)	(57,701)	(57,701)
Total net assets including pensions liability		69,462	63,776	75,766	71,770

Balance sheets

as at 31 July 2014 (cont'd)

	Notes	Group 2014 £000	University 2014 £000	Group 2013 £000	University 2013 £000
Deferred capital grants	20	25,502	25,502	26,789	26,789
Endowments					
Expendable	21	267	267	466	466
Permanent	21	414	414	416	416
		681	681	882	882
Reserves					
Revaluation reserve	22	9,112	9,112	9,260	9,260
Income and expenditure account (excluding pension reserve)	23	110,917	105,426	96,537	92,540
Pension reserve	23	(76,945)	(76,945)	(57,701)	(57,701)
Income and expenditure account (including pension reserve)		33,972	28,481	38,836	34,839
		43,765	38,274	48,978	44,981
Minority interest		195	-	(1)	-
Total funds		69,462	63,776	75,766	71,770

The financial statements on pages 36 to 61 were approved and authorised for issue by the University Board of Governors on 17 November 2014.

and were signed on its behalf by:

Colin Hughes
Chair of the Board of Governors

Professor Michael Driscoll
Vice-Chancellor

Peter Vermeulen
Deputy Vice Chancellor,
Finance

Consolidated cash flow statement

Year ended 31 July 2014

	Notes	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Net Cash inflow from operating activities	24	16,731	23,349
Returns on investment and servicing of finance	25	(5,145)	(5,553)
Taxation	10	(142)	(11)
Capital expenditure and financial investment	27	(3,070)	16,011
Cash inflow before management of liquid resources		8,374	33,796
Financing	26	(2,423)	(2,084)
Increase in cash in the year	28	5,951	31,712
Reconciliation of net cash flow to movement in net (debt)/funds			
Increase in cash in the year	28	5,951	31,712
Loan repayment in the year	26	2,411	2,085
New finance lease	26	-	(10)
Cash used to repay finance leases	26	12	9
Change in net (debt)/funds	28	8,374	33,796
Net debt at 1 August	28	(26,898)	(60,694)
Net debt at 31 July		(18,524)	(26,898)

The notes on pages 41 to 61 form part of these financial statements.

Notes to the accounts for the year ended 31 July 2014

	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
1. Funding body grants		
Recurrent grant		
Higher Education Funding Council for England (HEFCE)	22,196	32,023
National College of Teaching & Excellence (NCTL), formally Teaching Agency (TA)	694	4,390
Specific grants		
Higher Education Innovation Fund	563	563
Research grants	2,593	2,678
MODNet grants	237	263
Other grants	99	102
Deferred capital grants released in year		
Buildings	1,920	2,565
Fixtures, fittings and equipment	263	362
	28,565	42,946
2. Tuition fees and education contracts		
	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Full-time home and EU students	74,376	58,932
Full-time international (non EU) students	28,450	30,102
Part-time students	3,218	3,401
Short courses and training CPD	8,209	8,098
NHS education contracts	10,378	11,642
	124,631	112,175

	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
3. Research grants and contracts		
Research Councils	435	860
UK based charities	565	159
UK central government	828	952
UK industry	117	42
European Commission	1,257	1,009
EU other	20	13
Other overseas	692	322
Other sources	73	118
	3,987	3,475
	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
4. Other income		
Residences, catering and conferences	5,017	4,930
Other services rendered	2,685	3,734
Sports income	423	407
Childcare	462	461
Rent and room hire	1,422	1,097
Validation fees	7,070	5,131
Subsidiary companies trading income	4,729	3,649
Releases from deferred capital grants	40	78
Other income	771	2,204
	22,619	21,691
	Year ended 31 July 2014 number	Year ended 31 July 2013 number
5. Endowment and investment income		
Income from endowments	4	5
Interest receivable	486	223
	490	228
	Year ended 31 July 2014 number	Year ended 31 July 2013 number
6. Staff		
The average staff numbers by major category, expressed on a full time equivalent basis, during the year were:		
Academic	947	845
Administration and senior staff	794	768
Technical	102	101
Other (including Research)	98	77
	1,941	1,791
	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Staff costs for the above persons:		
Salaries	75,992	72,298
Social security costs	6,361	5,998
Other pension costs	11,288	10,378
	93,641	88,674
Staff restructuring costs	1,428	2,642
	95,069	91,316

6. Staff (cont'd)	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Employment costs for staff on permanent contracts	70,833	72,174
Employment costs for staff on temporary contracts	22,564	16,212
Enhanced pensions provision charged	244	288
	93,641	88,674
Staff restructuring costs	1,428	2,642
	95,069	91,316

