

**THE UNIVERSITY OF HUDDERSFIELD**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2012**



**THE UNIVERSITY OF HUDDERSFIELD**  
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**For the year ended 31 July 2012**

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**THE UNIVERSITY OF HUDDERSFIELD**  
**FINANCIAL STATEMENTS**  
**For the year ended 31 July 2012**

**PROFESSIONAL ADVISORS**

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## **OPERATING AND FINANCIAL REVIEW**

The University Council of the University of Huddersfield hereby submits its twentieth annual report together with the audited financial statements for the year ended 31 July 2012. The Financial Statements comprise the consolidated results for the University and its subsidiary undertakings. The principal wholly owned subsidiary is The University of Huddersfield Enterprises Limited, which has continued to trade satisfactorily during the year. The purpose of this company is to conduct those commercial activities of the University which are not compatible with the University's charitable status and may be subject to corporation tax on profits generated. The profits of the company are paid by deed of covenant to the University annually. A new wholly owned subsidiary was formed this year, Huddersfield Enterprise and Innovation Centre Limited, to house the 3M Buckley Innovation Centre.

## **CONSTITUTION AND POWERS**

The University of Huddersfield is an exempt charity within the meaning of Schedule 2 of The Charities Act 1993 (as amended by The Charities Act 2006). The Trustees are the people who serve on the governing body of a charity. For our purposes, the Trustees are known as Members of the University Council in accordance with our Instrument and Articles of Government.

During the year, the University undertook a detailed review of the Articles of Government, the revised version of which was approved by the Privy Council on 10 January 2012 and adopted by the University Council on 22 February 2012.

The Vice-Chancellor is the Chief Executive of the University.

## **PUBLIC BENEFIT STATEMENT**

The Charities Act 2006 introduced the requirement for Council Members to demonstrate explicitly that the main activities of the University are in furtherance of its charitable purposes which are for the public benefit. The University Council has complied with its duty under section 4 of The Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission, which is available directly to Members.

This guidance states that the two key principles of public benefit are that:

- there must be an identifiable benefit or benefits; and
- benefits must be to the public or section of the public.

The University's principal aim is the advancement of education.

The University of Huddersfield's roots go back some 185 years to the Huddersfield Scientific and Mechanic Institute. Throughout its history the University has been committed to meeting the needs and aspirations of its students. This remains our key focus. Our long term objective is to embed knowledge exchange activity, drawing on excellence in learning and teaching and research.

We are a successful, popular and innovative modern university that offers a wide range of education, training and research facilities and we are proud of our achievements. The University of Huddersfield has a student population approaching 23,000 undertaking a wide range of courses covering the wealth creating, cultural and social welfare aspects of our economy.

**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

**Vision**

To be an inspiring, innovative University of international renown.

**Mission**

To deliver an accessible and inspirational learning experience; to undertake pioneering research and professional practice; and to engage fully with employers and the community.

**Stakeholder Expectations**

Our students can expect:

- an education that challenges and creates excellent career opportunities;
- to learn from staff at the leading edge of knowledge and application; and
- high quality physical and supportive learning environments.

Our partners can expect:

- a responsive and flexible University that delivers;
- to deal with leading experts in their field; and
- high quality work delivered efficiently and effectively.

**Strategic Aims**

In December 2007 the University adopted a new strategic plan for the period 2008-2013. At the mid point of this cycle the plan was reviewed during 2011 to ensure that it remains fit for purpose.

Our strategic aims are:

- to deliver inspirational learning and teaching;
- to provide opportunities to all who can benefit;
- to enrich teaching through research and innovation excellence;
- to strengthen and enhance our research capability;
- to contribute to economic, social and cultural development;
- to enhance our standing;
- to produce employable and enterprising graduates;
- to develop our identity and raise our profile;
- to become one of the UK's 30 largest providers of Higher Education; and
- to grow international and postgraduate recruitment.

We achieve our aims through valuing and developing our staff, financial sustainability and improving our effectiveness. Our achievement is measured against a number of KPIs which are underpinned by specific targets.

**Achievement of Objectives**

**Inspirational Teaching**

All subjects inspected by the Quality Assurance Agency for Higher Education (QAA) since 2000 have achieved the highest teaching quality rating available. The latest university-wide QAA Audit in 2006 confirmed "complete confidence" in the University's teaching programmes and the future management of academic standards.

We increased the proportion of students gaining first and upper second class degrees for the 6<sup>th</sup> consecutive year. In 2004/05 40% achieved this standard. In 2011/12 it was 61%. This has been achieved as a result of a stronger focus on high quality teaching together with a major initiative to improve assessment and feedback.

**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

The University was proud to be awarded a further National Teaching Fellowship this year out of only 55 granted per annum. We have now been awarded 9 Fellowships in the last 5 years, the best performance in the UK, ahead of Exeter and Warwick.

In the first National Student Survey (NSS) we scored more highly than any other university in West or South Yorkshire. In 2012, overall satisfaction was 86%, an increase from 85% last year and above the sector average. Fourteen subjects were in the top 10 in the UK for their discipline, up from ten last year. Three areas achieved 100% overall satisfaction: Biology, Forensic and Archaeological Science and Politics. Politics was also one of four areas to achieve average scores of 93% or more across all 22 questions, the others being Fine Art, Physiotherapy and Initial Teacher Education. For the second year running, the University was ranked first in the UK amongst mainstream universities on the questions relating to assessment and feedback; and its overall average score placed it in the top 10 in the country. Also for the second year running, the Sunday Times' league table of 'teaching excellence', drawing on the NSS, placed us in the top 10 - on this occasion in particular ranking the University No. 1 in the North of England.

Many of our students win employer-sponsored national awards for their work. A design student won one of the most coveted awards in the design industry - the 'Yellow Pencil', whilst a final-year nurse was one of the two students shortlisted for the title of Student Nurse of the Year. The University dominated the national finals of L'Oréal's Brandstorm student marketing competition going to the final in Paris and the marketeers also won first prize in the national Chartered Institute of Marketing contest. A number of students were selected to join a network of the country's brightest young entrepreneurs, created by the Department for Business, Innovation and Skills and a final-year product designer received an award at the annual contest run by the organisation New Designers. In science, two students achieved success in the Young Scientist of the Year Competition, one becoming the overall winner, which included an invitation to speak to the Society of Chemical Industries.

We endeavour to equip our graduates with the life-skills and behaviours necessary to be citizens and members of society. From September 2012, all students entering undergraduate courses of more than one year's duration will have the opportunity to experience significant work related experience in their studies, following the extension of work of this kind into areas such as Psychology and English.

We have a world-leading library and IT service. The library was the first to be awarded the UK National Customer Service Excellent Award and is a holder of 8 marks of distinction.

### **Widening Participation**

The University places the needs of students first. We are proud of our record in widening access to higher education and have one of the 20 most socially inclusive student populations in England. This is combined with high levels of student achievement and success in graduate employment. The University is committed to its local community and to actively taking education to students in order to widen participation, as well as delivering excellence in teaching and enhancing student success. Our 2012/13 Access Agreement was approved by the Office for Fair Access (OFFA) without revision.

The University has performed well in terms of recruiting from low-income groups and local ethnic-minority communities. Since the publication of the first set of HEFCE Performance Indicators for widening participation in 1999 the University has performed above the national benchmarks in the all-England averages; and the average for universities in Yorkshire. For example, throughout the last five years, the University has recruited a higher percentage of young full-time undergraduate entrants from state schools than any other university in Yorkshire. Despite sector-wide growth in these areas, further improvement has been achieved with the result that we continue to exceed the benchmarks. For example, over 40% of our home and EU first year students come from the lowest socio-economic groups.

We recognise that some sections of society perceive that there are entry barriers to Higher Education, for instance based upon price. We work hard to raise aspirations and awareness of HE amongst those currently under-represented and in 2011/12 we carried out over 600 visits to schools, colleges and community groups, reaching around 16,000 learners. We also provide mentoring through our Reading Matters and Student Ambassador Schemes. We give all of our Post Graduate Research students the most comprehensive guide to alternative funding sources currently available in the UK.

**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

In 2011/12 we distributed £2.78m in discretionary bursaries to over 5,600 students. We also awarded Access to Learning Funds of over £550k to 703 students. 88% of those eligible took a tuition fee loan from the Student Loan Company. The Vice-Chancellor led an innovative and highly successful fund raising to fund scholarships for widening participation students which will enable us to provide 1,000 scholarships in 2012-13.

### **Student Support**

The commitment made by the University to supporting students from a disadvantaged background is reflected in a number of ways. The University Counselling Service supported 220 students with a further 355 seeing student welfare advisers. The appointment of a further specialist Mental Health adviser has also allowed a significant number of students to be supported who could otherwise have withdrawn as a result of the time taken for NHS intervention.

At 1 October 2012 the Disability Support team had over 2,800 disabled students registered to receive support ranging from dyslexia support and tuition to students with multiple disabilities receiving 24 hour care from Community Service Volunteers.

The University has over the past three years made a commitment to supporting students who are care leavers. This year 81 students were in receipt of support.

Back on Track, the service which provides support to students who are having difficulties engaging or re-engaging with their studies, handled 687 enquiries in 2011-12 and has been expanded in 2012 to take account of the additional commitment represented by the university's new approach to attendance and retention of students.

### **Research Excellence**

In the last Research Assessment Exercise in 2008, the University submitted in 12 subject areas. Ten subjects - Chemistry, Computing, Education, Engineering, Accountancy, Social Work, Sociology, English, History and Music - had research that was identified as being 'World Leading' or 'Internationally Excellent'.

A growing number of our postgraduate researchers and research staff are funded to explore the public benefit of their research through the Researcher Development Fund.

The beneficiaries of our research and knowledge transfer (KT) activity are diverse. Our research and KT activities cover the spectrum from pure 'blue skies' research through to user inspired and applied research where output is put to immediate use in products, services and policy.

Our research output contributes to the expansion of the knowledge base - to the benefit of other researchers in the field and in other disciplines, a growing consideration in the increasingly connected environment with boundary - spanning and open innovation approaches becoming the norm to address business and societal challenges.

Given the nature of our institutional research portfolio with regard to professional and vocational research, much of our research has 'beneficiary' involvement from the outset either by their funding of or partnership in the research. In this context beneficiaries include:

- multinational companies e.g. Rolls Royce, Agilent, Siemens and Borg Warner;
- regional companies such as David Brown Gears, Severn Unival and Yorkshire Water;
- charities e.g. The Prince's Trust, NSPCC and Refuge;
- public sector organisations e.g. UNICEF, National Physics Laboratory (NPL), NHS, Science and Technology Facilities Council (STFC) and Food and Environment Research Agency (FERA); and
- museums and galleries e.g. Royal Armouries, Yorkshire Sculpture Park and Barbara Hepworth Gallery.

Knowledge Transfer activities generally have clearly defined beneficiaries and the benefits quantified in some way. A good example of KT activity is the Knowledge Transfer Partnership programme managed by the Technology Strategy Board where beneficiaries include Paxman Coolers Ltd and Yorkshire Water.



**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

A significant activity which will enhance public access to our research services is the development of our new 3M Buckley Innovation Centre which is designed to promote and facilitate collaborative working in R & D and Knowledge Transfer from the HE knowledge base; and to promote entrepreneurial culture in both HE and the business community. Partially funded through the European Regional Development Fund, it will be recognised as a regional and national exemplar of open innovation, providing unique modes of access to the University's knowledge base, state of the art facilities and services. Through the physical infrastructure of the building, facilities management arrangements and the planned business development interventions, we will create an innovation community (start-ups, SMEs, blue-chip and University programmes) that will facilitate dynamic interactions to promote supply chain and demand-led innovation. The centre has recently opened and we anticipate that it will become host to approximately 90 tenant companies and engage with a significant number of other companies as associates.

