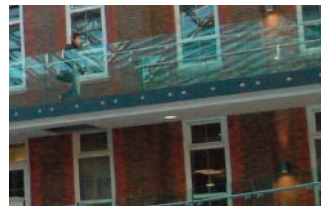
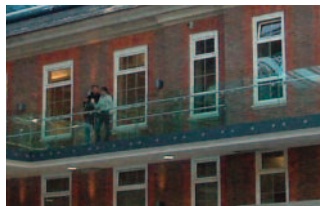




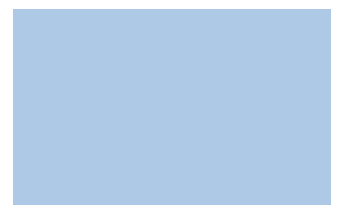
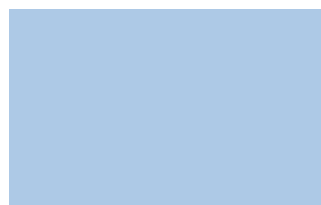
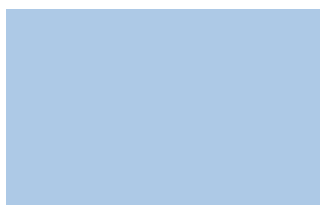
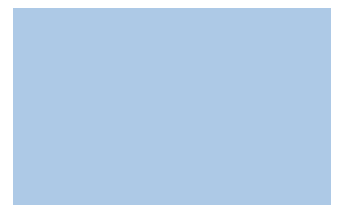
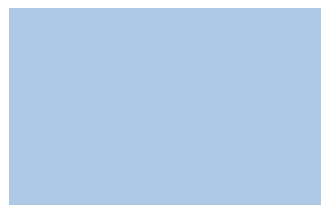
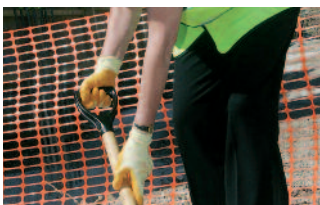
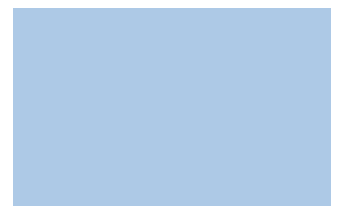
Middlesex
University

Financial

Statements



For the year
ended
31 July 2007







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Report from the Chair

Preparing for a New-Look Middlesex

The year was significant for substantial and important work in two main areas of activity: fundamental change in the academic programme and the next phase of build, growth and consolidation at the Hendon campus. While working hard to achieve these overarching developments, the University has strengthened its financial position through building income and continuing control on costs.

In March 2006 the University decided the extent and timetable of change that the introduction of the Learning Framework would cover. The Learning Framework – the term chosen to describe the way academic programmes at Middlesex are planned, offered and delivered – represents a root and branch change for Middlesex and our students.

Key changes are: a move from semester to academic year-long modules; a reduction in examinations and an increase in other forms of assessment; more than 400 named programmes, including those offering popular Middlesex 'joint honours'; and a new-style January start offer, where students study a first year between January and August and join September start students for their second and subsequent years.

The changes required programmes to be re-worked and re-validated for launch in either January 2007 or September 2007 (a small number of non-UK teaching sites will not adopt new programmes until September 2008). This involved a great deal of complex work across the University and it was all achieved to timetable. Key challenges included the communication to students who were changing from one academic system to another during their studies and the timely issue of information on September 2007 new programmes into a competitive marketplace.

The Learning Framework is one of the essential platforms on which we will build a robust and positive future for ourselves and our students. The University confidently expects it will deliver better student completion and exit qualifications and better supported cohorts of students.

It is vital for us to invest in the best possible student management systems. During the year three important elements of our student system, MISIS, were upgraded: the self-service student interface; the core tool used by staff; and the reporting tool, Discoverer. At the same time MISIS was updated to reflect changes borne out of the Learning Framework implementation.

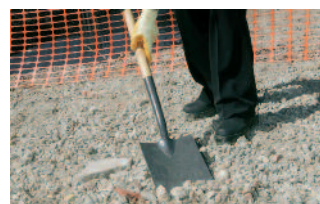
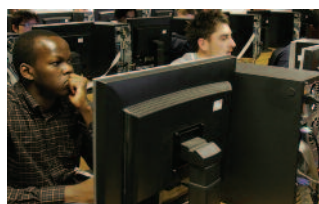
As well as leading the change in the academic framework, the Deputy Vice-Chancellor Middlesex UK worked closely with the four Schools to change School management structures. A second tier of management – Associate Deans – was appointed along with new Directors of Programmes posts to oversee and lead teaching provision. As the year ended, most senior School posts had been filled.

The University's other key platform for future success and quality is the gradual concentration of its operations at Hendon. The year saw exceptional progress. In early 2007 planning permission was given for an environmentally exceptional new teaching and research building on the Burroughs, alongside College Building, on land purchased from Barnet Council. Building began in Spring 2007. The new building will cover high quality lecture theatres and specialist laboratories for computing science, biomedical science and psychology and will enable the move of the health and social science programmes currently based at Enfield (Ponders End) for September 2008.

By September 2008 some 10,000 Middlesex students will have Hendon as their base. To ensure the best possible social as well as teaching space, the University also made the decision to establish a new Student Centre within the current Sports Centre at the rear of the campus. By September 2008 the new Centre will provide Hendon students with catering, networking and social space as well as a bigger nursery for the children of students and staff.

These developments rest on a very strong and mutually rewarding partnership between the University and the London Borough of Barnet to develop an outstanding campus at Hendon. As well as buying land adjacent to the Campus previously owned by the Council, the University has also leased some buildings, such as the Hendon Town Hall which the two organisations will now share, to expand the campus and provide space for staff and students from Enfield and New Southgate.

The rejuvenated Hendon Campus is already providing improved spaces for the wider community. The University was proud to offer its striking glazed Quadrangle to Barnet for important events, including the Mayor's Holocaust Memorial event in early 2007.



By September 2008 the University will teach at Hendon, Cat Hill/Trent Park, Archway and hospitals and in Dubai. Our four main campuses (down from seven in 2000) will provide high quality, modern space for learning and research.

The University worked very hard to strengthen its financial situation and ended the year with a small surplus which was a considerable achievement given that major projects were completed.

Though it set a prudent deficit budget of £5 million at the beginning of the year, there was a clear message to all budget holders that significant savings on allocated budgets were expected. There was steady improvement in budget position throughout the year as we met our student recruitment contracts with HEFCE, the NHS and the TDA. After cutting posts through voluntary redundancy in Autumn 2005 and imposing tough budget constraints across the University in 2005-06, the University's Board of Governors and Executive continued to insist on vigorous adherence to budgets and a freeze on most staff recruitment. With moves to Hendon in mind the University also adopted a strategy of employing temporary staff where possible to ensure posts for its permanent staff once efficiencies were achieved through campus consolidations.

