



**Middlesex  
University**

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# **FINANCIAL STATEMENTS**

**For the year ended  
31 July 2008**

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**Final 24/11/08  
CONSOLIDATED**

<b>CONTENTS</b>	Page
Chair's Introduction to Financial Statements	1 - 4
Membership of the Board of Governors	5
Corporate Governance	6 - 8
Statement of the Responsibilities of the Board of Governors	9
Independent Auditor's Report to the Board of Governors	10 - 11
Accounting Policies	12 - 13
Consolidated Income and Expenditure Account	14
Consolidated Statement of Historical Cost Surpluses and Deficits	14
Consolidated Statement of Total Recognised Gains and Losses	15
Balance Sheets	16
Consolidated Cash Flow Statement	17
Notes to the Accounts	18 - 33

## Who we are

Middlesex University is an established British University based in London with a substantial international presence. The University serves 31,000 students worldwide and has many business and public sector clients.

Middlesex is recognised for its commitment to the success of its culturally and internationally diverse students, the quality of its teaching, the promotion of lifelong learning, the excellence of its research and the strength of its partnerships and international activity.

The origins of Middlesex date back to the opening of St Katherine's College, Tottenham, London in 1878. Since then Middlesex has grown organically and through merger: in 1973 between Enfield College of Technology, Hendon College of Technology and Hornsey College of Art. 1974 saw the addition of Trent Park College of Education and New College of Speech and Drama, 1994 the London College of Dance, 1995 the North London College of Health Studies and 2005 the opening of the Dubai Campus.

## What we do

Middlesex University is dedicated to being an excellent University 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 scholarship and research for the benefit of our students, business and public sector organisations and the wider community.

## Our ethos

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.

## Our goal

Our goal is to produce a growing worldwide community of successful Middlesex graduates who make vital contributions to the economic, cultural and social wellbeing of the societies in which they live and work and to be the preferred University partner for business, public sector and other educational organisations.

## A YEAR OF ACHIEVEMENT

The year was a highly significant one which brought to fruition a number of long held Middlesex ambitions.

In September 2008 the next major phase of the £200m building and refurbishment programme at the University's premier London campus was delivered in time for the start of the new academic year and within agreed budgets.

Students arriving or returning for the new 2008-09 academic year witnessed a step change in the appearance of the Hendon campus and its student facilities. A particular welcome awaited the Health and Social Sciences students who transferred from the Enfield (Ponders End) campus following its closure at the end of teaching in summer 2008.

Since announcing its campus consolidation and development plans in 2000 Middlesex has successfully closed three campuses (at Bounds Green, Tottenham and Ponders End) and a number of smaller sites to allow maximum possible investment in 'fewer, better campuses'. The year 2007-08 saw the largest ever numbers of Middlesex students (3000) and staff relocating (700). The Board of Governors and members of the University's Executive are grateful to the many staff who continued to deliver the essential work of the University as well bringing on stream the much-anticipated new facilities in a time of profound change.

Four new Middlesex areas opened on the Hendon campus in September 2008. The largest of these was the Hatchcroft Building, the new home of engineering, science and social science teaching and research at the University. This large, modern, fit for purpose glass and brick building is set back on the Burroughs, between the listed Fire Station of the London Borough of Barnet and the University's 1930s College House. As it opened, the building was confirmed as having an 'excellent' environmental rating as recognised by the international BREEAM (Building Research Establishment Environmental Assessment) certification.

## CHAIR'S INTRODUCTION TO FINANCIAL STATEMENTS

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The building contains two large lecture theatres and more than 30 laboratories and research areas where the University's outstanding work on biomedicine, sports science, psychology and computing science will be based. The University named the largest lecture theatre in honour of its Pro-Chancellor Professor Edgar Neufeld, a previous Chair of the Board of Governors and longstanding friend of the University.

At the rear of the campus, student catering, networking and social facilities have been transformed in an area now named The Forum in honour of the social area which had long been a feature of the Enfield campus.

The Forum is accessed via a bridge from the heart of the campus. The rejuvenated Forum building contains the new catering and entertainment space, a state of the art gym and leisure suite, and an expanded nursery. These new facilities sit alongside the University's Real Tennis Court, which opened in 2000.

The closure of the Enfield and Southgate campuses and the move of much of the activity of the School of Health and Social Sciences necessitated a review of administration at Hendon. The three Schools which are now based at Hendon – Business, Engineering and Information Sciences and Health and Social Sciences – each offer a bespoke student office to deal with the majority of student enquiries and academic administration.

As well as these notable new areas, the University invested in an improved Students' Union area and a significant level of landscaping throughout the campus. A number of calm, green spaces, open to all the community, are now being realised.

With this phase of the Hendon redevelopment nearing completion, the University turned its attention to the next phase. As with other phases of planning, the University looked to its own academic experts to define and specify their needs for new build, working closely with the University's project experts and architects.

The University announced in June 2008 that its next objective was to build an art, design and media building at Hendon to allow the closure and relocation of all students, staff and activities from Cat Hill in 2011. Planning applications will be lodged with the London Borough of Barnet in autumn 2008, with planning permission achieved hopefully in early 2009. The Board of Governors agreed with the University's Executive proposal that Middlesex would not seek to sell or move out of its Trent Park campus at this time.

The transformation of the London campuses, while we also develop our potential in other countries, has been the ambition shared by Middlesex staff for nearly a decade. While the academic credentials of Middlesex have always been and remain at the highest level, the physical appearance of some campuses and the lack of modern, built for purpose student facilities had been the University's key concern at the turn of the millennium. There is now great confidence throughout the organisation that the Middlesex student experience has moved to a new level. Other specialist support areas have been created around the Hendon campus to allow students to access such services as disability support, finance and counselling.

Improvements to the Middlesex student experience was the sister theme throughout the academic year. Professor Margaret House, Deputy Vice Chancellor Academic, spearheaded a major project to encourage maximum debate on progress on areas of Middlesex life which our students felt could still improve. Conferences, workshops and project teams worked across the University – with outstanding contributions from students – to make changes and better engage with all students. The feedback from the first two National Student Surveys was useful background alongside the wealth of student feedback gathered regularly within the University.

Middlesex introduced its new Learning Framework – the way academic programmes are planned, offered and delivered – for the majority of its students worldwide in September 2007. The first full year of operation saw the roll-out of year-long modules and some innovative changes to the ways in which students are assessed. As the 2007-08 academic year ended some key indicators showed the success of the Framework for Middlesex students. An evaluation of the Learning Framework was undertaken by all students towards the end of the academic year. The results indicated resounding support for the changes introduced to the programme structure and modes of delivery and assessment adopted. Preliminary results from the end of year assessments indicate an increase of around 20% in the numbers of first year students progressing from level one to level two with full credit from 2006/07 academic year, a year which also showed a significant increase due to the work leading up to the introduction of the Learning Framework. A staff evaluation of the Learning Framework was undertaken over the summer the results of which should be available by December 2008. The Learning Framework is being introduced in Dubai from September 2008.

## CHAIR'S INTRODUCTION TO FINANCIAL STATEMENTS

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The University restructured its academic management in 2006-07 to better deliver Learning Framework ambitions. Twenty two academic departments, each led by an academic at senior manager level, were formed across the University. A groundbreaking and bespoke management and leadership programme for the 22 new academic leaders was delivered. As the year ended, the University learned that this Staff Development initiative had been shortlisted for a Times Higher Education Award – the Oscars of the higher education world.