The University now has 74 Research Professors and we have continued to develop our 4 centres of research excellence which are:

- a £9m Engineering and Physical Sciences Research Council (EPSRC) Centre for Innovative Manufacturing in Advanced Metrology;
- the International Institute for Advanced Accelerator Applications including the Medium Energy Ion Source;
- the Microscope and Ion Accelerator for Materials Investigations Facility; and
- the Institute for Materials, Medicines and Molecular Sciences.

In addition, we have established a new Rail Research Institute during the academic year.

Our Research and Enterprise income has doubled since 2006/07 against our target of quadrupling by 2013.

We have more than trebled our numbers of Postgraduate Research students since 2006/07.

Any private benefit arising from commercially funded research or knowledge exchange activity is incidental to our principal aims. The arrangements for the diversion of any revenue arising from the successful exploitation of knowledge and expertise are set out in the University's policy on Intellectual Property.

### **Detriment or Harm**

A principle of public benefit is that benefits must be balanced against any detriment or harm. We have considered this issue and we have not identified anything to report. None of our research activity falls into areas such as ethical research or animal testing.

### **Contribution to economic, social and cultural development**

The University has a history of close involvement with industry, business and its cultural community. The extent of that involvement is probably best illustrated by the fact that in terms of headcount we are in the top 10 HEIs in the UK for sandwich course placements. The University connects with the world outside the campus, with links to a broad range of external organisations and professional bodies. More than 40 professional bodies accredit our provision. In 2011/12 we created a new association with the Broadcast Journalism Training Council. Our connections help us to keep our courses relevant to the world of work and ensure our students have good employability skills. Recent additions to the curriculum include Investigative Psychology, through the British Psychological Society.

We are the 3<sup>rd</sup> largest employer in Huddersfield and it is estimated that we are responsible for some £300m in direct and indirect contributions to the local economy.

We make major contributions to our community in terms of fashion, art, drama, media and music. We run the Huddersfield Literature Festival and we are a key sponsor and supporter of the Huddersfield Contemporary Music Festival.

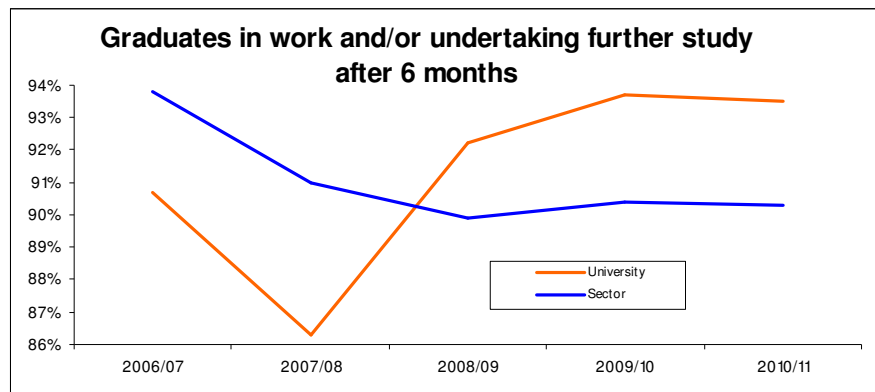
**Enhancing our standing, Developing our identity and Raising our profile**

Our public relations activity aims to increase awareness of the University among those who may influence students and also those in business and research fields within which we are active. This work is much broader in approach than simply media relations and involves holding events and inviting key influencers into the University to see the work we do. As last year, our media relations work has focussed around commenting on issues that are in the news and we have introduced a new blog, allowing us to showcase our academic expertise by giving opinions on current affairs. In addition to this we continue to issue traditional press releases which result in our appearance in the print media, including local, regional and national publications, as well as trade journals. During the academic year 2011/12 we generated 2,868 press clippings, compared with 2,747 in 2010/11, approximately 50% of which had research or enterprise as their theme.

Our sustained improvement in entry grades, student satisfaction, degree classifications and student success in the competitive jobs market has raised the university into the top half of the league tables published by the quality press.

**Employable and Enterprising Graduates**

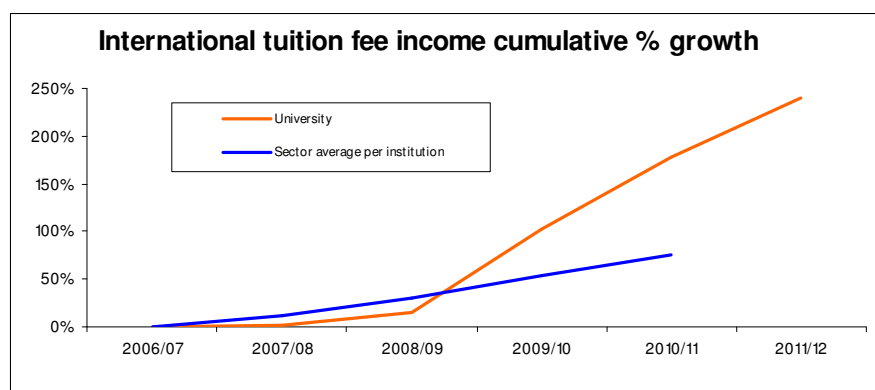
Our target of being in the top 50% of graduate destination tables was achieved in 2008/09. The following graph shows that we are now ahead of the sector average for producing employable and enterprising graduates with 93.5% into work or further study within 6 months of graduation (with average salaries of £23k p.a.) - in the top 10 for England mainstream universities.



(Source : HESA Destination of Leavers from HE survey 2010/11)

**Growth**

International Tuition Fee Income has more than trebled from £4.1m in 2007/08 to £13.1m in 2011/12. Our target of trebling by 2013 has already been exceeded. For two successive years (Summer 2011 and 2012) we topped the International Student Barometer rankings for student experience. This shows that growth is not at the expense of quality.



### **Equal Opportunities and Employment of Disabled Persons**

The University is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, able-bodiedness, belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The University's Equal Opportunities Policy and Diversity Statement is published on our website.

The University considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the University continues. The University's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

### **Disability Statement**

The University seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Educational Needs and Disabilities Act 2001. The University has been awarded the Disability Symbol. This is in recognition by Jobcentre Plus that we have agreed to take action to meet five commitments regarding the employment, retention, training and career development of disabled employees.

### **Environment and Social Responsibility**

The University is committed to the principles of environmental protection and sustainable development. Our ambition to green our campuses, curriculum and University community has seen us become a recognised sector leader in environmental management and best practice. We are proud to be acknowledged among the greenest Universities in the UK, as classified by the nationally recognised People and Planet Green League, in which we have consistently achieved a First Class Award for five years running, ranked this year at 21<sup>st</sup> out of 145 participants.

### **Environmental Management**

The University has a comprehensive environmental policy, established in 2008, linking our key environmental impact areas to specific time-bound targets. Core themes are substantially addressed through additional strategies, such as our Carbon Management Plan and Travel Plan.

Environmental targets against all policy areas are detailed in our environmental strategic plan, which is subject to an annual reporting process.

A dedicated Environmental Coordinator oversees environmental management and a Carbon and Energy Reduction Officer specifically oversees carbon and energy management in conjunction with specialist teams, within a wider governance framework that includes reporting to the Estates Development Committee and the University's Senior Management Team.

Further specialist expertise is offered by the Sustainable Procurement Coordinator and sustainable transport Project Officer (via working partner Sustrans), both appointed during 2012.

Carbon emissions being one of our most significant environmental impacts, our Carbon Management Plan, established and driven forward by our Carbon Management Committee, includes a series of SMART targets specifically addressing carbon reduction, which is subject to annual progress reporting.

**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

**Environmental Performance**

We have achieved a BREEAM Excellent rating for our most recent new build, the 3M Buckley Innovation Centre, following several 'Very good' ratings on new builds since 2007. We are committed to 'Excellent', plus Energy Performance Certificate 'B' ratings, for all future construction projects, including our Learning and Leisure Centre currently under construction.

We are consistently in the top 10 best performing Universities on carbon emissions - our historically low emissions were last year classed as 10<sup>th</sup> lowest per head out of all UK Universities (People and Planet Green League 2012).

An ongoing programme of interventions, from boiler replacements to installation of LED lighting, has achieved an annual 1.5-2.0% carbon emissions reduction between 2005 and 2011, substantially contributing to our target for a 25% reduction by 2020.

We have the 5<sup>th</sup> lowest water consumption per head out of all UK Universities (People and Planet Green League 2012), plus 'rainwater recycling' systems installed for all new builds. We have achieved a 13% reduction in usage between the 2005 baseline to 2011.

Last year we recycled 85% of our waste, maintaining our consistently high recovery rate. We are implementing waste reuse schemes, such as SPURS, the 'Sustainable Procurement: University Recycling Scheme' for furniture and equipment, launched in 2012.

We were one of the first and largest businesses in Huddersfield to adopt a Sustainable Travel Plan, currently working in partnership with Sustrans to implement the Local Sustainable Transport Fund project on campus during 2012-15.

We are amongst a third of UK Universities working to a sustainable food procurement policy (introduced in 2010), achieving a Good Egg Award in 2011 for our continuing commitment to using free range eggs in all our catering outlets.

Our involvement in student sustainability education has increased, with the Education for Sustainable Development Forum launched on campus in 2012, a new resource for teaching and academic staff.

Cementing our strong stance on Corporate Social Responsibility, our achievement of Fairtrade University status in 2009 was described as 'trailblazing for Huddersfield' by the Fairtrade Foundation, and we have since been central in achieving 'Fairtrade Borough' status for Kirklees in partnership with Kirklees Council.

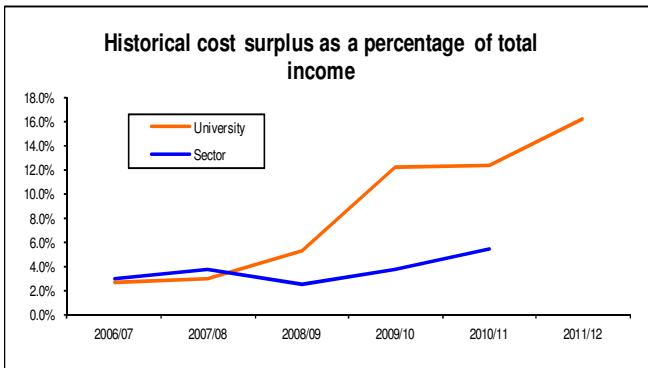
We have become a respected and acknowledged local leader on environmental and social responsibility issues, engaging in dialogue and partnerships with organisations from the Canal & River Trust to Kirklees Council, and hosting events such as the 'Solutions for the Planet 2012' regional heat for school children to develop innovative sustainability projects.

We have entered innovative student-led sustainability projects into a number of green awards, previously being shortlisted for a Green Gown award from the Environmental Association for Universities and Colleges (EAUC) which recognises exceptional initiatives being undertaken by Universities and Colleges across the UK to become more sustainable.

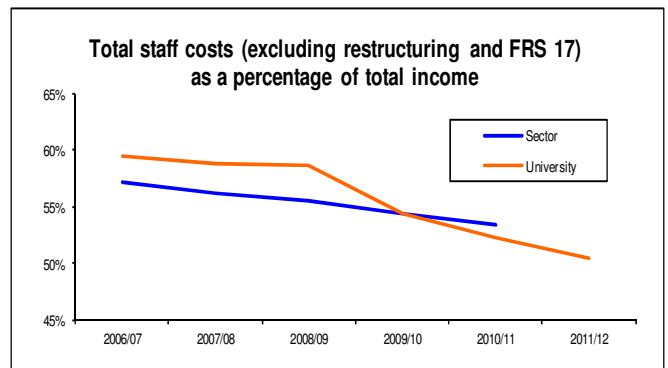
**Financial Sustainability**

Three of our KPIs relate directly to financial performance. The following ratios represent some of the Key Financial Indicators which are recognised across the Higher Education Sector and can indicate the financial health of a university relative to its peers. They are shown for the University against the latest published figures for the sector. The University's aim is to be better than the average against each indicator when these statistics are published.

