

THE UNIVERSITY OF HUDDERSFIELD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

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For the year ended 31 July 2015

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THE UNIVERSITY OF HUDDERSFIELD
FINANCIAL STATEMENTS
For the year ended 31 July 2015

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OPERATING AND FINANCIAL REVIEW

The University Council of the University of Huddersfield hereby submits its twenty third annual report together with the audited financial statements for the year ended 31 July 2015. 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. The University's other wholly owned trading subsidiary, Huddersfield Enterprise and Innovation Centre Limited, which houses the 3M Buckley Innovation Centre (3M BIC), has continued to trade during this period.

CONSTITUTION AND POWERS

The University of Huddersfield is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. The Trustees are the people who serve on the governing body of a charity. For our purposes, the Trustees are known as Members of the University Council in accordance with our Instrument and Articles of Government.

The University's revised Articles of Government were adopted by the University Council on 22 February 2012.

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

PUBLIC BENEFIT STATEMENT

The Charities Act 2011 introduced the requirement for Council Members to demonstrate explicitly that the main activities of the University are in furtherance of its charitable purposes which are for the public benefit. The University Council has complied with its duty under the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission, which is available directly to Members.

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

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

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

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

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

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

Vision

To be an inspiring, innovative University of international renown.

Mission

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

Stakeholder Expectations

Our students can expect:

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

Our partners can expect:

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

Strategic Aims

A new strategic plan for the period 2013-2018 was approved in July 2013.

Our strategic aims are:

- to inspire our students to attain the highest academic and professional standards;
- to inspire our students to enjoy an outstanding University experience;
- to inspire employable and enterprising graduates;
- to increase the number of our research active staff and the quality of their outputs;
- to increase the quantity and quality of our postgraduate research student community;
- to increase the quality and range of our external research, enterprise and innovation income;
- to become an increasingly popular destination of choice for world class international students;
- to ensure our international students have an inspiring world class student experience; and
- to become ranked as an outstanding international University.

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

Achievement of Objectives

Inspirational Teaching

All subjects inspected by the Quality Assurance Agency for Higher Education (QAA) since 2000 have achieved the highest teaching quality rating available.

This year we increased the proportion of students gaining first and upper second class degrees for the 9th consecutive year. In the summer of 2015 students completing their degrees again achieved levels of 'good degrees' (1/2i classifications) higher than the previous year.

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

The University was proud to be awarded a further National Teaching Fellowship this year out of only 55 granted per annum. We have now been awarded 12 Fellowships in the last 8 years, the best performance in the UK over that period and the only University to have achieved a success in every one of those years.

The University's achievement of 100% professional recognition for all colleagues with substantive teaching roles, through Fellowship of the Higher Education Academy, continues to be unique amongst UK universities.

In the National Student Survey, the University achieved a significant rise in 'overall' satisfaction, from 85% to 88% and again recorded an average satisfaction score ahead of the national average. Certain subject areas were distinctive for their success, for example 100% overall satisfaction in six subject areas (Politics, Sociology, Teacher Training, Initial Teacher Training, Academic Studies in Education and others in Technology) and the highest scores in Yorkshire in a further eight areas, including Podiatry, Occupational Therapy, Nursing, Finance, History and Architecture. The score across the institution for the five questions on Assessment and Feedback ranks Huddersfield joint 6th out of English mainstream (£100m+) universities.

We endeavour to equip our graduates with the life-skills and behaviours necessary to be citizens and members of society. From September 2012, all students entering undergraduate courses of more than one year's duration have had the opportunity to experience significant work related experience in their studies and this is now being enhanced with a further emphasis on enterprising skills in all areas. The most recently published 'positive outcomes' figure for Huddersfield graduates in employment or further study six months after graduation (based on those graduating mainly in the summer of 2014) at just under 95%, places Huddersfield in the top 15% of English mainstream universities.

Student Opportunities

The University places the needs of its students first. We are proud of our record in widening access to higher education and have one of the 20 most socially inclusive student populations in England. This is combined with high levels of student achievement and success in graduate employment. The University is committed to its local community and actively to take education to students in order to widen participation, as well as delivering excellence in teaching and enhancing student success. Our 2015/16 Access Agreement was approved by the Office for Fair Access (OFFA) without revision.

The University has performed well in terms of recruiting from low-income groups and local ethnic-minority communities. Since the publication of the first set of HEFCE Performance Indicators for widening participation in 1999 the University has performed above the national benchmarks in the all-England averages and the average for universities in Yorkshire. For example, throughout the last five years, the University has recruited a higher percentage of young full-time undergraduate entrants from state schools than any other university in Yorkshire. Despite sector-wide growth in these areas, further improvement has been achieved with the result that we continue to exceed the benchmarks. For example, over 45% of our home and EU first year students come from the lowest socio-economic groups.

We recognise that some sections of society perceive that there are entry barriers to higher education, for instance based upon price. We work hard to raise aspirations and awareness of HE amongst those currently under-represented and in 2014/15 we carried out over 700 visits to schools, colleges and community groups, reaching around 21,000 learners. We also provide role models and advice through our Student Ambassador Scheme. We give all of our Post Graduate Research students the most comprehensive guide to alternative funding sources currently available in the UK.

In 2014/15 we distributed £314k in discretionary bursaries to 684 students and University Scholarships to 1,051 students amounting to £3.15m. We also awarded Access to Learning Funds of over £273k to 445 students. 90% of those eligible took a tuition fee loan from the Student Loan Company.

Student Support

The University's Wellbeing Service has supported a total of 2,445 individual students who have sought and gained the support they required, many of whom could otherwise have withdrawn. We have offered in excess of 5,000 appointments as well as group work and events across the campus.

A total of 1,117 students who were seen by a wellbeing adviser included 332 students in an urgent or emergency capacity while the Counselling Service supported a further 250 students. Mental Health has become a priority for the student support service with the management of one or more students who may be deemed 'at risk' now occurring on a daily basis.

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

The instant and open access side of the Wellbeing Service has seen our daily drop-in facility support 296 students and our Back on Track service provided support to 692 students who were having difficulties engaging with their studies or whose attendance was poor. The Service dealt with over 8,000 initial enquiries for assistance.

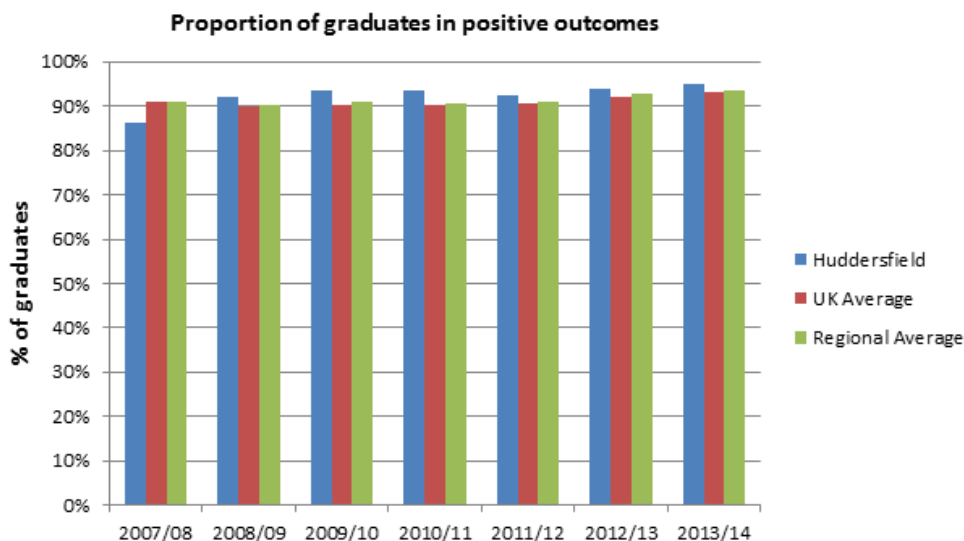
The University has over the years made a commitment to supporting students who are care leavers with 90 students supported this year. We have run many events across the year highlighting support needs and these have all been well-received. The University is the first in the UK to offer a mentoring programme for care leavers where the mentors are exclusively drawn from the University's Vice-Chancellorate and Senior Management Group.

During the year, 2,956 disabled students registered with Disability Services and received support ranging from dyslexia tuition and British Sign Language interpretation, to students with multiple disabilities. The level of complexity is increasing significantly requiring increased expertise and judgement on the part of the disability advice team. Government cuts to Disabled Student Allowance will have a significant impact, though this University's strategy of defraying many of those cuts by providing support from internal funds will be a huge positive benefit to our disabled student population.

Employable and Enterprising Graduates

The University is continuing to build upon its already strong track record for ensuring that our graduates are career-focussed and job-ready. The University's careers and employability service supported a total of 3,072 students individually, with a further 286 attending our central workshop programme. In terms of employer engagement, a record 4,192 vacancies were handled by the University Jobshop, with 879 companies registering with us to place vacancies for the first time.

Latest figures show, six months after graduation, that 94.9 per cent of our graduates are in employment and/or further study. This is an increase of 1.1 per cent over the previous year and the following graph shows that we remain ahead of sector and regional averages for producing employable and enterprising graduates.



Source : HESA Destination of Leavers from HE survey 2013/14

Innovative Research Excellence and Enterprise

In December 2014, the University achieved outstanding results in the UK's national assessment of research quality – the HEFCE Research Excellence Framework (REF). The leap of 25 places in research power was recognised by the *Times Higher Education's Table of Excellence* as the third highest of the 154 higher educational universities in the UK. In total, the University submitted 232.7 FTE academic staff across 13 Units of Assessment including Allied Health, Chemistry, Biological Sciences, Physics, General Engineering, Computer Science and Informatics, Social Work and Social Policy, Music, History, English Language and Literature, Education, Business and Management Studies, Art and Design History. This represented the University's biggest ever submission and was more than double the number of staff submitted to the Research Assessment Exercise in 2008. Results showed a 150% increase in research which was recognised as "world leading" and a five-fold increase in the number of researchers producing work at this highest level of attainment.