The University continues to enhance its research and business standing. In relation to business, our income has gone up considerably between 2005-06 (£4.3m) and 2006-07 (£6.5m). As a result, our HEIF allocation has nearly doubled, allowing us to invest to support further growth. We believe that the forthcoming Higher Education - Business & Community Interaction (HEBCI) return for 2007-08, will show continued growth in business-community interaction. Research income also continues to grow year on year, with £4.3m in external research grants and contracts attracted in 2007-08. Given our ambitious plans for growth in these areas, we have created the Research and Business Office, based at our Hendon campus, as a one-stop-shop to support all areas of research and business activity.

During 2007-08, the University made its return for the RAE 2008 exercise. We made returns to fourteen subject areas: English; Philosophy; Art and Design; History of Art; Drama, Dance and Performing Arts; Communication, Cultural and Media Studies; Computer Science; Business and Management; Law; Nursing and Midwifery; Allied Health Professions; Geography; Social Work and Social Policy; and Psychology. These returns followed extensive pre-submission assessment, involving internal and external advisors. The University is proud of having submitted over 200 academics and researchers in this exercise, in what we believe is a strong submission. We expect the outcome to confirm that our research is of an international or national standing in a number of subject areas.

Student applications to Middlesex have been increasing steadily over the past three years. The University has met its three contracts, HEFCE, NHS and TDA, and grown its international student income, during the last 2 years.

External recognition of Middlesex, and the accomplishments of students and staff, brought much pride to the institution during the year. Middlesex won a Times Higher Education Award for its outstanding work to encourage disabled students to consider higher education and to support them during their studies. Students Simeon Williamson and Montell Douglas competed for Team GB at the Beijing Olympics.

Our fledgling development office has secured sponsorship from a range of individuals and organisations to fund fifteen student scholarships in the coming year. We are well placed to take full advantage from the new government matched funding initiative which began on 1st August 2008.

As the year ended, one of the outcomes of the focus on future areas of programme development was the formation of a new School. The School of Engineering and Information Sciences brings together all programmes and activities from the School of Computing Science and the University's Product Design and Engineering department, previously within the School of Arts and Education.

### **FINANCIAL PERFORMANCE**

#### **Operating position**

The University recorded an operating surplus of £1.5m, again improving on the previous year's performance (£0.4m) despite a substantial increase in expenditure (7.1%). This was as a result of strong growth in student numbers and hence fees across all areas together with a second year of top up fees. Staff costs rose by 8.7% because of the second year of the national pay settlement, the costs of the national framework agreement and a further increase in pension service costs.

#### **Cash Flow**

The University's cash position increased during the year by £5.5m. Half of the £29m of further investment in our infrastructure was funded from our cash generated from our own resources and the remainder through the drawdown (£6.7m) of the last of the agreed facility for the Hatchcroft building and the deposit on the sale of the Enfield campus. The completion of this sale and continued generation of cash from surpluses gives the University a strong cash position to begin the next phase of development at Hendon.

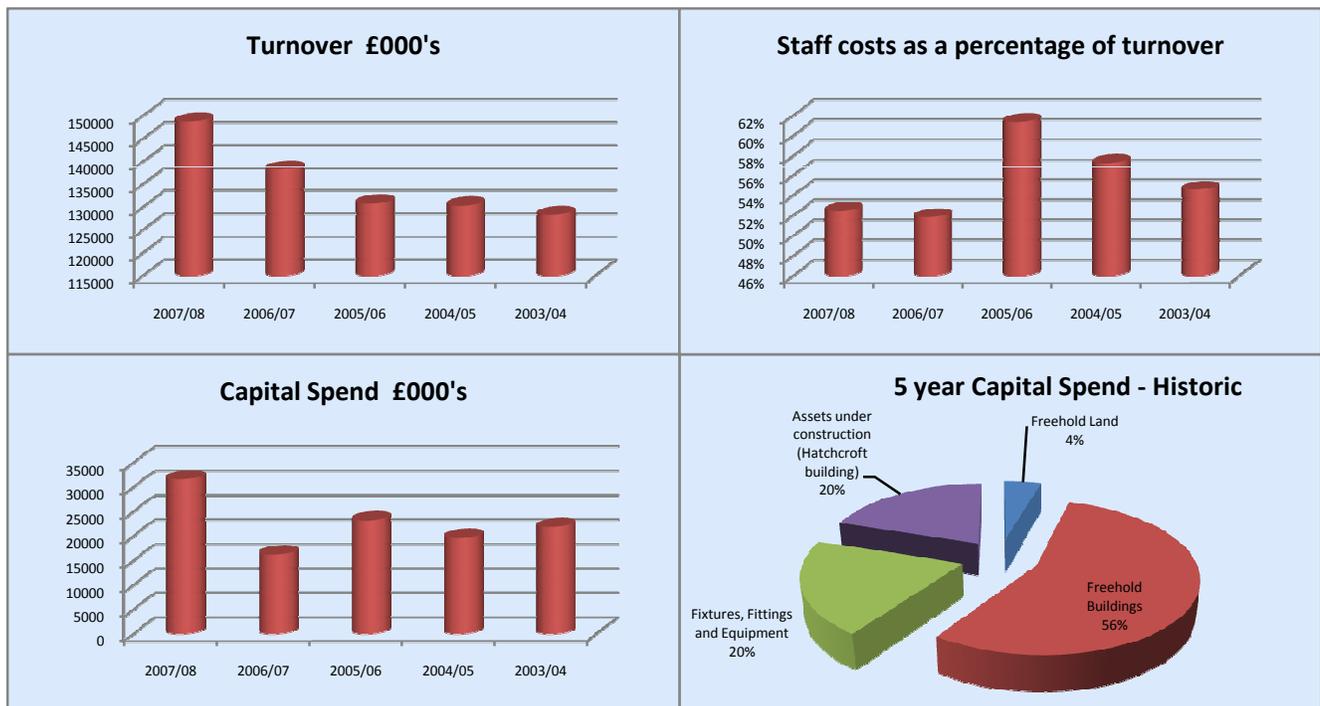
# CHAIR'S INTRODUCTION TO FINANCIAL STATEMENTS

## Balance Sheet

The total net asset position has improved over last year by £1.7m. Despite the increased level of contributions there has been a small increase in the pension liability in the year as a result of a reduction in the value of assets and an increase in liabilities due to further actuarial assumption changes. Short term creditors have increased by £14.9m in the year but this is largely due to the non refundable deposit on the sale of the Enfield campus. Overall net current assets have improved by £11m.

## Treasury Management

The University re-financed its loan portfolio in 2006 and was able to secure £55m of borrowings from Barclays and Lloyds which were fixed at the bottom end of the market. It aims to hold cash equivalent to at least one month's expenditure and has managed to achieve much higher levels throughout most of the past year. Excess funds have been invested in the short term cash market until recently when the University engaged the services of Royal London Cash Management.