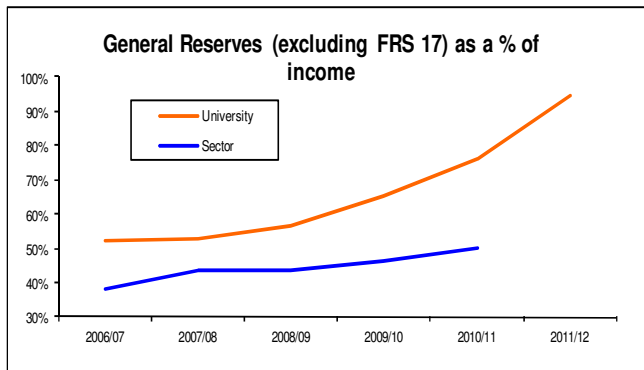
Comparative results (excluding the impact of FRS 17) for the last 5 years show the following trends:



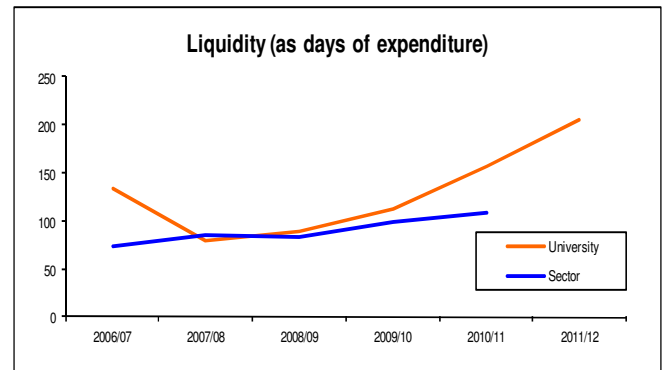
The University's surplus has been steadily increasing over the last 3 years and is higher than the sector average.



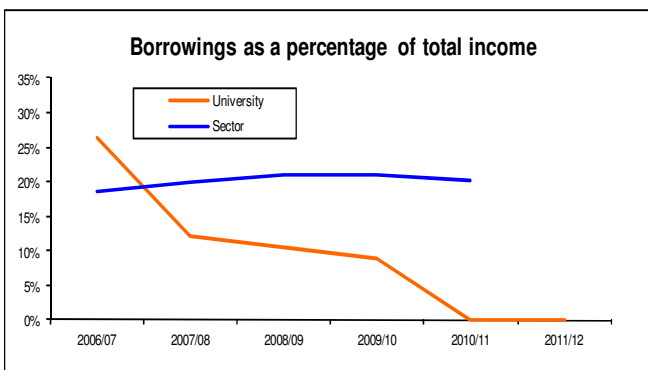
The University's core staffing cost as a % of income is now below the sector average.



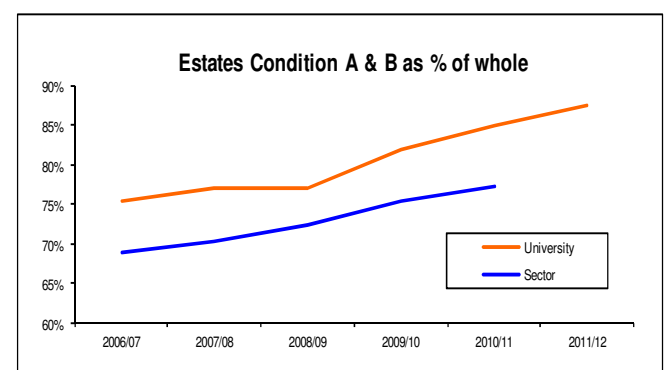
The University's reserves are well above the average for the sector.



The University generates sufficient cash to meet its strategic needs and its liquid reserves are higher than the sector average.



The University repaid its outstanding loans in April 2011.



88% of the University's estate is now classified as "new or sound", demonstrating our continuing commitment to maintain the best facilities for our students.

The University is financially strong and is generating sufficient cash to meet its strategic objectives.

**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

**Accounting Policies**

The principal accounting policies of the University have been applied consistently throughout the period since incorporation. Those which are critical to interpretation of the results relate to accounting for our share of the West Yorkshire Pension Fund assets and liabilities under FRS17 (see note 29); a revaluation of land and buildings every 5 years which took place in 2010 (see note 12); and the recognition of research grant and contract income which is included to the extent that the relevant project is completed.

**Results for the year**

The University's consolidated income, expenditure and result for the year to 31 July are summarised as follows:

	<u>2012</u> £'000	<u>2011</u> £'000
Income	139,575	139,026
Expenditure	(118,036)	(123,571)
Surplus after depreciation of assets at valuation, disposal of assets and before and after taxation	21,539	15,455
<b>Transfers from revaluation reserve</b>	<u>956</u>	<u>1,746</u>
<b>Historical cost surplus for the year</b>	<u><b>22,495</b></u>	<u><b>17,201</b></u>

The University is pleased to record a healthy operating surplus for the year at 15.4% of total income.

Total income increased by 0.39%. A fall in Funding Council income was offset by greater than anticipated tuition fee income from UK and EU Higher Education students and an increase in international student numbers.

Despite this growth and pressures on the University's cost base, core payroll costs reduced by £1.7m compared with last year. As a consequence, the underlying staff cost to income ratio reduced from 52.5% to 51.1%.

Operating expenses increased by only £2.06m. Many categories of expenditure showed a decrease from the previous year, with significant increases in only:

- Repairs, general and strategic maintenance, £1.89m; and
- External payments, £0.67m, which related to a significant overseas teaching contract in forensic science.

Significant balance sheet movements arose from:

- A net increase in cash balances of £15.0m arising from operating activities; and
- A net increase in pensions liabilities of £21.0m as a result of a significant fall in the discount rate used.

As a consequence of the change in government policy to replace teaching grants with higher tuition fees, our campuses in Oldham and Barnsley are no longer financially viable under our ownership. The University Campus Oldham was therefore transferred to The Oldham College on 31 July 2012 which will continue to deliver higher education programmes there, validated by the University. Subject to contract it is our intention to transfer the University Campus Barnsley to another provider by 31 July 2013. Provision has been made to reflect the disposal of Oldham and the impairment of Barnsley in these accounts.

**Capital Investment**

Over 86% of the total capital spend of £13.5m in the year was invested in the University's estate, with the remainder on educational equipment. Maintaining capital investment in the estate is critical to our recruitment of students, their experience whilst they are with us and the delivery of inspirational teaching and learning which is one of the University's key strategic objectives. That investment is funded through our own resources by retaining sufficient surpluses to generate the cash required.

**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

**Cash Flow**

The consolidated cashflow statement shows an increase in cash balances of £22.4m before capital expenditure (net of grants received) which was largely the result of cash generated from operating activities. Liquidity at the year end represented 107 days of expenditure, compared with a sector average of 109 for 2010/11.

The University has a target for generating sufficient cash to fund its estates and other strategic objectives which was achieved in 2011/12. Our strategy is to pay for estate developments out of current earnings and only to borrow when accelerating the estate strategy would contribute to the achievement of our overall strategic aims.

Our surplus cash is invested at low to medium risk and for capital growth rather than income.

**Financial Outlook and Liquidity**

The University's financial forecast for the period to 2015 demonstrates the sustainability of our strategy to retain sufficient surpluses to invest in improving the student experience; at the same time as maintaining liquidity and managing risks to our future financial strength. Over the past two years we have retained an additional contingency primarily by generating income growth without increasing costs, so that adverse economic conditions can be managed without endangering our underlying surplus. Key Financial Indicators are the level of operating surplus as a percentage of income and staff costs as a percentage of income, the control of which are key to delivering the cash for our strategic needs.

**Key Risks**

Our risk management processes continue to identify and manage the major strategic and financial risks to the University. These can be broadly categorised as follows:

- the cut in government funding for HE teaching following the 2010 Comprehensive Spending Review, our vulnerability to NHS income streams, and the new funding methodology for teaching;
- the competitive environment for the recruitment of home and EU undergraduate students following the requirement to raise our tuition fees in order to compensate for the withdrawal of government funding;
- our ability to recover the full economic cost of our key activities;
- pay and pension costs increasing at a faster pace than our income; and
- current economic difficulties and the impact they may have on individual spending behaviour and borrowing costs.

Our response to these risks has been:

- to create an economic contingency reserve by generating growth, particularly of international tuition fee income;
- to reduce our staff cost to income ratio by controlling expenditure in this area;
- robust scenario planning to consider the options available together with an agile decision-making environment;
- to set a tuition fee at a fair rate which reflects no premium on the funding we have lost through government cuts;
- to review and refresh our course portfolio; and
- the recruitment of world class research academics.

The University continues to be diligent in protecting its financial strength, but the economic climate and changes in government policy will create challenges in the years ahead. Our operating environment is forecast to change rapidly as a consequence of reductions in public funding and the increase in tuition fees. This is against a background of increased competition, particularly for international student recruitment and research funding; and less cash from industry and employer-funded tuition as a consequence of the recession. In the context of pay and pension pressures together with enhanced student expectations, this is a challenging environment for higher education.

**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

**Disclosure of Information to Auditors**

The Members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the University's auditors are unaware; and each Member has taken all the steps that he or she ought to have reasonably taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.

**Insurance for Officers**

During the year the University maintained liability insurance for the members of the University Council.

**Political and Charitable Contributions**

There were no political or charitable contributions during the year.

**Payment of Creditors**

The University is fully committed to the prompt payment of its suppliers' bills and supports the Confederation of British Industry's Prompt Payment Code. The University aims to pay bills in accordance with agreed contractual conditions or, where no such conditions exist, within 30 days of receipt of goods or services or the presentation of a valid notice, whichever is the later. Since December 2009 the University has complied with the Government's Prompt Payment Guidance for Public Sector Organisations.

**Going Concern**

The University has a reasonable expectation that there will be adequate resources to continue in operational existence for the foreseeable future. The Annual Accountability Return submitted to HEFCE in June 2012 demonstrates surpluses in each year to 2014/15, with strong and increasing cash balances despite incurring significant capital expenditure, and no debt requirement, based on a conservative set of assumptions for future income and expenditure.



**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

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 the revised UK Corporate Governance Code issued by the London Stock Exchange. The University complies with the guide for members of the Governing Bodies of Universities and Colleges in England and Wales which was issued by the Committee of University Chairmen in March 2009). Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Members of Council, the University complies with all the provisions of the UK Corporate Governance Code so far as they apply to the Higher Education Sector and it has complied throughout the year ended 31 July 2012.