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

	Year ended 31 July 2014 number	Year ended 31 July 2013 number
£100,000 to £109,999	7	3
£110,000 to £119,999	6	5
£120,000 to £129,999	3	2
£130,000 to £139,999	1	1
£140,000 to £149,999	–	2
£150,000 to £159,999	1	–
£160,000 to £169,999	–	2
£170,000 to £179,999	2	–
£180,000 to £189,999	1	2
£210,000 to £219,999	1	1
£310,000 to £319,999	–	1
£320,000 to £329,999	1	–
	23	19

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

	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Salaries	2,685	2,220
Benefits in kind	89	99
Pension contributions	394	402
Total emoluments	3,168	2,721

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

Emoluments of the Vice-Chancellor

The above emoluments include amounts payable to the Vice-Chancellor (who is also the highest paid senior post-holder) of:

	Year ended 31 July 2014 £000	Reinstated Year ended 31 July 2013 £000
Salary	273	264
Benefits in kind	53	52
Total emoluments	326	316

The Vice-Chancellor did not receive any pension contributions in the year (2013: nil).

	Year ended 31 July 2014 £000	Reinstated Year ended 31 July 2013 £000
7. Other operating expenses		
Consumables	3,052	2,940
Learning resources	3,630	2,644
Funds payable to other colleges	2,550	6,121
Auditors' remuneration	283	292
Catering and hospitality	1,130	891
Marketing related costs	2,290	2,440
Collaborative partners and advisors	3,499	3,453
External staffing and services	2,962	2,720
Staff development costs	1,017	979
Student recruitment, bursaries and scholarships	7,907	8,278
Subscriptions and memberships	869	671
Non-capitalised equipment	1,896	1,360
IT expenditure and maintenance	6,733	5,744
IT operating lease rentals	866	717
NHS service charge costs	163	825
Grant to Students' Union (MDXSU)	867	780
Transport, travel and subsistence	2,392	2,283
Insurance	452	466
Telephones and postage	445	554
Rent and rates	2,923	2,824
Repairs and general maintenance	2,881	2,156
Utilities	1,648	1,742
Other premises related costs	6,956	7,259
Onerous lease impairment charge	1,346	-
Other expenditure	3,157	1,023
	61,914	59,162
Other operating expenses include:	31 July 2014 £000	31 July 2013 £000
BDO LLP Auditors' remuneration fees payable in respect of:		
Audit of University annual financial statements	122	121
Audit of UK subsidiary company annual financial statements	20	21
Audit of Pension Scheme and Funding Body statements	5	5
Audit of annual financial statements – other auditors	35	19
Tax and other services from external auditors	4	2
Internal audit (Grant Thornton LLP)	97	124
Amounts paid in respect of operating lease rentals	2,233	2,181

	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
8. Interest and other finance costs		
Net finance charge on pension scheme liabilities (Note 32)	1,499	1,511
Loans not wholly repayable within five years	5,446	5,563
Bank overdrafts	2	5
Finance leases	1	1
Other finance costs	186	212
Total	7,134	7,292
Reconciliation of interest payable:		
Total interest payable	7,134	7,292
Interest payable included within income and expenditure account	7,134	7,292

9. Analysis of total expenditure by activity	Staff costs £000	Other operating expenses £000	Depreciation £000	Interest and other finance costs £000	Total £000
Academic schools	54,448	10,170	1,259	-	65,877
Academic services	23,414	19,072	1,775	2	44,263
Research grants and contracts	1,667	2,320	-	-	3,987
Residences, catering and conferences	74	4,966	302	-	5,342
Premises	2,640	12,335	7,138	5,446	27,559
Central services and administration*	10,937	10,338	211	-	21,486
Other expenses	461	2,713	34	1,686	4,894
	93,641	61,914	10,719	7,134	173,408
Staff restructuring Costs	1,428	-	-	-	1,428
Total expenditure	95,069	61,914	10,719	7,134	174,836
The depreciation charge has been funded by:					
Revaluation reserve released (Note 22)			148		
Deferred capital grant released (Note 20)			2,223		
General income			8,348		
			10,719		

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

	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
10. Taxation		
Foreign taxes	142	11
	142	11

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

The University is an exempt charity within the meaning of schedule 2 of The Charities Act 1993 and, as such is a charity within the meaning of section 506(1) of the Taxes Act 1988. Accordingly the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478 - 488 of the Corporation Tax Act 2010 (CTA2010) (formally enacted in section 505 of the Taxes Act 1988) or section 256 of the Taxation and Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