**Lorna Cocking**  
**Chair of the Board of Governors**  
 24 November 2008

# Membership of the Board of Governors

## Membership of the Board of Governors during the 2007-08 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 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
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	Died 25/08/08	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	Term of office ended 09/05/08	Governance/Nominations
Dr Tracey Cockerton	Academic Board nominee	Appointed 01/06/08	Governance/Nominations
Professor Richard Tufnell	Academic Board nominee	Appointed 09/10/06 Resigned 31/10/07	Finance and General Purposes
Professor Alan Durant	Academic Board nominee	Appointed 29/02/08	Finance and General Purposes
Professor G Parker	Academic Board nominee	Resigned 31/08/06	Finance and General Purposes
Dr J Alleyne	Staff nominee	Reelected 01/06/08	Finance and General Purposes
Mrs J Compton-Bishop	Staff nominee	Appointed 03/10/07	Governance/Nominations
Mr N Roberts	Student nominee	From 01/07/07 to 30/06/08	Finance and General Purposes
Murad Chaudhury	Student nominee	From 01/07/07 to 30/06/08	Governance/Nominations
Lambert Akwa	Student nominee	From 01/07/08 to 30/06/09	Governance/Nominations

## Middlesex University

# Corporate Governance

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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 5. 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.

### **Finance and General Purposes Committee**

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

Monitoring of the University's financial position, financial control systems and risk management is undertaken by the Finance & General Purposes Committee. The Committee will examine annual estimates and accounts (including the accounting policies upon which they are based) and recommend their approval to the board of governors. It will ensure that there is close alignment between the corporate plan, annual budgets and all major investment decisions.

Finance & General Purposes Committee will consider any other matters relevant to the financial duties of the board of governors and make recommendations accordingly. The committee will also ensure that the Board of Governors has adequate information to enable it to discharge its financial responsibilities.

Consideration of the University's medium-term and strategic plans is also undertaken by the finance and general purposes committee. It is responsible for ensuring that all the financial implications of such plans are taken into account before their approval by the board of governors.

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

### **Audit Committee**

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

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

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

### **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 2008 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 2008 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:

### **Internal Control (cont'd)**

- 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 2008 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**  
24 November 2008

## Statement of the Responsibilities of the Board of Governors

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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

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We have audited the financial statements of Middlesex University for the year ended 31 July 2008 which comprise the consolidated income and expenditure account, the consolidated statement of historical cost surpluses and deficits, 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 and the related notes 1 to 40. 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 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 (UK and Ireland) 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.

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

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## 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 2008 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

25 November 2008

### **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 2007 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 Restricted 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 restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted 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
Books	5 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.

### **Heritage Assets**

Garden sculptures and other valuable artefacts (heritage assets), valued at over £25,000, have been capitalised and recognised at the cost of the acquisition, where such a cost is reasonably attainable.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

## Accounting Policies (cont'd)

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### 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 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 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 Institution receives no similar exemption in respect of Value Added Tax. 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.

### 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 2008

	Notes	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
<b>Income</b>			
Funding body grants	1	56,858	56,513
Tuition fees and education grants	2	66,811	57,877
Research grants and contracts	3	4,339	3,655
Other operating income	4	19,604	19,514
Endowment income and interest receivable	5	1,059	612
<b>Total Income</b>		<b>148,671</b>	<b>138,171</b>
<b>Expenditure</b>			
Staff costs	6	77,832	71,586
Staff restructuring costs	6	157	-
Other operating expenses	7	57,131	53,617
Other restructuring expenses	7	822	179
Depreciation	12 & 13	7,482	8,717
Interest payable	8	3,895	3,448
<b>Total Expenditure</b>		<b>147,319</b>	<b>137,547</b>
Surplus on continuing operations after depreciation of assets at valuation and before tax		1,352	624
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of assets but before tax		1,352	624
Taxation	10	-	(252)
<b>Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax</b>		<b>1,352</b>	<b>372</b>
Transfer from accumulated return within restricted endowments		179	-
<b>Surplus for the year retained within general reserves</b>		<b>1,531</b>	<b>372</b>

All results are from continuing operations.

**Consolidated statement of historical cost surpluses and deficits**

for the year ended 31 July 2008

	Notes	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
Surplus on continuing operations before taxation		1,352	624
Realisation of property revaluation gains	23	-	-
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	23	804	576
<b>Historical cost surplus for the period before taxation</b>		<b>2,156</b>	<b>1,200</b>
<b>Historical cost surplus for the period after taxation</b>		<b>2,156</b>	<b>948</b>

**Consolidated Statement of Total Recognised Gains and Losses**

for the year ended 31 July 2008

	Notes	Year ended 31 July 2008 £000	Restated Year ended 31 July 2007 £000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		1,352	372
Endowment capital reduction for the year	22	-	(26)
New endowments	22	105	466
Actuarial loss on enhanced pension scheme	20	-	(679)
Actuarial gain/(loss) on local government pension scheme	33	(3,370)	9,744
<b>Total recognised (losses)/gains for the year</b>		<u><u>(1,913)</u></u>	<u><u>9,877</u></u>
Heritage Assets value		2,497	
<b>Total gains recognised since last financial year</b>		<u><u>584</u></u>	
<b>Reconciliation</b>			
Opening reserves and endowments		26,770	16,893
Total recognised gains/(losses) for the year		(1,913)	9,877
<b>Closing reserves and endowments</b>		<u><u>24,857</u></u>	<u><u>26,770</u></u>

The opening reserves as at 1 August 2007 have been restated to reflect the changes detailed in note 24.

Middlesex University  
**Balance Sheets**  
as at 31 July 2008

	Notes	Group 2008 £000	University 2008 £000	Restated Group 2007 £000	Restated University 2007 £000
<b>Fixed assets</b>					
Intangible assets	12	-	-	250	-
Tangible assets	13	154,723	134,634	153,793	133,101
Investments	14	66	166	36	1,136
		<u>154,789</u>	<u>134,800</u>	<u>154,079</u>	<u>134,237</u>
Endowment assets	22	<u>600</u>	<u>600</u>	<u>674</u>	<u>674</u>
<b>Current assets</b>					
Stocks and work-in-progress	15	439	1	840	405
Assets identified for disposal	13	20,574	20,574	-	-
Debtors: amounts falling due within one year	16	14,997	31,654	14,812	16,160
Debtors: amounts falling due after more than one year	16	1,933	1,933	1,995	20,992
Cash at bank and in hand	17	13,998	10,541	8,463	5,609
		<u>51,941</u>	<u>64,703</u>	<u>26,110</u>	<u>43,166</u>
<b>Creditors:</b> amounts falling due within one year	18	<u>(41,198)</u>	<u>(37,273)</u>	<u>(26,287)</u>	<u>(24,385)</u>
<b>Net current assets / (liabilities)</b>		<u>10,743</u>	<u>27,430</u>	<u>(177)</u>	<u>18,781</u>
<b>Total assets less current liabilities</b>		<b>166,132</b>	<b>162,830</b>	154,576	153,692
<b>Creditors:</b> amounts falling due after more than one year	19	<b>(69,246)</b>	<b>(67,798)</b>	(65,124)	(62,655)
<b>Provisions for liabilities and charges</b>	20	<b>(10,530)</b>	<b>(10,520)</b>	(7,639)	(7,623)
<b>NET ASSETS (excluding pensions liability)</b>		<u>86,356</u>	<u>84,512</u>	<u>81,813</u>	<u>83,414</u>
<b>Net pensions liability</b>	33	<b>(35,333)</b>	<b>(35,171)</b>	(32,475)	(32,531)
<b>NET ASSETS (including pensions liability)</b>		<u>51,023</u>	<u>49,341</u>	<u>49,338</u>	<u>50,883</u>
<b>Deferred capital grants</b>	21	<b>26,166</b>	<b>26,166</b>	22,568	22,568
<b>Endowments</b>					
Expendable and Permanent	22	600	600	674	674
<b>Reserves</b>					
Revaluation reserve	23	37,938	37,938	38,742	38,742
Income and expenditure account (including pension reserve)	24	(13,681)	(15,363)	(12,646)	(11,101)
		<u>24,857</u>	<u>23,175</u>	<u>26,770</u>	<u>28,315</u>
<b>TOTAL FUNDS</b>		<u>51,023</u>	<u>49,341</u>	<u>49,338</u>	<u>50,883</u>

The balance sheet for the year ended 31 July 2007 have been restated to reflect the changes detailed in notes 13, 16, 18, 19 and 24.