**COUNCIL**

The members who served on the Council during the year are listed in the Table below:-

	Date of Appointment	Date of Retirement or End of Initial Term of Office	Committees Served
<b>External Members</b>			
Mr C J Brown	1 May 1996	31 July 2013	Chair of Council Employment & Finance Committee Estates Development Committee Chair of Governance & Membership Committee Honorary Awards Committee Chair of Remuneration Committee
Mr E L F Nicholls	1 April 1999	31 July 2012 (renewed)	Vice-Chair of Council Chair of Employment & Finance Committee Chair of Estates Development Committee Governance & Membership Committee Remuneration Committee
Mr M Fisher	30 March 2006	31 July 2012 (renewed)	Employment & Finance Committee
Mrs J Harris	16 November 2010	31 July 2013	
Mrs A Le Pla	1 August 2001	31 December 2011	
Dr I Roscoe	16 November 2010	31 July 2013	Honorary Awards Committee
Mr B Swan	18 October 2007	31 July 2013	Estates Development Committee Honorary Awards Committee
Mrs H Thomson	16 November 2011	31 July 2013	Audit Committee
Mr J Thornton	20 July 2006	31 July 2012 (renewed)	Audit Committee (Chair from 1 August 2012)
Mr M Woodhead	17 July 2003	31 July 2012	Chair of Audit Committee Governance & Membership Committee Honorary Awards Committee Remuneration Committee
<b>Co-opted Members</b>			
Professor P Slee	1 January 2010		Employment & Finance Committee Estates Development Committee Governance & Membership Committee
<b>Members Nominated by Senate (Teaching Staff)</b>			
Dr P Woodcock	22 October 2009	31 July 2012 (renewed)	
Mrs E Hunt	1 August 2010	31 July 2012	
<b>Members Nominated by Senate (Admin Staff)</b>			
Mrs S White	22 October 2009	31 July 2012	
<b>Student Member</b>			
Mr M Christie	4 July 2010	30 June 2012	
<b>Vice-Chancellor and Principal</b>			
Professor R A Cryan	1 January 2007		Chair of Honorary Awards Committee Employment & Finance Committee Estates Development Committee Governance & Membership Committee Remuneration Committee

**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to institutions of Higher Education which has been provided by the Committee of University Chairs in its Guide for Members of Governing Bodies in the UK.

The University is an independent corporation, established as a Higher Education Corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in the Instrument and Articles of Government which were adopted by the University Council on 20 December 1996. The current version of the Articles was approved by the Privy Council in their letter to the University of 4 November 1996. The Articles require the University to have a Council and a Senate each with clearly defined functions and responsibilities, to oversee and manage its activities.

The University Council is the governing body, responsible for the finance, property and staffing of the University. It is specifically required to determine the educational character and mission of the University and to set its general strategic direction.

The Council has a majority of external members, chosen in line with strict criteria contained in the legislation. It is customary for the Chair of the Council to be elected from the independent members. There is also provision for the appointment of co-opted members, some of whom may be members of the staff of the University and for representatives of the staff and of the student body. Members of the Council do not receive any remuneration for the work which they do for the Council.

Subject to the overall responsibility of the University Council, the Senate has responsibility for the academic affairs of the University and draws its membership entirely from the staff and the students of the University. It is particularly concerned with issues relating to the teaching and research work of the University.

The Chief Executive Officer is the Vice-Chancellor who has responsibility to the University Council for the organisation, direction and management of the University. Under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the designated officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

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

The Council 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.

Although the Council meets at least three times each year, much of its detailed work is initially handled by committees, in particular the Employment and Finance Committee, the Governance and Membership Committee, the Remuneration Committee and the Audit Committee. The decisions of these Committees are formally reported to the Council. A brief description of their responsibilities is set out below:

The Employment and Finance Committee ensures the effectiveness of employment matters and the governance of the finances of the University.

The Governance and Membership Committee makes recommendations for effective governance arrangements and the appointment of University Council and Committee members.

The Remuneration Committee's responsibilities are to review the process of the remuneration of the salaries of senior staff and to determine the salaries of the Vice-Chancellor and University Secretary.

**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

The Audit Committee meets four times a year with the University's external and internal auditors in attendance. It establishes and reviews procedures for auditing the University's activities. 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 plan. It provides oversight of the University's risk management procedures. It also receives and considers reports from the Funding Council as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. Once a year the Committee meets the internal and external auditors on their own for independent discussions.

A significant proportion of the membership of these committees consists of external and co-opted members of the Council, other than student and staff members, who are not eligible to serve on these committees, with the exception of staff members on the Governance and Membership Committee.

All Council members are able to take independent professional advice in furtherance of their duties at the University's expense. In accordance with the Articles of Government of the University, Council members have access to the University Secretary who acts as Clerk to the Council. He is responsible to the Council for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Secretary are matters for the University Council as a whole.

Formal agendas, papers and reports are supplied to Council members in a timely manner, prior to Council meetings. Briefings on a wide-range of topics are also provided on an ad-hoc basis.

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

There is a clear division of responsibility in that the roles of the Chairman and Vice-Chancellor are separate.

As Chief Executive, the Vice-Chancellor exercises considerable influence upon the development of University strategy, the identification and planning of new developments and the shaping of the University ethos. The Deputy Vice-Chancellor, the Pro Vice-Chancellors and the senior administrative and academic officers all contribute in various ways to this aspect of the work, but the ultimate responsibility for what is done rests with the Vice-Chancellor.

The University maintains a Register of Interests of members of the Council and the University's Senior Management Team which may be consulted by arrangement with the University Secretary. Full minutes of all meetings, except those deemed to be confidential by the University, are available from the University Secretary at The University of Huddersfield, Queensgate, Huddersfield, HD1 3DH.

## **INTERNAL CONTROL**

As the governing body of the University, the University Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible.

The system of internal control is designed to manage rather than to eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

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 2012 and up to the date of approval of the financial statements and accords with HEFCE guidance.

**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

The University's objectives, its internal organisation and the environment in which it operates are continually evolving and, as a result, the risks it faces are continually changing, although the current key risks (foremost of which are changes in government policy and the achievement of recruitment targets) are likely to remain the major causes of concern. The University's internal control systems (on finance, planning, resource management etc) have to enable managers to manage and appropriately to control the risks. However, if progress is to be made in an increasingly competitive environment, then the University cannot expect to be risk-free.

The University's internal control systems and their associated procedures are aimed at:

- safeguarding the University's assets, limiting its liabilities and ensuring the appropriate use of public funds;
- facilitating effective and efficient operation of the University by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the University's objectives;
- ensuring the quality of internal and external reporting. This requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the University (all of which are features of the approved University General Information Strategy); and
- ensuring compliance with applicable laws and regulations and also with internal policies with respect to the conduct of business.

The internal control system provides the framework in which the University operates. It includes:

- mechanisms for the control of activities;
- appropriate information and communication processes; and
- processes for monitoring the continuing effectiveness of the University's control of its activities.

The internal control system used to manage risk will continue:

- to be embedded within the operation of the University, forming an integral part of its culture. It should be viewed as a continuum, a constant checking of the radar for trouble ahead;
- to be capable of responding quickly to evolving risks to the University arising from factors within the University and to changes in the external environment;
- to include a reporting culture in which any failings or weaknesses in the control systems are reported to appropriate levels of management and corrective action duly taken - i.e. embedding a culture in which the second person to know about a failure is the line manager of the discoverer; and
- to be the ultimate responsibility of the Vice-Chancellor with operational responsibility devolved to the University's Senior Management Team.

As the governing body, Council has the responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- a) Council meets regularly to consider the plans and strategic direction of the University.
- b) Council receives feedback from the Audit Committee on matters of internal control considered and debated by the Audit Committee. Council is routinely informed and consulted on key business decisions, the risks associated with them and the proposed management approach. Systems have been established to report risk to Council more explicitly in the form of the corporate risk register and as part of the financial forecasts.
- c) Council has established the University's Senior Management Team as the University's risk committee, charged with reviewing and updating the corporate risk register. The Audit Committee provides oversight of the processes involved.
- d) The Audit Committee receives regular reports from the internal audit service, which includes its independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.

**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

- e) At a corporate level, risks are identified and discussed by the Senior Management Team, informed by formal and informal information flows between management, groups, committees and staff. The Senior Management Team reviews and where appropriate updates the corporate risk register. Guidance has been issued to Schools and Services which encourages their management teams to consider the key risks their areas face. The Senior Management Team explores and considers the risks identified by Schools and Services as part of the annual planning round.
- f) Risk awareness is raised through:
  - Risk being incorporated within the Management Development Programme and staff induction courses;
  - The planning and contextual documentation which is provided to Deans and Directors offering risk management guidance and being supplemented by discussions during the planning round; and
  - Deans and Directors discussing risk with their management teams during the planning round.
- g) Risks are linked to the key corporate objectives for which detailed key performance indicators have been derived.
- h) Risks have been prioritised on the basis of likelihood and impact. This assessment has been made both before and after considering the internal controls in place. The Senior Management Team has considered the risk priorities in order to distil the corporate risk register.
- i) An organisation-wide risk register is maintained. This is further informed by the risk registers completed by Schools and Services which are presented to Senior Management Team as part of the planning round.
- j) Council receives reports and updates on key risks and their management as part of routinely scheduled Council and Committee business.

The University Council's review of the effectiveness of the system of internal control is informed by the internal audit service, which operates to standards defined in the HEFCE Audit Code of Practice. The internal auditors submit regular reports which include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.

Council's review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The HEFCE Assurance Service makes an annual assessment of the relative risk attaching to each institution being either "at higher risk" or "not at higher risk". This is based upon any audit work they have done in the year and upon information supplied and returns made to comply with the Audit Code of Practice. On 30 September 2012 the Assurance Service concluded that the University is not at higher risk and is meeting its accountability obligations set out in the Financial Memorandum and Accountability and Audit Code of Practice.

The University Council has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Council 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 2012 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the University Council and that it accords with the internal control guidance for directors in the Combined Code as deemed appropriate for Higher Education.

## **STATEMENT OF RESPONSIBILITIES OF THE UNIVERSITY COUNCIL**

In accordance with the University's Articles of Government, the Council of the University is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

The University Council 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 of Government, the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions, guidance issued by the Higher Education Funding Council for England and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the University Council, the latter, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the University Council has to ensure 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, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

The University Council is also required to prepare an Operating and Financial Review which describes what it is trying to do and how it is going about it, including the legal and administrative status of the University. The University Council is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the University and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation and other relevant accounting standards.

The University Council has taken reasonable steps:

- to ensure that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them;
- to ensure that funds from the Higher Education Funding Council for England (HEFCE), the Teaching Agency (TA) and the Skills Funding Agency (SFA) are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with HEFCE and any other conditions which the HEFCE, TA or SFA may from time to time prescribe;
- to ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources and to ensure that they are used properly;
- to safeguard the assets of the Group and to prevent and detect fraud and other irregularities; and
- to secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal financial controls, 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 annual budgets;
- regular reviews of 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 capital expenditure being subject to formal detailed appraisal and review according to approval levels set by the University Council;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the University Council; and
- an independent Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the University Council and whose head provides the University Council 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.

**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF THE UNIVERSITY COUNCIL (continued)**

Any system of internal financial control can, however, only provide reasonable but not absolute assurance against material mis-statement or loss.

**AUDITORS**

A resolution to appoint Grant Thornton UK LLP as external auditor will be put to the University Council Meeting on 23 November 2012.

Mr C J Brown  
Chair  
23 November 2012

**THE UNIVERSITY OF HUDDERSFIELD**  
**INDEPENDENT AUDITOR'S REPORT**

**INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE UNIVERSITY OF HUDDERSFIELD**

We have audited the financial statements of the Group and University for the year ended 31 July 2012 which comprise the statement of principal accounting policies, the Group income and expenditure account, the Group statement of historical cost surpluses and deficits, the Group statement of total recognised gains and losses, the Group and University balance sheets, the Group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the governing body, in accordance with paragraph 13(2) of the University's articles of government and section 124B (3) of the Education and Reform Act 1988. Our audit work has been undertaken so that we might state to the University's Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and its members, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the governing body and auditor**

As explained more fully in the Statement of Responsibilities of the University Council set out on pages 19 and 21, the governing body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Education and Reform Act 1988 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

We also report to you whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respects, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Higher Education Funding Council for England ('the Funding Council'), the Training Agency for Schools and the Skills Funding Agency.