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

	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
11. Surplus on continuing operations		
The surplus on continuing operations for the year is made up as follows:		
University's surplus for the year	11,647	31,567
Surpluses generated by subsidiary undertakings	1,199	1,721
Impairment of investment in subsidiary undertaking (Note 13)	656	103
Total consolidated surplus	13,502	33,391

	Freehold land £000	Freehold and leasehold buildings £000	Fixtures, fittings and equipment £000	Assets in the course of construction £000	Total £000
12. Tangible fixed assets					
University					
Cost or Valuation					
At 1 August 2013	20,212	182,998	21,690	5,567	230,467
Additions	–	8,582	4,758	1,848	15,188
Transfers between classifications	–	3,208	1,107	(4,315)	–
Disposals	–	(3,378)	(6,561)	–	(9,939)
At 31 July 2014	20,212	191,410	20,994	3,100	235,716
Depreciation					
At 1 August 2013	–	26,181	11,838	–	38,019
Charge for year	–	6,009	4,537	–	10,546
Eliminated in respect of disposals	–	(2,324)	(6,558)	–	(8,882)
At 31 July 2014	–	29,866	9,817	–	39,683
Net book value at 31 July 2014	20,212	161,544	11,177	3,100	196,033
Net book value at 1 August 2013	20,212	156,817	9,852	5,567	192,448
Inherited	5,400	3,710	–	–	9,110
Financed by capital grant	–	24,128	438	936	25,502
Other	14,812	133,706	10,739	2,164	161,421
Net book value at 31 July 2014	20,212	161,544	11,177	3,100	196,033

12. Tangible fixed assets (cont'd)	Freehold land £000	Freehold and leasehold buildings £000	Fixtures, fittings and equipment £000	Assets in the course of construction £000	Total £000
Group					
Cost or Valuation					
At 1 August 2013	20,212	182,998	22,855	5,567	231,632
Exchange revaluation	-	-	(23)	-	(23)
Additions	-	8,582	5,097	1,848	15,527
Transfers between classifications	-	3,208	1,098	(4,315)	(9)
Disposals	-	(3,378)	(6,658)	-	(10,036)
At 31 July 2014	20,212	191,410	22,369	3,100	237,091
Depreciation					
At 1 August 2013	-	26,181	12,681	-	38,862
Charge for year	-	6,009	4,710	-	10,719
Transfers between classifications	-	-	(10)	-	(10)
Eliminated in respect of disposals	-	(2,324)	(6,651)	-	(8,975)
At 31 July 2014	-	29,866	10,730	-	40,596
Net book value at 31 July 2014	20,212	161,544	11,639	3,100	196,495
Net book value at 1 August 2013	20,212	156,817	10,174	5,567	192,770
Inherited	5,400	3,710	-	-	9,110
Financed by capital grant	-	24,128	438	936	25,502
Other	14,812	133,706	11,201	2,164	161,883
Net book value at 31 July 2014	20,212	161,544	11,639	3,100	196,495

Disposals resulted in a surplus on the sale of the Archway campus of £8,070k. The surplus is disclosed in the income and expenditure account and was calculated after charging incidental selling expenses of £92k. The group has an additional £4k deficit on the disposal of fixed assets.

Disposals also represent the write off of historical tangible fixed assets that are fully depreciated. The gross cost of these assets amounted to £8,859k (2013: £2,904k).

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

Group and University	At 31 July 2014 £000	At 31 July 2013 £000
Cost	38	40
Cumulative depreciation charged	(23)	(14)
Net book value at 31 July 2014	15	26

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

12. Tangible fixed assets (cont'd)	At 31 July 2014 £000	At 31 July 2013 £000
The cost or valuation of Land and Buildings comprises:		
University		
Freeholds		
Assets inherited upon incorporation:		
Buildings, valued at depreciated replacement cost	3,710	3,858
Freehold land, valued at market existing use	5,400	5,400
	9,110	9,258
Asset stated at cost	172,646	167,771
Net book value at 31 July 2013	181,756	177,029

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

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

13. Investments of the University	Group year ended 31 July 2014 £000	University year ended 31 July 2014 £000	Group year ended 31 July 2013 £000	University year ended 31 July 2013 £000
Investments in Subsidiary undertakings:-				
Mindsets (UK) Limited	-	-	-	656
Other subsidiary companies	-	25	-	25
Other Investments:-				
CVCP Properties PLC	36	36	36	36
	36	61	36	717