Our postgraduate research student population continues to grow and we currently have approximately 1200 students registered which represents a 26% increase in student numbers since 2012/13. We strongly endorse the principles of the national Concordats for Researcher Development and Research Integrity and Ethics so as to enable our staff and students to explore the benefit and potential impact of their research for wider academic and public benefit.

The University has recruited a significant number of new academic staff to support the continued growth in research programmes and we currently have 113 professors. Over the past year we have achieved some major research and enterprise successes which include :

- Securing ~£5M of RCUK income for the future study of radiation effects in nuclear materials.
- Securing £1M Leverhulme grant funding to establish a Doctoral Training Centre in archeogenetics.
- Continued planning for the establishment of '*NPL (National Physical Laboratory) in the North*' as a national research and innovation centre for surface metrology.
- Securing £2.9M Local Growth Fund money to further exploit the 3M BIC activities through the Huddersfield Incubation and Innovation Programme.
- Successfully completing the 3M BIC ERDF programme delivering contracted outputs on time to a network of ~600 SMEs.
- Launching an innovation voucher scheme with Santander to support local SMEs.
- In partnership with other Yorkshire Universities, successfully delivering business support activity to more than 200 SMEs via the £3.1M ERDF Yorkshire Innovation Fund.
- Providing business mentoring support for >120 student and graduate start-up companies within the Duke of York Young Entrepreneur's Centre.

Our research covers a spectrum from 'blue skies' to user-inspired and applied research where outputs are close to end-user needs and are adopted in new products, services and policy. Given the nature of our University research portfolio, which encompasses professional and vocational research, beneficiaries of our research and knowledge transfer (KT) activity are wide ranging. Much of our research and KT activity has 'beneficiary' involvement from the outset through partnership or direct funding of the research. For example, organisations include:

- Multinational companies e.g. 3M, Rolls Royce, Agilent, Renishaw, Taylor Hobson (Ametek)
- Regional companies e.g. Borg Warner, Cummins Turbo Technologies, Reliance Precision, Paxman Coolers, Kromek
- Charities e.g. Prince's Trust, NSPCC, Woundcare4heroes, Little Heroes
- Public sector organisations e.g. Rail Standards and Safety Board (RSSB), UNICEF, National Physical Laboratory (NPL), NHS, and Food and Environment Research Agency (FERA)
- Museums and galleries e.g. Royal Armouries, Yorkshire Sculpture Park and Barbara Hepworth Gallery.

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

The 3M BIC continues to be a primary route for business engagement, promoting the University's research capability with an increasing number of research partnerships and collaborations being established, especially with local SMEs. We have extended our business support networks and launched a professional services network associated with our innovation programme. In addition, we have signed a Memorandum of Understanding with the Manufacturing Advisory Service, now part of the UK Business Growth Service and we continue to work with UK Trade & Investment, the EEF (the Manufacturer's Organisation) and Mid-Yorkshire Chamber of Commerce to support our network of companies. In conjunction with the Santander SME Breakthrough programme, we successfully launched an innovation voucher scheme for companies wanting to access technology and skills provided through the 3M BIC and the University teams.

Knowledge Transfer activities generally have clearly defined beneficiaries and the benefits quantified in some way. The Knowledge Transfer Partnership programme (KTP) funded by Innovate UK (IUK) is an excellent scheme for fostering relationships between academia and industry. Over the past year, we have successfully increased the number of active KTPs to 15 and achieved IUK '*outstanding*' status for a completed project with Paxman Coolers - a local SME manufacturing scalp coolers to reduce hair loss during chemotherapy treatment for cancer patients.

In terms of regional engagement, the University's relationship with the Local Enterprise Partnership continues to grow with the Vice-Chancellor being a member of the LEP Board and a number of staff active on LEP innovation and skills working groups.

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

Detriment or Harm

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

Contribution to economic, social and cultural development

The University has a history of close involvement with industry, business and its cultural community. The extent of that involvement is probably best illustrated by the fact that in terms of headcount we are in the top 10 HEIs in the UK for sandwich course placements and from DLHE data we estimate that ~70% of our graduates are retained in the Yorkshire and Humber region.

The University connects with the world outside the campus, with links to a broad range of external organisations and professional bodies. More than 40 professional bodies accredit our provision. Our connections help us to keep our courses relevant to the world of work and ensure our students have good employability skills. Recent additions to the curriculum include Investigative Psychology, through the British Psychological Society.

We are the 3rd largest employer in Huddersfield and it is estimated that we are responsible for more than £300M in direct and indirect contributions to the local economy. Approximately 18% of our student population are from the EU or overseas and are contributing overseas investment and spend in our regional economy.

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

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

International Renown

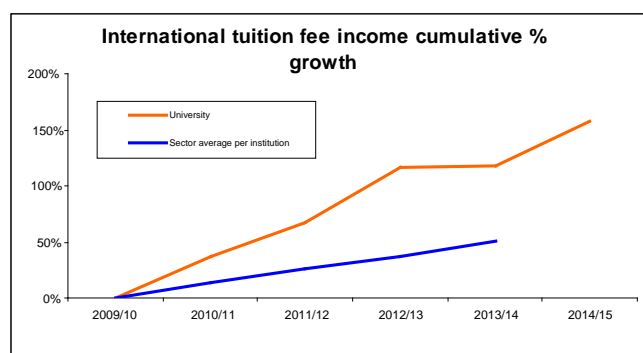
The University again experienced an increase in its international student numbers and earned £20.2m in overseas tuition fee income, a considerable increase on the previous year and on forecast.

More than a quarter of our students are now non-UK students and we also have a growing international staff base.

This is particularly pleasing and a positive indication of our growing international reputation, as the national picture is starting to show negative trends, with some universities experiencing significant declines in international student numbers.

Under Santander scholarships 40 of our students were able to undertake short international study trips to countries as diverse as China, Hong Kong, Brazil, Portugal, the Netherlands, the USA and Canada.

We recently secured QS 4* accreditation for our all-round performance as a world class international University and this year added 5 stars for Employability to those for Access, Teaching, Facilities, and Internationalisation. This places us soundly on the international stage alongside a number of other prestigious 4* Universities. We also appeared in the QS World Rankings for the first time, entering this prestigious list in the 700s.



The past year has also seen us open a new country office in Hanoi, Vietnam as well as sub offices for China in Guangzhou and Shanghai, allowing us to provide first class support to applicants and graduates in those large population centres.

Enhancing our standing, Developing our identity and Raising our profile

Our staff, students and alumni are influential across the globe in their chosen fields. Our marketing and communications activity aims to help support their profiles by increasing awareness of the University among those they work with. We also seek to ensure that those who seek to commission research or business support are aware of the knowledge and skills that are available through working in partnership with the University. Another key focus is our work with those who may advise students about their choice of University. Our profile raising work includes media relations, social media activity, holding a range of events on campus and inviting key influencers into the University to see the work we do.

Equal Opportunities and Employment of Disabled Persons

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

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

Disability Statement

The University seeks to achieve the objectives set down in the Equality Act 2010. The University has been awarded the Disability Symbol. This is in recognition by Jobcentre Plus that we have agreed to take action to meet five commitments regarding the employment, retention, training and career development of disabled employees.

Environmental and Social Sustainability

The University is committed to the principles of environmental protection and sustainable development. Our ambition to green our campus, curriculum and University community has seen us become a recognised sector leader in environmental management and best practice. We are proud to be acknowledged among the UK's greenest Universities, nominated for two Green Gown Awards in 2014.

Strategic Activity on Sustainability

There has been an increase in University-wide strategic level activity on sustainability during the last year, which will shape how sustainability issues are addressed going forward.

Sustainability has been introduced into the University Strategy Map 2013-18 and the University Teaching and Learning Strategy 2013-18.

A University-wide Thematic Review of Sustainability was undertaken in May 2014, the first ever review, to assess the University's current activities and performance on sustainability issues. This has resulted in a series of recommendations for the future.

Environmental Management

The University has a comprehensive environmental policy, established in 2008 and updated regularly, linking our key environmental impact areas to specific time-bound targets. The Environmental policy primarily implemented through key strategies and plans, such as our Carbon Management Plan, Sustainable Travel Plan and newly developed Waste Management Strategy.

A dedicated Carbon and Energy Manager supported by an Environmental Co-ordinator oversee environmental, carbon and energy management in conjunction with specialist teams, within a wide governance framework that includes reporting to the Estates Development Committee and the University's Senior Management Team.

Further specialist expertise is offered by a Sustainable Procurement Officer and an Active Travel Project Officer (via working partner Sustrans).

Carbon emissions being one of our most significant environmental impacts, our Carbon Management Plan, established and driven forward by our Carbon Management Committee, includes a series of SMART targets specifically addressing carbon reduction, which is subject to annual progress reporting. A mid-term review of our Carbon Management Plan will be undertaken to reflect all the changes to the University since its implementation.