The improved financial position was also helped by improving research and enterprise income and sponsorships and donations generated by the Development Office working with staff around the University. The Development Office is enjoying matched funding from Universities UK and has concentrated early efforts on increasing the number of student scholarships funded by University friends and partners and on discussing sponsorship possibilities arising from new build.

The recruitment position for September 2007 was very positive, the Learning Framework is delivering the benefits that were planned and the work on the next new building at Hendon is proceeding on time and to budget. After many years of considerable change across the University, we have begun to enjoy the benefits envisaged when we set out on this path at the beginning of the decade.

Financial Statements for the year ended 31 July 2007

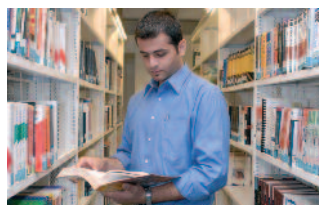
I am pleased to present the University's Financial Statements for the year ended 31 July 2007. Additional copies can be downloaded from the University's website www.mdx.ac.uk.

The University recorded a small operating surplus as a result of strong recruitment and other income performance and continuing control of costs. Income rose by 5.7% in year largely due to grant increases and the impact of the first year of top-up fees. We were able to sustain the same level of overseas income in year. Expenditure, excluding restructuring items, has fallen 1.6% despite continuing inflationary pressures. Staff costs were maintained at the same levels as both 2006 and 2005 despite national pay increases and pension increases as we benefited from a full year impact of the 2006 voluntary severance scheme. Non pay cost increases were kept well within inflation.

The University's net asset position was strengthened by the surplus and by a large reduction in the net pension liability of the London Borough of Barnet Pension Scheme. Our contributions to this scheme are now well above its annual service cost but the largest improvement has arisen from strong investment performance despite increases in longevity assumptions.

The University has invested £110m in new estate, refurbishments, new IT and supporting infrastructure over the last 6 years and plans to continue this high level of investment. In the last year £16m has been invested with more than half of this funded through cash generated by the operation.

Lorna Cocking
Chair of the Board of Governors
26 November 2007



Membership of the Board of Governors

Membership of the Board of Governors during the 2006-07 year and subsequently:

Name	Status	Dates	Committees Served
Mrs L Cocking (Chair)	Independent Governor		Governance/Nominations, Senior Staff Conditions of Service, Joint Task Group
Mrs A Biss	Independent Governor	Resigned 25/11/06	Audit
Mrs D Gray	Independent Governor		Finance and General Purposes, Senior Staff Conditions of Service, Joint Task Group
Mr C Hughes	Independent Governor		Finance and General Purposes
Ms J Mulroy	Independent Governor		Audit
Sir M Partridge	Independent Governor		Audit
Ms L Spence	Independent Governor		Finance and General Purposes, Senior Staff Conditions of Service
Dame J Ritterman	Independent Governor		Audit
Mrs S Truttero	Independent Governor		Audit
Dr K Tang	Independent Governor	Resigned 06/11/06	Audit
Mr N Rashid	Independent Governor	Appointed 13/01/07	Audit
Mr P Cheeseman (Deputy Chair)	Independent Governor		Finance and General Purposes, Governance/Nominations Joint Task Group
Ms R Bhardwaj	Independent Governor	Resigned 07/02/07	Finance and General Purposes
Mr M Rosen	Independent Governor		Finance and General Purposes, Senior Staff Conditions of Service, Joint Task Group
Mr G Lambert	Independent Governor		Finance and General Purposes, Governance/Nominations
Ms A Robinson	Independent Governor		Finance and General Purposes, Governance/Nominations
Professor M Driscoll	Vice-Chancellor		Finance and General Purposes, Senior Staff Conditions of Service, Governance/Nominations
Mr A Parsons	Co-opted lay Governor	Appointed 08/10/07	Audit
Mr S Hand	Co-opted lay Governor	Appointed 08/10/07	Finance and General Purposes
Cllr Mike Freer	Co-opted lay Governor	Appointed 08/10/07	Audit
Dr J Naish	Academic Board nominee		Governance/Nominations
Professor Richard Tufnell	Academic Board nominee	Appointed 09/10/07	Finance and General Purposes
Professor G Parker	Academic Board nominee	Resigned 31/08/06	Finance and General Purposes
Dr J Alleyne	Staff nominee		Finance and General Purposes
Mrs J Compton-Bishop	Staff nominee	Appointed 03/10/07	Governance/Nominations
Ms C Fell	Staff nominee	Resigned 26/06/07	Governance/Nominations
Mr I Kotomah	Student nominee	From 01/07/06 to 30/06/07	Finance and General Purposes
Mr Z Philips	Student nominee	From 01/07/06 to 30/06/07	Governance/Nominations
Mr N Roberts	Student nominee	From 01/07/07 to 30/06/08	Finance and General Purposes
Vacancy	Student nominee	From 01/07/07 to 30/06/08	Governance/Nominations



Corporate Governance

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

The Board of Governors

The composition of the Board of Governors is set out on page 3. It is the Board of Governors' responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

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

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

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

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

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

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

Appointments to the Board of Governors

Any new appointments to the Board of Governors are a matter for the consideration of the Board of Governors as a whole. The Board of Governors has a nominations committee which is responsible for the selection and nomination of any new member for the Board of Governors' consideration. The Board of Governors is responsible for ensuring that appropriate training is provided as required. Members of the Board of Governors are appointed for a term of office not exceeding 3 years.

Audit Committee

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

The University's internal auditors monitor the systems of internal control in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management are responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

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



Remuneration Committee

The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Vice-Chancellor and other senior postholders. Details of remuneration for the year ended 31 July 2007 are set out in note 6 to the financial statements.

Internal Control

The University's Governing Body, the Board of Governors, is responsible for ensuring that the University maintains an effective system of internal control. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2007 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

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

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

- The Board of Governors meets four times a year to consider the plans and strategic direction of the Institution. It is advised by its key committees, receiving regular reports from the Audit and Finance and General Purposes Committees and other reports from management as required. In addition the Board of Governors holds an away day each year to discuss in greater detail a key strand of the Corporate Plan. In 2005 the Board considered the University's strategies in Research and Business Services which has informed the senior management in those areas in the further development of their plans.
- The Finance and General Purposes Committee's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team.
- The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units.

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

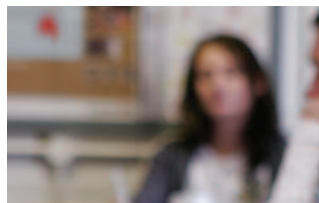
The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks; that it has been in place for the year ended 31 July 2007 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Governing Body and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education. The University also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen in November 2004.

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

Going Concern

After making appropriate enquiries, the Board of Governors considers 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.