13. Investments of the University (cont'd)	Parent interest in ordinary shares voting rights	Principal activity	Country of incorporation
Principal trading subsidiary			
MU Ventures Limited	100%	Consultancy Services	England and Wales
Mindsets (UK) Limited	100%	Supply of science and technology products	England and Wales
MU Professional Services Limited	100%	Professional support services	England and Wales
Middlesex Services Limited (Hong Kong)	100%	Student recruitment	Hong Kong
Middlesex Uni (SEA) SDN BHD	100%	Student recruitment	Malaysia
Middlesex Educational Services (Mauritius) Limited	100%	Student recruitment	Mauritius
Middlesex International (Dubai) FZ-LLC	100%	Training and development, academic staff provision	Dubai/UAE

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

The University holds a £2m provision against MU Ventures Limited (2013: £2m) and a £2,360k provision against Mindsets (UK) Limited (2013: £1,704k).

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

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

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

Other Investments also represent shares held in Argentium International Limited against which a £30k provision is held (2013: £30k).

	Group Year ended 31 July 2014 £000	University Year ended 31 July 2014 £000	Group Year ended 31 July 2013 £000	University Year ended 31 July 2013 £000
14. Stock				
Stocks of finished goods	277	–	327	–
Work-in-progress	26	23	109	93
	303	23	436	93
15. Debtors				
	Group Year ended 31 July 2014 £000	University Year ended 31 July 2014 £000	Group Year ended 31 July 2013 £000	University Year ended 31 July 2013 £000
Amounts falling due within one year:				
Trade debtors	3,947	3,073	3,789	3,468
Tuition fees	3,529	3,529	3,426	3,426
Other debtors	6,050	4,733	4,823	3,928
Amounts owed by subsidiary companies	–	2,051	–	2,133
Prepayments and accrued income	7,006	5,807	6,851	5,135
	20,532	19,193	18,889	18,090
Amounts falling due after more than one year:				
Prepayments	1,559	1,559	1,621	1,621
	22,091	20,752	20,510	19,711

16. Cash at bank and in hand

Cash at bank and in hand includes £352k (2013: £855k) in respect of monies held on behalf of third parties.

	Group year ended 31 July 2014 £000	University year ended 31 July 2014 £000	Group year ended 31 July 2013 £000	University year ended 31 July 2013 £000
17. Creditors: amounts falling due within one year				
Bank loans and overdrafts	2,592	2,592	2,411	2,411
Other loans	5	5	10	10
Obligations under finance leases	10	–	9	–
Research grants received on account	4,457	4,457	4,016	4,016
Trade creditors	12,447	11,562	11,272	10,561
Social security and other taxation payable	2,707	2,525	2,738	2,716
Accruals and deferred income	12,635	11,520	16,427	15,325
	34,853	32,661	36,883	35,039

	Finance leases £000	Mortgages £000	Other £000	Total £000
18. Creditors: amounts falling due after more than one year				
Group and University				
Long term creditor as at 1 August 2013	27	90,792	10,532	101,351
Add back: transfer to short term creditors	9	2,411	700	3,120
Additions during the year	–	–	6	6
Capital repaid in year	(12)	(2,411)	(708)	(3,131)
Creditor outstanding at 31 July 2014	24	90,792	10,530	101,346
Transfer: to short term creditors	(10)	(2,592)	(702)	(3,304)
Long term creditor as at 31 July 2014	14	88,200	9,828	98,042

Total University liabilities falling due after more than one year are £97,718k (2013: £101,006k). The group has an additional £14k of finance lease liabilities (2013: £27k) and £324k of other liabilities (2013: £318k) falling due after more than one year.

	Group year ended 31 July 2014 £000	University year ended 31 July 2014 £000	Group year ended 31 July 2013 £000	University year ended 31 July 2013 £000
Analysis of long term creditor				
Due:				
Between one and two years	3,227	3,159	3,410	3,313
Between two and five years	23,121	23,122	23,081	23,021
In five years or more	71,680	71,437	74,833	74,672
Finance leases	14	–	27	–
Total long term debt	98,042	97,718	101,351	101,006

Mortgage loans with fixed interest rates have their rate renewed at a fixed future date or at the end of the loan. The loans are secured against the properties to which they relate.