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

Environmental Performance

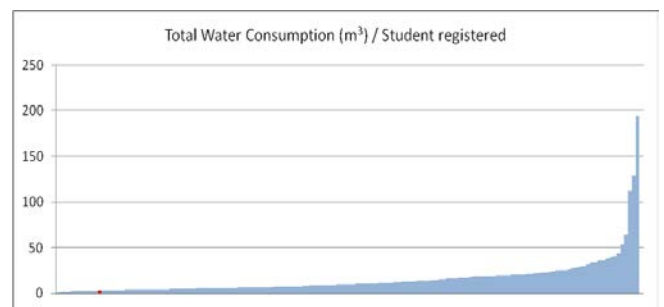
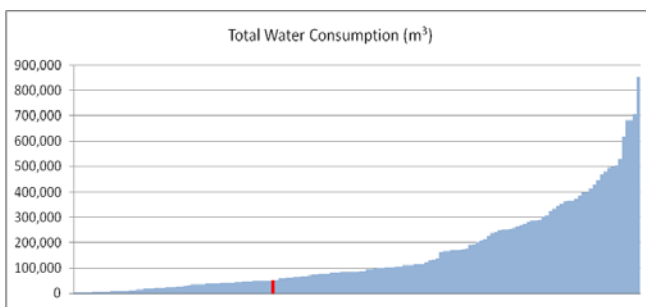
The University continues its commitment to achieve high environmental standards on new buildings and major redevelopments.

The new Oastler building has achieved the BREEAM Excellent standard and EPC A rating at design stage and will be expected to be certificated as such at handover in 2017. This follows BREEAM Excellent for our 3M Buckley Innovation Centre and several 'Very good' ratings on new builds since 2007.

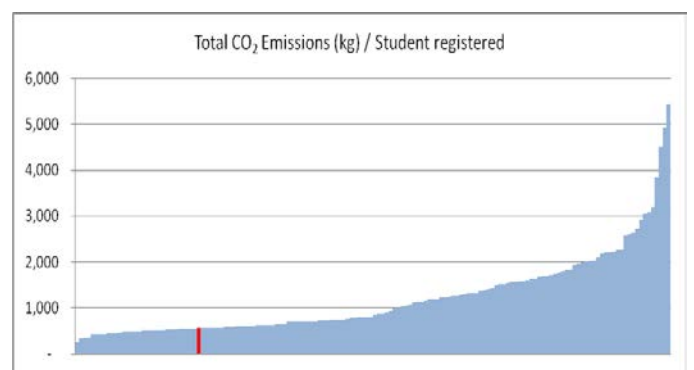
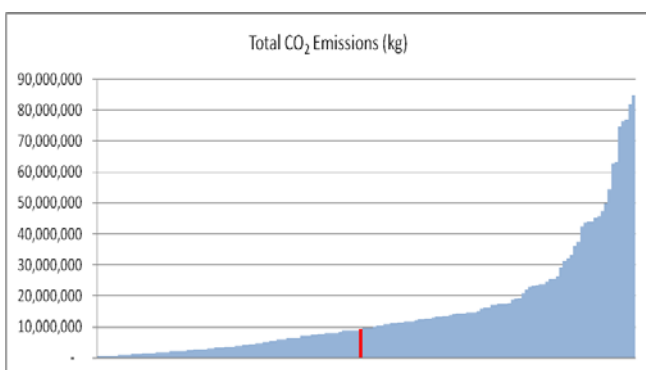
We are committed to a minimum of 'Excellent', plus Energy Performance Certificate 'B' ratings, for all future construction projects.

The Estates Carbon capital budget allows the University to invest in projects and products that will help improve its Sustainability performance. Investment has already been undertaken on improvements in LED lighting. This is an area that has been identified as a very good return on investment both environmentally and financially whilst providing improved conditions for teaching and working. The budget has also enabled the part-funding of the Active Travel Project Officer to extend this successful project to the end of the 2015-16 academic year.

The University has continued its good performance in water consumption, being within the top 35% of HEI's for Total Water Consumption and within the top 10% for water consumption per number of registered students.



We also continue to perform well with our Scope 1 & 2 Carbon Dioxide emissions, falling within the top 50% of HEI's for Total Emissions and within the top 20% for emissions per number of registered students.



We have continued our 'zero to landfill' waste policy and recycled over 90% of our waste, maintaining our consistently high recovery rate. We have implemented waste reuse schemes, such as SPURS, the 'Sustainable Procurement: University Recycling Scheme' for furniture and equipment, launched in 2012.

The University is currently in the process of tendering for a new waste management contract and has built in a high level of environmental performance as one of the key requirements for the company appointed.

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

We were one of the first and largest businesses in Huddersfield to adopt a Sustainable Travel Plan and have seen a 23% reduction in 'car alone' journeys to campus since its initial implementation in 2007. Additionally, we are working in with our partners Sustrans, Kirklees Council and Kirklees College to deliver the Huddersfield Active Travel Project on campus for an additional year in the project.

We have begun the process of reviewing our Sustainable Travel Plan, reviewing and improving our travel schemes including customer surveys.

An exercise was recently undertaken to identify, map and where necessary improve all the cycling facilities on our campus.

Cementing our strong stance on Corporate Social Responsibility, our achievement of Fairtrade University status in 2009 was described as 'trailblazing for Huddersfield' by the Fairtrade Foundation, and we were central in achieving 'Fairtrade Borough' status for Kirklees in partnership with Kirklees Council. We successfully renewed our Fairtrade University status in September 2014 until 2016.

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

We received a highly commended status from the Environmental Association for Universities and Colleges (EAUC).

Sustainability Education

Our involvement in educating our students about sustainability has increased, with our Education for Sustainable Development (ESD) Forum launched in 2012, a new resource for teaching and academic staff.

As a result of Forum activities, a commitment to ESD has now been incorporated into our Teaching and Learning strategy. The Teaching and Learning Strategy refers to themes of sustainability, responsibility, global citizenship, interdependence of society, economic prosperity and ethical issues and it sets an objective for all students to reflect on these themes within their studies.

A strategic project is underway to implement the framework for a University-wide 'sustainability module', to enable sustainability issues to be incorporated into the curriculum for all subject disciplines.

In 2015 two special interest sub-groups of the ESD forum were established to share and develop both Learning and Activities for staff and students across the University related to sustainability.

Sustainability Research

The University's Research Centres undertake award-winning research into sustainability issues, from research into 'Thorium power', a safer nuclear power to address energy security issues, to the 'NOx factor', a system to cut polluting emissions from growing biodiesel use, to collaborative international development projects to improve the lives of people and communities in developing countries via the Centre for Sustainable and Resilient Communities.

A project is underway to map the full extent of sustainability research at the University.

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

Financial Performance

Accounting Policies

The principal accounting policies of the University have been applied consistently throughout the period since incorporation. Those which are critical to interpretation of the results relate to accounting for our share of the West Yorkshire Pension Fund assets and liabilities under FRS17 (see note 28); a revaluation of land and buildings every 5 years which took place in 2015 and significantly increased the value of the University's assets (see note 12); and the recognition of research grant and contract income which is included to the extent that the conditions for their receipt have been complied with.

Results for the year

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

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Income	152,626	141,284
Expenditure	<u>(125,403)</u>	<u>(119,784)</u>
Surplus after depreciation of assets at valuation, disposal of assets and taxation	27,223	21,500
Transfers from revaluation reserve	<u>686</u>	<u>981</u>
Historical cost surplus for the year	<u>27,909</u>	<u>22,481</u>

The University is pleased to record a healthy operating surplus for the year at 17.8% of total income.

Total income increased by 8.0%. A further fall in Funding Council income was offset by higher tuition fee income from UK and EU Higher Education students, an increase in international student numbers and an increase in research and enterprise activity.

The underlying staff cost to income ratio decreased from 54.0% to 53.0%.

Operating expenses increased by 2.0%. Most categories of expenditure showed little change from the previous year, with significant increases in repairs and maintenance of £1.4m and a decrease in equipment and consumables of £1.3m.

Significant balance sheet movements arose from:

- An increase in cash balances and investments of £23.7m arising from operating activities net of capital investment.
- An increase of £9.5m in the calculation of our pension liabilities under FRS17 (following a decrease of £10.4m in the previous year).

Total balance sheet funds increased by £53.8m or 26.7% during the year (following an increase of 21% in the previous year).

Capital Investment

Maintaining capital investment of £9.9m in 2014/15 was critical to our recruitment of students, their experience whilst they are with us and the delivery of inspirational teaching and learning which is one of the University's key strategic objectives. That investment is funded through our own resources by retaining sufficient surpluses to generate the cash required.

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

Cash Flow

The consolidated cashflow statement shows an increase in cash balances of £29.7m before capital expenditure (net of grants received) which was largely the result of cash generated from operating activities. Liquidity at the year end represented 331 days of expenditure, compared with a sector average of 127 days for 2013/14.

The University has a target for generating sufficient cash to fund its estates and other strategic objectives which was achieved in 2014/15. Our strategy is to pay for estate developments out of current earnings and only to borrow when accelerating the estate strategy would contribute to the achievement of our overall strategic aims.

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

Financial Outlook and Liquidity

The University's financial forecast for the period to 2018 demonstrates the sustainability of our strategy to retain sufficient surpluses to invest in improving the student experience; at the same time as maintaining liquidity and managing risks to our future financial strength. Over several years we have retained an additional contingency primarily by generating income growth and containing costs, so that adverse economic conditions can be managed without endangering our underlying surplus. Key Financial Indicators are the level of operating surplus as a percentage of income and staff costs as a percentage of income, the control of which are key to delivering the cash for our strategic needs.

Going Concern

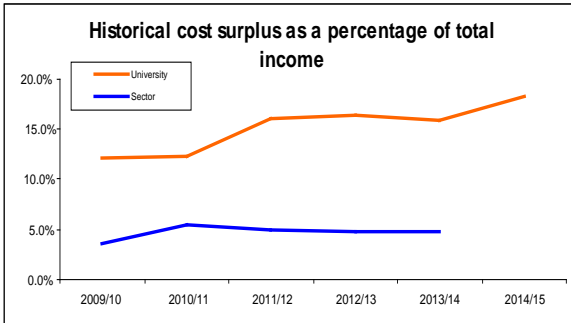
The University has a reasonable expectation that there will be adequate resources to continue in operational existence for the foreseeable future. The Financial Forecast submitted to HEFCE in July 2015 demonstrates surpluses in each year to 2017/18, with strong cash balances despite incurring significant capital expenditure, and no debt requirement, based on a conservative set of assumptions for future income and expenditure.