The financial statements on pages 14 to 33 were approved by the University Board on 24 November 2008 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 2008

	Notes	Year ended 31 July 2008 £000	Restated Year ended 31 July 2007 £000
<b>Cash inflow from operating activities</b>	25	<b>24,185</b>	6,593
Returns on investments and servicing of finance	26	<b>(2,163)</b>	(1,944)
Capital expenditure and disposals	28	<b>(23,183)</b>	(13,393)
Cash (outflow) before use of liquid resources and financing		<u><b>(1,161)</b></u>	<u>(8,744)</u>
Management of liquid resources		-	-
Financing	27	<b>6,622</b>	6,242
<b>Increase / (Decrease) in cash in the year</b>	29	<u><u><b>5,461</b></u></u>	<u><u>(2,502)</u></u>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase/(Decrease) in cash in the year	29	<b>5,461</b>	(2,502)
Cash generated from new loans	27	<b>(6,700)</b>	(6,300)
Cash used to decrease other loans and finance leases	27	<u><b>78</b></u>	<u>58</u>
Movement in net debt in year	29	<b>(1,161)</b>	(8,744)
Opening net debt at 1 August	29	<b>(41,616)</b>	(32,872)
<b>Closing net debt at 31 July</b>		<u><u><b>(42,777)</b></u></u>	<u><u>(41,616)</u></u>

The cash flows for the year ended 31 July 2007 have been restated to reflect the changes detailed in notes 25 and 29.

# Notes to the Accounts

<b>1. Funding body grants</b>	<b>Year ended 31 July 2008 £000</b>	<b>Year ended 31 July 2007 £000</b>
<b>Recurrent grants</b>		
Higher Education Funding Council for England (HEFCE)	46,402	46,462
Training and Development Agency (TDA)	3,252	3,380
Learning and Skills Council (LSC)	-	44
<b>Specific grants</b>		
Partnership for Progression	76	-
Higher Education Innovation Fund	385	453
Teaching quality enhancement	674	475
Aim Higher	739	711
Centres for Excellence in Teaching and Learning	877	705
Research grants	1,957	1,862
Other grants	421	512
<b>Deferred capital grants released in year</b>		
Buildings	1,674	1,561
Equipment	401	348
	<b>56,858</b>	<b>56,513</b>
<b>2. Tuition fees and education grants</b>	<b>Year ended 31 July 2008 £000</b>	<b>Year ended 31 July 2007 £000</b>
Full-time students charged home fees	26,581	20,029
Full-time students charged overseas fees	21,498	20,775
Part-time fees	3,441	3,411
Short course fees	1,527	1,317
NHS education contracts	13,764	12,345
	<b>66,811</b>	<b>57,877</b>
<b>3. Research grants and contracts</b>	<b>Year ended 31 July 2008 £000</b>	<b>Year ended 31 July 2007 £000</b>
Research Councils	1,247	614
UK based charities	274	450
UK central government	1,551	1,693
UK industrial	160	165
European Commission	758	604
Other EU government bodies	-	25
EU other	286	82
Other overseas	-	1
Other sources	63	21
	<b>4,339</b>	<b>3,655</b>

Middlesex University  
**Notes to the Accounts**

**4. Other operating income**

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
Residences, catering and conferences	6,222	6,082
Other services rendered	4,891	6,842
Health authorities	22	288
Sports income	307	507
Childcare	483	503
Rent and room hire	1,060	225
Validation fees	2,221	2,643
Subsidiary companies	2,028	185
Releases from deferred capital grants	156	171
Other income	2,214	2,068
	<u>19,604</u>	<u>19,514</u>

**5. Endowment income and interest receivable**

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
Income from endowments	31	9
Interest receivable	1,028	603
	<u>1,059</u>	<u>612</u>

**6. Staff**

The average monthly numbers of employees during the year were:

	Year ended 31 July 2008 Number	Year ended 31 July 2007 Number
Academic	748	778
Administration and senior staff	888	909
Technical	118	118
Other (including Research)	128	137
	<u>1,882</u>	<u>1,942</u>

**Staff costs for the above persons:**

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
Wages and salaries	62,717	57,788
Social security costs	5,373	5,053
Other pension costs	9,742	8,745
	<u>77,832</u>	<u>71,586</u>
Restructuring costs	157	-
	<u>77,989</u>	<u>71,586</u>

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
Employment costs for staff on permanent contracts	71,271	65,396
Employment costs for staff on temporary contracts	6,561	6,190
	<u>77,832</u>	<u>71,586</u>
Restructuring costs	157	-
	<u>77,989</u>	<u>71,586</u>

Restructuring costs relate to a small number of redundancies.

## Notes to the Accounts

### 6. Staff (continued)

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

	<b>Year ended 31 July 2008 Number</b>	Year ended 31 July 2007 Number
£100,001 to £110,000	-	1
£110,001 to £120,000	-	2
£120,001 to £130,000	2	1
£130,001 to £140,000	1	2
£140,001 to £150,000	2	-
£150,001 to £160,000	-	1
£160,001 to £170,000	1	-
£200,001 to £210,000	-	1
£220,001 to £230,000	1	-
	<u>7</u>	<u>8</u>

Senior post-holder emoluments are made up as follows:

	<b>Year ended 31 July 2008 £000</b>	Year ended 31 July 2007 £000
Salaries	859	871
Benefits in kind	59	-
Pension contributions	144	139
<b>Total emoluments</b>	<u>1,062</u>	<u>1,010</u>

#### 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:

	<b>Year ended 31 July 2008 £000</b>	Year ended 31 July 2007 £000
Salary	183	163
Benefits in kind	14	14
Pension contributions	26	23
<b>Total emoluments</b>	<u>223</u>	<u>200</u>

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.

**Middlesex University**  
**Notes to the Accounts**

**7. Other operating expenses**

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
Consumables	1,489	1,303
Learning resources	630	1,787
Funds payable to other colleges	7,962	7,426
Auditors' remuneration	372	228
Catering and hospitality	735	784
Marketing related costs	1,679	1,634
Consultants and professional advisors	2,321	1,737
External staffing and services	826	776
Staff development costs	575	483
Student recruitment, bursaries and scholarships	7,320	7,309
Subscriptions and memberships	530	514
Equipment and furniture (not capitalised)	353	368
IT expenditure and maintenance	3,785	2,974
IT operating leases	1,221	2,354
NHS service charge costs	1,148	1,141
Grants to Student Union	501	487
Transport, travel and subsistence	1,482	1,458
Insurance	530	567
Telephones and postage	1,027	738
Rent and rates	3,372	1,830
Repairs and general maintenance	1,656	1,409
Utilities	1,959	1,868
Other premises costs	7,215	7,697
Subsidiary companies	5,662	3,172
Other expenditure	2,781	3,573
	<u>57,131</u>	<u>53,617</u>
Restructuring costs	<u>822</u>	<u>179</u>

Restructuring costs relate to the revenue expenditure incurred by the University on the implementation of its Estates Strategy, particularly the closure of the Enfield Campus.

