

**THE UNIVERSITY OF HUDDERSFIELD**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2009**



**THE UNIVERSITY OF HUDDERSFIELD**  
**FINANCIAL STATEMENTS**  
**For the year ended 31 July 2009**

**PROFESSIONAL ADVISORS**

Financial statements and regularity auditors:

KPMG LLP  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

Internal auditors:

UNIAC  
Suite 1D  
Armstrong House  
Oxford Road  
Manchester  
M1 7ED

Bankers:

Lloyds TSB Group plc  
1 Westgate  
Huddersfield  
HD1 2DN

Solicitors:

Pinsent Masons  
1 Park Row  
Leeds  
LS1 5AB

# **THE UNIVERSITY OF HUDDERSFIELD** **REPORT OF UNIVERSITY COUNCIL**

## **OPERATING AND FINANCIAL REVIEW**

The Council of the University of Huddersfield hereby submits its nineteenth annual report together with the audited financial statements for the year ended 31 July 2009. 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.

## **CONSTITUTION AND POWERS**

The Polytechnic of Huddersfield was incorporated as a Higher Education Corporation on 21 November 1988 as a result of the Education Reform Act 1988. The Education Reform Act also granted the Polytechnic the status of an exempt charity under the Charities Act 1960.

The Education Reform Act lays down the powers and duties of the Corporation as being the provision of education, training and research, together with associated activities.

The Further and Higher Education Act 1992 enabled the Polytechnic to become a University and on 16 June 1992 the Privy Council gave its consent to the new name of the Corporation, The University of Huddersfield.

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

## **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.

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.

## **KEY ENABLERS**

We shall achieve our aims through valuing and developing our staff, financial sustainability and improving our effectiveness. We shall monitor our progress against a basket of Key Performance Indicators.

## **ACHIEVEMENT OF OBJECTIVES**

Our achievement of these strategic aims is measured against a number of KPIs which are underpinned by specific targets.

Key achievements in 2008/09 were as follows;

- recruitment of full time and part time Home and EU undergraduate students was to target;
- international student fees have increased by £506k;
- recruitment of research postgraduate students was up by 31% full time and 75% part time on 2007/08;
- in the 2009 National Student Survey we recorded an overall satisfaction rate of 79% which was up by 2% on 2007/08. We were placed in the top 5 nationally in 4 subjects – Nursing (dipHE), Other Subjects Allied to Medicine, Building and Initial Teacher Training;
- financial sustainability was maintained; and
- the volume of estate rated as being in condition A or B increased to 82%.

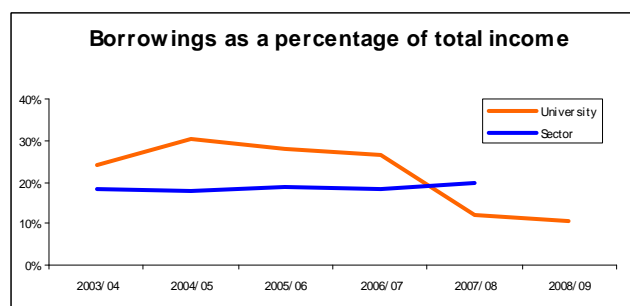
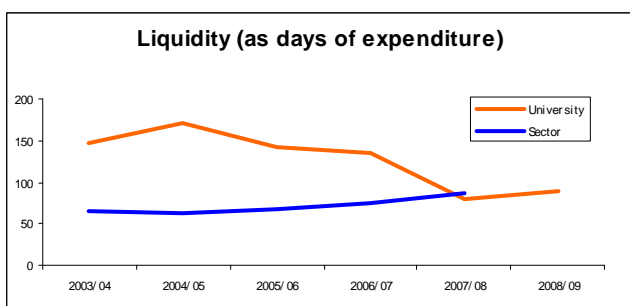
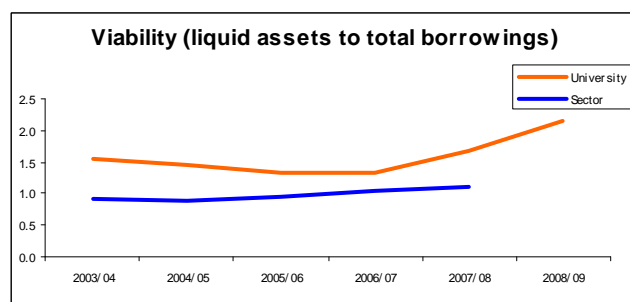
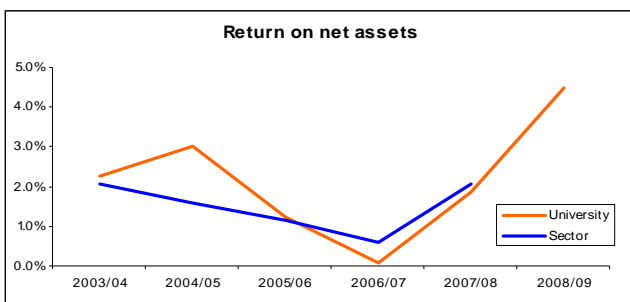
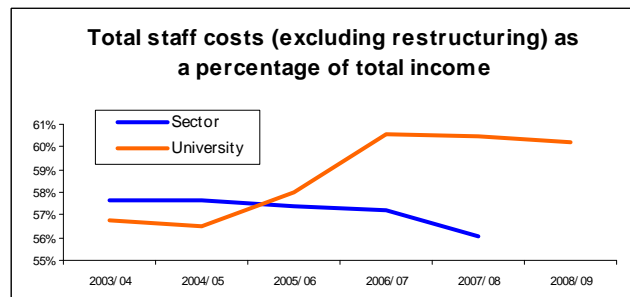
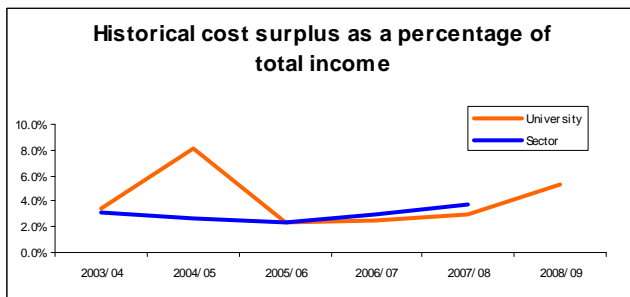
Key priorities for improving our performance are as follows:

- the appointment of a new Director of International Strategy has led to a reorganisation of the International Office and a new strategic plan for this area;
- the appointment of a new PVC for Research and Enterprise has led to a restructuring of the Research and Enterprise Office and a target of recruiting 20 world class Research Professors;
- the development of specific targets for research capability, overseas and postgraduate student recruitment; and
- a thorough analysis of our brand position using outside consultants.