18. Creditors: amounts falling due after more than one year (cont'd)	Term	Fixed until	Interest rate and %	Expiry date	Amount outstanding at 31 July 2014
Property name:					
Hendon Campus	25 Years	2030	Fixed 5.2900%	2030	£35,539k
Hendon Campus	28 Years	2037	Fixed 6.5950%	2037	£55,253k
	27 Years	2037	Fixed 6.4250%	2037	
	26 Years	2037	Fixed 6.5450%	2037	
	26 Years	2026	Fixed 6.7050%	2037	
	26 Years	2016	Fixed 6.3950%	2037	
	25.5 Years	2017	Fixed 5.1550%	2037	
Finance lease obligations		Group year ended 31 July 2014 £000	University year ended 31 July 2014 £000	Group year ended 31 July 2013 £000	University year ended 31 July 2013 £000
Obligations under finance leases fall due as follows:					
Within one year		6	-	6	-
Between one and two years		5	-	11	-
Between two and five years		-	-	4	-
Total		11	-	21	-
19. Provisions for liabilities		Enhanced pension provision £000	Restructuring provision £000	Onerous contract provision £000	Total £000
Group and University					
At 1 August 2013		5,815	1,337	4,549	11,701
Utilised in year		(481)	(1,165)	(727)	(2,373)
Charged to income and expenditure account		244	811	1,532	2,587
At 31 July 2014		5,578	983	5,354	11,915

Provisions include:

A pension provision in respect of pension enhancements payable on behalf of staff who took early retirement during the 1990s. Currently there are 182 people in the scheme. This provision will be utilised over the period of retirement.

The costs of an agreed redundancy scheme which is an estimated liability that will arise from the agreement to offer staff voluntary redundancy or be subject to redundancy where activities have been re-organised or discontinued as a result of restructuring. The redundancy scheme was implemented in 2014 and the provision represents the cost of agreed redundancy arrangements outstanding at 31 July 2014.

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

20. Deferred capital grants	Buildings £000	Fixtures, fittings and equipment £000	Assets under construction £000	Total £000
Group and University				
Funding bodies				
At 1 August 2013	24,508	701	566	25,775
Grants received	–	–	936	936
Transfers between classifications	566	–	(566)	–
Released to income and expenditure account	(1,920)	(263)	–	(2,183)
At 31 July 2014	23,154	438	936	24,528
Other grants				
At 1 August 2013	1,014	–	–	1,014
Released to income and expenditure account	(40)	–	–	(40)
At 31 July 2014	974	–	–	974
Totals				
At 31 July 2014	24,128	438	936	25,502
At 1 August 2013	25,522	701	566	26,789

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

21. Endowments	2014 Total £000	2014 Restricted expendable £000	2014 Restricted permanent £000	2013 Total £000
Group and University				
Capital value	884	465	419	963
Accumulated Income	(2)	1	(3)	(4)
At 1 August	882	466	416	959
Net Additions	119	119	–	255
Income for the year	4	1	3	5
Expenditure for the year	(324)	(319)	(5)	(337)
At 31 July	681	267	414	882
Capital value	678	266	412	884
Accumulated Income	3	1	2	(2)
At 1 August	681	267	414	882
Represented by:				
Cash balances	267	267	–	882
Short term deposits	414	–	414	–

	2014 Total £000	2014 Restricted expenditure £000	2014 Restricted permanent £000	2013 Total £000
21. Endowments (cont'd)				
Analysis by type of purpose:				
Prize, scholarship and bursaries funds	493	79	414	468
Development, alumni and other funds including cancer research	188	188	-	414
22. Revaluation reserve			Group and University 2014 £000	Group and University 2013 £000
Opening balance at 1 August			9,260	14,707
Disposal of pre-incorporation assets			-	(8,110)
Cumulative depreciation on disposals			-	2,811
Release on disposal			-	(5,299)
Release in year to Income and Expenditure account			(148)	(148)
Closing balance at 31 July			9,112	9,260

The release to the Income and Expenditure Account represents an amount equal to the depreciation charged in the year on assets acquired in 1989 from London Boroughs of Barnet, Enfield and Haringey at the inception of Middlesex University Higher Education Corporation (was then Middlesex Polytechnic). The transferred building assets were valued in 1989 at £56,650k (£3,710k 2014 after disposals and transfers to current assets) and land assets following revaluation in 1991 at £28,475k (£5,400k 2014, after disposals and transfers to current assets).