	31 July 2008 £000	31 July 2007 £000
<b>Other operating expenses include:</b>		
Auditors' remuneration:		
Financial statements audit (Deloitte & Touche LLP)*	219	108
Other services from external auditors	38	8
Internal audit (Grant Thornton LLP)	115	112

\* includes £106,090 in respect of the University (2007: £66,000)

**8. Interest Payable**

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
On inherited liabilities	-	-
On pension liabilities	673	892
Other loans not wholly repayable within five years	3,001	2,345
Bank overdrafts	10	4
Finance leases	205	207
Other	6	-
Total	<u>3,895</u>	<u>3,448</u>

## Notes to the Accounts

## 9. Analysis of expenditure by activity

	Staff Costs £000	Deprec- iation £000	Other op. activities £000	Interest payable £000	Total £000
Academic departments	49,016	858	14,564	-	64,438
Academic services	15,250	757	8,151	-	24,158
Research grants and contracts	1,489	-	2,849	-	4,338
Residences, catering & conferences	87	507	5,989	205	6,788
Premises	3,045	4,650	11,370	3,001	22,066
Subsidiary Companies	1,683	61	1,213	-	2,957
Administration and central services	7,082	452	11,653	-	19,187
Other expenditure	180	197	1,342	689	2,408
	<b>77,832</b>	<b>7,482</b>	<b>57,131</b>	<b>3,895</b>	<b>146,340</b>
Restructuring Costs	157	-	822	-	979
<b>Total operating expenditure</b>	<b>77,989</b>	<b>7,482</b>	<b>57,953</b>	<b>3,895</b>	<b>147,319</b>

The depreciation charge has been funded by:

Revaluation reserve release	804
Deferred capital grant release	2,231
General income	4,447
	<u>7,482</u>

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

## 10. Taxation

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
UK corporation tax payable on the profits of the University's subsidiary companies.	-	(252)
	-	<u>(252)</u>

## 11. Surplus on continuing operations

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

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
University's Deficit for the year	(1,891)	(110)
(deficits) / surpluses generated by subsidiary undertakings	(164)	1,332
Transferred to the University under Gift Aid	-	(850)
Elimination of provision for intercompany debt in the University's accounts	3,586	-
Total consolidated surplus	<u>1,531</u>	<u>372</u>

## 12. Consolidated intangible assets

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
<b>Patent and Licences</b>		
Net book value at 1 August	250	1,017
Additions in year	-	212
Disposals in year	(250)	-
Impairment	-	(535)
Amortisation charge for year	-	(444)
Net book value at 1 July	<u>-</u>	<u>250</u>

Middlesex University  
Notes to the Accounts

13. Tangible fixed assets

University	Freehold Land £000	Freehold Buildings £000	Fixtures, Fittings and Equipment £000	Assets under construction £000	Heritage Assets £000	Total £000
<b>Cost or Valuation</b>						
At 1 August 2007	27,241	129,517	75,873	10,660	2,497	245,788
Additions	-	2,048	2,284	24,531	-	28,863
Transfers to current assets	(5,218)	(23,296)	-	-	-	(28,514)
Transfers between accounts	-	-	4,710	(4,710)	-	-
Disposals	-	-	-	-	-	-
<b>At 31 July 2008</b>	<b>22,023</b>	<b>108,269</b>	<b>82,867</b>	<b>30,481</b>	<b>2,497</b>	<b>246,137</b>
<b>Depreciation</b>						
At 1 August 2007	-	45,029	67,658	-	-	112,687
Charge for year	-	2,821	3,935	-	-	6,756
Transfers to current assets	-	(7,940)	-	-	-	(7,940)
Transfers between accounts	-	(39)	39	-	-	-
Eliminated in respect of disposals	-	-	-	-	-	-
<b>At 31 July 2008</b>	<b>-</b>	<b>39,871</b>	<b>71,632</b>	<b>-</b>	<b>-</b>	<b>111,503</b>
<b>Net book value at 31 July 2008</b>	<b>22,023</b>	<b>68,398</b>	<b>11,235</b>	<b>30,481</b>	<b>2,497</b>	<b>134,634</b>
Net book value at 1 August 2007	27,241	84,488	8,215	10,660	2,497	133,101
Inherited	19,750	18,187	-	-	2,497	40,434
Financed by capital grant	-	16,987	5,090	4,089	-	26,166
Other	2,273	33,224	6,145	26,392	-	68,034
<b>Net book value at 31 July 2008</b>	<b>22,023</b>	<b>68,398</b>	<b>11,235</b>	<b>30,481</b>	<b>2,497</b>	<b>134,634</b>

Group	Freehold Land £000	Freehold Buildings £000	Fixtures, Fittings and Equipment £000	Assets under construction £000	Heritage Assets £000	Total £000
<b>Cost or Valuation</b>						
At 1 August 2007	27,241	150,736	77,510	10,754	2,497	268,738
Exchange revaluation	-	-	4	-	-	4
Additions	-	2,069	2,425	24,531	-	29,025
Transfers to current assets	(5,218)	(23,296)	-	-	-	(28,514)
Transfers between accounts	-	-	4,710	(4,710)	-	-
Disposals	0	0	(44)	(20)	-	(64)
<b>At 31 July 2008</b>	<b>22,023</b>	<b>129,509</b>	<b>84,605</b>	<b>30,555</b>	<b>2,497</b>	<b>269,189</b>
<b>Depreciation</b>						
At 1 August 2007	-	46,088	68,857	-	-	114,945
Exchange revaluation	-	-	-	-	-	-
Charge for year	-	3,352	4,130	-	-	7,482
Transfers to current assets	-	(7,940)	-	-	-	(7,940)
Transfers between accounts	-	(39)	39	-	-	-
Eliminated in respect of disposals	-	-	(21)	-	-	(21)
<b>At 31 July 2008</b>	<b>-</b>	<b>41,461</b>	<b>73,005</b>	<b>-</b>	<b>-</b>	<b>114,466</b>
<b>Net book value at 31 July 2008</b>	<b>22,023</b>	<b>88,048</b>	<b>11,600</b>	<b>30,555</b>	<b>2,497</b>	<b>154,723</b>
Net book value at 1 August 2007	27,241	104,648	8,653	10,754	2,497	153,793
Inherited	19,750	18,187	-	-	2,497	40,434
Financed by capital grant	-	16,987	5,090	4,089	-	26,166
Other	2,273	52,874	6,510	26,466	-	88,123
<b>Net book value at 31 July 2008</b>	<b>22,023</b>	<b>88,048</b>	<b>11,600</b>	<b>30,555</b>	<b>2,497</b>	<b>154,723</b>

The net book value of tangible fixed assets includes £1,945k (2007: £1,997k) in respect of assets held under finance leases. Depreciation charged for the year on those assets amounted to £52k (2007: £52k).

Tangible Fixed Assets have been restated for the year ended 31 July 2007 to include Heritage asset values and the capitalisation of Capital Goods Scheme adjustments arising from the settlement of the MU Facilities Limited library scheme with HM Revenue and Customs (HMRC) which increased Freehold Buildings costs by £2,469k.