We read the report of the University's Council and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements. We are not required to consider whether the statement of internal control (included as part of the Corporate Governance Statement) covers all risks and controls, or to form an opinion on the effectiveness of the institution's corporate governance procedures or its risk and control procedures.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at:

[www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).



**THE UNIVERSITY OF HUDDERSFIELD**  
**INDEPENDENT AUDITOR'S REPORT (continued)**

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group and University's affairs as at 31 July 2012 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

**Opinion on other matters**

In all material respects:

- income from the funding council, the Training Agency for Schools and the Chief Executive of Skills Funding, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2012 have been applied for the purposes for which they were received; and
- income during the year ended 31 July 2012 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the funding council, the funding agreement with the Training Agency for Schools and the funding agreement with the Chief Executive of Skills Funding.

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds  
23 November 2012

## **THE UNIVERSITY OF HUDDERSFIELD** **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

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

### **Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting in Further and Higher Education 2007 and in accordance with UK GAAP. They conform to guidance published by the Higher Education Funding Council for England.

### **Basis of accounting**

The financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets and investments.

### **Going concern**

The University has a reasonable expectation that there will be adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

### **Basis of consolidation**

The consolidated financial statements consolidate the results of the University and its subsidiary undertakings as shown in Note 13. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS2 Accounting for Subsidiary Undertakings, the activities of the Students' Union have not been consolidated because the University does not control those activities. All financial statements are made up to 31 July 2012.

### **Recognition of income**

Income from specific Funding Council grants, specific endowments and donations for specific purposes, research grants, contracts and other services is accounted for on an accrual basis and recognised in the accounts when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

Non-recurrent grants from Funding Councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Tuition fees represent student fees received and receivable attributable to the current accounting period. Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for as gross expenditure and not deducted from income.

Income from investments is accrued up to the balance sheet date. Income from short term deposits is credited to the income and expenditure account in the period in which it is earned.

### **Maintenance of premises**

The University has a ten year rolling long-term maintenance plan, which forms the basis of the ongoing maintenance of the estate. The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred.

### **Foreign currency translation**

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 at year end rates and the resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

**THE UNIVERSITY OF HUDDERSFIELD**  
**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)**

**Pension schemes**

Retirement benefits for most employees of the University are provided by the Teachers' Pension Scheme (TPS) and the West Yorkshire Pension Fund (WYPF). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme.

The TPS is a multi-employer defined benefit scheme requiring the University to pay a contribution to central government reflecting benefits earned during the year. It has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers on a consistent and reasonable basis. Therefore it has been treated as though it is a defined contribution scheme. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

The assets of the WYPF are measured using closing market values. WYPF liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Further details of the pension schemes are given in Note 29.

In addition to the above schemes a small number of employees are part of the Universities' Superannuation Scheme. This scheme is a multi-employer scheme. It has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers on a consistent and reasonable basis. Therefore it has been treated as though it is a defined contribution scheme. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

**Enhanced pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the University annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the University's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the LSC.

**Tangible fixed assets**

a. Land and buildings

The University's land and buildings are stated at cost or valuation. The University adopts a revaluation policy in relation to freehold and long leasehold land and buildings. Increases in value are taken to the revaluation reserve except to the extent that they reverse revaluation losses on the same asset that were previously recognised in the income and expenditure account, in which case they are recognised in the income and expenditure account. Freehold and long leasehold land is not depreciated. Freehold and long leasehold buildings are depreciated over their expected useful economic lives to the University of 50 years for new build and 45 years for revalued buildings as at 31 July 2010. Short leasehold land is depreciated over the lives of leases.

The University's inherited assets from the local authority have been brought onto the balance sheet at valuation at the date of transfer with the corresponding credit taken to the revaluation reserve. The inherited assets and the related revaluation reserve have been adjusted by subsequent revaluations.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the acquisition/construction of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

**THE UNIVERSITY OF HUDDERSFIELD**  
**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)**

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

b. Equipment

Equipment costing less than £25,000 is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Computer equipment	Three Years
Motor vehicles	Four Years
General equipment	Seven Years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income and expenditure account over the expected useful economic life of the related equipment.

c. Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved;
- Asset capacity increases;
- Substantial improvement in the quality of output or reduction in operating costs; and
- Significant extension of the asset's life beyond that conferred by repairs and maintenance.

**Leased assets**

Costs in respect of operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

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

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

**Investments**

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Investments that form part of Endowment Assets are included in the balance sheet at market value.

Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

**Taxation**

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

**THE UNIVERSITY OF HUDDERSFIELD**  
**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)**

The University receives no similar exemption in respect of Value Added Tax and all non-recoverable Value Added Tax on purchases is included within the appropriate expenditure headings.

The University's subsidiary companies are subject to corporation tax and Value Added Tax in the same way as any commercial organisation.

**Liquid resources**

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

**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.

**Agency arrangements**

Funds the institution receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the institution where the institution is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

**Accounting for charitable donations**

a. Unrestricted donations

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

b. Endowment funds

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

1. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution.
2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets and the institution can convert the donated sum into income.
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

c. Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

**Cash flows and liquid resources**

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise assets held as readily disposable store of value. They include term deposits, government securities and loan stock held as part of the Institution's treasury management activities. They exclude any such assets held as endowment asset investments.

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**

**GROUP INCOME AND EXPENDITURE ACCOUNT**

		<u>Year Ended</u> <u>31 July 2012</u>	<u>Year Ended</u> <u>31 July 2011</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
<b>INCOME</b>			
Funding council income	1	53,595	61,793
Tuition fees and education contracts	2	69,827	64,258
Research grants and contracts	3	4,188	3,075
Other income	4	10,725	9,105
Endowment and investment income	5	1,240	795
		<hr/>	<hr/>
Total Income		139,575	139,026
<b>EXPENDITURE</b>			
Staff costs	6	71,255	72,955
Staff costs – restructuring	6	370	4,834
Other operating expenses	7	40,929	38,865
Depreciation	12	5,016	6,086
Interest and finance charges payable	8	466	831
		<hr/>	<hr/>
Total Expenditure	9	118,036	123,571
Surplus after depreciation of tangible fixed assets at valuation and disposal of assets but before taxation		21,539	15,455
Taxation	10	-	-
		<hr/>	<hr/>
Surplus for the year retained within general reserves	11	21,539	15,455
		<hr/> <hr/>	<hr/> <hr/>

The income and expenditure account for the year ended 31 July 2012 is in respect of continuing activities and retained within general reserves.

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**

**GROUP STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS**

	<u>Note</u>	<u>Year Ended</u> <u>31 July 2012</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2011</u> <u>£'000</u>
Surplus before and after taxation		21,539	15,455
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	23	956	1,746
<b>Historical cost surplus for the period before and after taxation</b>		<b>22,495</b>	<b>17,201</b>

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 31 July 2012**

	<u>Note</u>	<u>Year Ended</u> <u>31 July 2012</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2011</u> <u>£'000</u>
Surplus after depreciation of assets at valuation, disposal of assets and taxation		21,539	15,455
Actuarial (loss)/gain in respect of pension scheme	29	(19,583)	(1,963)
Movement on endowments	21	2,141	2
<b>Total recognised gains and losses relating to the year</b>		<b>4,097</b>	<b>13,494</b>

**RECONCILIATION OF MOVEMENTS ON RESERVES AND ENDOWMENTS**

	<u>2012</u> <u>£'000</u>	<u>2011</u> <u>£'000</u>
Opening reserves and endowments at 1 August	108,483	94,989
Total recognised gains and losses for the year	4,097	13,494
Closing reserves and endowments at 31 July	112,580	108,483

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**

**BALANCE SHEETS**

	Note	Group <u>2012</u> £'000	University <u>2012</u> £'000	Group <u>2011</u> £'000	University <u>2011</u> £'000
<b>FIXED ASSETS</b>					
Tangible assets	12	139,604	139,569	135,349	135,349
Investments	13	32	82	32	82
		<u>139,636</u>	<u>139,651</u>	<u>135,381</u>	<u>135,431</u>
<b>ENDOWMENT ASSETS</b>	14	<u>2,434</u>	<u>2,434</u>	<u>293</u>	<u>293</u>
<b>CURRENT ASSETS</b>					
Debtors	15	13,482	14,520	14,666	14,592
Investments	16	3,380	3,380	3,351	3,351
Cash at bank and in hand	17	59,987	58,162	47,094	45,415
<b>TOTAL CURRENT ASSETS</b>		<u>76,849</u>	<u>76,062</u>	<u>65,111</u>	<u>63,358</u>
<b>LESS: CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	18	<u>(22,017)</u>	<u>(20,876)</u>	<u>(27,781)</u>	<u>(25,892)</u>
<b>NET CURRENT ASSETS</b>		<u>54,832</u>	<u>55,186</u>	<u>37,330</u>	<u>37,466</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>196,902</u>	<u>197,271</u>	<u>173,004</u>	<u>173,190</u>
<b>LESS: PROVISIONS FOR LIABILITIES AND CHARGES</b>	19	<u>(301)</u>	<u>(301)</u>	<u>(309)</u>	<u>(309)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>196,601</u>	<u>196,970</u>	<u>172,695</u>	<u>172,881</u>
<b>PENSION LIABILITY</b>	29	<u>(58,463)</u>	<u>(58,463)</u>	<u>(37,503)</u>	<u>(37,503)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>138,138</u>	<u>138,507</u>	<u>135,192</u>	<u>135,378</u>
<b>DEFERRED CAPITAL GRANTS</b>					
	20	<u>25,558</u>	<u>25,558</u>	<u>26,709</u>	<u>26,709</u>
Expendable endowments		2,202	2,202	232	232
Permanent endowments		232	232	61	61
<b>TOTAL ENDOWMENTS</b>	21	<u>2,434</u>	<u>2,434</u>	<u>293</u>	<u>293</u>
<b>RESERVES</b>					
Income and expenditure account excluding pension reserve		129,504	129,873	105,632	105,818
Pension reserve	23	<u>(58,463)</u>	<u>(58,463)</u>	<u>(37,503)</u>	<u>(37,503)</u>
Income and expenditure account including pension reserve	23	71,041	71,410	68,129	68,315
Revaluation reserve	22	<u>39,105</u>	<u>39,105</u>	<u>40,061</u>	<u>40,061</u>
<b>TOTAL RESERVES</b>		<u>110,146</u>	<u>110,515</u>	<u>108,190</u>	<u>108,376</u>
<b>TOTAL FUNDS</b>		<u>138,138</u>	<u>138,507</u>	<u>135,192</u>	<u>135,378</u>

The financial statements on pages 24 to 52 were approved by the University Council on 23 November 2012 and were signed on its behalf by:

PROFESSOR R A CRYAN  
Vice-Chancellor

MR C J BROWN  
Chair



**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**

**GROUP CASH FLOW STATEMENT**

	<u>Note</u>	<u>Year Ended</u> <u>31 July</u> <u>2012</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July</u> <u>2011</u> <u>£'000</u>
Cash flow from operating activities	24	21,516	31,391
Returns on investments and servicing of finance	25	859	677
Capital expenditure and financial investment	26	(7,341)	(4,834)
Financing	27	-	(12,083)
		<hr/>	<hr/>
Increase in cash in the year	28	15,034	15,151
		<hr/> <hr/>	<hr/> <hr/>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	<u>Note</u>	<u>Year Ended</u> <u>31 July</u> <u>2012</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July</u> <u>2011</u> <u>£'000</u>
Increase in cash in the year	28	15,034	15,151
Cash inflow from liquid resources	28	29	2
Cash outflow from debt	28	-	12,083
		<hr/>	<hr/>
Movement in net funds in the year	28	15,063	27,236
Net funds at 1 August	28	50,738	23,502
		<hr/>	<hr/>
Net funds at 31 July	28	65,801	50,738
		<hr/> <hr/>	<hr/> <hr/>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. FUNDING COUNCIL INCOME**