Lorna Cocking
Chair of the Board of Governors
18 December 2007



Statement of the Responsibilities of the Board of Governors

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

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

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

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

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

The Governing Body has taken reasonable steps to:

- ensure that funds from HEFCE, LSC and the TDA are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Councils and the Funding Agreement with the TDA, and any

other conditions which the Funding Council or Agency may from time to time prescribe;

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

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

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



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

We have audited the financial statements of Middlesex University for the year ended 31 July 2007 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the Group and University balance sheets, the consolidated cash flow statement, the reconciliation of net cash flow to movement in net debt, the accounting policies, the historical cost note and the related notes 1 to 39. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Board of Governors of the University, as a body, in accordance with the Financial Memorandum dated July 2006. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditors' 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 Board and the Board's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Governors and the Auditors

As described in the statement of the Board of Governors' responsibilities, the Board of Governors is responsible for the preparation of the financial statements in accordance with the University's statute, the Statement of Recommended Practice on Accounting for Further and Higher Education and other applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education.

We also report whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by Middlesex 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.

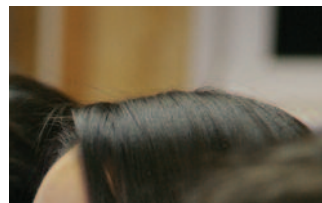
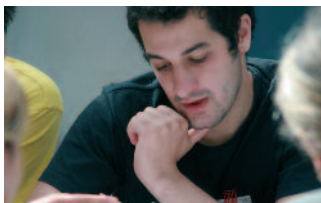
We also report if, in our opinion, the Board of Governors' report is not consistent with the financial statements, if the Group has not kept proper accounting records, the accounting records do not agree with the financial statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Board of Governors' report, including the corporate governance statement, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Governors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.



Opinion

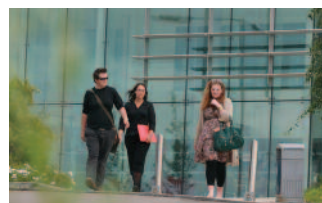
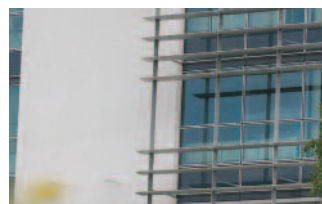
In our opinion:

(a) the financial statements give a true and fair view of the state of affairs of the University and the Group as at 31 July 2007 and of the surplus of the Group for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education;

(b) in all material respects income from Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received; and

(c) in all material respects income has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum, dated July 2006 with the Higher Education Funding Council for England.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St Albans, United Kingdom
19 December 2007





Accounting Policies (Notes A-N)

A. Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of inherited land, buildings and assets in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education and applicable UK accounting standards.

The financial statements consolidate the accounts of the University and its material subsidiary undertakings. The consolidated financial statements do not include those of the Middlesex University Students' Union as the University has no financial interest and no control or significant influence over policy decisions.

B. Recognition of Income

Income from Funding Council Recurrent Grants, Tuition Fees and Education Contracts is included in the period in which it is receivable. Income from Donations, Research Grants, Contracts and Other Services Rendered is included to the extent of the spend incurred during the year, together with any related contributions towards overhead costs. All income from short-term deposits is credited to the Income and Expenditure Account on a receivable basis. All income from endowments is credited to the income and expenditure account on a receivable basis. Income from specific endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to specific endowments.

C. Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. 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 dealt with in the determination of income and expenditure for the financial year.

D. Investments

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

E. Tangible Fixed Assets

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. 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 £2,500 is generally written off in the year of acquisition. Depreciation is provided on capitalised tangible fixed assets, other than freehold land, over the following periods:

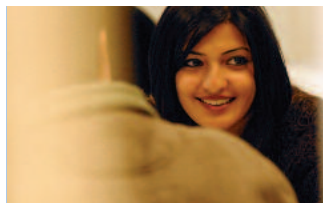
Freehold Buildings	50 years
- minor improvements	10 years
Equipment	
- computer hardware and software	4 years
- other (including vans and vehicles)	5 years
- executive motor cars	3 years

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.

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.

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.

A review for impairment of a fixed asset 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.



F. Intangible Fixed Assets

Intangible assets are included at cost and amortisation is calculated on a straight line basis to write off Intangible assets over their anticipated useful lives. Estimated useful lives are:

Patents	10 years
Trademarks	10 years

Amortisation is applied from the beginning of the financial year after which expenditure is incurred and provision is made for any impairment.

G. Endowment Assets

Endowment assets are stated at valuation.

H. Leases

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

I. Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value.

J. Taxation

Middlesex University is a registered charity and is thus exempt from taxation on its income and gains falling within section 505 of the Income and Corporation Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that they are applied to its chargeable objectives. No tax charge has arisen in the year. No tax charge has arisen in any of the subsidiaries due to their policies of paying up their profits under gift aid.

The University is registered for Value Added Tax but is unable to recover input tax on the majority of its purchases, education and research being exempt activities under VAT legislation.

K. Pensions

The two principal pension schemes for the University's staff are the Teachers Superannuation Scheme (TSS) and the London Borough of Barnet Pension Scheme (LBB). The schemes are defined benefit schemes which are independently administered. Pension costs are assessed on the latest actuarial valuations of the schemes and are accounted for on the basis of charging the

cost of providing pensions over the period during which the institutions benefit from the employee's services. Variations from regular costs are spread over the expected average remaining working lifetime of members of the Schemes after making allowances for future withdrawals. A small number of staff remain on other pension schemes.

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 surpluses and deficits in accordance with FRS17 'Retirement Benefits'.

L. Repairs and Maintenance

The cost of routine maintenance is charged to the income and expenditure account as incurred.

M. Provisions

Provisions are recognised 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 benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

N. Assets Identified For Disposal

Assets identified for disposal are stated at the lower of cost or net realisable value

Consolidated Income and Expenditure Account

for the year ended 31 July 2007

	Notes	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Income			
Funding Council Grants	1	56,513	56,085
Tuition fees and education contracts	2	57,877	51,920
Research grants and contracts	3	3,655	2,436
Other operating income	4	19,514	19,438
Endowment income and interest receivable	5	612	830
Total Income		138,171	130,709
Expenditure			
Staff costs	6	71,586	71,516
Staff restructuring costs	6	-	8,637
Other operating expenses	7	53,796	53,379
Depreciation	12 & 13	8,717	7,495
Interest payable	8	3,448	7,346
Total Expenditure		137,547	148,373
Surplus/(deficit) on continuing operations after depreciation of assets at valuation and before tax		624	(17,664)
Surplus/(deficit) on disposal of assets		-	(2,025)
Surplus/(deficit) on continuing operations after depreciation of fixed assets at valuation and disposal of assets but before tax		624	(19,689)
Taxation	10	(252)	(14)
Surplus/(deficit) on continuing operations after depreciation of assets at valuation, disposal of assets and tax		372	(19,703)

All results are from continuing operations.