**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 median figures for the sector. The University's aim is to be better than the median against each indicator when these statistics are published.

Comparative results for the last 5 years show the following trends:



The University's performance continues to be better than the sector average in most areas. Only one area gives cause for concern which is total staff costs as a percentage of income. Three years ago the University made a deliberate policy of investing the increased income from higher tuition fees into additional staff numbers. In addition, the FRS 17 charge had a significant impact on staff costs for 2008/09, contributing £3,391k or 2.78% of income. Not all universities are subject to this charge to the same extent.

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

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

**ACCOUNTING POLICIES**

The principal accounting policies of the University have been applied consistently throughout the period since incorporation.

**RESULTS FOR THE YEAR**

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

	<u>2009</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>
Income	121,839	111,764
Expenditure	<u>(116,177)</u>	<u>(109,577)</u>
Surplus after depreciation of assets at valuation, disposal of assets and before and after taxation	5,662	2,187
Transfers from revaluation reserve	<u>719</u>	<u>1,116</u>
<b>Historical cost surplus for the year</b>	<b><u><u>6,381</u></u></b>	<b><u><u>3,303</u></u></b>

The University is pleased to record a healthy operating surplus for the year.

Total student numbers increased from 20,602 to 21,588; the full time equivalent increased from 15,798 to 15,892.

Total income increased by 9.0% to £122m with growth in most areas including 6.2% in funding council income and 14.7% in tuition fees.

Total expenditure increased by 6.0% to £116m. This included an increase of 7.7% in payroll costs; and staffing expenditure as a percentage of total income reduced slightly to 60.2% (2008 : 61.0%). Other operating expenses increased by 3.8% due largely to an increase in student bursaries.

The University was hit particularly hard with a charge of £3.4m for the FRS 17 adjustment to pension costs.

The underlying historical surplus prior to the FRS 17 charge for pension costs was £9.8m or 8.0% of total income (2008 : £5.1m or 4.6%).

**Capital Investment**

Over 88% of the total capital spend of £10.1m in the year was invested in the University's estate, principally into the new Business School and the University Centre Oldham. 82% of the estate is now classified as "new or sound" compared with 21% in 1997, demonstrating our continuing commitment to maintain the best facilities for our students.

**Cash Flow**

The consolidated cashflow statement shows an increase in cash balances of £10.9m before capital expenditure (net of grants received) and repayment of debt, which was largely the result of cash generated from operating activities. Liquidity at the year end represented 90 days of expenditure, above the average for the sector. Borrowings represented 11% of total income, well below the average for the sector.

The University has a target for generating sufficient cash to fund its estates and other strategic objectives which was achieved in 2008/09.

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

**Financial Outlook**

The University's financial forecast for the period to 2013 demonstrates the sustainability of our strategy to retain sufficient surpluses to invest in improving the estate; at the same time as maintaining liquidity, securing borrowings and managing risks to our future financial strength.

**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:

- student recruitment and retention; particularly in the overseas market;
- government funding in the face of a Comprehensive Spending Review; our vulnerability to NHS income streams; and a new funding methodology for teaching;
- our ability to recover the full economic cost of our key activities;
- pay and pension costs increasing at a faster pace than our income;
- the uncertainty around future tuition fee levels following the government's review next year; and
- current economic difficulties and the impact they may have on individual spending behaviour and borrowing costs.

**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 will be resourced, implemented and monitored on a planned basis. The University's Equal Opportunities Policy and Diversity Statement is published on the University's internet site.

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.

**ENVIRONMENTAL AND SOCIAL RESPONSIBILITY**

The University takes seriously our responsibilities for its impact on the environment and we were pleased to see this recognised when we were placed 20<sup>th</sup> in the 2009 "Green" League Table.

We have an Environmental Policy and an annual report is produced to demonstrate the extent to which the University's targets have been achieved.



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

The University has an Energy and Carbon Management Policy that was approved by its Estates Development Committee. This document will now be further developed to include a Carbon Management Plan for implementation over the period 2010-2020. Progress against the plan will be monitored by the University's Energy Management Forum and reported on an annual basis.

Over the last twelve months the University:

- established its carbon footprint baseline;
- commenced the implementation of an Energy Savings Plan;
- again reduced its water consumption in comparison with the previous year;
- increased the waste products recycled from 44% to 80%; and
- is taking the lead to establish Huddersfield as a Fair Trade Town.

**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 2008 the University has responded to the Government's Prompt Payment Guidance for Public Sector Organisations and we therefore currently pay suppliers where possible within 10 days.

**THE UNIVERSITY OF HUDDERSFIELD**  
**REPORT OF 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 Combined Code on Corporate Governance 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 November 2004 (revised March 2005). 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 Combined Code in so far as they apply to the Higher Education Sector and it has complied throughout the year ended 31 July 2009.

**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>Independent Members</b>			
Mr C J Brown	1 May 1996	31 July 2010	Chair of Council Employment & Finance Committee Estates Development Committee Governance & Membership Committee Honorary Awards Committee Remuneration Committee
Mr E L F Nicholls	1 April 1999	31 July 2012	Vice-Chair of Council Chair of Employment & Finance Committee Estates Development Committee Governance & Membership Committee Remuneration Committee
Mr A Ahmed	17 October 2002	31 July 2010	Chair of Estates Development Committee Employment & Finance Committee
Professor J Crampton	5 April 2007	31 July 2010	
Mr M Fisher	30 March 2006	31 July 2012	Employment & Finance Committee
Ms M Kennedy	17 July 2003	31 July 2009	Honorary Awards Committee
Mrs A Le Pla	1 August 2001	31 July 2010	Chair of Student Council Audit Committee Governance & Membership Committee Remuneration Committee
Rt Revd S Platten	18 December 2003	31 July 2009	Honorary Awards Committee
Mr B Swan	18 October 2007	31 July 2010	Estates Development Committee
Mr J Thornton	20 July 2006	31 July 2012	Audit Committee
Mr M Woodhead	17 July 2003	31 July 2012	Chair of Audit Committee Governance & Membership Committee Honorary Awards Committee Remuneration Committee
Ms D Whittingham	19 July 2007	31 July 2010	Audit Committee
<b>Co-opted Members</b>			
Professor M I Page	22 July 2004		Employment & Finance Committee Estates Development Committee Governance & Membership Committee
Councillor J R Smithson	5 April 2007	31 July 2010	
<b>Members Nominated by Senate (Teaching Staff)</b>			
Mr K Hickling	15 October 2003	31 July 2009	Student Council
Professor C Cowton	1 September 2008	31 July 2010	Governance & Membership Committee
<b>Members Nominated by Senate (Admin Staff)</b>			
Ms D Ogden	15 October 2003	31 July 2009	
<b>Student Member</b>			
Mr J Boville	1 July 2008	30 June 2009	Student Council
<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 Student Council

## **THE UNIVERSITY OF HUDDERSFIELD** **REPORT OF 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 Chairmen 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 executive 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 independent 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 four 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 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

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

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 independent 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 2009 and up to the date of approval of the financial statements and accords with HEFCE guidance.