	<u>Year Ended 31 July 2012</u>			<u>Year</u>
	<u>HEFCE</u>	<u>TDA</u>	<u>Total</u>	<u>Ended</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>31 July</u>
				<u>2011</u>
				<u>£'000</u>
Recurrent grant	50,346	814	51,160	54,325
Specific grants:				
HEIF Funding	713	-	713	2,117
Modernisation	-	-	-	960
Life Long Learning Networks	-	-	-	532
Aim Higher	122	-	122	625
Priority Subject	265	-	265	288
Strategic Development Fund	-	-	-	17
Widening Disabled Access	190	-	190	199
Postgraduate professional development	-	40	40	133
Other	13	223	236	504
Deferred capital grants released in the year:				
Equipment (Note 20)	434	-	434	1,545
Buildings (Note 20)	435	-	435	548
	<u>52,518</u>	<u>1,077</u>	<u>53,595</u>	<u>61,793</u>

**2. TUITION FEES AND EDUCATION CONTRACTS**

	<u>Year</u>	<u>Year</u>
	<u>Ended</u>	<u>Ended</u>
	<u>31 July</u>	<u>31 July</u>
	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
UK and EU Higher Education Students	41,199	37,716
Non-EU Students	13,113	10,736
Total fees paid by or on behalf of individual students	54,312	48,452
NHS Workforce Development Confederation Contracts	12,583	12,873
Short Course Fees	749	943
Registration and Examination Fees	35	27
Research Training Support Grant	101	89
Education contracts	2,047	1,874
	<u>69,827</u>	<u>64,258</u>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3. RESEARCH GRANTS AND CONTRACTS**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2012</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2011</u> <u>£'000</u>
Research councils	1,359	795
UK based charities	374	440
European commission	1,199	583
Other grants and contracts	1,226	1,227
Release from deferred capital grants (Note 20)	30	30
	<u>4,188</u>	<u>3,075</u>

**4. OTHER INCOME**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2012</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2011</u> <u>£'000</u>
Other grant income	1,719	2,147
Other income-generating activities	2,067	2,431
Forensic training	3,381	1,442
Catering and conferences	1,257	1,149
Release from deferred capital grants (Note 20)	278	277
Other income	2,023	1,659
	<u>10,725</u>	<u>9,105</u>

**5. ENDOWMENT AND INVESTMENT INCOME**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2012</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2011</u> <u>£'000</u>
Income from restricted expendable asset investments (Note 21)	3	3
Other interest receivable	1,237	792
	<u>1,240</u>	<u>795</u>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. STAFF COSTS**

Average number of persons employed by the Group

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2012</u> <u>Number</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2011</u> <u>Number</u>
Teaching departments	1,124	1,165
Teaching support services	193	196
Administration and central services	139	144
Premises	159	164
Other	49	50
	<u>1,664</u>	<u>1,719</u>

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2012</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2011</u> <u>£'000</u>
Staff costs for the above persons:		
Wages and salaries	57,309	59,295
Social security costs	4,683	4,700
Other pension costs (including FRS17 adjustments of £929,000 – 2012; £383,000 - 2011)	8,503	8,191
Pension enhancements	(8)	(5)
Payroll Sub Total	70,487	72,181
Contracted out Staffing Services	768	774
	<u>71,255</u>	<u>72,955</u>
Restructuring costs relating to a Voluntary Severance Scheme	370	4,834
	<u>71,625</u>	<u>77,789</u>

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2012</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2011</u> <u>£'000</u>
Emoluments of the Vice-Chancellor, Professor R A Cryan		
Salary	207	189
Benefits	-	-
Standard rated employer pension contributions	31	30
	<u>238</u>	<u>219</u>

No other benefits are payable.

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

Senior post-holder emoluments

The number of staff excluding the Vice-Chancellor who received emoluments, excluding pension contributions and benefits in kind in the following ranges was:-

	2012 Number	2011 Number
£100,000 - £109,999	3	3
£110,000 - £119,999	-	-
£120,000 - £129,999	-	-
£130,000 - £139,999	1	1
	<u>4</u>	<u>4</u>

**7. OTHER OPERATING EXPENSES**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2012</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2011</u> <u>£'000</u>
Consumables and other equipment	8,012	8,884
Student bursaries	4,524	4,255
Repairs and general maintenance	4,024	2,936
Student related expenses	2,800	2,672
Consultancy payments	3,160	2,491
Franchise centre payments	1,912	2,178
Heat, light, water and power	1,903	1,916
Transport	1,695	1,486
Books and periodicals	1,264	1,319
Grants to University of Huddersfield Students' Union	1,227	1,247
Publicity	1,327	1,087
Hired services	948	921
Subscriptions	991	881
Staff development	738	801
Other property costs	696	656
Bad debts provision	215	594
Rents	722	563
Professional charges	490	530
Catering and conferences	325	443
Telephones	301	387
Insurance	350	331
Examination and registration fees	274	277
Asset disposal costs	237	-
Strategic maintenance	1,004	200
Hire of plant and machinery - operating leases	114	160
Staff recruitment	171	87
Internal auditors remuneration	79	77
Recharged servicing costs	1	32
External auditors remuneration - Grant Thornton	45	41
External auditors remuneration in respect of grant audits and tax advice	20	15
Other expenses	1,360	1,398
	<u>40,929</u>	<u>38,865</u>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Council Members**

No Council Members have received any remuneration/waived payments from the University during the year (2010/11 – None).

The total expenses paid to or on behalf of 15 Council members was £659 (2010/11 - £493 to 16 Council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

**8. INTEREST AND FINANCE CHARGES PAYABLE**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2012</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2011</u>
	<u>£'000</u>	<u>£'000</u>
On bank loans, overdrafts and other loans:		
Repayable within five years not by instalments	-	-
Repayable within five years by instalments	-	-
Repayable wholly or partly in more than five years	-	255
	<hr/>	<hr/>
	-	255
Pension finance costs (Note 29)	448	558
Other	18	18
	<hr/>	<hr/>
	466	831
	<hr/>	<hr/>

**9. ANALYSIS OF EXPENDITURE BY ACTIVITY**

	<u>Staff</u> <u>Costs</u>	<u>Other</u> <u>Operating</u> <u>Expenses</u>	<u>Dep'n</u>	<u>Interest</u> <u>and</u> <u>Finance</u> <u>Charges</u> <u>Payable</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2012</u> <u>Total</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2011</u> <u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Academic departments	44,619	13,547	864	-	59,030	61,646
Academic services	8,761	6,060	224	-	15,045	16,577
Research grants and contracts	2,022	1,600	30	-	3,652	2,546
Catering and conferences	720	327	43	-	1,090	1,119
Premises	3,632	7,408	3,713	18	14,771	14,687
Administration and						
Central Services	9,344	6,643	23	-	16,010	16,398
Other expenses	2,157	5,344	119	448	8,068	5,764
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	71,255	40,929	5,016	466	117,666	118,737
Staff restructuring	370	-	-	-	370	4,834
Total per income and expenditure account	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	71,625	40,929	5,016	466	118,036	123,571
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**10. TAXATION**

	2012	2011
	£'000	£'000
United Kingdom corporation tax at 20%	-	-
Provision for deferred corporation tax in the accounts of the subsidiary company	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**11. SURPLUS FOR THE PERIOD**

	Year Ended 31 July 2012 £'000	Year Ended 31 July 2011 £'000
University's surplus before deed of covenant payments from subsidiaries	21,722	15,434
(Loss)/Profit in subsidiary undertakings	(183)	21
	<b>21,539</b>	<b>15,455</b>

**12. TANGIBLE FIXED ASSETS**  
**Group**

	Freehold land and buildings	Long leasehold land and buildings	Short leasehold land and buildings	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2011	135,590	1,204	44	11,818	148,656
Additions	10,803	880	-	1,827	13,510
Disposals	(4,300)	(425)	-	(549)	(5,274)
At 31 July 2012	142,093	1,659	44	13,096	156,892
<b>Depreciation</b>					
At 1 August 2011	4,323	434	19	8,531	13,307
Charge for year	2,845	26	1	1,247	4,119
Impairment write-down	897	-	-	-	897
Eliminated in Respect of Disposals	(87)	(425)	-	(523)	(1,035)
At 31 July 2012	7,978	35	20	9,255	17,288
<b>Net book value</b>					
<b>At 31 July 2012</b>	<b>134,115</b>	<b>1,624</b>	<b>24</b>	<b>3,841</b>	<b>139,604</b>
Net Book Value					
At 1 August 2011	131,267	770	25	3,287	135,349
Financed by capital grant	23,869	-	-	1,689	25,558
Other	110,246	1,624	24	2,152	114,046
	<b>134,115</b>	<b>1,624</b>	<b>24</b>	<b>3,841</b>	<b>139,604</b>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**University**

	Freehold land and buildings	Long leasehold land and buildings	Short leasehold land and buildings	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2011	135,590	1,204	44	11,818	148,656
Additions	10,803	880	-	1,786	13,469
Disposals	(4,300)	(425)	-	(549)	(5,274)
At 31 July 2012	142,093	1,659	44	13,055	156,851
<b>Depreciation</b>					
At 1 August 2011	4,323	434	19	8,531	13,307
Charge for year	2,845	26	1	1,241	4,113
Impairment write-down	897	-	-	-	897
Eliminated in Respect of Disposals	(87)	(425)	-	(523)	(1,035)
At 31 July 2012	7,978	35	20	9,249	17,282
<b>Net book value</b>					
<b>At 31 July 2012</b>	<b>134,115</b>	<b>1,624</b>	<b>24</b>	<b>3,806</b>	<b>139,569</b>
Net Book Value At 1 August 2011	131,267	770	25	3,287	135,349
Financed by capital grant	23,869	-	-	1,689	25,558
Other	110,246	1,624	24	2,117	114,011
	134,115	1,624	24	3,806	139,569

At 31 July 2012, freehold land and buildings included £5.3m (2011 - £6.4m) in respect of freehold land and is not depreciated.

Within tangible fixed assets at 31 July 2012 there were £7,061,339 (2011: £1,500,893) of assets under construction, which are not being depreciated.

The impairment write down is due to the planned consolidation of campus activity.

The freehold and long leasehold land and buildings of the Group and the University were revalued as at 31 July 2010 by GVA Grimley, Chartered Surveyors at depreciated replacement cost for existing use, open market value for existing use or open market value with vacant possession. This is in accordance with the RICS Appraisal and Valuation Manual.

Buildings with a cost or valuation of £76,557,966 and a net book value of £73,468,583 have been partially funded from Treasury sources. Should these particular buildings be sold, the University would either have to surrender all or part of the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the HEFCE.



**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**13. FIXED ASSET INVESTMENTS**

	<u>Group</u> <u>2012</u> <u>£'000</u>	<u>University</u> <u>2012</u> <u>£'000</u>	<u>Group</u> <u>2011</u> <u>£'000</u>	<u>University</u> <u>2011</u> <u>£'000</u>
Subsidiary companies	-	50	-	50
Participating interest	32	32	32	32
	<u>32</u>	<u>82</u>	<u>32</u>	<u>82</u>

Subsidiary Companies

At 31 July 2012 The University owned 100% of the issued share capital of The University of Huddersfield Enterprises Limited (UHEL), The University of Huddersfield Properties Limited (UHPL), Wetlands & Natural Resources Development Limited (WNRDL) and Huddersfield Enterprise and Innovation Centre Limited (HEICL), trading as 3M Buckley Innovation Centre. All the companies are registered in England and Wales and are included in the consolidated results. UHEL operates in the UK and its primary purpose is providing forensic training and consultancy. UHPL and WNRDL are dormant. HEICL has not yet generated any income.