Consolidated statement of historical cost surpluses and deficits

for the year ended 31 July 2007

	Notes	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Surplus/(deficit) on continuing operations before taxation		624	(19,689)
Realisation of property revaluation gains	23	-	10,722
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	23	576	576
Historical cost surplus/(deficit) for the period before taxation		1,200	(8,391)
Historical cost surplus/(deficit) for the period after taxation		948	(8,405)

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 July 2007

	Notes	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Surplus / (deficit) on continuing operations after depreciation of assets at valuation and disposal of assets and tax		372	(19,703)
HEFCE reimbursement of principal element of debt charges	23	-	14,041
Endowment capital reduction for the year	22	(26)	(15)
New endowments	22	466	123
Actuarial loss on enhanced pension scheme	20	(679)	-
Actuarial gain/(loss) on local government pension scheme	33	9,744	(1,429)
Total recognised losses for the year		9,877	(6,983)
Reconciliation			
Opening reserves and endowments		14,395	21,378
Total recognised gains/(losses) for the year		9,877	(6,983)
Closing reserves and endowments		24,272	14,395

Balance Sheets

as at 31 July 2007

	Notes	Group 2007 £000	University 2007 £000	Group 2006 £000	University 2006 £000
Fixed assets					
Intangible assets	12	250	-	1,017	-
Tangible assets	13	148,827	130,604	140,590	122,194
Investments	14	36	1,136	36	1,813
		149,113	131,740	141,643	124,007
Endowment assets	22	674	674	234	234
Current assets					
Stocks and work-in-progress	15	840	405	581	44
Debtors: amounts falling due within one year	16	16,807	18,155	17,032	17,836
Debtors: amounts falling due after more than one year	16	-	18,997	-	18,997
Cash at bank and in hand	17	8,463	5,609	11,404	8,606
		26,110	43,166	29,017	45,483
Creditors: amounts falling due within one year	18	(38,268)	(36,366)	(40,914)	(37,647)
Net current (liabilities) / assets		(12,158)	6,800	(11,897)	7,836
Total assets less current liabilities		137,629	139,214	129,980	132,077
Creditors: amounts falling due after more than one year	19	(50,674)	(50,674)	(44,448)	(44,448)
Provisions for liabilities and charges	20	(7,639)	(7,623)	(7,657)	(7,657)
NET ASSETS (excluding pensions liability)		79,316	80,917	77,875	79,972
Net pensions liability		(32,475)	(32,531)	(41,804)	(41,773)
NET ASSETS (including pensions liability)		46,841	48,386	36,071	38,199
Deferred capital grants	21	22,568	22,568	21,676	21,676
Endowments					
General and specific	22	674	674	234	234
Revaluation reserve	23	38,742	38,742	39,318	39,318
Income and expenditure account	24	(15,143)	(13,598)	(25,157)	(23,029)
		24,273	25,818	14,395	16,523
Total funds		46,841	48,386	36,071	38,199

The financial statements on pages 12 to 31 were approved by the University Board on 26 November 2007 and were signed on its behalf by:-

Lorna Cocking
Chair of the Board of Governors

Professor Michael Driscoll
Vice-Chancellor

Melvyn Keen
Director of Finance

Consolidated Cash Flow Statement

for the year ended 31 July 2007

	Notes	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Cash inflow from operating activities	25	6,153	10,299
Returns on investments and servicing of finance	26	(1,944)	(3,065)
Capital expenditure and disposals	28	(13,393)	2,512
Cash (outflow) / inflow before use of liquid resources and financing		(9,184)	9,746
Management of liquid resources		-	-
Financing	27	6,242	(4,152)
(Decrease) / increase in cash in the year	29	(2,942)	5,594
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the year	29	(2,942)	5,594
Cash generated from new loans	27	(6,300)	(10,000)
Cash used to decrease other loans and finance leases	27	58	28,193
Movement in net debt in year	29	(9,184)	23,787
Opening net debt at 1 August	29	(33,106)	(56,893)
Closing net debt at 31 July		(42,290)	(33,106)

Notes to the Accounts

1. Funding Council grants	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Recurrent grants		
Higher Education Funding Council for England (HEFCE)	46,462	43,218
Training and Development Agency (TDA)	3,380	3,238
Learning and Skills Council (LSC)	44	358
Specific grants		
Partnership for Progression	-	486
Higher Education Innovation Fund	453	350
Teaching quality enhancement	475	387
Aim Higher	711	346
Centres for Excellence in Teaching and Learning	705	379
Research grants	1,862	1,916
Reimbursement of debt charge*	-	3,374
Other grants	512	877
Deferred capital grants released in year		
Buildings	1,561	524
Equipment	348	632
	56,513	56,085

* Reimbursed by HEFCE to enable early repayment of inherited local borough loans.

2. Tuition fees and education contracts	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Full-time students charged home fees	20,029	13,034
Full-time students charged overseas fees	20,775	21,063
Part-time fees	3,411	3,216
Short course fees	1,317	1,243
NHS education contracts	12,345	13,364
	57,877	51,920

3. Research grants and contracts	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Research Councils	614	340
UK based charities	450	144
UK central government	1,693	1,002
UK industrial	165	275
European Commission	604	617
Other EU government bodies	25	38
EU other	82	10
Other overseas	1	10
Other sources	21	-
	3,655	2,436

Notes to the Accounts

4. Other operating income	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Residences, catering and conferences	6,082	6,245
Other services rendered	6,842	4,165
Health authorities	288	274
Sports income	507	547
Childcare	503	549
Rent and room hire	225	46
Validation fees	2,643	1,755
Subsidiary companies	185	3,027
Releases from deferred capital grants	171	185
Other income	2,068	2,645
	19,514	19,438

5. Endowment income and interest receivable	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Endowment income	9	4
Interest receivable	603	826
	612	830

6. Staff	Year ended 31 July 2007 Number	Year ended 31 July 2006 Number
The average monthly numbers of employees during the year were:		
Academic	778	771
Administration and senior staff	909	919
Technical	118	127
Other (including Research)	137	173
	1,942	1,990

Staff costs for the above persons:	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Wages and salaries	57,788	58,997
Social security costs	5,053	5,002
Other pension costs (note 33)	8,745	7,517
	71,586	71,516
Restructuring costs	-	8,637
	71,586	80,153
Employment costs for staff on permanent contracts	65,396	64,995
Employment costs for staff on temporary contracts	6,190	6,521
	71,586	71,516
Restructuring costs	-	8,637
	71,586	80,153