	Group year ended 31 July 2014 £000	University year ended 31 July 2014 £000	Group year ended 31 July 2013 £000	University year ended 31 July 2013 £000
23. Income and expenditure account				
Opening balance at 1 August	38,836	34,839	(9,856)	(12,003)
Surplus after depreciation of assets at valuation and taxation	13,502	11,647	33,391	31,567
Actuarial (loss)/gain on pension scheme	(18,153)	(18,153)	9,831	9,831
Foreign exchange translation differences on foreign currency net investment in subsidiaries	(361)	-	23	(3)
Release from revaluation reserve	148	148	5,447	5,447
Closing balance at 31 July	33,972	28,481	38,836	34,839
Analysis of the income and expenditure account			Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Income and expenditure account (excluding pension reserve)			110,917	96,537
Pension reserve (Note 32)			(76,945)	(57,701)
Income and expenditure account (including pension reserve)			33,972	38,836

	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
24. Reconciliation of consolidated operating surplus to net cash inflow from operating activities		
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of assets but before tax	13,522	33,223
Depreciation (Note 12)	10,719	9,915
Deferred capital grants released to income (Note 20)	(2,223)	(3,005)
Gain on disposal of tangible fixed assets (Note 12)	(7,009)	(20,354)
Pension cost less contributions paid (Note 32)	(408)	(741)
Investment income (Note 5)	(490)	(228)
Interest payable (Note 8)	7,134	7,292
Exchange rate changes	(364)	24
Decrease/(increase) in stocks of finished goods and work-in-progress (Note 14)	133	(103)
(Increase)/decrease in debtors (Note 15)	(1,581)	(5,053)
(Decrease)/increase in creditors (Notes 17 and 18)	(2,916)	3,476
Increase/(decrease) in provisions (Note 19)	214	(1,097)
Net cash inflow from operating activities	16,731	23,349
	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
25. Returns on investment and servicing of finance		
Income from endowments and interest received	490	228
Interest paid	(5,634)	(5,780)
Interest element of finance lease rental payment	(1)	(1)
Net cash outflow from returns on investment and servicing of finance	(5,145)	(5,553)
	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
26. Financing		
Debt due beyond a year:		
Finance lease repayments	(12)	(9)
New finance lease	-	10
Loan repayment in the year	(2,411)	(2,085)
Net cash outflow from financing	(2,423)	(2,084)
	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
27. Capital expenditure and financial investment		
Payments made to acquire tangible fixed assets	(15,504)	(14,625)
Proceeds from sales of tangible fixed assets	11,379	29,815
New endowments received	119	255
Deferred capital grants received	936	566
Net cash (outflow)/inflow from capital expenditure	(3,070)	16,011

28. Analysis of changes in net debt	At 1 August 2013 £000	Cashflows £000	At 31 July 2014 £000
Cash and liquid resources	65,459	6,152	71,611
Endowment cash	882	(201)	681
Cash	66,341	5,951	72,292
Mortgages and loans	(93,203)	2,411	(90,792)
Finance leases	(36)	12	(24)
Borrowings	(93,239)	2,423	(90,816)
Net debt	(26,898)	8,374	(18,524)

29. Capital commitments	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
Provision has not been made for the following capital commitments at 31 July 2014:		
Commitments contracted for at 31 July	2,157	4,746
Authorised by the board but not contracted for at 31 July	34,480	14,097
	36,637	18,843

30. Financial commitments	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000
At 31 July the Group was committed to making the following annual rental payments in respect of operating leases:		
Buildings:		
Expiring within two and five years	17	16
Expiring after more than five years	1,583	1,767
Equipment:		
Expiring within one year	151	151
Expiring within two and five years	536	329
	2,287	2,263

31. Professional Advisors**External Auditors**

BDO LLP

2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Internal Auditors

Grant Thornton LLP

30 Finsbury Square, London EC29 2YU

Legal advisors

Collyer Bristow

4 Bedford Row, London WC1R 4DF

Eversheds

Franciscan House, 51 Princes Street, Ipswich IP1 1UR

Nabarro Nathanson

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

Tax and Pension advisors

KPMG LLP

Cornwall Street, Birmingham B3 2DL

32. Pension schemes

The University's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) for academic staff and the Local Government Pension Scheme (LGPS) for all other staff. The schemes are defined benefit schemes providing benefits based on a final pensionable salary. The pension service costs and contributions for the year for the University and its subsidiaries in respect of these two schemes was £10,995k (2013: £10,033k)

Teachers' Pension Scheme

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

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

The employers' contribution rates for the University's academic staff were 14.1% of pensionable salaries from 1 August 2013 to 31 July 2014.

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

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

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

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

Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a funded defined benefit scheme, with assets held in separate trustee administered funds. It is administered locally by the London Borough of Barnet and is a multi-employer scheme. The total contribution made for the year ended 31 July 2014 was £7,874k (2013: £8,545k) of which employers contributions totalled £6,170k (2013: £6,957k) and employees contributions totalled £1,704k (2013: £1,588k).