Financial Sustainability

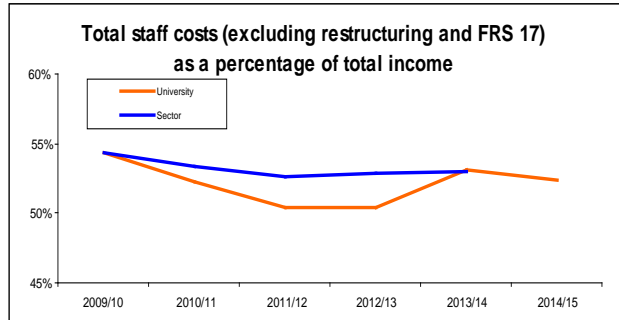
Three of our University KPIs relate directly to financial performance. The following ratios represent some of the Key Financial Indicators which are recognised across the Higher Education Sector and can indicate the financial health of a University relative to its peers. They are shown for the University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

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

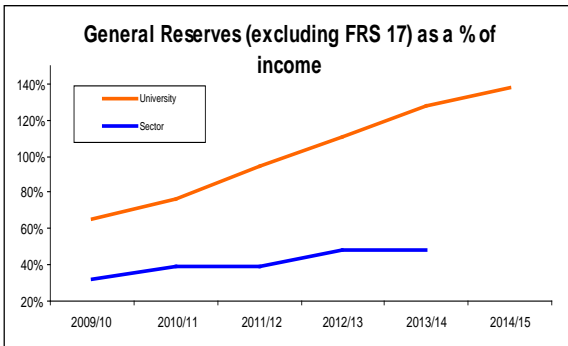
Comparative results (excluding the impact of Financial Reporting Standard 17) for the last 5 years show the following trends:



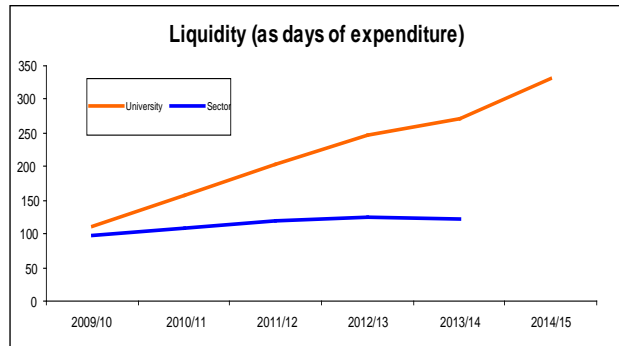
The University's surplus has been steadily increasing over the last 5 years and is higher than the sector average.



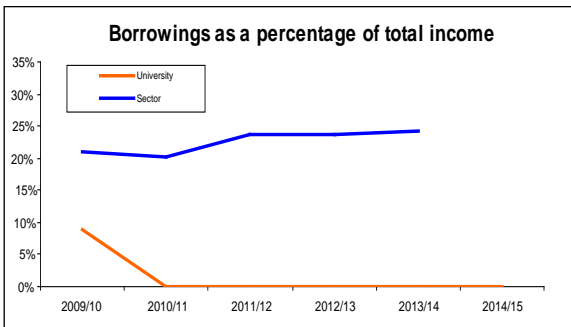
The University's core staffing cost as a % of income is now below the sector average.



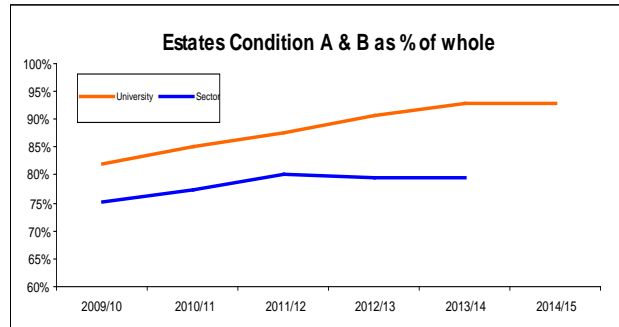
The University's reserves are well above the average for the sector.



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



The University repaid its outstanding loans in April 2011.



Over 90% of the University's estate is now classified as "new or sound", demonstrating our continuing commitment to maintain the best facilities for our students.

The University is financially strong and is generating sufficient cash to meet its strategic objectives without borrowings.

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:

- cuts in government funding for HE teaching, our vulnerability to NHS income streams and any impact arising from the forthcoming Comprehensive Spending Review;
- the open market competitive environment for the recruitment of home, EU and overseas students
- our ability to recover the full economic cost of our key activities;
- cash limited research funding and its allocation; and
- pay and pension costs increasing at a faster pace than our income.

Our response to these risks has been:

- to create an economic contingency reserve by generating growth, particularly of international tuition fee income;
- to reduce our staff cost to income ratio by controlling expenditure in this area;
- robust scenario planning to consider the options available together with an agile decision-making environment;
- to review and refresh our course portfolio; and
- the recruitment of world class research academics.

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

Disclosure of Information to Auditors

The Council 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 is accredited by 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.

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

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The University is committed to exhibiting best practice in all aspects of corporate governance. The University complies with the Higher Education Code of Governance which was issued by the Committee of University Chairs (CUC) in December 2014. Its purpose is to help the reader of the accounts understand how the principles of corporate governance have been applied.

The University is committed to exhibiting best practice in all aspects of corporate governance. The CUC Higher Education Code of Governance issued in December 2014 includes “must”, “should” and “could” statements; the University Secretary and Vice-Chair of Council conducted a gap analysis of the University’s performance against each of the Code’s provisions, which was summarised and presented to University Council at its meeting on 26 March 2015. In accordance with the requirements of the Code, members of the University Council confirm that the University has in place all of the primary elements and meets the requirements of the supporting “must” statements. The University requested that its internal auditors review the University’s compliance in this regard, their report confirmed substantial assurance in that the University complied with the “must” statements in the Code.

In the opinion of the Members of Council, the University complies with all the provisions of the CUC Code and it has complied throughout the year ended 31 July 2015.

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
External Members			
Mr C J Brown	1 January 2001	31 July 2019	Chair of Council Estates Development Committee Chair of Governance & Membership Committee Honorary Awards Committee Chair of Remuneration Committee
Mr E L F Nicholls	1 April 1999	31 July 2018	Vice-Chair of Council Audit Committee Chair of Estates Development Committee Governance & Membership Committee Honorary Awards Committee Remuneration Committee
Mr P Butler	7 July 2011	31 July 2015	Estates Development Committee
Mr M Fisher	30 March 2006	31 July 2018	
Mrs J Harris	16 November 2010	31 July 2016	Governance & Membership Committee Honorary Awards Committee
Dr I Roscoe	16 November 2010	31 July 2016	Governance & Membership Committee Honorary Awards Committee
Mr B Swan	18 October 2007	31 July 2016	Audit Committee Governance & Membership Committee Honorary Awards Committee
Mrs H Thomson	16 November 2010	31 July 2016	Audit Committee
Mr J Thornton	20 July 2006	31 July 2018	Chair of Audit Committee Remuneration Committee
Co-opted Members			
Professor P Slee	1 January 2010	31 August 2015	Estates Development Committee Governance & Membership Committee
Members Nominated by Senate (Teaching Staff)			
Dr P Woodcock	22 October 2009	31 July 2015	
Professor J Playle	1 August 2014	31 July 2016	
Members Nominated by Senate (Admin Staff)			
Miss S Ford	1 August 2012	31 July 2015	
Student Member			
Mr J Elderfield	3 July 2014	3 July 2015	
Vice-Chancellor and Principal			
Professor R A Cryan	1 January 2007	Ex-officio	Chair of Honorary Awards Committee Estates Development Committee Governance & Membership Committee Remuneration Committee

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

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the Committee of University Chairs Higher Education Code of Governance.

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 on 10 January 2012 and came into effect on 22 February 2012. The Articles require the University to have a Council and a Senate each with clearly defined functions and responsibilities, to oversee and manage its activities.

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

The Council has a majority of external members, chosen in line with strict criteria contained in the legislation. It is customary for the Chair of the Council to be elected from the external 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 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 Memorandum of Assurance and Accountability between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the designated officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

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

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

Although the Council meets at least three times each year, much of its detailed work is initially handled by committees, in particular the 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 Governance and Membership Committee makes recommendations for effective governance arrangements and the appointment of University Council and Committee members.

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

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

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

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

All Council members are able to take independent professional advice in furtherance of their duties at the University's expense. In accordance with the Articles of Government of the University, Council members have access to the University Secretary who acts as Clerk to the Council. She 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 interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair 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 2015 and up to the date of approval of the financial statements and accords with HEFCE guidance.

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

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

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

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

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

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

The internal control system used to manage risk will continue:

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

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

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

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

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

The University Council's review of the effectiveness of the system of internal control is informed by the internal audit service, which operates to standards defined in the HEFCE Memorandum of Assurance and Accountability. The internal auditors submit regular reports which include their independent opinion on the adequacy and effectiveness of the University'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 24 March 2015 the Assurance Service concluded that the University is not at higher risk and is meeting its accountability obligations set out in the Memorandum of Assurance and Accountability.

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 2015 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 UK Corporate Code of Governance as deemed appropriate for Higher Education.