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 is 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;

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

- 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.
- 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.
  - 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.

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

- 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 31 March 2009 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 2009 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 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 causing the financial statements to be prepared, 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;
- 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

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

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 Teacher Development Agency (TDA) and the Learning and Skills Council (LSC) 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, TDA or LSC 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.

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 as external auditors will be put to the University Council Meeting on 26 November 2009.

Mr C J Brown  
Chairman  
26 November 2009

**THE UNIVERSITY OF HUDDERSFIELD**  
**INDEPENDENT AUDITORS' REPORT**

**REPORT FROM THE AUDITORS TO THE COUNCIL OF THE UNIVERSITY OF HUDDERSFIELD**

**Independent auditor's report to the Council of the University of Huddersfield**

We have audited the Group and University financial statements (the "financial statements") of The University of Huddersfield for the year ended 31 July 2009 which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out therein.

This report is made solely to the University Council, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it 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 Council, for our audit work, for this report, or for the opinions we have formed.

**Respective Responsibilities of the University's Council and Auditors**

The University Council is responsible for preparing the Operating and Financial Review and the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) as set out in the Statement of Council's responsibilities on pages 14 and 15.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England and the Financial Memorandum with the Training and Development Agency for Schools. We also report to you whether in our opinion the Operating and Financial Review is not consistent with the financial statements. In addition we report to you if, in our opinion, the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Operating and Financial Review 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.

**Basis of Opinion**

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

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



**THE UNIVERSITY OF HUDDERSFIELD**  
**INDEPENDENT AUDITORS' REPORT (continued)**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the University and the Group as at 31 July 2009 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- in all material respects, income from the Higher Education Funding Council for England and the Training and Development Agency for Schools grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2009 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2009 has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England and the Financial Memorandum with the Training and Development Agency for Schools.

**Trevor Rees**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

26 November 2009

**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 applicable Accounting Standards. 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.

**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, 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 2009.

**Recognition of income**

Income from specific Funding Council grants, specific endowments and donations for specific purposes, research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. 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.

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.

Contributions to the TPS are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. Variations from regular costs are spread over the expected average remaining working lifetime of members of the schemes after making allowances for further withdrawals. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

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 31.

**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 in accordance with Financial Reporting Standard (FRS) 15. Freehold and long leasehold land is not depreciated as it is considered to have an indefinite useful life. Freehold and long leasehold buildings are depreciated over their expected useful economic lives to the University of 50 years. 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.

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 per individual item 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

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

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
- 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 (based on valuation by the investment manager at mid market price on 31 July 2009).

**Taxation**

The University is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) of the 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 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**

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

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

**Provisions**

Provisions are recognised when the institution 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.

**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.

**Accounting for charitable donations**

a. Unrestricted donations

Charitable donations are recognised in the accounts 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.

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**

**GROUP INCOME AND EXPENDITURE ACCOUNT**

		<u>Year Ended</u> <u>31 July 2009</u>	<u>Year Ended</u> <u>31 July 2008</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
<b>INCOME</b>			
Funding council income	1	59,574	56,100
Tuition fees and education contracts	2	50,695	44,623
Research grants and contracts	3	2,920	1,655
Other income	4	7,558	7,694
Endowment and investment income	5	1,092	1,692
		<hr/>	<hr/>
Total Income		121,839	111,764
		<hr/>	<hr/>
<b>EXPENDITURE</b>			
Staff costs	6	73,372	68,145
Other operating expenses	7	36,941	35,619
Depreciation	12	3,673	3,252
Interest and finance charges payable	8	2,191	2,561
		<hr/>	<hr/>
Total Expenditure	9	116,177	109,577
		<hr/>	<hr/>
Surplus after depreciation of tangible fixed assets at valuation and disposal of assets but before taxation		5,662	2,187
		<hr/>	<hr/>
Taxation	10	-	-
		<hr/>	<hr/>
Surplus after depreciation of tangible fixed assets at valuation, disposal of assets and taxation	11	5,662	2,187
		<hr/> <hr/>	<hr/> <hr/>

The income and expenditure account for the year ended 31 July 2009 is in respect of continuing activities.

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**

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

	<u>Note</u>	<u>Year Ended</u> <u>31 July 2009</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2008</u> <u>£'000</u>
Surplus before and after taxation		5,662	2,187
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	24	719	1,100
Realisation of property revaluation gains of previous years	24	-	16
<b>Historical cost surplus for the period before and after taxation</b>		<u>6,381</u>	<u>3,303</u>

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 31 July 2009**

	<u>Note</u>	<u>Year Ended</u> <u>31 July 2009</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2008</u> <u>£'000</u>
Surplus after depreciation of assets at valuation, disposal of assets and taxation		5,662	2,187
Actuarial (loss)/gain in respect of pension scheme	31	7,133	(22,703)
Movement on endowments	23	2	9
<b>Total recognised gains and losses relating to the year</b>		<u>12,797</u>	<u>(20,507)</u>

**RECONCILIATION OF MOVEMENTS ON RESERVES AND ENDOWMENTS**

	<u>2009</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>
Opening reserves and endowments at 1 August	59,810	80,317
Total recognised gains and losses for the year	<u>12,797</u>	<u>(20,507)</u>
Closing reserves and endowments at 31 July	<u>72,607</u>	<u>59,810</u>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**