Participating Interests

The University has a 25% interest in C & K Careers, a company limited by guarantee. This is not consolidated given that the University lacks significant influence over operating and financial policies.

The participating interest represents a minority shareholding in CVCP Properties plc, Yhman Limited and TDL Sensors Limited.

**14. ENDOWMENT ASSET**

	<u>2012</u> <u>£'000</u>	<u>2011</u> <u>£'000</u>
Balance at 1 August	293	291
Additions	2,139	-
Increase in cash balances held at fund managers	<u>2</u>	<u>2</u>
<b>Balance at 31 July</b>	<u>2,434</u>	<u>293</u>

**15. DEBTORS**

	<u>Group</u> <u>2012</u> <u>£'000</u>	<u>University</u> <u>2012</u> <u>£'000</u>	<u>Group</u> <u>2011</u> <u>£'000</u>	<u>University</u> <u>2011</u> <u>£'000</u>
Amounts falling due within one year:				
Debtors	2,441	2,220	2,714	2,533
Amounts owed by subsidiary undertakings	-	1,739	-	143
Prepayments and accrued income	11,041	10,561	11,952	11,916
	<u>13,482</u>	<u>14,520</u>	<u>14,666</u>	<u>14,592</u>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**16. INVESTMENTS**

	<b>Group</b>	<b>University</b>
	<u>2012</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Deposits maturing: In one year or less	3,380	3,351

Deposits are held with investment managers, HSBC and Deutsche Bank, with more than 24 hours maturity at the balance sheet date.

**17. CASH AT BANK AND IN HAND**

Cash balances are made up as follows:

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Current and investment accounts	59,987	58,162	47,094	45,415

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Payments received in advance	10,951	10,563	9,725	7,862
Trade creditors	1,812	1,492	3,466	3,460
Other taxation and social security	164	108	117	117
Accruals and deferred income	9,076	8,699	14,443	14,423
Other creditors	14	14	30	30
	<u>22,017</u>	<u>20,876</u>	<u>27,781</u>	<u>25,892</u>

**19. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Enhanced Pensions</b>	<b>Total</b>
	<u>£'000</u>	<u>£'000</u>
At 1 August 2011	309	313
Transferred from income and expenditure account	(8)	(4)
At 31 July 2012	<u>301</u>	<u>309</u>

The enhanced pensions provision is in respect of enhanced pensions payable to staff who accepted early retirement prior to 1994. The principal assumptions for this calculation are:-

	<u>2012</u>	<u>2011</u>
Price inflation	3.1%	3.7%
Discount rate	4.1%	5.3%

Payments made to the employees as a result of early retirement have been measured and provided in full in accordance with FRS 17 because the benefits are not given in exchange for services rendered by employees.

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**20. DEFERRED CAPITAL GRANTS**

	<u>HEFCE</u>	<u>Other</u>	<u>Total</u>
	<u>£'000</u>	<u>Grants</u>	<u>£'000</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>At 1 August 2011</b>			
Land and buildings	22,099	2,228	24,327
Equipment	1,118	1,264	2,382
	<u>23,217</u>	<u>3,492</u>	<u>26,709</u>
Cash received			
Land and buildings	-	4,028	4,028
Released to income and expenditure account			
Land and buildings (Notes 1, 3 and 4)	(435)	(49)	(484)
Equipment (Notes 1, 3 and 4)	(434)	(259)	(693)
	<u>(869)</u>	<u>(308)</u>	<u>(1,177)</u>
Accelerated Write down			
Land and buildings (Impairment and disposal)	(4,002)	-	(4,002)
	<u>18,346</u>	<u>7,212</u>	<u>25,558</u>
<b>At 31 July 2012</b>			
Land and buildings	17,662	6,207	23,869
Equipment	684	1,005	1,689
	<u>18,346</u>	<u>7,212</u>	<u>25,558</u>
Total	<u>18,346</u>	<u>7,212</u>	<u>25,558</u>

**21. SPECIFIC ENDOWMENTS**

	<u>Restricted</u>	<u>Restricted</u>	<u>2012</u>	<u>2011</u>
	<u>Permanent</u>	<u>Expendable</u>	<u>Total</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Capital	53	232	285	283
Accumulated income	8	-	8	8
	<u>61</u>	<u>232</u>	<u>293</u>	<u>291</u>
New endowments	2,138	-	2,138	-
New endowments non capital	-	1	1	4
Investment income	3	2	5	1
Expenditure non capital	-	(3)	(3)	(3)
	<u>2,141</u>	<u>-</u>	<u>2,141</u>	<u>2</u>
<b>At 31 July 2012</b>	<u>2,202</u>	<u>232</u>	<u>2,434</u>	<u>293</u>
<b>Represented by:</b>				
Capital	2,191	232	2,423	285
Accumulated income	11	-	11	8
	<u>2,202</u>	<u>232</u>	<u>2,434</u>	<u>293</u>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**22. REVALUATION RESERVE**

	<u>2012</u> <u>£'000</u>	<u>2011</u> <u>£'000</u>
<b>At 1 August</b>	40,061	41,807
Transfer from revaluation reserve to general reserve in respect of:		
Impairment	(189)	(904)
Realised gain on disposal	(73)	(145)
Difference between historic cost depreciation and the actual charge on the revalued amount	(694)	(697)
	<hr/>	<hr/>
<b>At 31 July</b>	<u>39,105</u>	<u>40,061</u>

**23. MOVEMENT ON GENERAL RESERVES**

	<b>Group</b> <u>2012</u> <u>£'000</u>	<b>University</b> <u>2012</u> <u>£'000</u>	<b>Group</b> <u>2011</u> <u>£'000</u>	<b>University</b> <u>2011</u> <u>£'000</u>
<b>Income and Expenditure Account Reserve</b>				
At 1 August	68,129	68,315	52,891	53,098
Surplus retained for the year	21,539	21,722	15,455	15,434
Transfer from revaluation reserve	956	956	1,746	1,746
Actuarial loss in respect of pension scheme	(19,583)	(19,583)	(1,963)	(1,963)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July</b>	<u>71,041</u>	<u>71,410</u>	<u>68,129</u>	<u>68,315</u>
Balance represented by:				
Pension reserve	(58,463)	(58,463)	(37,503)	(37,503)
Income and expenditure account reserve excluding pension reserve	129,504	129,873	105,632	105,818
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July</b>	<u>71,041</u>	<u>71,410</u>	<u>68,129</u>	<u>68,315</u>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**24. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2012</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Surplus after depreciation of assets at valuation	21,539	15,455
Depreciation and impairment	5,016	6,086
Disposal of property	237	-
Deferred capital grants released to income (Notes 1, 3 & 4)	(1,177)	(2,400)
FRS17 Pension staff costs less contributions payable (Notes 6 & 29)	929	383
FRS17 Pension finance costs/(income) (Notes 8 & 29)	448	558
Interest payable (Note 8)	18	273
Interest receivable (Note 5)	(1,237)	(792)
Decrease in debtors	1,543	816
(Decrease)/Increase in creditors	(5,763)	11,018
(Decrease) in provisions	(8)	(4)
(Increase) in current asset investments	(29)	(2)
<b>Net cash inflow from operating activities</b>	<b>21,516</b>	<b>31,391</b>

**25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2012</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Income from endowments	3	3
Other interest received	874	1,008
Interest paid	(18)	(334)
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>859</b>	<b>677</b>

**26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2012</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2011</u>
	<u>£'000</u>	<u>£'000</u>
Purchase of tangible fixed assets	(13,510)	(6,816)
Donated asset	-	648
Deferred capital grants received	4,028	1,332
Endowments received	2,141	2
<b>Net cash (outflow) from capital expenditure and financial investment</b>	<b>(7,341)</b>	<b>(4,834)</b>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**27. FINANCING**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2012</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2011</u> <u>£'000</u>
Additions to new and existing loans	-	-
Repayment of amounts borrowed	-	(12,083)
Net cash outflow from financing	-	(12,083)

**28. ANALYSIS OF CHANGES IN NET FUNDS/DEBT**

	<u>At 1 August 2011</u> <u>£'000</u>	<u>Cashflows</u> <u>£'000</u>	<u>Other</u> <u>Changes</u> <u>£'000</u>	<u>At 31 July 2012</u> <u>£'000</u>
Cash in hand and at bank	47,094	12,893	-	59,987
Endowment asset investments	293	2,141	-	2,434
	47,387	15,034	-	62,421
Current asset investments	3,351	-	29	3,380
	50,738	15,034	29	65,801

**29. PENSION AND SIMILAR OBLIGATIONS**

The University's employees belong to three principal pension schemes: the Teachers' Pension Scheme, the Universities Superannuation Scheme and the West Yorkshire Pension Fund. The total pension cost for the year was £8,503,000 (2011 : £8,191,000).

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Teachers' Pension Scheme (TPS)**

The TPS is an unfunded defined benefit scheme. Contributions made on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purpose of determining contribution rates.

The pension cost is assessed periodically in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are:

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective benefits
Investment return per annum	6.5%
Salary scale increases per annum	5.0%
Notional value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teacher's Pension (Employers' Supplementary contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions.

For the period from 1 August 2011 to 31 July 2012 the contribution rates were 14.1% for employers and 6.4% for employees. The pensions' charge recorded by the University during the accounting period was equal to the contributions payable, taking into account benefit improvements subsequent to the valuation and the spreading of surplus over future service lives of employees. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

**FRS 17**

The TPS is a multi-employer scheme where the share of assets and liabilities applicable to each employer is not identified. The University will therefore account for its pension costs on a defined contribution basis as permitted by FRS 17.

**Universities Superannuation Scheme (USS)**

The USS is a funded defined benefit scheme. Contributions are held in a separate trustee administered fund. The scheme benefits for new entrants, other than in specific, limited circumstances, are now provided on a Career Revalued Benefits basis rather than a Final Salary basis. This change has created two sections of the scheme, the Final Salary section (generally for those who joined the scheme before 1 October 2011) and the Career Revalued Benefits section for new entrants after 1 October 2011.

The assumptions and other data that have the most significant effect on the determination of the contribution levels are:

Latest actuarial valuation	31 March 2011
Actuarial method	Projected unit
Investment return per annum - past service	6.1%
- future service	6.1%
Salary scale increases per annum	4.4% p.a. plus short-term GPG at 3.65% p.a.

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

Pension increases per annum	3.4% p.a. for the 3 years following the valuation then 2.6% p.a. thereafter
Notional value of assets at last date of valuation	£32.4 billion
Proportion of members' accrued benefits covered by the notional value of the assets	92%

The contributions payable by the University during the accounting period were equal to 16% of total pensionable salaries. The pensions charge recorded by the University during the accounting period was equal to the contributions payable, taking into account benefit improvements subsequent to the valuation and the spreading of surplus/(deficit) over future service lives of employees.

**FRS 17**

The USS is a multi-employer scheme where the share of assets and liabilities applicable to each employer is not identified. The University will therefore account for its pension costs on a defined contribution basis as permitted by FRS 17.

**West Yorkshire Pension Fund (WYPF)**

The WYPF is a funded defined benefit pension scheme with the assets held in separate trustee administered funds. The total contribution for the year ended 31 July 2012 was £5,426,100 of which employer's contributions totalled £3,901,500 and employees' contributions totalled £1,524,600. The latest agreed contribution rates for future years are 13.0% for the employer plus an additional 'shortfall' contribution payable annually and banded contributions of 5.5% to 7.5% for employees. The estimate for the employer's contributions for the year ending 31 July 2013 is £4,600,000.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2012	At 31 July 2011
Retiring today		
Males	22.0	21.9
Females	24.1	24.0
Retiring in 20 years		
Males	23.8	23.7
Females	26.1	26.0

**FRS 17**

This information is based upon a full actuarial valuation of the Fund at 31 March 2011 updated to 31 July 2012 by a qualified independent actuary.