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

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 the Memorandum of Assurance and Accountability agreed between the Higher Education Funding Council for England and the University Council, the latter, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the University Council has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

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

The University Council has taken reasonable steps:

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

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

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

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

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

AUDITORS

A resolution to appoint Grant Thornton UK LLP as external auditor will be put to the University Council Meeting on 27 November 2015.

Mr C J Brown
Chair
26 November 2015

THE UNIVERSITY OF HUDDERSFIELD
INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE UNIVERSITY OF HUDDERSFIELD
('UNIVERSITY')

We have audited the financial statements of the Group and University for the year ended 31 July 2015 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated statement of historical cost surpluses and deficits, the consolidated and University balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University's Council, as a body, in accordance with the University's articles of government. Our audit work has been undertaken so that we might state to the University's 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 University and the University's Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Council and auditor

As explained more fully in the Council's Responsibilities Statement set out on page 22, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the University's affairs as at 31 July 2015 and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

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

Opinion on other matters prescribed by HEFCE's Memorandum of assurance and accountability dated June 2014 and the funding agreement with the National College for Teaching and Leadership

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE and the National College for Teaching and Leadership have been applied in accordance with the Memorandum of assurance and accountability, the funding agreement with the National College for Teaching and Leadership and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
27 November 2015

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

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

Basis of preparation

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

Basis of accounting

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

Going concern

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

Basis of consolidation

The consolidated financial statements consolidate the results of the University and its subsidiary undertakings as shown in Note 13. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS2 Accounting for Subsidiary Undertakings, the activities of the Students' Union have not been consolidated because the University does not control those activities. All financial statements are made up to 31 July 2015.

Recognition of income

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

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

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

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

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

Maintenance of premises

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

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates and the resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

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

Pension schemes

Retirement benefits for most employees of the University are provided by the Teachers' Pension Scheme (TPS) the Universities Superannuation Scheme (USS) and the West Yorkshire Pension Fund (WYPF). These are defined benefit schemes which are contracted out of the State Second Pension (S2P).

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

The assets of the WYPF are measured using closing market values. WYPF liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Further details of the pension schemes are given in Note 28.

The assets of the USS are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Therefore, as required by FRS 17 "Retirement benefits", the University accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Enhanced pensions

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

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 on a five year cycle. Increases in value are taken to the revaluation reserve except to the extent that they reverse revaluation losses on the same asset that were previously recognised in the income and expenditure account, in which case they are recognised in the income and expenditure account. Freehold and long leasehold land is not depreciated. Freehold and long leasehold buildings are depreciated over their expected useful economic lives to the University of 50 years for new build and 45 years for buildings revalued as at 31 July 2010. Short leasehold land is depreciated over the lives of leases. Capital additions are depreciated in full in the year of acquisition and none in the year of disposal.

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.

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

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 is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

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

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

c. Subsequent expenditure on existing fixed assets

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

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

Leased assets

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

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

Investments

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

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

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

Taxation

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and is a charity within the meaning of the Finance Act 2010, Schedule 6. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Paragraph 11 of CTA 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

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

Liquid resources

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

Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Agency arrangements

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

Accounting for charitable donations

a. Unrestricted donations

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

b. Endowment funds

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

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

c. Donations for fixed assets

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

Cash flows and liquid resources

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

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

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2015

GROUP INCOME AND EXPENDITURE ACCOUNT

		<u>Year Ended</u> <u>31 July 2015</u>	<u>Year Ended</u> <u>31 July 2014</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
INCOME			
Funding council income	1	18,921	27,653
Tuition fees and education contracts	2	113,619	97,997
Research grants and contracts	3	7,074	4,978
Other income	4	9,620	9,094
Endowment and investment income	5	3,392	1,562
		<hr/>	<hr/>
Total Income		152,626	141,284
EXPENDITURE			
Staff costs	6	80,949	76,410
Other operating expenses	7	39,296	38,516
Depreciation	12	5,049	4,840
Interest and finance charges payable	8	18	18
		<hr/>	<hr/>
Total Expenditure	9	125,312	119,784
Surplus after depreciation of tangible fixed assets at valuation and disposal of assets but before taxation		27,314	21,500
Taxation	10	91	-
		<hr/>	<hr/>
Surplus for the year retained within general reserves	11	<u>27,223</u>	<u>21,500</u>

The income and expenditure account for the year ended 31 July 2015 is in respect of continuing activities and retained within general reserves.

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2015

GROUP STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

	<u>Note</u>	<u>Year Ended</u> <u>31 July 2015</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2014</u> <u>£'000</u>
Surplus before and after taxation		27,223	21,500
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	23	686	981
Historical cost surplus for the period before and after taxation		27,909	22,481

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2015

	<u>Note</u>	<u>Year Ended</u> <u>31 July 2015</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2014</u> <u>£'000</u>
Surplus after depreciation of assets at valuation, disposal of assets and taxation		27,223	21,500
Unrealised gain on revaluation of fixed assets	12	35,426	-
Actuarial (loss)/gain in respect of pension scheme	28	(10,122)	11,468
Movement on endowments	21	15	13
Total recognised gains and losses relating to the year		52,542	32,981

RECONCILIATION OF MOVEMENTS ON RESERVES AND ENDOWMENTS

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Opening reserves and endowments at 1 August	178,305	145,324
Total recognised gains and losses for the year	52,542	32,981
Closing reserves and endowments at 31 July	230,847	178,305

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2015

BALANCE SHEETS

	<u>Note</u>	<u>Group</u> <u>2015</u> <u>£'000</u>	<u>University</u> <u>2015</u> <u>£'000</u>	<u>Group</u> <u>2014</u> <u>£'000</u>	<u>University</u> <u>2014</u> <u>£'000</u>
FIXED ASSETS					
Tangible assets	12	201,666	201,648	162,190	162,154
Investments	13	32	82	32	82
		<hr/>	<hr/>	<hr/>	<hr/>
		201,698	201,730	162,222	162,236
ENDOWMENT ASSETS					
	14	<hr/>	<hr/>	<hr/>	<hr/>
		2,471	2,471	2,456	2,456
CURRENT ASSETS					
Debtors	15	18,977	19,329	15,094	15,741
Investments	16	20,667	20,667	14,514	14,514
Cash at bank and in hand	17	88,418	88,374	70,888	70,765
TOTAL CURRENT ASSETS					
		<hr/>	<hr/>	<hr/>	<hr/>
		128,062	128,370	100,496	101,020
LESS: CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
	18	<hr/>	<hr/>	<hr/>	<hr/>
		(27,178)	(26,715)	(23,498)	(23,246)
NET CURRENT ASSETS					
		<hr/>	<hr/>	<hr/>	<hr/>
		100,884	101,655	76,998	77,774
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<hr/>	<hr/>	<hr/>	<hr/>
		305,053	305,856	241,676	242,466
LESS: PROVISIONS FOR LIABILITIES AND CHARGES					
	19	<hr/>	<hr/>	<hr/>	<hr/>
		(246)	(246)	(255)	(255)
NET ASSETS EXCLUDING PENSION LIABILITY					
		<hr/>	<hr/>	<hr/>	<hr/>
		304,807	305,610	241,421	242,211
PENSION LIABILITY					
	28	<hr/>	<hr/>	<hr/>	<hr/>
		(49,446)	(49,446)	(39,902)	(39,902)
NET ASSETS INCLUDING PENSION LIABILITY					
		<hr/>	<hr/>	<hr/>	<hr/>
		255,361	256,164	201,519	202,309
DEFERRED CAPITAL GRANTS					
	20	<hr/>	<hr/>	<hr/>	<hr/>
		24,513	24,513	23,214	23,206
Expendable endowments		2,242	2,242	2,226	2,226
Permanent endowments		229	229	230	230
TOTAL ENDOWMENTS					
	21	<hr/>	<hr/>	<hr/>	<hr/>
		2,471	2,471	2,456	2,456
RESERVES					
Income and expenditure account excluding pension reserve		205,837	206,640	178,505	179,303
Pension reserve	23	<hr/>	<hr/>	<hr/>	<hr/>
		(49,446)	(49,446)	(39,902)	(39,902)
Income and expenditure account including pension reserve	23	156,391	157,194	138,603	139,401
Revaluation reserve	22	71,986	71,986	37,246	37,246
TOTAL RESERVES					
		<hr/>	<hr/>	<hr/>	<hr/>
		228,377	229,180	175,849	176,647
TOTAL FUNDS					
		<hr/>	<hr/>	<hr/>	<hr/>
		255,361	256,164	201,519	202,309

The financial statements on pages 26 to 53 were approved by the University Council on 26 November 2015 and were signed on its behalf by:

PROFESSOR R A CRYAN
Vice-Chancellor

MR C J BROWN
Chair

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2015

GROUP CASH FLOW STATEMENT

	<u>Note</u>	<u>Year Ended</u> <u>31 July</u> <u>2015</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July</u> <u>2014</u> <u>£'000</u>
Cash flow from operating activities	24	27,857	25,423
Returns on investments and servicing of finance	25	2,616	1,956
Capital expenditure and financial investment	26	(6,775)	(20,120)
Management of liquid resources		<u>(6,153)</u>	<u>(1,731)</u>
Increase in cash in the year	27	<u>17,545</u>	<u>5,528</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	<u>Note</u>	<u>Year Ended</u> <u>31 July</u> <u>2015</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July</u> <u>2014</u> <u>£'000</u>
Increase in cash in the year	27	17,545	5,528
Cash inflow from liquid resources	27	<u>6,153</u>	<u>1,731</u>
Movement in net funds in the year	27	23,698	7,259
Net funds at 1 August	27	<u>87,858</u>	<u>80,599</u>
Net funds at 31 July	27	<u>111,556</u>	<u>87,858</u>