**BALANCE SHEETS**

	Note	Group 2009 £'000	University 2009 £'000	Group 2008 £'000	University 2008 £'000
<b>FIXED ASSETS</b>					
Tangible assets	12	117,720	117,720	111,268	111,268
Investments	13	32	82	32	82
		<u>117,752</u>	<u>117,802</u>	<u>111,300</u>	<u>111,350</u>
<b>ENDOWMENT ASSETS</b>					
	14	295	295	293	293
<b>CURRENT ASSETS</b>					
Debtors	15	12,097	12,150	12,909	12,293
Investments	16	3,143	3,143	3,563	3,563
Cash at bank and in hand	17	24,436	24,334	19,323	19,292
<b>TOTAL CURRENT ASSETS</b>		<u>39,676</u>	<u>39,627</u>	<u>35,795</u>	<u>35,148</u>
<b>LESS: CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	18	<u>(17,375)</u>	<u>(17,252)</u>	<u>(17,413)</u>	<u>(16,672)</u>
<b>NET CURRENT ASSETS</b>		<u>22,301</u>	<u>22,375</u>	<u>18,382</u>	<u>18,476</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>140,348</u>	<u>140,472</u>	<u>129,975</u>	<u>130,119</u>
<b>LESS: CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	19	<u>(12,021)</u>	<u>(12,021)</u>	<u>(12,883)</u>	<u>(12,883)</u>
<b>LESS: PROVISIONS FOR LIABILITIES AND CHARGES</b>	21	<u>(304)</u>	<u>(304)</u>	<u>(324)</u>	<u>(324)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>128,023</u>	<u>128,147</u>	<u>116,768</u>	<u>116,912</u>
<b>PENSION LIABILITY</b>	31	<u>(34,345)</u>	<u>(34,345)</u>	<u>(38,087)</u>	<u>(38,087)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>93,678</u>	<u>93,802</u>	<u>78,681</u>	<u>78,825</u>
Represented by:					
<b>DEFERRED CAPITAL GRANTS</b>	22	<u>21,071</u>	<u>21,071</u>	<u>18,871</u>	<u>18,871</u>
Expendable endowments		234	234	227	227
Permanent endowments		61	61	66	66
<b>TOTAL ENDOWMENTS</b>	23	<u>295</u>	<u>295</u>	<u>293</u>	<u>293</u>
<b>RESERVES</b>					
Income and expenditure account excluding pension reserve		68,497	68,621	58,725	58,869
Pension reserve	31	<u>(34,345)</u>	<u>(34,345)</u>	<u>(38,087)</u>	<u>(38,087)</u>
Income and expenditure account including pension reserve	25	34,152	34,276	20,638	20,782
Revaluation reserve	24	38,160	38,160	38,879	38,879
<b>TOTAL RESERVES</b>		<u>72,312</u>	<u>72,436</u>	<u>59,517</u>	<u>59,661</u>
<b>TOTAL FUNDS</b>		<u>93,678</u>	<u>93,802</u>	<u>78,681</u>	<u>78,825</u>

The financial statements on pages 18 to 45 were approved by the University Council on 26 November 2009 and were signed on its behalf by:

PROFESSOR R A CRYAN  
Vice-Chancellor

MR C J BROWN  
Chairman



**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**

**GROUP CASH FLOW STATEMENT**

	<u>Note</u>	<u>Year Ended</u> <u>31 July</u> <u>2009</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July</u> <u>2008</u> <u>£'000</u>
Cash flow from operating activities	26	10,452	10,350
Returns on investments and servicing of finance	27	441	(717)
Capital expenditure and financial investment	28	(4,978)	(9,528)
Financing	29	(800)	(13,325)
		<hr/>	<hr/>
Increase/(decrease) in cash in the year	30	5,115	(13,220)
		<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>2009</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July</u> <u>2008</u> <u>£'000</u>
Increase/(decrease) in cash in the year	30	5,115	(13,220)
Cash (outflow) from liquid resources	30	(420)	(148)
Cash outflow from debt	30	800	13,325
		<hr/>	<hr/>
Movement in net funds in the year	30	5,495	(43)
Net funds at 1 August	30	9,496	9,539
		<hr/>	<hr/>
Net funds at 31 July	30	14,991	9,496
		<hr/> <hr/>	<hr/> <hr/>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. FUNDING COUNCIL INCOME**

	<u>Year Ended 31 July 2009</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>2008</u>
				<u>£'000</u>
Recurrent grant	52,591	1,067	53,658	50,639
Specific grants:				
Learning and Teaching Strategy	657	-	657	687
HEIF Funding	541	-	541	667
Life Long Learning Networks	633	-	633	554
Aim Higher	555	-	555	360
Priority Subject	288	-	288	289
Strategic Development Fund	337	-	337	139
Widening Disabled Access	212	-	212	125
Postgraduate professional development	-	106	106	82
Development of teaching and learning	-	-	-	59
Other	85	98	183	75
Rewarding and developing staff	-	-	-	22
Deferred capital grants released in the year:				
Equipment (Note 22)	1,763	-	1,763	2,043
Buildings (Note 22)	641	-	641	359
	<u>58,303</u>	<u>1,271</u>	<u>59,574</u>	<u>56,100</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>2009</u>	<u>2008</u>
	<u>£'000</u>	<u>£'000</u>
UK and EU Higher Education Students	30,785	26,766
Non-EU Students	4,426	3,920
Total fees paid by or on behalf of individual students	35,211	30,686
NHS Workforce Development Confederation Contracts	13,223	11,404
Short Course Fees	173	110
Registration and Examination Fees	23	64
Research Training Support Grant	48	55
Education contracts	2,017	2,304
	<u>50,695</u>	<u>44,623</u>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3. RESEARCH GRANTS AND CONTRACTS**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2009</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2008</u> <u>£'000</u>
Research councils	621	437
UK based charities	556	327
European commission	605	66
Other grants and contracts	1,091	795
Release from deferred capital grants (Note 22)	47	30
	<hr/>	<hr/>
	2,920	1,655
	<hr/> <hr/>	<hr/> <hr/>

**4. OTHER INCOME**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2009</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2008</u> <u>£'000</u>
Other grant income	1,999	2,397
Other income-generating activities	2,061	1,991
Catering and conferences	888	826
Release from deferred capital grants (Note 22)	494	86
Other income	2,116	2,394
	<hr/>	<hr/>
	7,558	7,694
	<hr/> <hr/>	<hr/> <hr/>

**5. ENDOWMENT AND INVESTMENT INCOME**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2009</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2008</u> <u>£'000</u>
Income from restricted expendable asset investments (Note 23)	4	6
Other interest receivable	1,088	1,678
	<hr/>	<hr/>
	1,092	1,684
Pension finance income (Note 31)	-	8
	<hr/>	<hr/>
	1,092	1,692
	<hr/> <hr/>	<hr/> <hr/>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**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>2009</u> <u>Number</u>	<u>Restated</u> <u>Year</u> <u>Ended</u> <u>31 July</u> <u>2008</u> <u>Number</u>
Teaching departments	1,271	1,243
Teaching support services	186	175
Administration and central services	158	153
Premises	166	164
Other	39	34
	<u>1,820</u>	<u>1,769</u>

The method for calculating part-time FTEs was revised in 2009. The figures for 2008 have also been recalculated.