For the period from 1 April 2013 to 31 March 2014 the employer contribution rate was 27.6%. During the year the University entered into a funding deficit recovery plan with the scheme administrators, this treatment required the cost of providing pension benefits to be broken down into two distinct elements: current scheme funding of 11.3% of pensionable salaries from 1 April 2014 and a deficit reduction contribution of £3,447k in the period to 31 March 2015. The overall employers contribution rate payable to 31 March 2015 is 26.6%. The indicative rate from 1 April 2015 as disclosed in the full actuarial valuation of the fund for the period to 31 March 2013 is 11.3% of pensionable salaries for current scheme funding and a deficit reduction contribution of £3,541k. The total employer contributions expected to be paid into the scheme during the year ended 31 July 2015 is £6,195k.

32. Pension schemes (cont'd)

Financial Reporting Standard (FRS) 17 – Retirement benefits

The following information is based upon a full actuarial valuation of the Fund at 31 March 2013 updated to 31 July 2014 by a qualified independent actuary.

The major assumptions used by the actuary were:		At 31 July 2014	At 31 July 2013
Financial assumptions:			
Inflation (RPI increases)		3.4%	3.4%
Inflation (CPI increases)		2.6%	2.6%
Rate of increase in salaries		4.4%	4.8%
Rate of increase for pensions		2.6%	2.6%
Discount rate for liabilities		4.2%	4.8%
Mortality assumptions:			
The post retirement mortality tables adopted are the S1PA tables (2013: S1PA Heavy tables)			
Life expectancy from age 65 (years)		At 31 July 2014	At 31 July 2013
Retiring today	Males	22.0	20.1
	Females	24.3	24.1
Retiring in 20 years	Males	24.1	22.1
	Females	26.7	26.0

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

Asset class:	31 July 2014 Fair value £000	31 July 2014 Expected return % pa	31 July 2013 Fair value £000	31 July 2013 Expected return % pa	31 July 2012 Fair value £000	31 July 2012 Expected return % pa
Equities	90,455	7.2	91,252	6.5	63,555	5.9
Other bonds	42,750	4.0	41,600	4.3	39,572	3.9
Gilts	101	3.4	-	3.4	9,593	2.8
Property	-	-	-	3.2	7,195	2.6
Cash	677	3.2	1,342	0.5	-	3.0
Total	133,983	6.2	134,194	5.8	119,915	4.8

Analysis of the amount shown in the balance sheet

	At 31 July 2014 £000	At 31 July 2013 £000
Middlesex University:		
Estimated asset share	133,983	134,194
Present value of scheme liabilities	(210,373)	(191,334)
Present value of unfunded liabilities	(555)	(561)
Total value of liabilities	(210,928)	(191,895)
Net pension deficit	(76,945)	(57,701)

32. Pension schemes (cont'd)	At 31 July 2014 £000	At 31 July 2014 % of staff cost	At 31 July 2013 £000	At 31 July 2013 % of staff cost
Analysis of the amount charged to staff costs within operating surplus:				
Current service cost	5,482	5.9%	5,551	6.3%
Curtailments and settlements	280	0.3%	665	0.7%
Total Operating charge	5,762	6.2%	6,216	7.0%
Analysis of the amount charged to interest payable:				
Expected return on pension scheme assets	7,765	8.3%	5,818	6.6%
Interest on pension scheme liabilities	(9,264)	(9.9%)	(7,329)	(8.3%)
Net charge	(1,499)	(1.6%)	(1,511)	(1.7%)
Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL):				
Actual return less expected return on pension scheme assets			(4,163)	5,527
Experience gains and losses arising on the scheme liabilities			5,275	(47)
Changes in financial and demographic assumptions underlying the present value of scheme liabilities			(19,265)	4,351
Actuarial (loss)/gain recognised in STRGL			(18,153)	9,831
Movement in deficit during the year				
Deficit at the beginning of year			(57,701)	(66,762)
Movement in the period:				
Current service cost			(5,482)	(5,551)
Employer contribution			6,131	6,918
Contributions in respect of unfunded benefits			39	39
Impact of settlements and curtailments			(280)	(665)
Net return on assets			(1,499)	(1,511)
Actuarial (losses)/gains			(18,153)	9,831
Deficit at the end of year			(76,945)	(57,701)
Movement in present value of the scheme liabilities				
Opening present value of the defined benefit obligation			191,895	186,677
Movement in the period:				
Current service cost			5,482	5,551
Interest cost			9,264	7,329
Actuarial gains/(losses)			8,822	(4,304)
Gains on curtailments			280	665
Estimated benefits paid (net of transfers in)			(5,331)	(5,572)
Contributions by scheme participants			1,704	1,588
Unfunded pension payments			(39)	(39)
Closing present value of the defined benefit obligation			212,077	191,895