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2015
NOTES TO THE FINANCIAL STATEMENTS (continued)

1. FUNDING COUNCIL INCOME

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2015</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u>
	<u>£'000</u>	<u>£'000</u>
Recurrent grant	15,759	25,275
Specific grants:		
HEIF Funding	1,198	938
Priority Subject	244	248
Widening Disabled Access	226	187
Other - HEFCE	5	353
Other - NCTL	149	-
Deferred capital grants released in the year:		
Equipment (Note 20)	915	247
Buildings (Note 20)	425	405
	<u>18,921</u>	<u>27,653</u>

2. TUITION FEES AND EDUCATION CONTRACTS

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2015</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u>
	<u>£'000</u>	<u>£'000</u>
UK and EU Higher Education Students	76,015	64,017
Non-EU Students	20,166	17,050
Total fees paid by or on behalf of individual students	96,181	81,067
NHS Workforce Development Confederation Contracts	12,422	11,993
Short Course Fees	1,473	1,438
Registration and Examination Fees	30	35
Research Training Support Grant	354	339
Education Contracts	3,159	3,125
	<u>113,619</u>	<u>97,997</u>

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2015
NOTES TO THE FINANCIAL STATEMENTS (continued)

3. RESEARCH GRANTS AND CONTRACTS

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2015</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u> <u>£'000</u>
Research councils	2,382	2,039
UK based charities	406	306
European commission	1,093	983
Other grants and contracts	3,161	1,630
Release from deferred capital grants (Note 20)	32	20
	<u>7,074</u>	<u>4,978</u>

4. OTHER INCOME

	<u>Year Ended</u> <u>31 July 2015</u>		<u>Total</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u> <u>£'000</u>
	<u>Enterprise</u> <u>Activity</u> <u>£'000</u>	<u>Other</u> <u>Activity</u> <u>£'000</u>	<u>£'000</u>	
Other grant income	1,632	330	1,962	1,737
Other income-generating activities	2,055	1,411	3,466	2,962
Catering and conferences	65	1,104	1,169	1,104
Release from deferred capital grants (Note 20)	287	148	435	495
Other income	16	2,572	2,588	2,796
	<u>4,055</u>	<u>5,565</u>	<u>9,620</u>	<u>9,094</u>

5. ENDOWMENT AND INVESTMENT INCOME

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2015</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u> <u>£'000</u>
Income from restricted expendable asset investments (Note 21)	3	5
Pension finance income (Note 28)	1,202	169
Other interest receivable	2,187	1,388
	<u>3,392</u>	<u>1,562</u>

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2015
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>2015</u> <u>Number</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u> <u>Number</u>
Teaching departments	1,049	1,014
Teaching support services	215	213
Administration and central services	162	148
Premises	172	161
Other	70	54
	<u>1,668</u>	<u>1,590</u>

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2015</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u> <u>£'000</u>
Staff costs for the above persons:		
Wages and salaries	64,981	61,235
Social security costs	5,382	5,073
Other pension costs (including FRS17 adjustments of £624,000 – 2015; £1,210,000 – 2014)	9,500	9,299
Pension enhancements	(8)	(16)
Payroll Sub Total	79,855	75,591
Contracted out Staffing Services	792	651
	<u>80,647</u>	<u>76,242</u>
Restructuring costs	302	168
	<u>80,949</u>	<u>76,410</u>

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2015</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u> <u>£'000</u>
Emoluments of the Vice-Chancellor, Professor R A Cryan		
Salary	292	247
Benefits	-	-
Standard rated employer pension contributions	45	40
	<u>337</u>	<u>287</u>

No other benefits are payable.

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2015
NOTES TO THE FINANCIAL STATEMENTS (continued)

Senior post-holder emoluments

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

	2015 Number	2014 Number
£100,000 - £109,999	1	2
£110,000 - £119,999	2	1
£120,000 - £129,999	3	2
£130,000 - £139,999	-	-
£140,000 - £149,999	-	1
£150,000 - £159,999	1	-
	<hr/> 7	<hr/> 6

7. OTHER OPERATING EXPENSES

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2015</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u> <u>£'000</u>
Equipment and consumables	7,122	8,430
Repairs and general maintenance	5,501	4,086
Student related expenses	3,745	3,317
Student bursaries	2,684	3,080
Heat, light, water and power	2,391	2,358
Books and periodicals	2,049	1,841
Publicity	1,763	1,766
Transport	1,813	1,671
Consultancy payments	1,172	1,350
Hired services	1,437	1,302
Grants to University of Huddersfield Students' Union	1,271	1,176
Staff development	1,058	1,067
Professional charges	522	852
Strategic maintenance	511	766
Subscriptions	737	716
Other property costs	807	661
Insurance	397	373
Catering and conferences	418	362
Telephones	317	297
Staff recruitment	178	266
Examination and registration fees	304	248
Rents	223	231
Asset disposal costs	-	505
Franchise centre payments	185	198
Hire of machinery and vehicles - operating leases	91	127
Internal auditors remuneration	93	93
Bad debts provision	334	13
External auditors remuneration - Grant Thornton	55	42
External auditors remuneration in respect of grant audits and tax advice	26	32
Other expenses	2,092	1,290
	<hr/> 39,296	<hr/> 38,516

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2015
NOTES TO THE FINANCIAL STATEMENTS (continued)

Council Members

No Council Members have received any remuneration/waived payments from the University during the year (2013/14 – None).

The total expenses paid to or on behalf of 15 Council members was £347 (2013/14 - £480 to 15 Council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

8. INTEREST AND FINANCE CHARGES PAYABLE

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2015</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u>
	<u>£'000</u>	<u>£'000</u>
Other	18	18
	<u>18</u>	<u>18</u>

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>2015</u> <u>Total</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u> <u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Academic departments	49,711	10,391	805	-	60,907	59,832
Academic services	10,442	8,542	151	-	19,135	18,665
Research grants and contracts	3,532	3,794	13	-	7,339	4,929
Catering and conferences	902	431	43	-	1,376	1,208
Premises	3,675	8,383	3,673	18	15,749	13,574
Administration and Central Services	10,713	6,428	66	-	17,207	16,717
Other expenses	1,974	1,327	298	-	3,599	4,857
Total per income and expenditure account	<u>80,949</u>	<u>39,296</u>	<u>5,049</u>	<u>18</u>	<u>125,312</u>	<u>119,784</u>

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2015
NOTES TO THE FINANCIAL STATEMENTS (continued)

10. TAXATION

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2015</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u> <u>£'000</u>
United Kingdom corporation tax at 20%	91	-
Provision for deferred corporation tax in the accounts of the subsidiary company	-	-
Total	91	-

11. SURPLUS FOR THE PERIOD

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2015</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u> <u>£'000</u>
University's surplus before deed of covenant payments from subsidiaries	27,228	21,418
Profit/(Loss) in subsidiary undertakings	(5)	82
	27,223	21,500

12. TANGIBLE FIXED ASSETS
Group

	<u>Freehold</u> <u>land and</u> <u>buildings</u> <u>£'000</u>	<u>Long</u> <u>leasehold</u> <u>land and</u> <u>buildings</u> <u>£'000</u>	<u>Short</u> <u>leasehold</u> <u>land and</u> <u>buildings</u> <u>£'000</u>	<u>Equipment</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
Cost or valuation					
At 1 August 2014	167,920	1,659	44	15,470	185,093
Additions	7,532	845	-	1,519	9,896
Revaluation	35,418	8	-	-	35,426
Write down on revaluation	(96)	(646)	-	-	(742)
Disposals	(55)	-	-	-	(55)
At 31 July 2015	210,719	1,866	44	16,989	229,618
Depreciation					
At 1 August 2014	11,738	87	22	11,056	22,903
Charge for year	3,647	43	1	1,358	5,049
At 31 July 2015	15,385	130	23	12,414	27,952
Net book value					
At 31 July 2015	195,334	1,736	21	4,575	201,666
Net Book Value					
At 1 August 2014	156,182	1,572	22	4,414	162,190
Financed by capital grant	22,418	-	-	2,095	24,513
Other	172,916	1,736	21	2,480	177,153
	195,334	1,736	21	4,575	201,666

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University

	Freehold land and buildings	Long leasehold land and buildings	Short leasehold land and buildings	Equipment	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Cost or valuation					
At 1 August 2014	167,920	1,659	44	15,390	185,013
Additions	7,532	845	-	1,519	9,896
Revaluation	35,418	8	-	-	35,426
Write down on revaluation	(96)	(646)	-	-	(742)
Disposals	(55)	-	-	-	(55)
At 31 July 2015	210,719	1,866	44	16,909	229,538
Depreciation					
At 1 August 2014	11,738	87	22	11,012	22,859
Charge for year	3,647	43	1	1,340	5,031
At 31 July 2015	15,385	130	23	12,352	27,890
Net book value					
At 31 July 2015	195,334	1,736	21	4,557	201,648
Net Book Value					
At 1 August 2014	156,182	1,572	22	4,378	162,154
Financed by capital grant	22,418	-	-	2,095	24,513
Other	172,916	1,736	21	2,462	177,135
	195,334	1,736	21	4,557	201,648

At 31 July 2015, freehold land and buildings included £9.1m (2014 - £8.0m) in respect of freehold land and is not depreciated.

Within tangible fixed assets at 31 July 2015 there were £1.5m (2014: £5.9m) of assets under construction, which are not being depreciated.

The freehold and long leasehold land and buildings of the Group and the University were revalued as at 31 July 2015 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 £87.6m and a net book value of £78.5m have been partially funded from Treasury sources. A repayment of funding would only occur in exceptional circumstances.