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2009</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2008</u> <u>£'000</u>
Staff costs for the above persons:		
Wages and salaries	58,513	54,012
Social security costs	4,597	4,258
Other pension costs (including FRS17 adjustments of £1,738,000 - 2009 £1,833,000 - 2008)	9,162	8,595
Pension enhancements	(20)	14
Payroll Sub Total	72,252	66,879
Contracted out Staffing Services	956	697
	<u>73,208</u>	<u>67,576</u>
Restructuring costs	164	569
	<u>73,372</u>	<u>68,145</u>

Emoluments of the Vice-Chancellor, Professor R A Cryan

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2009</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2008</u> <u>£'000</u>
Salary	188	171
Benefits	-	24
Standard rated employer pension contributions	26	24
	<u>214</u>	<u>219</u>

The remaining re-location allowance was paid in 2008. No other benefits are payable.

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

Senior post-holder emoluments

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

	2009 Number <u>£'000</u>	2008 Number <u>£'000</u>
£100,000 - £110,000	5	3
£110,000 - £120,000	3	1
£120,000 - £130,000	-	-
£130,000 - £140,000	-	1
£140,000 - £150,000	-	-
£150,000 - £160,000	1	-
	<u>9</u>	<u>5</u>

**7. OTHER OPERATING EXPENSES**

	<u>Year Ended 31 July 2009 £'000</u>	<u>Year Ended 31 July 2008 £'000</u>
Consumables and other equipment	8,071	8,466
Student bursaries	4,360	3,827
Repairs and general maintenance	3,226	2,941
Franchise centre payments	2,502	2,509
Student related expenses	1,704	1,643
Publicity	1,626	1,446
Heat, light, water and power	2,066	1,445
Transport	1,301	1,444
Consultancy payments	1,381	1,438
Grants to University of Huddersfield Students' Union	1,231	1,207
Books and periodicals	1,263	1,176
Staff development	799	863
Subscriptions	781	720
Strategic maintenance	636	679
Rents	590	662
Other property costs	644	579
Staff recruitment	329	477
Professional charges	266	351
Hired services	591	346
Insurance	307	332
Telephones	346	319
Examination and registration fees	252	258
Catering and conferences	301	224
Bad debts provision	296	220
Hire of plant and machinery - operating leases	135	200
Internal auditors remuneration	74	111
External auditors remuneration in respect of non-audit services	5	38
External auditors remuneration	46	42
Recharged servicing costs	46	29
Other expenses	1,766	1,627
	<u>36,941</u>	<u>35,619</u>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8. INTEREST AND FINANCE CHARGES PAYABLE**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2009</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2008</u>
	<u>£'000</u>	<u>£'000</u>
On bank loans, overdrafts and other loans:		
Repayable within five years not by instalments	28	49
Repayable within five years by instalments	-	1,846
Repayable wholly or partly in more than five years	510	666
	<hr/>	<hr/>
	538	2,561
Pension finance costs (Note 31)	1,653	-
	<hr/>	<hr/>
	2,191	2,561

**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>2009</u> <u>Total</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2008</u> <u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Academic departments	45,532	11,954	768	-	58,254	57,157
Academic services	9,741	6,889	169	-	16,799	15,286
Research grants and contracts	1,371	1,067	64	-	2,502	1,250
Catering and conferences	576	301	35	-	912	936
Premises	3,926	7,285	2,612	538	14,361	14,643
Administration and Central Services	8,956	7,904	25	-	16,885	15,207
Other expenses	3,106	1,541	-	1,653	6,300	4,529
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	73,208	36,941	3,673	2,191	116,013	109,008
Staff restructuring	164	-	-	-	164	569
Total per income and expenditure account	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	73,372	36,941	3,673	2,191	116,177	109,577

**10. TAXATION**

	2009 £'000	2008 £'000
United Kingdom corporation tax at 21% (2008 21%)	-	-
Provision for deferred corporation tax in the accounts of the subsidiary company	-	-
	<hr/>	<hr/>
<b>Total</b>	-	-

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**11. SURPLUS FOR THE PERIOD**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2009</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2008</u> <u>£'000</u>
University's surplus before deed of covenant payments from subsidiaries	5,638	2,099
Surplus from subsidiaries paid up by deed of covenant	3	20
Profit in subsidiary undertakings	21	68
	<hr/>	<hr/>
	<u>5,662</u>	<u>2,187</u>

**12. TANGIBLE FIXED ASSETS**

**Group and University**

	Freehold land and buildings  <u>£'000</u>	Long leasehold land and buildings  <u>£'000</u>	Short leasehold land and buildings  <u>£'000</u>	Equipment  <u>£'000</u>	Total  <u>£'000</u>
<b>Cost or valuation</b>					
At 1 August 2008	113,169	1,000	44	12,142	126,355
Additions	8,904	-	-	1,227	10,131
Disposals	(314)	-	-	(2,262)	(2,576)
	<hr/>				
At 31 July 2009	121,759	1,000	44	11,107	133,910
	<hr/>				
<b>Depreciation</b>					
At 1 August 2008	5,645	30	16	9,396	15,087
Charge for year	2,269	10	1	1,111	3,391
Impairment write-down	282	-	-	-	282
Eliminated in Respect of Disposals	(314)	-	-	(2,256)	(2,570)
	<hr/>				
At 31 July 2009	7,882	40	17	8,251	16,190
	<hr/>				
<b>Net book value</b>					
<b>At 31 July 2009</b>	<u>113,877</u>	<u>960</u>	<u>27</u>	<u>2,856</u>	<u>117,720</u>
	<hr/>				
<b>Net Book Value</b>					
At 1 August 2008	<u>107,524</u>	<u>970</u>	<u>28</u>	<u>2,746</u>	<u>111,268</u>
	<hr/>				
Financed by capital grant	18,705	-	-	2,366	21,071
Other	95,172	960	27	490	96,649
	<hr/>				
	<u>113,877</u>	<u>960</u>	<u>27</u>	<u>2,856</u>	<u>117,720</u>
	<hr/>				

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

The freehold and long leasehold land and buildings of the Group and the University were revalued as at 31 July 2005 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 £63,440,214 and a net book value of £59,181,826 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.

Included in the cost or valuation of freehold land and buildings is £2,488,902 being the cost of assets in the course of construction which have not yet been depreciated.

There are no assets held under finance leases.

**13. FIXED ASSET INVESTMENTS**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<u>2009</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</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 2009 The University owned 100% of the issued share capital of The University of Huddersfield Enterprises Limited (UHEL), The University of Huddersfield Properties Limited (UHPL) and Wetlands & Natural Resources Development Limited (WNRDL). 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 healthcare, professional pre- and post-registration training and education programmes in nursing, physiotherapy, midwifery, podiatry and occupational therapy. UHPL and WNRDL are dormant.