6. Staff (continued)

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

	Year ended 31 July 2007 Number	Year ended 31 July 2006 Number
£70,001 to £80,000	23	14
£80,001 to £90,000	6	3
£90,001 to £100,000	1	2
£100,001 to £110,000	1	-
£110,001 to £120,000	2	2
£120,001 to £130,000	1	2
£130,001 to £140,000	2	1
£140,001 to £150,000	-	2
£150,001 to £160,000	1	-
£180,001 to £190,000	-	1
£200,001 to £210,000	1	-
	38	27

Senior post-holder emoluments are made up as follows:

	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Salaries	2,252	2,057
Benefits in kind	71	65
Pension contributions	502	306
Total emoluments	2,825	2,428

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 2007 £000	Year ended 31 July 2006 £000
Salary	163	152
Benefits in kind	14	14
Pension contributions	23	21
Total emoluments	200	187

The pension contributions for the Vice-Chancellor and 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 other employees

Notes to the Accounts

7. Other operating expenses	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Consumables	1,303	1,557
Learning resources	1,787	1,195
Funds payable to other colleges	7,426	7,146
Auditors' remuneration	228	288
Catering and hospitality	784	895
Marketing related costs	1,634	2,137
Consultants and professional advisors	1,737	1,828
External staffing and services	776	1,678
Staff development costs	483	489
Student recruitment, bursaries and scholarships	7,309	7,974
Subscriptions and memberships	514	528
Equipment and furniture (not capitalised)	368	314
IT expenditure and maintenance	2,974	3,325
IT operating leases	2,354	1,900
NHS service charge costs	1,141	1,276
Grants to Student Union	487	507
Transport, travel and subsistence	1,458	1,847
Insurance	567	564
Telephones and postage	738	973
Rent and rates	1,830	1,826
Repairs and general maintenance	1,409	1,396
Utilities	1,868	2,099
Other premises costs	7,697	4,329
Subsidiary companies	3,172	4,981
Restructuring costs	179	767
Other expenditure	3,573	1,560
	53,796	53,379

Other operating expenses include:	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Auditors' remuneration:		
Financial statements audit (Deloitte & Touche LLP)*	108	88
Other services from external auditors	8	20
Internal audit (Grant Thornton LLP)	112	180

* includes £66,000 in respect of the University (2006: £58,000)

8. Interest Payable	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
On inherited liabilities	-	3,455
On pension liabilities	892	1,052
Other loans not wholly repayable within five years	2,345	2,603
Bank overdrafts	4	41
Finance leases	207	195
	3,448	7,346

Notes to the Accounts

9. Analysis of expenditure by activity	Staff Costs £000	Depreciation £000	Other op. activities £000	Interest payable £000	Total £000
Academic departments	42,839	908	14,583	-	58,330
Academic services	12,433	801	7,618	-	20,852
Research grants and contracts	1,884	-	1,771	-	3,655
Residences, catering & conferences	82	536	6,494	208	7,320
Premises	2,654	4,725	9,612	2,349	19,340
Subsidiary Companies	1,830	1,042	3,172	-	6,044
Administration and central services	9,705	497	9,648	-	19,850
Other expenditure	159	208	898	891	2,156
Total operating expenditure	71,586	8,717	53,796	3,448	137,547

The depreciation charge has been funded by:

Revaluation reserve release	576
Deferred capital grant release	2,080
General income	6,061
	8,717

10. Taxation

	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
UK corporation tax payable on the profits of the University's subsidiary companies.	(252)	(14)

11. Surplus/(deficit) on continuing operations

The surplus/(deficit) on continuing operations for the year is made up as follows:

	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
University's surplus/(deficit) for the year	(110)	(19,020)
Surpluses/ (deficits) generated by subsidiary undertakings and transferred to the University under Gift Aid	1,332	(683)
	(850)	0
	372	(19,703)

12. Consolidated intangible assets

	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Patent and Licences		
Net book value at 1 August	1,017	1,135
Additions in year	212	296
Impairment	(535)	0
Amortisation charge for year	(414)	(414)
Net book value at 1 July	250	1,017

Notes to the Accounts

13. Tangible fixed assets

University	Freehold Land £000	Freehold Buildings £000	Equipment £000	Assets under construction £000	Total £000
Cost or Valuation					
At 1 August 2006	22,791	126,097	73,902	7,059	229,849
Additions	4,450	4,021	1,501	5,785	15,757
Transfers between accounts		1,442	742	(2,184)	-
Disposals		(2,043)	(272)		(2,315)
At 31 July 2007	27,241	129,517	75,873	10,660	243,291
Depreciation					
At 1 August 2006	-	43,937	63,718	-	107,655
Charge for year	-	3,135	4,035	-	7,170
Eliminated in respect of disposals -		(2,043)	(95)	-	(2,138)
At 31 July 2007	-	45,029	67,658	-	112,687
Net book value at 31 July 2007	27,241	84,488	8,215	10,660	130,604
Net book value at 1 August 2006	22,791	82,160	10,184	7,059	122,194
Inherited	19,768	18,703	-	-	38,471
Financed by capital grant	-	16,296	4,306	1,966	22,568
Other	7,473	49,489	3,909	8,694	69,565
Net book value at 31 July 2007	27,241	84,488	8,215	10,660	130,604
Consolidated					
	Freehold Land £000	Freehold Buildings £000	Equipment £000	Assets under construction £000	Total £000
Cost or Valuation					
At 1 August 2006	22,791	144,627	75,463	7,060	249,941
Exchange revaluation	-	-	(7)	-	(7)
Additions	4,450	4,241	1,586	5,878	16,155
Transfers between accounts	-	1,442	742	(2,184)	-
Disposals	0	(2,043)	(274)	-	(2,317)
At 31 July 2007	27,241	148,267	77,510	10,754	263,772
Depreciation					
At 1 August 2006	-	44,617	64,734	-	109,351
Exchange revaluation	-	-	(6)	-	(6)
Charge for year	-	3,514	4,224	-	7,738
Eliminated in respect of disposals	-	(2,043)	(95)	-	(2,138)
At 31 July 2007	-	46,088	68,857	0	114,945
Net book value at 31 July 2007	27,241	102,179	8,653	10,754	148,827
Net book value at 1 August 2006	22,791	100,010	10,729	7,060	140,590
Inherited	19,768	18,703	-	-	38,471
Financed by capital grant	-	16,296	4,306	1,966	22,568
Other	7,473	67,180	4,347	8,788	87,788
Net book value at 31 July 2007	27,241	102,179	8,653	10,754	148,827

The net book value of tangible fixed assets includes £1,997k (2006: £2,049k) in respect of assets held under finance leases. Depreciation charged for the year on those assets amounted to £52k (2006: £52k)

Notes to the Accounts

14. Investments of the University

	Group Year ended 31 July 2007 £000	University Year ended 31 July 2007 £000	Group Year ended 31 July 2006 £000	University Year ended 31 July 2006 £000
Investments in CVCP Properties plc	36	36	36	36
Investments in MU Ventures Ltd.	-	1,000	-	1,700
Investments in Teaching Resources Ltd.	-	-	-	-
Investments in Middlesex Silver Company Ltd.	-	4	-	4
Investments in MU Press Ltd.	-	60	-	60
Investments in other subsidiary companies	-	36	-	13
	36	1,136	36	1,813