## Notes to the Accounts

## 14. Investments of the University

	Group Year ended 31 July 2008 £000	University Year ended 31 July 2008 £000	Group Year ended 31 July 2007 £000	University Year ended 31 July 2007 £000
Investments in CVCP Properties plc	36	36	36	36
Investments in MU Ventures Ltd.	-	-	-	1,000
Investments in Teaching Resources Ltd.	-	-	-	-
Investments in MU Sales Ltd.	-	4	-	4
Investments in MU Press Ltd.	-	60	-	60
Investments in MU Licences Ltd.	30	30	-	-
Investments in other subsidiary companies	-	36	-	36
	<b>66</b>	<b>166</b>	<b>36</b>	<b>1,136</b>

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 Facilities Ltd.	100%	Facility development and provider	England and Wales
MU Sales Ltd. (formerly Middlesex Silver Co Ltd)	100%	Intellectual property devt., acquisition and licensing.	England and Wales
MU Licences Ltd. (formerly Argentium International 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	Malaysia
Middlesex Educational Services (Mauritius) Ltd	100%	Student recruitment	Mauritius
Middlesex International (Dubai) FZ-LLC	100%	Student recruitment	Dubai/UAE

MU Ventures Ltd is 100% owned by Middlesex University. MU Sales Ltd is owned 50% by MU Ventures Ltd and 50% by Middlesex University. MU Licences Ltd is 100% owned by MU Sales Ltd.

Investments are stated at cost, with the exception of MU Licences Ltd, Teaching Resources Ltd and MU Ventures Ltd. The University purchased a 10% shareholding in MU Licences Ltd during the year, and sold beneficial interest, equivalent to 3.4% of total share capital issued, to third parties. The university investment is stated net of the beneficial interest sold. The University is holding a provision against two of its subsidiary companies, Teaching Resources Ltd (£0.3m) and MU Ventures Ltd (£2.0m)

## 15. Stocks and work-in-progress

	Group Year ended 31 July 2008 £000	University Year ended 31 July 2008 £000	Group Year ended 31 July 2007 £000	University Year ended 31 July 2007 £000
Stock (finished goods)	380	-	405	-
Work-in-progress - research and consultancy	59	1	435	405
	<b>439</b>	<b>1</b>	<b>840</b>	<b>405</b>

## 16. Debtors

	Group Year ended 31 July 2008 £000	University Year ended 31 July 2008 £000	Group Year ended 31 July 2007 £000	University Year ended 31 July 2007 £000
			Restated	
<b>Amounts falling due within one year:</b>				
Trade debtors	3,015	1,973	2,238	1,171
Tuition Fees	4,493	4,493	4,415	4,415
Other debtors	3,903	3,509	3,126	3,484
Amounts owed by subsidiary undertakings	-	18,649	-	2,413
Prepayments and accrued income	3,586	3,030	5,033	4,677
	<b>14,997</b>	<b>31,654</b>	<b>14,812</b>	<b>16,160</b>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by subsidiary undertakings	-	-	-	18,997
Prepayments	1,933	1,933	1,995	1,995
	<b>16,930</b>	<b>33,587</b>	<b>16,807</b>	<b>37,152</b>

Note 16 has been restated for the year ended 31 July 2007 to reflect the reclassification out of prepayments due within one year to more than one year of £1,995k outsourced hall of residence transaction costs over the period of the contract.

Middlesex University  
**Notes to the Accounts**

**17. Cash at bank and in hand**

Cash at bank and in hand includes £1,205k (2007: £1,151k) in respect of monies held on behalf of third parties.

**18. Creditors: amounts falling due within one year**

	Group Year ended 31 July 2008 £000	University Year ended 31 July 2008 £000	Restated	
			Group Year ended 31 July 2007 £000	University Year ended 31 July 2007 £000
Bank loans and overdrafts	1,087	1,087	-	-
Obligations under finance leases	96	96	78	78
Payments received on account	2,188	2,188	2,400	2,400
Trade creditors	9,049	8,342	8,779	8,052
Amounts owed to subsidiary undertakings	-	-	-	750
Other taxation and social security	3,051	1,953	2,057	1,673
Accruals and deferred income	25,727	23,607	12,973	11,432
	<b>41,198</b>	<b>37,273</b>	<b>26,287</b>	<b>24,385</b>

Notes 18 and 19 have been restated for the year ended 31 July 2007 to reflect the reclassification out of short term creditors to long term creditors £11,981k of outsourced hall of residence premiums received over the period of the contract and to include under long term creditors and fixed assets £2,469k of Capital Goods Scheme adjustments arising from the settlement of the MU Facilities Limited library scheme with HMRC.

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

Group and University	Finance Leases	Mortgages	Other	Total
	£000	£000	£000	£000
Long term creditor as at 1 August 2007	2,374	48,300	14,450	65,124
Add back: transfer to short term creditors	78	-	-	78
Additions during the year	-	6,700	-	6,700
Capital repaid in year	(78)	-	-	(78)
Creditor outstanding at 31 July 2008	2,374	55,000	14,450	71,824
Transfer: to short term creditors	(96)	(1,087)	(1,395)	(2,578)
Long term creditor as at 31 July 2008	<b>2,278</b>	<b>53,913</b>	<b>13,055</b>	<b>69,246</b>

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

Other creditors falling due after more than one year at 1 August 2007 include deferred income relating to outsourced halls of £11,981k and a Library scheme Capital Goods Scheme liability in respect of the MU Facilities Ltd of £2,469k.

**Analysis of long term creditor**

	Group Year ended 31 July 2008 £000	University Year ended 31 July 2008 £000	Restated	
			Group Year ended 31 July 2007 £000	University Year ended 31 July 2007 £000
Due:				
Between one and two years	2,098	1,519	2,285	974
Between two and five years	6,362	5,493	4,126	3,257
In five years or more	58,508	58,508	56,339	56,050
Finance leases	2,278	2,278	2,374	2,374
Total long term debt	<b>69,246</b>	<b>67,798</b>	<b>65,124</b>	<b>62,655</b>

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.

## Notes to the Accounts

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

	Interest rate	Interest rate	Expiry date	Amount outstanding at 31 July 2008
Property name:	%	rate		
Hendon Campus	5.290	fixed	2030	£41,913k
Trent Park Campus	5.645	fixed	2035	£8,000k
Trent Park Campus	5.125	fixed	2030	£4,000k

## Finance lease obligations

Obligations under finance leases fall due as follows:

	Group Year ended 31 July 2008 £000	University Year ended 31 July 2008 £000	Group Year ended 31 July 2007 £000	University Year ended 31 July 2007 £000
Within one year	96	96	78	78
Between one and two years	115	115	96	96
Between two and five years	487	487	413	413
In five years or more	1,677	1,677	1,865	1,865
Total	2,375	2,375	2,452	2,452

## 20. Provisions for liabilities and charges

University	Enhanced Pension Provision £000	Other Provisions £000	Total £000
At 1 August 2007	7,623	-	7,623
Utilised during the year	(519)	-	(519)
Charged to STRGL	-	-	-
Charged to income and expenditure account	511	2,905	3,416
At 31 July 2008	7,615	2,905	10,520

Other provisions includes the costs of the National Framework agreement, which is an estimated liability that will arise from the agreement in 2008/9 of a new single pay spine for University staff.