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2015
NOTES TO THE FINANCIAL STATEMENTS (continued)

13. FIXED ASSET INVESTMENTS

	Group <u>2015</u> <u>£'000</u>	University <u>2015</u> <u>£'000</u>	Group <u>2014</u> <u>£'000</u>	University <u>2014</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 2015 The University owned 100% of the issued share capital of The University of Huddersfield Enterprises Limited (UHEL), The University of Huddersfield Properties Limited (UHPL), Wetlands & Natural Resources Development Limited (WNRDL), JRC Management Ltd and Huddersfield Enterprise and Innovation Centre Limited (HEICL), trading as 3M Buckley Innovation Centre Limited. All the companies are registered in England and Wales and are included in the consolidated results. UHEL operates in the UK and its primary purpose is providing forensic training and consultancy. HEICL operates in the UK and its primary purpose is providing facilities management, research collaboration and business development. JRC Management Ltd operates in the UK and its primary purpose is management of residential flats. UHPL and WNRDL are dormant.

Participating Interests

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

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

14. ENDOWMENT ASSETS

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Balance at 1 August	2,456	2,443
Additions	-	-
Increase in cash balances held at fund managers	15	13
Balance at 31 July	<u>2,471</u>	<u>2,456</u>

15. DEBTORS

	Group <u>2015</u> <u>£'000</u>	University <u>2015</u> <u>£'000</u>	Group <u>2014</u> <u>£'000</u>	University <u>2014</u> <u>£'000</u>
Amounts falling due within one year:				
Debtors	2,819	2,155	2,578	2,135
Amounts owed by subsidiary undertakings	-	990	-	1,617
Prepayments and accrued income	16,158	16,184	12,516	11,989
	<u>18,977</u>	<u>19,329</u>	<u>15,094</u>	<u>15,741</u>

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16. INVESTMENTS

	Group & University	Group & University
	<u>2015</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>
Deposits maturing: In one year or less	20,667	14,514

Deposits are held with investment managers, Schroder, HSBC and Funding Circle, with more than 24 hours maturity at the balance sheet date. The market value of investments held was £21,327k.

17. CASH AT BANK AND IN HAND

Cash balances are made up as follows:

	Group	University	Group	University
	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Current and investment accounts	88,418	88,374	70,888	70,765

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	University	Group	University
	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Payments received in advance	15,777	15,626	12,289	12,052
Trade creditors	1,838	1,846	2,395	2,433
Other taxation and social security	380	380	290	290
Accruals and deferred income	9,137	8,817	8,502	8,449
Other creditors	46	46	22	22
	<u>27,178</u>	<u>26,715</u>	<u>23,498</u>	<u>23,246</u>

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Group & University	Group & University
	<u>2015</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>
Enhanced pensions:		
At 1 August	255	271
Transferred from income and expenditure account	(9)	(16)
At 31 July	<u>246</u>	<u>255</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>2015</u>	<u>2014</u>
Price inflation	3.2%	3.2%
Discount rate	3.6%	4.1%

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

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2015
NOTES TO THE FINANCIAL STATEMENTS (continued)

20. DEFERRED CAPITAL GRANTS

Group	<u>HEFCE</u>	<u>Other</u> <u>Grants</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1 August 2014			
Land and buildings	15,595	6,235	21,830
Equipment	527	857	1,384
	<u>16,122</u>	<u>7,092</u>	<u>23,214</u>
Cash received			
Land and buildings	836	342	1,178
Equipment	850	1,078	1,928
	<u>1,686</u>	<u>1,420</u>	<u>3,106</u>
Released to income and expenditure account			
Land and buildings (Notes 1, 3 and 4)	(425)	(165)	(590)
Equipment (Notes 1, 3 and 4)	(915)	(302)	(1,217)
	<u>(1,340)</u>	<u>(467)</u>	<u>(1,807)</u>
At 31 July 2015			
Land and buildings	16,006	6,412	22,418
Equipment	462	1,633	2,095
	<u>16,468</u>	<u>8,045</u>	<u>24,513</u>
University			
	<u>HEFCE</u>	<u>Other</u> <u>Grants</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1 August 2014			
Land and buildings	15,595	6,235	21,830
Equipment	527	849	1,376
	<u>16,122</u>	<u>7,084</u>	<u>23,206</u>
Cash received			
Land and buildings	836	342	1,178
Equipment	850	1,078	1,928
	<u>1,686</u>	<u>1,420</u>	<u>3,106</u>
Released to income and expenditure account			
Land and buildings (Notes 1, 3 and 4)	(425)	(165)	(590)
Equipment (Notes 1, 3 and 4)	(915)	(294)	(1,209)
	<u>(1,340)</u>	<u>(459)</u>	<u>(1,799)</u>
At 31 July 2015			
Land and buildings	16,006	6,412	22,418
Equipment	462	1,633	2,095
	<u>16,468</u>	<u>8,045</u>	<u>24,513</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

21. SPECIFIC ENDOWMENTS

	<u>Restricted</u> <u>Permanent</u> <u>£'000</u>	<u>Restricted</u> <u>Expendable</u> <u>£'000</u>	<u>2015</u> <u>Total</u> <u>£'000</u>	<u>2014</u> <u>Total</u> <u>£'000</u>
Capital	2,216	230	2,446	2,424
Accumulated income	10	-	10	19
	<u>2,226</u>	<u>230</u>	<u>2,456</u>	<u>2,443</u>
New endowments	-	-	-	-
New endowments non capital	-	1	1	1
Investment income	16	1	17	17
Expenditure non capital	-	(3)	(3)	(5)
	<u>16</u>	<u>(1)</u>	<u>15</u>	<u>13</u>
At 31 July 2015	<u>2,242</u>	<u>229</u>	<u>2,471</u>	<u>2,456</u>
Represented by:				
Capital	2,216	230	2,446	2,431
Accumulated income	26	(1)	25	25
	<u>2,242</u>	<u>229</u>	<u>2,471</u>	<u>2,456</u>

22. REVALUATION RESERVE

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
At 1 August	37,246	38,227
Transfer from revaluation reserve to general reserve in respect of:		
Revaluation in year	36,025	-
Impairment	(599)	-
Realised gain on disposal	-	(294)
Difference between historic cost depreciation and the actual charge on the revalued amount	(686)	(687)
	<u>71,986</u>	<u>37,246</u>
At 31 July	<u>71,986</u>	<u>37,246</u>

23. MOVEMENT ON GENERAL RESERVES

	<u>Group</u> <u>2015</u> <u>£'000</u>	<u>University</u> <u>2015</u> <u>£'000</u>	<u>Group</u> <u>2014</u> <u>£'000</u>	<u>University</u> <u>2014</u> <u>£'000</u>
Income and Expenditure Account Reserve				
At 1 August	138,603	139,401	104,654	105,534
Surplus retained for the year	27,223	27,228	21,500	21,418
Transfer from revaluation reserve	686	686	981	981
Actuarial (loss)/gain in respect of pension scheme	(10,121)	(10,121)	11,468	11,468
At 31 July	<u>156,391</u>	<u>157,194</u>	<u>138,603</u>	<u>139,401</u>
Balance represented by:				
Pension reserve	(49,446)	(49,446)	(39,902)	(39,902)
Income and expenditure account reserve excluding pension reserve	<u>205,837</u>	<u>206,640</u>	<u>178,505</u>	<u>179,303</u>
At 31 July	<u>156,391</u>	<u>157,194</u>	<u>138,603</u>	<u>139,401</u>

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2015
NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2015</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u>
	<u>£'000</u>	<u>£'000</u>
Surplus after depreciation of assets at valuation	27,223	21,500
Depreciation and impairment	5,049	4,840
Write-down on revaluation	742	-
Disposal of property	55	555
Deferred capital grants released to income (Notes 1, 3 & 4)	(1,807)	(1,167)
FRS17 Pension staff costs less contributions payable (Notes 6 & 28)	624	1,210
FRS17 Pension finance costs/(income) (Notes 5, 8 & 28)	(1,202)	(169)
Interest payable (Note 8)	18	18
Interest receivable (Note 5)	(2,187)	(1,388)
(Increase)/Decrease in debtors	(3,883)	1,506
Increase/(Decrease) in creditors	3,234	(1,466)
(Decrease) in provisions	(9)	(16)
Net cash inflow from operating activities	27,857	25,423

25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2015</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u> <u>£'000</u>
Income from endowments	3	5
Other interest received	2,613	1,951
Interest paid	-	-
Net cash inflow from returns on investments and servicing of finance	2,616	1,956

26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2015</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2014</u> <u>£'000</u>
Purchase of tangible fixed assets	(9,896)	(22,242)
Deferred capital grants received	3,106	2,109
Endowments received	15	13
Net cash (outflow) from capital expenditure and financial investment	(6,775)	(20,120)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

27. ANALYSIS OF CHANGES IN NET FUNDS/DEBT

	<u>At 1 August 2014</u>	<u>Cashflows</u>	<u>Other</u>	<u>At 31 July 2015</u>
	<u>£'000</u>	<u>£'000</u>	<u>Changes</u>	<u>£'000</u>
			<u>£'000</u>	
Cash in hand and at bank	70,888	17,530	-	88,418
Endowment asset investments	2,456	15	-	2,471
	73,344	17,545	-	90,889
Current asset investments	14,514	-	6,153	20,667
	87,858	17,545	6,153	111,556

28. 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 £9,500,000 (2014 : £9,299,000).

Teachers' Pension Scheme (TPS)

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

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

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

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

For the period from 1 August 2014 to 31 July 2015 the contribution rates were 14.1% for employers and banded contributions of 7.4% to 11.7% 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.