Principal trading subsidiary	Parent interest in ordinary shares voting rights	Principal activity	Country of incorporation
MU Ventures Ltd.	100%	Consultancy Services	England and Wales
Teaching Resources Ltd.	100%	Supply of science and technology products	England and Wales
MU Property Services Ltd.	100%	Property development	England and Wales
MU Facilities Ltd.	100%	Facility development and provider	England and Wales
Middlesex Silver Company Ltd.	100%	Intellectual property devt., acquisition and licensing	England and Wales
Argentium Silver Company Ltd.	100%	Licensing of intellectual property	England and Wales
MU Press Ltd.	100%	Supply of learning materials and book publishing	England and Wales
Middlesex Services (Cyprus) Ltd.	100%	Student recruitment	Cyprus
Middlesex Services Ltd. (Hong Kong)	100%	Student recruitment	Hong Kong
Middlesex Uni (SEA) SDN BHD	100%	Student recruitment	Kuala Lumpur
Middlesex Educational Services (Mauritius) Ltd	100%	Student recruitment	Mauritius
Middlesex International (Dubai) FZ-LLC	100%	Student recruitment	Dubai

MU Ventures Ltd is 100% owned by Middlesex University.

Middlesex Silver Company Ltd is owned 50% by MU Ventures Ltd and 50% by Middlesex University.

Argentium Silver Company Ltd is 100% owned by Middlesex Silver Company Ltd.

Investments are stated at cost, with the exception of Teaching Resources Ltd and MU Ventures Ltd. The University is holding a provision for impairment against these subsidiary companies of £0.3m and £1m respectively.

15. Stocks and work-in-progress

	Group Year ended 31 July 2007 £000	University Year ended 31 July 2007 £000	Group Year ended 31 July 2006 £000	University Year ended 31 July 2006 £000
Stock (finished goods)	405	-	514	-
Work-in-progress - research and consultancy	435	405	67	44
	840	405	581	44

16. Debtors

	Group Year ended 31 July 2007 £000	University Year ended 31 July 2007 £000	Group Year ended 31 July 2006 £000	University Year ended 31 July 2006 £000
Amounts falling due within one year:				
Trade debtors	2,238	1,171	2,397	1,717
Tuition Fees	4,415	4,415	6,225	6,225
Other debtors	3,126	3,484	2,547	2,240
Amounts owed by subsidiary undertakings	-	2,413	-	2,679
Prepayments and accrued income	7,028	6,672	5,863	4,975
	16,807	18,155	17,032	17,836
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	-	18,997	-	18,997
	16,807	37,152	17,032	36,833

17. Cash at bank and in hand

Cash at bank and in hand includes £1,151k (2006: £1,253k) in respect of monies held on behalf of third parties

18. Creditors: amounts falling due within one year

	Group Year ended 31 July 2007 £000	University Year ended 31 July 2007 £000	Group Year ended 31 July 2006 £000	University Year ended 31 July 2006 £000
Obligations under finance leases	78	78	62	62
Payments received on account	2,400	2,400	2,140	2,140
Trade creditors	8,779	8,052	12,276	11,895
Amounts owed to subsidiary undertakings	-	750	0	229
Other taxation and social security	2,057	1,673	1,933	1,783
Accruals and deferred income	24,954	23,413	24,503	21,538
	38,268	36,366	40,914	37,647

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

University and Group	Finance Leases £000	Mortgages £000	Total £000
Long term debt as at 1 August 2006	2,448	42,000	44,448
Add back: transfer to short term creditors	62	-	62
Additions during the year	-	6,300	6,300
Capital repaid in year	(58)	-	(58)
Debt outstanding at 31 July 2007	2,452	48,300	50,752
Transfer: to short term creditors	(78)	0	(78)
Long term debt as at 31 July 2007	2,374	48,300	50,674

The University has a long term loan facility of £55m of which £48.3m (2007: £42m) was drawn down at the balance sheet date.

Analysis of long term debt

	Group Year ended 31 July 2007 £000	University Year ended 31 July 2007 £000	Group Year ended 31 July 2006 £000	University Year ended 31 July 2006 £000
Due:				
Between one and two years	600	600	-	-
Between two and five years	2,134	2,134	2,483	2,483
In five years or more	45,566	45,566	39,517	39,517
Finance leases	2,374	2,374	2,448	2,448
Total long term debt	50,674	50,674	44,448	44,448

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.

19. Creditors: amounts falling due after more than one year (cont'd)

Property name:	Interest rate %	Interest rate renewal date	Expiry date
Hendon Campus	6.232	variable rate	2030
Trent Park Campus	5.645 (max)	floating rate	2035

Finance lease obligations

Obligations under finance leases fall due as follows:

	Group Year ended 31 July 2007 £000	University Year ended 31 July 2007 £000	Group Year ended 31 July 2006 £000	University Year ended 31 July 2006 £000
Within one year	78	78	62	62
Between one and two years	96	96	78	78
Between two and five years	413	413	348	348
In five years or more	1,865	1,865	2,022	2,022
	2,452	2,452	2,510	2,510

20. Provisions for liabilities and charges

	Enhanced Pension Provision £000	University Restructuring Provision £000	Total £000
At 1 August 2006	7,073	584	7,657
Utilised during the year	(504)	(573)	(1,077)
Charged to STRGL	679	-	679
Charged to income and expenditure account	375	(11)	364
At 31 July 2007	7,623	-	7,623

The group had additional liabilities of £16K, making the total group provisions for liabilities and charges £7,639K

21. Deferred capital grants

	Funding Councils £000	Group and University Other grants & benefactions £000	Total £000
At 1 August 2006:			
Land and buildings	18,350	2,246	20,596
Equipment	1,080	-	1,080
	19,430	2,246	21,676
Cash received:			
Land and buildings	2,411	185	2,596
Equipment	376	-	376
	2,787	185	2,972
Released to income and expenditure account:			
Land and buildings	(1,561)	(171)	(1,732)
Equipment	(348)	-	(348)
	(1,909)	(171)	(2,080)
At 31 July 2007:			
Land and buildings	19,200	2,260	21,460
Equipment	1,108	-	1,108
	20,308	2,260	22,568

All deferred capital grants relate to the University.