The **Group** had additional liabilities of £10k, making the total group provisions for liabilities and charges £10,530k (2007 £7,639k)

## 21. Deferred capital grants

Group and University	Funding Councils £000	Other grants & benefactions £000	Total £000
At 1 August 2007:			
Land and buildings	19,200	2,260	21,460
Equipment	1,108	-	1,108
	20,308	2,260	22,568
Cash received:			
Land and buildings	5,136	628	5,764
Equipment	65	-	65
	5,201	628	5,829
Released to income and expenditure account:			
Land and buildings	(1,674)	(156)	(1,830)
Equipment	(401)	-	(401)
	(2,075)	(156)	(2,231)
<b>At 31 July 2008:</b>			
Land and buildings	22,662	2,732	25,394
Equipment	772	-	772
<b>Total</b>	<b>23,434</b>	<b>2,732</b>	<b>26,166</b>

All deferred capital grants relate to the University.

## Notes to the Accounts

## 22. Endowments

Group and University	2008	2008	2008	2007
	Total £000	Restricted Expendable £000	Restricted Permanent £000	Total £000
Capital value	666	254	412	232
Accumulated Income	8	6	2	2
At 1 August	<u>674</u>	<u>260</u>	<u>414</u>	234
Net Additions/(disposals)	105	105	-	466
Income for the year	31	9	22	9
Expenditure for the year	(210)	(210)	-	(35)
At 31 July	<u>600</u>	<u>164</u>	<u>436</u>	<u>674</u>
Capital value	565	153	412	666
Accumulated Income	35	11	24	8
At 1 August	<u>600</u>	<u>164</u>	<u>436</u>	<u>674</u>
<b>Represented by:</b>				
Cash balances	<u>600</u>	<u>164</u>	<u>436</u>	674
<b>Representing:</b>				
Decade of Development campaign	6	6	-	68
Prize funds	77	63	14	62
Welfare and Scholarship funds	470	48	422	494
Other funds	47	47	-	50

In previous years endowments were analysed as general and specific endowments. The revised classification reflect the requirements of the Statement of Recommended Practice 2007 and University accounting policies.

## 23. Revaluation reserve

	Group and University	
	2008 £000	2007 £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	<u>29,246</u>	<u>29,246</u>
Net assets at value at 31 July	<u>48,945</u>	<u>48,945</u>
Contributions to depreciation:		
At 1 August brought forward	(10,203)	(9,627)
Release cumulative depreciation on disposals	-	-
Released in year	<u>(804)</u>	<u>(576)</u>
<b>at 31 July</b>	<u><b>37,938</b></u>	<u><b>38,742</b></u>

## 24. Income and expenditure account

	Group Year ended 31 July 2008 £000	University Year ended 31 July 2008 £000	Restated	
			Group Year ended 31 July 2007 £000	University Year ended 31 July 2007 £000
Opening balance at 1 August	(12,646)	(11,101)	(22,659)	(20,532)
Surplus / (deficit) after depreciation of assets at valuation and taxation	1,531	(1,891)	372	(110)
Actuarial gain/(loss) on pension scheme	(3,370)	(3,175)	9,065	8,965
Release from revaluation reserve	804	804	576	576
<b>Closing balance at 31 July</b>	<u><b>(13,681)</b></u>	<u><b>(15,363)</b></u>	<u><b>(12,646)</b></u>	<u><b>(11,101)</b></u>

Note 24 has been restated for the year ended 31 July 2007 to include Heritage Assets values. This has increased the opening balance at 1 August 2007 by £2,497k.

## Notes to the Accounts

### 25. Reconciliation of consolidated operating surplus/(deficit) to net cash inflow from operating activities

	Year ended 31 July 2008	Year ended 31 July 2007
	£000	£000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	1,531	372
Depreciation (note 13)	7,482	7,738
Amortisation and impairment of intangible assets (note 12)	-	979
Deferred capital grants released to income (note 21)	(2,231)	(2,080)
Loss on disposal of tangible fixed assets	-	177
Disposal of intangible assets	250	-
Pension cost less contributions paid	(1,185)	(478)
Interest receivable (note 5)	(1,059)	(612)
Interest payable (note 8)	3,895	3,448
Exchange rate changes	(4)	-
(increase)/decrease in endowments	(74)	440
decrease/(increase) in stocks and work-in-progress	401	(259)
(increase)/decrease in debtors	(123)	227
increase/(decrease) in creditors	12,411	(2,662)
increase/(decrease) in provisions	2,891	(697)
<b>Net cash inflow from operating activities</b>	<b>24,185</b>	<b>6,593</b>

Notes 25 has been restated for the year ended 31 July 2007 to reflect the movement in Endowment Asset cash

### 26. Returns on investments and servicing of finance

	Year ended 31 July 2008	Year ended 31 July 2007
	£000	£000
Interest received	1,059	612
Interest paid	(3,017)	(2,349)
Funding Council's interest reimbursement	-	-
Interest element of finance lease rental payment	(205)	(207)
<b>Net cash outflow from returns on investment and servicing of finance</b>	<b>(2,163)</b>	<b>(1,944)</b>

### 27. Financing

	Year ended 31 July 2008	Year ended 31 July 2007
	£000	£000
Debt due beyond a year:		
LEA loan repayments	-	-
Funding Council's grant reimbursements	-	-
Finance lease repayments	(78)	(58)
Share capital	-	-
Mortgage repayments	-	-
New mortgages	6,700	6,300
<b>Net cash inflow/(outflow) from financing</b>	<b>6,622</b>	<b>6,242</b>

Middlesex University  
**Notes to the Accounts**

**28. Capital expenditure**

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
Purchase of fixed assets	(29,055)	(16,366)
Sales of tangible fixed assets	43	1
Deferred capital grants received	5,829	2,972
<b>Net cash outflow from capital expenditure</b>	<b>(23,183)</b>	<b>(13,393)</b>

**29. Analysis of changes in net debt**

	At 1 August 2007 £000	Cashflows £000	At 31 July 2008 £000
Cash in hand, and at bank	8,463	5,535	13,998
Endowment cash	674	(74)	600
Cash	9,137	5,461	14,598
Mortgages and loans	(48,300)	(6,700)	(55,000)
Finance leases	(2,453)	78	(2,375)
Borrowings	(50,753)	(6,622)	(57,375)
<b>Net debt</b>	<b>(41,616)</b>	<b>(1,161)</b>	<b>(42,777)</b>

Note 29 has been restated for the year ended 31 July 2007 to reflect Endowment Asset cash balances.

**30. Capital commitments**

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
Commitments contracted for at 31 July	13,613	6,197
Authorised (but not contracted for) at 31 July	6,779	32,685
	<b>20,392</b>	<b>38,882</b>

**31. Financial commitments**

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
<b>Operating lease commitments, equipment:</b>		
Expiring within one year	363	876
Expiring within two and five years	286	81
Expiring after five years	-	49
	<b>649</b>	<b>1,006</b>

**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 pension service costs and contributions for the year for the University and its subsidiaries in respect of these two schemes was £8,909k (2007: £8,745k)

#### 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 contribution for the year for the University and its subsidiaries was £3,901k (2007: £3,549k). 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 service costs and contributions made for the year ended 31 July 2008 for the University and its subsidiary companies was £5,008k (2007: £5,196k).

For the period from 1 April 2007 to 31 March 2008 the employer contribution rate was 26.1%. The rate increased to 26.9% from 1 April 2008 for the period to 31 March 2009, and the indicative rate from 1 April 2009 is 27.7%.

The following information is based upon a full actuarial valuation of the Fund at 31 March 2007 updated to 31 July 2008 by a qualified independent actuary.