	<u>Year Ended</u> <u>31 July 2012</u>	<u>Year Ended</u> <u>31 July 2011</u>	<u>Year Ended</u> <u>31 July 2010</u>
<b>Actuarial assumptions</b>			
Rate of inflation (RPI)	3.1%	3.7%	3.5%
Rate of increase in salaries	4.6%	5.2%	5.3%
Rate of increase for pensions	2.1%	2.8%	2.8%
Discount rate for liabilities	4.1%	5.3%	5.4%
Rate of inflation (CPI)	2.1%	2.8%	2.8%



**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

The assets in the scheme (of which the University's share is estimated at 0.87%) and the expected rates of return were:

	<u>2012</u>	<u>Value at</u>	<u>2011</u>	<u>Value at</u>	<u>2010</u>	<u>Value at</u>
	<u>Long term</u>	<u>31 July</u>	<u>Long term</u>	<u>31 July</u>	<u>Long term</u>	<u>31 July</u>
	<u>rate of</u>	<u>2012</u>	<u>rate of</u>	<u>2011</u>	<u>rate of</u>	<u>2010</u>
	<u>return</u>	<u>£m</u>	<u>return</u>	<u>£m</u>	<u>return</u>	<u>£m</u>
	<u>expected at</u>		<u>expected at</u>		<u>expected at</u>	
	<u>31 July</u>		<u>31 July</u>		<u>31 July</u>	
	<u>2012</u>		<u>2011</u>		<u>2010</u>	
Equities	7.5%	5,944	7.9%	6,349	8.2%	5,107
Government Bonds	2.5%	306	3.9%	313	4.2%	964
Other Bonds	3.2%	1,131	4.7%	1,008	4.9%	285
Property	7.0%	485	7.4%	347	7.7%	285
Cash	1.4%	238	1.5%	182	1.4%	183
Other	7.5%	<u>400</u>	7.9%	<u>486</u>	8.2%	<u>482</u>
Total market value of assets		<u>8,504</u>		<u>8,685</u>		<u>7,306</u>

	<u>Year Ended</u>	<u>Year Ended</u>	<u>Year Ended</u>
	<u>31 July 2012</u>	<u>31 July 2011</u>	<u>31 July 2010</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
University's estimated asset share	90,975	89,084	77,176
Present value of scheme liabilities	(149,438)	(126,587)	(111,775)
Deficit in scheme	<u>(58,463)</u>	<u>(37,503)</u>	<u>(34,599)</u>

	<u>Year Ended</u>	<u>Year Ended</u>
	<u>31 July 2012</u>	<u>31 July 2011</u>
	<u>£'000</u>	<u>£'000</u>
<b>Analysis of the amount charged to the income and expenditure account:</b>		
Employer service cost (net of employer contributions)	(310)	(351)
Past service (cost)	(619)	(32)
<b>Total operating charge</b>	<u>(929)</u>	<u>(383)</u>

	<u>Year Ended</u>	<u>Year Ended</u>
	<u>31 July 2012</u>	<u>31 July 2011</u>
	<u>£'000</u>	<u>£'000</u>
<b>Analysis of pension finance (costs)/income:</b>		
Expected return on pension scheme assets	6,296	5,659
Interest on pension liabilities	(6,744)	(6,217)
<b>Pension finance costs</b>	<u>(448)</u>	<u>(558)</u>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

	<u>Year Ended</u> <u>31 July 2012</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2011</u> <u>£'000</u>
<b>Amount recognised in the statement of total recognised gains and losses (STRGL):</b>		
Actual return less expected return on pension scheme assets	(4,820)	4,061
Experience gains and losses arising on the scheme liabilities	(14,763)	(6,024)
Change in financial and demographic assumptions underlying the scheme liabilities	-	-
	<hr/>	<hr/>
<b>Actuarial (loss)/gain recognised in STRGL</b>	<b>(19,583)</b>	<b>(1,963)</b>

	<u>Year Ended</u> <u>31 July 2012</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2011</u> <u>£'000</u>
<b>Movement in deficit in the year:</b>		
Deficit in scheme at 1 August	(37,503)	(34,599)
Movement in year:		
Current service cost	(4,212)	(3,561)
Employer contributions	3,902	3,210
Past service/curtailment (cost)	(619)	(32)
Net (loss)/return on assets	(448)	(558)
Actuarial (loss)	(19,583)	(1,963)
	<hr/>	<hr/>
<b>Deficit in scheme at 31 July</b>	<b>(58,463)</b>	<b>(37,503)</b>

**Asset and Liability Reconciliation**

**Reconciliation of Liabilities**

	<u>2012</u> <u>£'000</u>	<u>2011</u> <u>£'000</u>
<b>Liabilities at start of period</b>	<b>126,587</b>	<b>111,775</b>
Service cost	4,212	3,561
Interest cost	6,744	6,217
Employee contributions	1,525	1,583
Actuarial loss	14,763	6,024
Benefits paid	(2,542)	(1,763)
Retirement lump sum paid	(2,470)	(842)
Past Service cost	619	32
	<hr/>	<hr/>
<b>Liabilities at end of period</b>	<b>149,438</b>	<b>126,587</b>

**Reconciliation of Assets**

	<u>2012</u> <u>£'000</u>	<u>2011</u> <u>£'000</u>
<b>Assets at start of period</b>	<b>89,084</b>	<b>77,176</b>
Expected return on assets	6,296	5,659
Actuarial gain/(loss)	(4,820)	4,061
Employer contributions	3,902	3,210
Employee contributions	1,525	1,583
Benefits paid	(5,012)	(2,605)
	<hr/>	<hr/>
<b>Assets at end of period</b>	<b>90,975</b>	<b>89,084</b>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**History of experience gains and losses**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Difference between the expected and actual return on assets:					
Amount £000	(4,820)	4,061	5,391	(7,648)	(7,564)
% of scheme assets	5	5	7	12	12
Experience gains and losses on scheme liabilities:					
Amount £000	(14,763)	(6,024)	(11,671)	14,781	(14,978)
% of scheme liabilities	10	5	10	15	14
Total amount recognised in STRGL:					
Amount £000	(19,583)	(1,963)	2,446	7,133	(22,703)
% of scheme liabilities	13	2	2	7	22

**Total pension cost for the Group**

	<u>Year Ended</u> <u>31 July 2012</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2011</u> <u>£'000</u>
Contributions to TPS	3,805	4,094
Contributions to WYPF	4,212	3,695
Contributions to USS	486	402
Total pension cost (Note 6)	<u>8,503</u>	<u>8,191</u>

**30. POST BALANCE SHEET EVENTS**

There have been no post balance sheet events.

**31. CAPITAL COMMITMENTS**

**Group and University**

	<u>2012</u> <u>£'000</u>	<u>2011</u> <u>£'000</u>
Commitments contracted for at 31 July	-	5,719
Authorised but not contracted by 31 July	23,100	-

**32. FINANCIAL COMMITMENTS**

**Group and University**

At 31 July the University had annual commitments under non-cancellable operating leases as follows:-

	<u>2012</u> <u>£'000</u>	<u>2011</u> <u>£'000</u>
Amounts expiring within one year	15	28
Amounts expiring between one and two years	8	2
Amounts expiring between two and five years	4	-
	<u>27</u>	<u>30</u>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**33. RELATED PARTY TRANSACTIONS**

The Group has taken the FRS 8 exemption not to disclose transactions with other group organisations where the wholly owned companies are fully consolidated within the group accounts.

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

	<u>Sales</u> <u>2012</u> <u>£'000</u>	<u>Purchases</u> <u>2012</u> <u>£'000</u>	<u>Sales</u> <u>2011</u> <u>£'000</u>	<u>Purchases</u> <u>2011</u> <u>£'000</u>
Huddersfield University Students Union	398	1,234	404	1,055
Nationwide Children's Research Centre	71	66	77	32
Yorkshire Universities	-	24	-	15
Huddersfield Town Centre Partnership Ltd	-	-	-	1
	<hr/>	<hr/>	<hr/>	<hr/>
	469	1,324	481	1,103

**34. CONTINGENT LIABILITIES**

**UNIAC**

The University Internal Audit Consortium (UNIAC) is the body appointed by the University Council on the recommendation of the Audit Committee to act as the University's internal auditors. UNIAC is a consortium made up of Huddersfield and several other universities, where all members are jointly and severally liable.

**Joint and Several Guarantee to the West Yorkshire Pension Fund**

A joint and several guarantee was given in November 2001 to admit the staff of the Open College Network West & North Yorkshire (OCNWNKY) into the West Yorkshire Pension Fund. In June 2006 the OCNWNKY merged with the Open College South Yorkshire and Humberside and is now called the Open College Network Yorkshire and Humber Region. The joint guarantors are the Universities of Huddersfield, Bradford, Leeds Metropolitan and Bradford College.

**35. ACCESS FUNDS**

	<u>31 July 2012</u> <u>£'000</u>	<u>31 July 2011</u> <u>£'000</u>
Balance at 1 August	25	15
HEFCE grants	550	595
Interest earned	1	1
	<hr/>	<hr/>
	576	611
Disbursed to students	<hr/> (567)	<hr/> (586)
Balance unspent at 31 July	<hr/> <hr/> 9	<hr/> <hr/> 25

**THE UNIVERSITY OF HUDDERSFIELD**

**For the Year ended 31 July 2012**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

HEFCE grants are available solely for students: the University acts only as paying agent. The grant and related disbursements are therefore excluded from the income and expenditure account.

**36. TRAINING BURSARIES**

	<u>Year Ended</u> <u>31 July 2012</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2011</u> <u>£'000</u>
HEFCE, Teacher Training Agency and Yorkshire Forward grants	375	1,962
Disbursed to students	<u>(375)</u>	<u>(1,962)</u>
	<u>-</u>	<u>-</u>

HEFCE, Teacher Training Agency and Yorkshire Forward training grants are available solely for students: the University acts only as paying agent. The grant and related disbursements are therefore excluded from the income and expenditure account.

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2012**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**37. AGENCY ARRANGEMENTS**

The University receives and disburses funds as an accountable body on behalf of the European Commission and HEFCE.

	<u>Year Ended</u> <u>31 July 2012</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2011</u> <u>£'000</u>
HEFCE - Aim Higher	298	2,876
Disbursed to the University	-	(184)
Disbursed to partners	(298)	(2,692)
	<hr/> -	<hr/> -
HEFCE - West Yorkshire Lifelong Learning Network	51	1,602
Disbursed to the University	-	(266)
Disbursed to partners	(51)	(1,336)
	<hr/> -	<hr/> -
European Commission - Non Timber Forest Products – Phase 2	542	220
Disbursed to partners	(542)	(220)
	<hr/> -	<hr/> -
European Commission – Children of Prisoners, Interventions and Mitigations to Strengthen Mental Health	415	501
Disbursed to partners	(415)	(501)
	<hr/> -	<hr/> -
Yorkshire Forward - Graduate Entrepreneurship	-	17
Disbursed to partners	-	(17)
	<hr/> -	<hr/> -
European Commission - Coffee Consortium	176	130
Disbursed to partners	(176)	(130)
	<hr/> -	<hr/> -
European Commission - NanoClear	2,665	-
Disbursed to the University	(357)	-
Disbursed to partners	(2,308)	-
	<hr/> -	<hr/> -
EPSRC - C14 and Irradiated Graphite	56	-
Disbursed to partners	(56)	-
	<hr/> -	<hr/> -
ERDF - Graduate Entrepreneurship	197	-
Disbursed to partners	(197)	-
	<hr/> -	<hr/> -