Participating Interests

The University has a 25% interest in Calderdale and Kirklees Careers Service Partnership Limited, a company limited by guarantee.

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

**14. ENDOWMENT ASSET**

	<u>2009</u>	<u>2008</u>
	<u>£,000</u>	<u>£'000</u>
Balance at 1 August	293	284
Additions	-	2
Disposals	-	-
Appreciation on disposals/revaluation	-	-
Increase in cash balances held at fund managers	2	7
<b>Balance at 31 July</b>	<u>295</u>	<u>293</u>



**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**15. DEBTORS**

	<b>Group</b> <u>2009</u>	<b>University</b> <u>2009</u>	<b>Group</b> <u>2008</u>	<b>University</b> <u>2008</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Amounts falling due within one year:				
Debtors	5,353	1,212	5,744	1,121
Amounts owed by subsidiary undertakings	-	412	-	1,176
Prepayments and accrued income	6,721	10,503	7,097	10,000
Amounts owed by HEFCE	23	23	68	68
	<u>12,097</u>	<u>12,150</u>	<u>12,909</u>	<u>12,365</u>

**16. INVESTMENTS**

	<u>2009</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>
Deposits maturing:		
In one year or less	<u>3,143</u>	<u>3,563</u>

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> <u>2009</u> <u>£,000</u>	<b>University</b> <u>2009</u> <u>£'000</u>	<b>Group</b> <u>2008</u> <u>£'000</u>	<b>University</b> <u>2008</u> <u>£'000</u>
Current and investment accounts	<u>24,436</u>	<u>24,334</u>	<u>19,323</u>	<u>19,292</u>

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

	<b>Group</b> <u>2009</u> <u>£'000</u>	<b>University</b> <u>2009</u> <u>£'000</u>	<b>Group</b> <u>2008</u> <u>£'000</u>	<b>University</b> <u>2008</u> <u>£'000</u>
Bank loans	862	862	800	800
Payments received in advance	6,839	6,748	5,118	4,421
Trade creditors	477	477	2,141	2,141
Other taxation and social security	66	66	533	533
Accruals and deferred income	9,114	9,082	8,793	8,749
Other creditors	17	17	28	28
	<u>17,375</u>	<u>17,252</u>	<u>17,413</u>	<u>16,672</u>

**19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<u>2009</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>
Mortgages secured on property	<u>12,021</u>	<u>12,883</u>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**20. BORROWINGS**

	<u>2009</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>
Bank loans and overdrafts are repayable:		
In one year or less	862	800
Between one and two years	1,050	1,050
Between two and five years	3,150	3,150
In five years or more	7,821	8,683
	<u>12,883</u>	<u>13,683</u>

Bank loans at both variable and fixed rates of £12.883m are repayable by instalments falling due between 1 August 2009 and 30 April 2030. The loans are secured on various University properties on the Queensgate campus.

In February 2008 a loan of £6.5m was drawn down in respect of the new Creative Arts Building. Interest is calculated for 3 month periods at Libor plus margin and costs (0.92% at 31 July 2009) and the loan is repaid in 60 consecutive quarterly instalments. At 31 July 2009 £6.0m was outstanding. Other loans outstanding at 31 July 2009 were £1.9m for the Harold Wilson building at a fixed interest rate of 7.7% which is being repaid over 60 consecutive quarterly instalments and £5.0m for the Eden/Milton, Media and Student Union buildings which is repaid in 80 consecutive quarterly instalments. Half of this loan is at a fixed interest rate of 6.275% and half at a variable rate plus margin and costs.

**21. PROVISIONS FOR LIABILITIES AND CHARGES**

	<u>Enhanced</u> <u>Pensions</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
At 1 August 2008	324	324
Transferred from income and expenditure account	(20)	(20)
At 31 July 2009	<u>304</u>	<u>304</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>2009</u>	<u>2008</u>
Price inflation	3.8%	3.8%
Discount rate	6.0%	5.9%

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**22. DEFERRED CAPITAL GRANTS**

	<u>HEFCE</u>	<u>Other</u> <u>Grants</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<b>At 1 August 2008</b>			
Land and buildings	14,608	2,122	16,730
Equipment	1,797	344	2,141
	<hr/>	<hr/>	<hr/>
	16,405	2,466	18,871
Cash received			
Land and buildings	3,110	0	3,110
Equipment	1,944	91	2,035
Released to income and expenditure account			
Land and buildings (Notes 1 and 4)	(641)	(494)	(1,135)
Equipment (Notes 1 and 3)	(1,763)	(47)	(1,810)
	<hr/>	<hr/>	<hr/>
	19,055	2,016	21,071
<b>At 31 July 2009</b>			
Land and buildings	17,077	1,628	18,705
Equipment	1,978	388	2,366
	<hr/>	<hr/>	<hr/>
Total	19,055	2,016	21,071
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**23. SPECIFIC ENDOWMENTS**

	<u>Restricted</u> <u>Permanent</u> <u>£'000</u>	<u>Restricted</u> <u>Expendable</u> <u>£'000</u>	<u>2009</u> <u>Total</u> <u>£'000</u>	<u>2008</u> <u>Total</u> <u>£'000</u>
Capital	59	219	278	278
Accumulated income	7	8	15	6
	<hr/>	<hr/>	<hr/>	<hr/>
	66	227	293	284
New endowments	-	-	-	-
New endowments non capital	-	1	1	2
Investment income	1	4	5	13
Expenditure non capital	-	(4)	(4)	(6)
Capital Transfer	(6)	6	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(5)	7	2	9
<b>At 31 July 2009</b>	<hr/>	<hr/>	<hr/>	<hr/>
	61	234	295	293
<b>Represented by:</b>				
Capital	59	219	278	278
Accumulated income	2	15	17	15
	<hr/>	<hr/>	<hr/>	<hr/>
	61	234	295	293
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**24. REVALUATION RESERVE**

	<u>2009</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>
<b>At 1 August</b>	38,879	39,995
Transfer from revaluation reserve to general reserve in respect of:		
Disposals	-	(16)
Depreciation of revalued assets	(719)	(1,100)
	<hr/>	<hr/>
<b>At 31 July</b>	<u>38,160</u>	<u>38,879</u>