Assumptions as at:	At 31 July 2008	At 31 July 2007	At 31 July 2006	At 31 July 2005
Inflation	<b>3.8%</b>	3.3%	3.1%	2.8%
Rate of increase in salaries	<b>5.3%</b>	4.8%	4.6%	4.3%
Rate of increase for pensions	<b>3.8%</b>	3.3%	3.1%	2.8%
Discount rate for liabilities	<b>6.7%</b>	5.8%	5.1%	5.0%

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

	31 July 2008 Fair value £000	31 July 2008 Expected return % pa	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
Equities	<b>48,825</b>	<b>7.8</b>	55,826	8.0	46,254	7.7	38,240	7.3
Bonds	<b>13,058</b>	<b>5.7</b>	11,381	5.2	9,794	4.7	9,059	4.7
Property	<b>4,668</b>	<b>5.7</b>	8,006	6.0	6,196	5.7	5,154	5.4
Cash	<b>10,531</b>	<b>4.8</b>	4,172	5.1	4,006	4.8	3,889	4.5
<b>Total</b>	<b>77,082</b>	<b>6.9</b>	79,385	7.2	66,250	6.9	56,342	6.5

Middlesex University  
**Notes to the Accounts**

**33. Pension schemes (cont'd)**

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

	At 31 July 2008	At 31 July 2007	At 31 July 2006
	£000	£000	£000
Estimated employer assets	77,082	79,385	66,250
Present value of scheme liabilities	111,846	111,300	107,480
Present value of unfunded liabilities	569	560	574
Total value of liabilities	112,415	111,860	108,054
<b>Net pension liability</b>	<b>(35,333)</b>	<b>(32,475)</b>	<b>(41,804)</b>

**Analysis of amount charged to operating profit:**

	At 31 July 2008		At 31 July 2007		At 31 July 2006	
	£000	% of payroll	£000	% of payroll	£000	% of payroll
Service cost	5,034	24.2%	4,598	19.7%	4,065	18.4%
Curtailments and settlements	0	0.0%	127	0.6%	1,655	7.6%
<b>Total Operating charge</b>	<b>5,034</b>	<b>24.2%</b>	<b>4,725</b>	<b>20.3%</b>	<b>5,720</b>	<b>26.0%</b>

The amount charged to interest payable is set out below:

	5,908	28.4%	4,716	21.2%	3,741	17.1%
Expected return on employer assets	5,908	28.4%	4,716	21.2%	3,741	17.1%
Interest on pension scheme liabilities	(6,581)	(31.7%)	(5,608)	(25.3%)	(4,834)	(22.0%)
Net return	(673)	(3.2%)	(892)	(4.1%)	(1,093)	(4.9%)
<b>Net revenue account cost</b>	<b>5,707</b>	<b>27.5%</b>	<b>5,617</b>	<b>24.4%</b>	<b>6,813</b>	<b>30.9%</b>

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

	At 31 July 2008	At 31 July 2007	At 31 July 2006
	£000	£000	£000
Actual return less expected return on pension scheme assets	(12,639)	4,049	2,634
Experience gains and losses arising on the scheme liabilities	-	8	26
Changes in financial assumptions underlying the present value of scheme liabilities	9,269	5,687	(4,089)
<b>Actuarial gain/(loss) recognised in STRGL</b>	<b>(3,370)</b>	<b>9,744</b>	<b>(1,429)</b>

**History of experience gains and losses**

	Year ended 31 July 2008	Year ended 31 July 2007	Year ended 31 July 2006	Year ended 31 July 2005	Year ended 31 July 2004
Difference between the expected and actual return on assets:					
Amount £000	(12,977)	4,049	2,634	6,126	635
Value of assets £000	76,028	79,685	66,250	56,342	45,529
% of scheme assets	(17.1%)	5.1%	4.0%	10.9%	1.4%
Experience gains and losses on scheme liabilities:					
Amount £000	-	8	26	(3,522)	14
Present value of liabilities £000	111,468	111,860	108,054	94,261	74,732
% of scheme liabilities	0.0%	0.0%	0.0%	(3.7%)	0.0%
Total actuarial gains and losses recognised in STRGL:					
Amount £000	(3,269)	9,744	(1,429)	(7,393)	524
Present value of liabilities £000	111,468	111,860	108,054	94,261	74,732
% of scheme liabilities	(2.9%)	8.7%	(1.3%)	(7.8%)	0.7%

Middlesex University  
**Notes to the Accounts**

**33. Pension schemes (cont'd)**

Movement in deficit during the year	At 31 July 2008	At 31 July 2007	At 31 July 2006
	£000	£000	£000
Deficit at the beginning of year	(32,475)	(41,804)	(37,919)
Current service cost	(3,915)	(4,598)	(4,065)
Past service cost	(1,129)	-	-
Employer contribution	6,193	5,170	4,282
Contributions in respect of unfunded benefits	36	33	34
Impact of settlements and curtailments	-	(127)	(1,655)
Net return on assets	(673)	(892)	(1,052)
Actuarial gains/(losses)	(3,370)	9,743	(1,429)
Deficit at the end of year	<u>(35,333)</u>	<u>(32,475)</u>	<u>(41,804)</u>

**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 2008	At 31 July 2007
	£000	£000
Balance brought forward	38	168
Funding Council grants	840	811
	<u>878</u>	<u>979</u>
Disbursed to Students	(878)	(941)
Balance carried forward at 31 July	<u>-</u>	<u>38</u>

**36. TDA - Teacher Training Bursaries**

Balance brought forward	61	(127)
Training and Development Agency grant received	2,675	3,023
Disbursed to Students	(2,554)	(2,835)
Balance carried forward at 31 July	<u>182</u>	<u>61</u>

Middlesex University  
**Notes to the Accounts**

<b>At 31 July</b>	At 31 July
<b>2008</b>	2007
<b>£000</b>	£000

**37. TDA - Teacher Programmes**

Balance brought forward	786	626
Training and Development Agency grant received	2,698	2,952
Other external income received	22	34
Disbursed to Students	<u>(2,704)</u>	<u>(2,826)</u>
Balance carried forward at 31 July	<u><b>802</b></u>	<u><b>786</b></u>

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

<b>At 31 July</b>	At 31 July
<b>2008</b>	2007
<b>£000</b>	£000

**38. TDA - Secondary Subject Shortage Scheme**

Balance brought forward (agreed from funding council)	(2)	2
Training and Development Agency grant received	-	-
Disbursed to Students	-	(4)
Balance carried forward at 31 July	<u>(2)</u>	<u>(2)</u>

<b>At 31 July</b>	At 31 July
<b>2008</b>	2007
<b>£000</b>	£000

**39. TDA - Black and Minority Ethnic Recruitment and Retention**

Balance brought forward (agreed from funding council)	-	-
Training and Development Agency grant received	9	-
Disbursed to Students	-	-
Balance carried forward at 31 July	<u><b>9</b></u>	<u>-</u>

Funding body hardship funds, bursaries and other student payments, as detailed in notes 35 to 39 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.

<b>At 31 July</b>	At 31 July
<b>2008</b>	2007
<b>£000</b>	£000

**40. Million+**

Balance brought forward	268	457
Subscriptions from member universities received	367	27
Campaign expenses	<u>(421)</u>	<u>(216)</u>
Balance carried forward at 31 July	<u><b>214</b></u>	<u><b>268</b></u>

The University acts as a paying agent for Million+ (formerly Campaigning for Mainstream Universities, CMU). All of the funding and related disbursements are therefore excluded from the income and expenditure account.