32. Pension schemes (cont'd)	At 31 July 2014 £000	At 31 July 2013 £000
Movement in the fair value of the scheme assets		
Opening fair value of scheme assets	134,194	119,915
Movement in the period:		
Expected return on scheme assets	7,765	5,818
Actuarial (loss)/gain	(9,331)	5,527
Employer contribution including unfunded benefits	6,170	6,957
Contributions by scheme participants	1,704	1,588
Estimated benefits paid including unfunded benefits	(5,370)	(5,611)
Fair value of scheme assets at end of period	135,132	134,194

Amounts for the current and previous four periods are as follows:	Year ended 31 July 2014 £000	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Defined benefit obligation	(212,077)	(191,895)	(186,677)	(157,029)	(142,078)
Scheme assets	135,132	134,194	119,915	111,110	96,718
(Deficit)/surplus	(76,945)	(57,701)	(66,762)	(45,919)	(45,360)
Experience adjustment on scheme liabilities	10,443	(47)	(17)	6,554	78
% of scheme liabilities	4.9%	(0.0%)	(0.0%)	4.2%	0.1%
Experience adjustment on scheme assets	(9,331)	5,527	(2,353)	2,891	5,111
% of scheme assets	(6.9%)	4.1%	(2.0%)	2.6%	5.3%
Cumulative actuarial (loss)/gain	(50,133)	(31,980)	(41,811)	(20,992)	(19,427)

33. Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

Middlesex University Students' Union (MDXSU) (Charity registration number 1140254) is represented on the University's board of governors. The board agreed to pay MDXSU a grant of £867k for the year ending 31 July 2014 (2013: £780k).

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

Governors did not receive remuneration in respect of their service to the University during the year. The amount paid to 7 governors (2013: 5 governors) in respect of travel and subsistence expenses during the year amounted to £2,031 (2013: £1,242).

The University has taken advantage of the exemption under Financial Reporting Standard (FRS) 8 - Related Party disclosures, not to disclose transactions with its wholly owned subsidiary companies listed in note 13.

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

	Income £000	Expenditure/ transfers £000	Balance due (from)/to related party £000
33. Related party transactions (cont'd)			
Joint ventures and partners:			
Middlesex International JSS (Mauritius) Limited	-	-	(444)
MDXU Limited	-	-	-
Middlesex University (Malta) Limited	-	-	(157)

	At 31 July 2014 £000	At 31 July 2013 £000
34. HEFCE – Access and hardship funds		
Balance brought forward	18	(5)
Funds received	425	454
	443	449
Disbursed to Students	(425)	(431)
Balance carried forward at 31 July	18	18

	At 31 July 2014 £000	At 31 July 2013 £000
35. HEFCE – National Scholarship Programme funds		
Balance brought forward	-	-
Funds received	1,182	630
	1,182	630
Disbursed to Students	(1,182)	(630)
Balance carried forward at 31 July	-	-

The programme aims to help individual students from low-income backgrounds as they enter higher education.

HEFCE administer the programme on behalf of the Department for Business, Innovation and Skills, which sets the overall policy and funding level.

	At 31 July 2014 £000	At 31 July 2013 £000
36. NCTL – Teacher Training Bursaries		
Balance brought forward	511	42
Funds received	646	1,859
	1,157	1,901
Disbursed to Students	(1,130)	(1,390)
Balance carried forward at 31 July	27	511

37. NCTL – Teacher Programmes

This note covers activity for the NCTL funded Graduate Teacher Programme (GTP) and the Overseas Trained Teacher Programme (OTTP) collectively known as Employment Based Initial Teacher Training (EBITT).

	At 31 July 2014 £000	At 31 July 2013 £000
Balance brought forward	–	1,171
Funds received from NCTL	–	–
Other external income received	–	–
	–	1,171
Disbursed to Students	–	–
Released to income and expenditure account	–	(1,171)
Balance carried forward at 31 July	–	–

Funding body hardship funds, bursaries and other student grants received as detailed in notes 34 to 37 are available solely for students and student support; the University acts only as a paying agent. All of the funding and related disbursements are therefore excluded from the income and expenditure account and shown within trade creditors.

38. million+

	At 31 July 2014 £000	At 31 July 2013 £000
Balance brought forward	326	335
Subscriptions from affiliated universities received	372	371
	698	706
Campaign expenses	(391)	(380)
Balance carried forward at 31 July	307	326

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

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