**25. MOVEMENT ON GENERAL RESERVES**

	<b>Group</b> <u>2009</u> <u>£'000</u>	<b>University</b> <u>2009</u> <u>£'000</u>	<b>Group</b> <u>2008</u> <u>£'000</u>	<b>University</b> <u>2008</u> <u>£'000</u>
<b>Income and Expenditure Account Reserve</b>				
At 1 August	20,638	20,782	40,038	40,252
Surplus retained for the year	5,662	5,642	2,187	2,117
Transfer from revaluation reserve	719	719	1,100	1,100
Realised revaluation gain on disposal of property	-	-	16	16
Prior year actuarial (loss) in respect of pension scheme	-	-	(161)	(161)
Actuarial (loss)/gain in respect of pension scheme	7,133	7,133	(22,542)	(22,542)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July</b>	<u>34,152</u>	<u>34,276</u>	<u>20,638</u>	<u>20,782</u>
Balance represented by:				
Pension reserve	(34,345)	(34,345)	(38,087)	(38,087)
Income and expenditure account reserve excluding pension reserve	68,497	68,621	58,725	58,869
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July</b>	<u>34,152</u>	<u>34,276</u>	<u>20,638</u>	<u>20,782</u>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2009</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2008</u>
	<u>£'000</u>	<u>£'000</u>
Surplus after depreciation of assets at valuation	5,662	2,187
Depreciation and impairment	3,673	3,252
Deferred capital grants released to income (Notes 1, 3 & 4)	(2,945)	(2,518)
FRS17 Pension staff costs less contributions payable (Notes 6, 31)	1,738	1,833
FRS17 Pension finance costs/(income) (Note 5, 8 and 31)	1,653	(8)
Interest payable (Note 8)	538	2,561
Interest receivable (Note 5)	(1,088)	(1,678)
Decrease in debtors	773	1,933
Increase in creditors	48	2,627
(Decrease)/increase in provisions	(20)	13
Decrease in current asset investments	420	148
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>10,452</b>	<b>10,350</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2009</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2008</u>
	<u>£'000</u>	<u>£'000</u>
Income from endowments	4	6
Other interest received	1,123	1,728
Interest paid	(686)	(2,451)
	<hr/>	<hr/>
<b>Net cash inflow (outflow) from returns on investments and servicing of finance</b>	<b>441</b>	<b>(717)</b>
	<hr/> <hr/>	<hr/> <hr/>

**28. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2009</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2008</u>
	<u>£'000</u>	<u>£'000</u>
Purchase of tangible fixed assets	(10,131)	(16,355)
Payments to acquire endowment assets	-	2
Sales of tangible fixed assets	6	19
Deferred capital grants received	5,145	6,799
Endowments received	2	7
	<hr/>	<hr/>
<b>Net cash (outflow) from capital expenditure and financial investment</b>	<b>(4,978)</b>	<b>(9,528)</b>
	<hr/> <hr/>	<hr/> <hr/>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**29. FINANCING**

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2009</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2008</u> <u>£'000</u>
Additions to new and existing loans	-	6,391
Repayment of amounts borrowed	(800)	(19,716)
Net cash (outflow)/inflow from financing	<u>(800)</u>	<u>(13,325)</u>

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

	<u>At 1 August 2008</u> <u>£'000</u>	<u>Cashflows</u> <u>£'000</u>	<u>Other</u> <u>Changes</u> <u>£'000</u>	<u>At 31 July 2009</u> <u>£'000</u>
Cash in hand and at bank	19,323	5,113	-	24,436
Endowment asset investments	293	2	-	295
	<u>19,616</u>	<u>5,115</u>	<u>-</u>	<u>24,731</u>
Current asset investments	3,563	-	(420)	3,143
Debt due within 1 year	(800)	800	(862)	(862)
Debt due after 1 year	(12,883)	-	862	(12,021)
	<u>9,496</u>	<u>5,915</u>	<u>(420)</u>	<u>14,991</u>

**31. 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 £9,162,000 (2008 : £8,595,000).

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**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.

**SSAP 24**

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 2008 to 31 July 2009 the contribution rates are 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 trust separately from the University.

**SSAP 24**

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

Latest actuarial valuation	31 March 2008
Actuarial method	Projected unit
Investment return per annum - past service	4.4%
- future service	6.4%
Salary scale increases per annum	4.3%
Pension increases per annum	3.3%

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

Notional value of assets at last date of valuation £28.8 billion

Proportion of members' accrued benefits covered by the notional value of the assets 103%

The contributions payable by the University during the accounting period were equal to 14% 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 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 2009 was £4,359,800 of which employer's contributions totalled £2,942,000 and employees' contributions totalled £1,416,800. The latest agreed contribution rates for future years are 13.4% and banded contributions of 5.5% to 7% for employees.

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 2009	At 31 July 2008
Retiring today		
Males	21.5	20.3
Females	24.5	24.0
Retiring in 20 years		
Males	23.3	21.3
Females	25.5	25.0

**FRS 17**

This information is based upon a full actuarial valuation of the Fund at 31 March 2007 updated to 31 July 2009 by a qualified independent actuary.

	<u>Year Ended</u> <u>31 July 2009</u>	<u>Year Ended</u> <u>31 July 2008</u>	<u>Year Ended</u> <u>31 July 2007</u>
<b>Actuarial assumptions</b>			
Rate of inflation	3.8%	3.8%	3.2%
Rate of increase in salaries	4.8%	5.6%	5.0%
Rate of increase for pensions	3.8%	3.8%	3.2%
Discount rate for liabilities	6.5%	5.9%	5.8%



**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**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>2009</u>		<u>2008</u>		<u>2007</u>	
	<u>Long term</u> <u>rate of</u> <u>return</u> <u>expected at</u> <u>31 July</u> <u>2009</u>	<u>Value at</u> <u>31 July</u> <u>2009</u> <u>£m</u>	<u>Long term</u> <u>rate of</u> <u>return</u> <u>expected at</u> <u>31 July</u> <u>2008</u>	<u>Value at</u> <u>31 July</u> <u>2008</u> <u>£m</u>	<u>Long term</u> <u>rate of</u> <u>return</u> <u>expected at</u> <u>31 July</u> <u>2007</u>	<u>Value at</u> <u>31 July</u> <u>2007</u> <u>£m</u>
Equities	8.0%	4,481	7.5%	4,911	7.5%	5,620
Government Bonds	4.5%	922	4.8%	714	4.9%	608
Other Bonds	5.9%	232	5.9%	332	5.8%	296
Property	7.0%	226	6.5%	332	6.5%	395
Cash	0.9%	314	5.0%	324	5.8%	273
Other	0.9%	100	7.5%	598	7.5%	402
Total market value of assets		<u>6,275</u>		<u>7,211</u>		<u>7,594</u>

Asset values are bid value for 2009 while prior year figures are reported at mid market value.