22. Endowments

	Group and University			
	2007 Total £000	2007 Specific £000	2007 General £000	2006 Total £000
At 1 August	234	233	1	126
Additions	466	466	-	123
Investment income and appreciation	9	9	-	4
Capital reduction for the year	(35)	(35)	-	(19)
At 31 July	674	673	1	234
Represented by:				
Cash balances (note 29)	674	673	1	234
Representing:				
Decade of Development campaign	68	68	-	63
Prize funds	62	62	-	61
Welfare and Scholarship funds	494	494	-	62
Other funds	50	49	1	48

23. Revaluation reserve

	Group and University	
	2007 £000	2006 £000
Net assets at value at 31 January 1991	55,879	55,879
Disposal of pre-incorporation assets	(36,180)	(36,180)
Settlement of inherited loans	29,246	29,246
Net assets at value at 31 July	48,945	48,945
Contributions to depreciation:		
At 1 August brought forward	(9,627)	(11,869)
Release cumulative depreciation on disposals	-	2,818
Released in year	(576)	(576)
	(10,203)	(9,627)
at 31 July	38,742	39,318

24. Income and expenditure account

	Group	University	Group	University
	Year ended 31 July 2007 £000	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000	Year ended 31 July 2006 £000
Opening balance at 1 August	(25,157)	(23,029)	(15,323)	(13,873)
Surplus / (deficit) after depreciation of assets at valuation and taxation	372	(110)	(19,703)	(19,020)
Actuarial gain/(loss) on pension scheme	9,065	8,965	(1,429)	(1,434)
Release from revaluation reserve	576	576	11,298	11,298
Closing balance at 31 July	(15,143)	(13,598)	(25,157)	(23,029)

Notes to the Accounts

25. Reconciliation of consolidated operating surplus/(deficit) to net cash inflow from operating activities	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Surplus/(deficit) on continuing operations after depreciation of assets at valuation, disposal of assets and tax	372	(19,689)
Depreciation (note 13)	7,738	7,486
Amortisation and impairment of intangible assets (note 12)	979	414
Deferred capital grants released to income (note 21)	(2,080)	(1,341)
Loss on disposal of tangible fixed assets	177	2,025
Pension cost less contributions paid	(478)	1,397
Interest receivable (note 5)	(612)	(826)
Interest payable (note 8)	3,448	3,891
Exchange rate changes	0	(44)
(Increase)/decrease in stocks and work-in-progress	(259)	(65)
(Increase)/decrease in debtors	227	(1,913)
(Decrease)/increase in creditors	(2,662)	18,018
(Decrease)/increase in provisions	(697)	946
Net cash inflow from operating activities	6,153	10,299
26. Returns on investments and servicing of finance	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Interest received	612	826
Interest paid	(2,349)	(7,151)
Funding Council's interest reimbursement	-	3,455
Interest element of finance lease rental payment	(207)	(195)
Net cash outflow from returns on investment and servicing of finance	(1,944)	(3,065)
27. Financing	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Debt due beyond a year:		
LEA loan repayments	-	(14,041)
Funding Council's grant reimbursements	-	14,041
Finance lease repayments	(58)	(48)
Mortgage repayments	-	(14,104)
New mortgages	6,300	10,000
Net cash inflow/(outflow) from financing	6,242	(4,152)

Notes to the Accounts

28. Capital expenditure	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Purchase of fixed assets	(16,366)	(23,792)
Sales of tangible fixed assets	1	18,367
Deferred capital grants received	2,972	7,937
Net cash outflow from capital expenditure	(13,393)	2,512

29. Analysis of changes in net debt	At 1 August 2006 £000	Cashflows £000	At 31 July 2007 £000
Cash in hand, and at bank	11,404	(2,941)	8,463
Mortgages and loans	(42,000)	(6,300)	(48,300)
Finance leases	(2,510)	58	(2,452)
Borrowings	(44,510)	(6,242)	(50,752)
Net debt	(33,106)	(9,183)	(42,289)

30. Capital commitments	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Commitments contracted for at 31 July	6,197	6,681
Authorised (but not contracted for) at 31 July	32,685	44,070
	38,882	50,751

31. Financial commitments	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000
Operating lease commitments, equipment:		
Expiring within one year	876	2,157
Expiring within two and five years	81	682
Expiring after five years	49	-
	1,006	2,839

32. Professional Advisors

KPMG LLP	Cornwell Street, Birmingham B3 2DL
Nabarro Nathanson	Lacon House, Theobald's Road, London WC1X 8RW
Eversheds	Franciscan House, 51 Princes Street, Ipswich, IP1 1UR
Collyer Bristow	4 Bedford Row, London WC1R 4DF
Deloitte & Touche	LLP 3 Victoria Square, Victoria Street, St Albans AL1 3TF

33. 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 other staff. The schemes are defined benefit schemes providing benefits based on a final pensionable salary. The total pension cost for the year for the University and its subsidiaries was £8,745k (2006: £7,517k)

Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme. Contributions, on a pay-as-you-go basis, are credited to the exchequer under arrangements governed by the Superannuation Act 1972. The total pension cost for the year for the University and its subsidiaries was £3,549k (2006: £3,452k). Actuarial valuations are carried out on a notional set of investments.

Under the definitions set out in Financial Reporting Standard (FRS) 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the University has used the exemption in FRS 17 and contributions to the scheme have been accounted for as if it were a defined contribution scheme.

Local Government Pension Scheme

The 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 2006 for the University and its subsidiary companies was £5,196k (2006: £4,065k).

For the period from 1 April 2006 to 31 March 2007 the employer contribution rate was 21.9%. The rate increased to 26.1% from 1 April 2007 for the period to 31 March 2008, and the indicative rate from 1 April 2008 is 24%.

The following information is based upon a full actuarial valuation of the Fund at 31 March 2004 updated to 31 July 2007 by a qualified independent actuary.

Assumptions as at:	31 July 2007	31 July 2006	31 July 2005	31 July 2004
Inflation	3.3%	3.1%	2.8%	2.9%
Rate of increase in salaries	4.8%	4.6%	4.3%	4.7%
Rate of increase for pensions	3.3%	3.1%	2.8%	2.9%
Discount rate for liabilities	5.8%	5.1%	5.0%	5.8%

The employer assets in the scheme and the expected rates of return are set out below:

	31 July 2007 Fair value £000	31 July 2007 Expected return % pa	31 July 2006 Fair value £000	31 July 2006 Expected return % pa	31 July 2005 Fair value £000	31 July 2005 Expected return % pa	31 July 2004 Fair value £000	31 July 2004 Expected return % pa
Equities	55,826	8.0	46,254	7.7	38,240	7.3	30,922	7.9
Bonds	11,381	5.2	9,794	4.7	9,059	4.7	7,288	5.4
Property	8,006	6.0	6,196	5.7	5,154	5.4	4,807	6.7
Cash	4,172	5.1	4,006	4.8	3,889	4.5	2,971	4.5
Total	79,385	7.2	66,250	6.9	56,342	6.5	45,988	7.1

Notes to the Accounts

33. Pension schemes (cont'd)

The employer's net pension liabilities are set out below:

	At 31 July 2007 £000	At 31 July 2006 £000	At 31 July 2005 £000
Estimated employer assets	79,385	66,250	56,342
Present value of scheme liabilities	111,300	107,480	93,698
Present value of unfunded liabilities	560	574	563
Total value of liabilities	111,860	108,054	94,261
Net pension liability	(32,475)	(41,804)	(37,919)

Analysis of amount charged to operating profit:

	£000	%	At 31 July 2007 of payroll	£000	%	At 31 July 2005 % of payroll	£000	%	At 31 July 2006 % of payroll
Service cost	4,598	19.7%		4,065	18.4%		3,619	14.8%	
Curtailments and settlements	127	0.6%		1,655	7.6%		293	1.2%	
Total Operating charge	4,725	20.3%		5,720	26.0%		3,912	16.0%	

The amount charged to interest payable is set out below:

Expected return on employer assets	4,716	21.2%	3,782	17.1%	3,392	13.9%
Interest on pension scheme liabilities	(5,608)	(25.3%)	(4,834)	(22.0%)	(4,456)	(18.3%)
Net return	(892)	(4.1%)	(1,052)	(4.9%)	(1,064)	(4.4%)
Net revenue account cost	5,617	24.4%	6,772	30.9%	4,976	20.4%

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

	At 31 July 2007 £000	At 31 July 2006 £000	At 31 July 2005 £000
Actual return less expected return on pension scheme assets	4,049	2,634	6,126
Experience gains and losses arising on the scheme liabilities	8	26	(3,522)
Changes in financial assumptions underlying the present value of scheme liabilities	5,687	(4,089)	(9,988)
Actuarial gain/(loss) recognised in STRGL	9,744	(1,429)	(7,384)

History of experience gains and losses

	Year ended 31 July 2007	Year ended 31 July 2006	Year ended 31 July 2005	Year ended 31 July 2004	Year ended 31 July 2003
Difference between the expected and actual return on assets:					
Amount £000	4,049	2,634	6,126	635	(882)
Value of assets £000	79,385	66,250	56,342	45,529	39,564
% of scheme assets	5.1%	4.0%	10.9%	1.4%	(2.2%)
Experience gains and losses on scheme liabilities:					
Amount £000	8	26	(3 522)	14	(4)
Present value of liabilities £000	111,860	108,054	94,261	74,732	67,878
% of scheme liabilities	0.0%	0.0%	(3.7%)	0.0%	0.0%
Total actuarial gains and losses recognised in STRGL:					
Amount £000	9,744	(1,429)	(7,428)	524	(7,434)
Present value of liabilities £000	111,860	108,054	94,261	74,732	67,878
% of scheme liabilities	8.7%	(1.3%)	(7.9%)	0.7%	(11.0%)

33. Pension schemes (cont'd)

Movement in deficit during the year	At 31 July 2007 £000	At 31 July 2006 £000	At 31 July 2005 £000
Deficit at the beginning of year	(41,804)	(37,919)	(29,242)
Current service cost	(4,598)	(4,065)	(3,607)
Employer contribution	5,170	4,282	3,640
Contributions in respect of unfunded benefits	33	34	33
Impact of settlements and curtailments	(127)	(1,655)	(293)
Net return on assets	(892)	(1,052)	(1,064)
Actuarial gains/(losses)	9,743	(1,429)	(7,427)
Deficit at the end of year	(32,475)	(41,804)	(37,960)

34. 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.

35. HEFCE - Access and hardship funds

	At 31 July 2007 £000	At 31 July 2006 £000
Balance brought forward	168	176
Funding Council grants	811	1,106
	979	1,282
Disbursed to Students	(941)	(1,114)
Balance carried forward at 31 July	38	168

36. TDA - Teacher Training Bursaries

Balance brought forward	(127)	(104)
Training and Development Agency grant received	3,023	2,390
Disbursed to Students	(2,835)	(2,413)
Balance carried forward at 31 July	61	(127)

	At 31 July 2007 £000	At 31 July 2006 £000
37. TDA - Teacher Programmes		
Balance brought forward	626	767
Training and Development Agency grant received	2,952	2 712
Other external income received	34	-
Disbursed to Students	(2,826)	(2 853)
Balance carried forward at 31 July	786	626

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

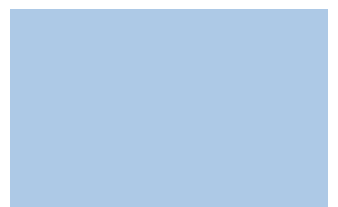
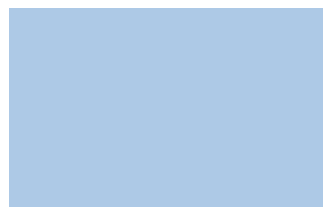
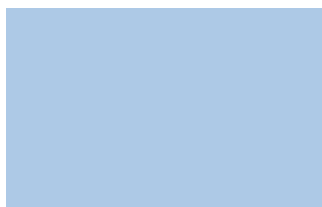
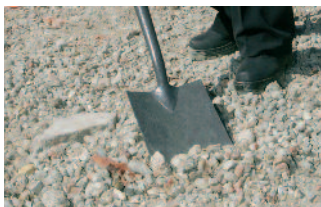
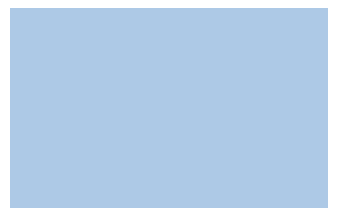
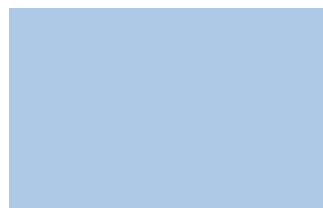
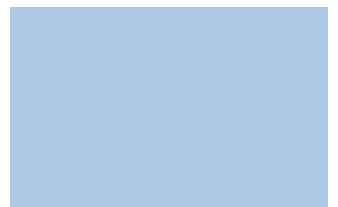
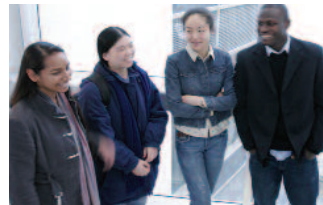
	At 31 July 2007 £000	At 31 July 2006 £000
38. TDA - Secondary Subject Shortage Scheme		
Balance brought forward (agreed from funding council)	2	(1)
Training and Development Agency grant received	0	65
Disbursed to Students	(4)	(62)
Balance carried forward at 31 July	(2)	2

Funding Council hardship funds, bursaries and other student payments, as detailed in notes 37 to 40 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.

	At 31 July 2007 £000	At 31 July 2006 £000
39. CMU - Campaigning for Mainstream Universities		
Balance brought forward	457	266
Subscriptions from member universities received	27	427
Campaign expenses	(216)	(236)
Balance carried forward at 31 July	268	457

The University acts as a paying agent for CMU. All of the funding and related disbursements are therefore excluded from the income and expenditure account.





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