	<u>Year Ended</u> <u>31 July 2009</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2008</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2007</u> <u>£'000</u>
University's estimated asset share	64,688	65,798	66,388
Present value of scheme liabilities	(99,033)	(103,885)	(79,947)
Deficit in scheme	<u>(34,345)</u>	<u>(38,087)</u>	<u>(13,559)</u>

	<u>Year Ended</u> <u>31 July 2009</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2008</u> <u>£'000</u>
<b>Analysis of the amount charged to the income and expenditure account:</b>		
Employer service cost (net of employee contributions)	(1,733)	(672)
Past service (cost)	(5)	(1,161)
<b>Total operating charge</b>	<u>(1,738)</u>	<u>(1,833)</u>

	<u>Year Ended</u> <u>31 July 2009</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2008</u> <u>£'000</u>
<b>Analysis of pension finance (costs)/income:</b>		
Expected return on pension scheme assets	4,584	4,734
Interest on pension liabilities	(6,237)	(4,726)
<b>Pension finance (costs)/income</b>	<u>(1,653)</u>	<u>8</u>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

	<u>Year Ended</u> <u>31 July 2009</u>	<u>Year Ended</u> <u>31 July 2008</u>
	<u>£'000</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	(7,648)	(7,564)
Prior year adjustment	-	(161)
Experience gains and losses arising on the scheme liabilities	14,781	(14,978)
Change in financial and demographic assumptions underlying the scheme liabilities	-	-
	<hr/>	<hr/>
<b>Actuarial gain/(loss) recognised in STRGL</b>	<b>7,133</b>	<b>(22,703)</b>

	<u>Year Ended</u> <u>31 July 2009</u>	<u>Year Ended</u> <u>31 July 2008</u>
	<u>£'000</u>	<u>£'000</u>
<b>Movement in deficit in the year:</b>		
Deficit in scheme at 1 August	(38,087)	(13,559)
Movement in year:		
Current service cost	(4,675)	(3,340)
Employer contributions	2,942	2,668
Past service/curtailment (cost)	(5)	(1,161)
Net (loss)/return on assets	(1,653)	8
Prior year actuarial (loss)	-	(161)
Actuarial gain/(loss)	7,133	(22,542)
	<hr/>	<hr/>
<b>Deficit in scheme at 31 July</b>	<b>(34,345)</b>	<b>(38,087)</b>

**Asset and Liability Reconciliation**

**Reconciliation of Liabilities**

	<u>2009</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>
<b>Liabilities at start of period</b>	<b>103,885</b>	<b>79,947</b>
Service cost	4,680	3,340
Interest cost	6,237	4,726
Employee contributions	1,417	1,243
Actuarial loss/(gain)	(14,781)	14,978
Benefits paid	(2,409)	(1,510)
Past Service cost	4	1,012
Curtailements and settlements	-	149
	<hr/>	<hr/>
<b>Liabilities at end of period</b>	<b>99,033</b>	<b>103,885</b>

**Reconciliation of Assets**

	<u>2009</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>
<b>Assets at start of period</b>	<b>65,798</b>	<b>66,388</b>
Expected return on assets	4,584	4,734
Actuarial (loss)/gain	(7,649)	(7,725)
Employer contributions	2,947	2,668
Employee contributions	1,417	1,243
Benefits paid	(2,409)	(1,510)
	<hr/>	<hr/>
<b>Assets at end of period</b>	<b>64,688</b>	<b>65,798</b>

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**History of experience gains and losses**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Difference between the expected and actual return on assets:					
Amount £000	(7,648)	(7,564)	3,423	3,969	5,884
% of scheme assets	12	12	5	7	12
Experience gains and losses on scheme liabilities:					
Amount £000	14,781	(14,978)	-	(1,976)	(1,147)
% of scheme liabilities	15	14	-	3	2
Total amount recognised in STRGL:					
Amount £000	7,133	(22,703)	3,961	(684)	(3,574)
% of scheme liabilities	7	22	5	1	6

**Total pension cost for the Group**

	<u>Year Ended</u> <u>31 July 2009</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2008</u> <u>£'000</u>
Contributions to TPS	4,186	3,991
Contributions to WYPF	4,680	4,371
Contributions to USS	296	233
Total pension cost (Note 6)	<u>9,162</u>	<u>8,595</u>

**32. POST BALANCE SHEET EVENTS**

There have been no post balance sheet events.

**33. CAPITAL COMMITMENTS**

**Group and University**

	<u>2009</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>
Commitments contracted for at 31 July	<u>11,608</u>	<u>2,419</u>
Authorised but not contracted by 31 July	<u>-</u>	<u>-</u>

**34. FINANCIAL COMMITMENTS**

**Group and University**

At 31 July the University had no annual commitments (2008 : none) under non-cancellable operating leases.

**35. RELATED PARTY TRANSACTIONS**

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.

**THE UNIVERSITY OF HUDDERSFIELD**  
**For the Year ended 31 July 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**36. ACCESS FUNDS**

	<u>31 July 2009</u> £'000	<u>31 July 2008</u> £'000
Balance at 1 August	15	28
HEFCE grants	751	839
Interest earned	6	8
	<hr/> 772	<hr/> 875
Disbursed to students	<hr/> (764)	<hr/> (860)
Balance unspent at 31 July	<hr/> <hr/> 8	<hr/> <hr/> 15

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.

**37. TRAINING BURSARIES**

	<u>Year Ended</u> <u>31 July 2009</u> £'000	<u>Year Ended</u> <u>31 July 2008</u> £'000
HEFCE, Teacher Training Agency and Yorkshire Forward grants	2,333	2,507
Disbursed to students	<hr/> (2,333)	<hr/> (2,507)
	<hr/> <hr/> -	<hr/> <hr/> -

HEFCE, Teacher Training Agency and Yorkshire Forward 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 2009**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**39. 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 2009</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2008</u> <u>£'000</u>
HEFCE - Aim Higher	4,048	3,738
Disbursed to the University	(517)	(360)
Disbursed to Partners	(3,531)	(3,378)
	<u>-</u>	<u>-</u>
HEFCE - West Yorkshire Lifelong Learning Network	4,456	1,205
Disbursed to the University	(823)	(553)
Disbursed to Partners	(3,633)	(652)
	<u>-</u>	<u>-</u>
HEFCE - West Yorkshire Knowledge Exchange	361	298
Disbursed to the University	(165)	(140)
Disbursed to Partners	(196)	(158)
	<u>-</u>	<u>-</u>
European Commission - Non Timber Forest Products - Phase 2	684	292
Disbursed to the University	(87)	(53)
Disbursed to Partners	(597)	(239)
	<u>-</u>	<u>-</u>