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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 University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the income and expenditure account is £924k (2014: £710k) as shown in note 6. There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The 2014 valuation has recently been finalised and the audit process is in progress. Therefore the latest available audited triennial actuarial valuation of the scheme was at 31 March 2011 ("the valuation date"), which was carried out using the projected unit method. The 2014 valuation indicates that employer contributions will increase to 18% from 1 April 2016.

The 2011 valuation was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £32.4 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £2.9 billion. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality S1NA ["light"] YoB tables - No age rating

Female members' mortality S1NA ["light"] YoB tables - Rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% p.a. long term rate were also adopted for the 2014 FRS 17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

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	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6
Existing benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

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 2015 was £5,821,000 of which employer's contributions totalled £4,020,000 and employees' contributions totalled £1,801,000. The latest agreed contribution rates for future years are 11.5% for the employer plus an additional 'shortfall' contribution payable annually and banded contributions of 5.8% to 10.5% for employees. The estimate for the employer's contributions for the year ending 31 July 2016 is £4,000,000.

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

	At 31 July 2015	At 31 July 2014
Retiring today		
Males	22.6	22.5
Females	25.5	25.4
Retiring in 20 years		
Males	24.8	24.7
Females	27.8	27.7

FRS 17

This information is based upon a full actuarial valuation of the Fund at 31 March 2011 updated to 31 July 2015 by a qualified independent actuary.

	<u>Year Ended</u> <u>31 July 2015</u>	<u>Year Ended</u> <u>31 July 2014</u>	<u>Year Ended</u> <u>31 July 2013</u>
Actuarial assumptions			
Rate of inflation (RPI)	3.2%	3.2%	3.6%
Rate of increase in salaries	3.6%	3.7%	4.6%
Rate of increase for pensions	2.1%	2.2%	2.7%
Discount rate for liabilities	3.6%	4.1%	4.5%
Rate of inflation (CPI)	2.1%	2.2%	2.7%

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

	<u>2015</u>		<u>2014</u>		<u>2013</u>	
	<u>Value at</u> <u>31 July</u> <u>2015</u> <u>£m</u>	<u>Long term</u> <u>rate of</u> <u>return</u> <u>expected at</u> <u>1 August</u> <u>2015</u>	<u>Value at</u> <u>31 July</u> <u>2014</u> <u>£m</u>	<u>Long term</u> <u>rate of</u> <u>return</u> <u>expected at</u> <u>1 August</u> <u>2014</u>	<u>Value at</u> <u>31 July</u> <u>2013</u> <u>£m</u>	<u>Long term</u> <u>rate of</u> <u>return</u> <u>expected at</u> <u>1 August</u> <u>2013</u>
Equities	8,316	7.5%	7,870	7.8%	7,057	7.5%
Government Bonds	1,139	3.2%	1,079	3.3%	290	2.5%
Other Bonds	504	3.7%	545	4.0%	1,102	3.2%
Property	493	6.8%	346	7.3%	551	7.0%
Cash	164	1.1%	409	0.9%	367	1.4%
Other	<u>340</u>	7.5%	<u>231</u>	7.8%	<u>300</u>	7.5%
Total market value of assets	<u>10,956</u>		<u>10,480</u>		<u>9,667</u>	

The University of Huddersfield employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 July 2015.

	<u>Year Ended</u> <u>31 July 2015</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2014</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2013</u> <u>£'000</u>
University's estimated asset share	129,976	116,768	109,568
Present value of scheme liabilities	<u>(179,422)</u>	<u>(156,670)</u>	<u>(159,897)</u>
Deficit in scheme	<u>(49,446)</u>	<u>(39,902)</u>	<u>(50,329)</u>

	<u>Year Ended</u> <u>31 July 2015</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2014</u> <u>£'000</u>
Analysis of the amount charged to the income and expenditure account:		
Employer service cost (net of employer contributions)	(552)	(1,124)
Past service (cost)	<u>(72)</u>	<u>(86)</u>
Total operating charge	<u>(624)</u>	<u>(1,210)</u>

	<u>Year Ended</u> <u>31 July 2015</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2014</u> <u>£'000</u>
Analysis of pension finance income/(costs):		
Expected return on pension scheme assets	7,687	7,437
Interest on pension liabilities	<u>(6,486)</u>	<u>(7,268)</u>
Pension finance income/(costs)	<u>1,201</u>	<u>169</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

	<u>Year Ended</u> <u>31 July 2015</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2014</u> <u>£'000</u>
Amount recognised in the statement of total recognised gains and losses (STRGL):		
Actual return less expected return on pension scheme assets	3,222	(2,280)
Experience gains and losses arising on the scheme liabilities	(13,343)	13,748
Actuarial (loss)/gain recognised in STRGL	<u>(10,121)</u>	<u>11,468</u>

	<u>Year Ended</u> <u>31 July 2015</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2014</u> <u>£'000</u>
Movement in deficit in the year:		
Deficit in scheme at 1 August	(39,902)	(50,329)
Movement in year:		
Current service cost	(4,572)	(4,902)
Employer contributions	4,020	3,778
Past service/curtailment (cost)	(72)	(86)
Net gain/(loss) on assets	1,201	169
Actuarial gain	(10,121)	11,468
Deficit in scheme at 31 July	<u>(49,446)</u>	<u>(39,902)</u>

Asset and Liability Reconciliation

Reconciliation of Liabilities

	<u>Year Ended</u> <u>2015</u> <u>£'000</u>	<u>Year Ended</u> <u>2014</u> <u>£'000</u>
Liabilities at start of period	156,670	159,897
Service cost	4,572	4,902
Interest cost	6,486	7,268
Employee contributions	1,801	1,663
Actuarial loss	13,343	(13,748)
Benefits paid	(2,942)	(2,596)
Retirement lump sum paid	(580)	(802)
Past Service cost	72	86
Liabilities at end of period	<u>179,422</u>	<u>156,670</u>

Reconciliation of Assets

	<u>Year Ended</u> <u>2015</u> <u>£'000</u>	<u>Year Ended</u> <u>2014</u> <u>£'000</u>
Assets at start of period	116,768	109,568
Expected return on assets	7,687	7,437
Actuarial (loss)/gain	3,222	(2,280)
Employer contributions	4,020	3,778
Employee contributions	1,801	1,663
Benefits paid	(3,522)	(3,398)
Assets at end of period	<u>129,976</u>	<u>116,768</u>

THE UNIVERSITY OF HUDDERSFIELD
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History of experience gains and losses

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Difference between the expected and actual return on assets:					
Amount £000	3,222	(2,280)	10,585	(4,820)	4,061
% of scheme assets	2	2	10	5	5
Experience gains and losses on scheme liabilities:					
Amount £000	(13,343)	13,748	(304)	(14,763)	(6,024)
% of scheme liabilities	7	9	-	10	5
Total amount recognised in STRGL:					
Amount £000	(10,121)	11,468	10,281	(19,583)	(1,963)
% of scheme liabilities	6	7	6	13	2

Total pension cost for the Group

	<u>Year Ended</u> <u>31 July 2015</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2014</u> <u>£'000</u>
Contributions to TPS	3,932	3,688
Contributions to WYPF (including FRS17 adjustments of £624,000 – 2015; £1,210,000 – 2014)	4,644	4,901
Contributions to USS	924	710
Total pension cost (Note 6)	<u>9,500</u>	<u>9,299</u>

29. POST BALANCE SHEET EVENTS

There have been no post balance sheet events.

30. CAPITAL COMMITMENTS

Group and University

	<u>Year Ended</u> <u>2015</u> <u>£'000</u>	<u>Year Ended</u> <u>2014</u> <u>£'000</u>
Commitments contracted for at 31 July	<u>4,836</u>	<u>1,005</u>
Authorised but not contracted by 31 July	<u>25,664</u>	<u>-</u>

31. FINANCIAL COMMITMENTS

Group and University

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

	<u>Year Ended</u> <u>2015</u> <u>£'000</u>	<u>Year Ended</u> <u>2014</u> <u>£'000</u>
Amounts expiring within one year	-	2
Amounts expiring between one and two years	44	-
Amounts expiring between two and five years	-	44
	<u>44</u>	<u>46</u>

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2015
NOTES TO THE FINANCIAL STATEMENTS (continued)

32. RELATED PARTY TRANSACTIONS

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

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

	<u>Receipts</u> <u>2015</u> <u>£'000</u>	<u>Payments</u> <u>2015</u> <u>£'000</u>	<u>Receipts</u> <u>2014</u> <u>£'000</u>	<u>Payments</u> <u>2014</u> <u>£'000</u>
Huddersfield University Students Union	266	1,271	341	1,186
Nationwide Children's Research Centre Ltd	-	-	33	-
Smart Component Technologies Ltd	17	-	-	-
Yorkshire Universities Ltd	-	40	-	40
	<u>283</u>	<u>1,311</u>	<u>374</u>	<u>1,226</u>

33. CONTINGENT LIABILITIES

There are currently no contingent liabilities.

34. ACCESS FUNDS

	<u>Year Ended</u> <u>31 July 2015</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2014</u> <u>£'000</u>
Balance at 1 August	16	2
HEFCE grants	300	543
Interest earned	-	1
	<u>316</u>	<u>546</u>
Disbursed to students	<u>(276)</u>	<u>(530)</u>
Balance unspent at 31 July	<u>40</u>	<u>16</u>

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.

35. TRAINING BURSARIES

	<u>Year Ended</u> <u>31 July 2015</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2014</u> <u>£'000</u>
HEFCE, National College for Teaching and Leadership also Yorkshire Forward grants	789	440
Disbursed to students	<u>(789)</u>	<u>(440)</u>
	<u>-</u>	<u>-</u>

THE UNIVERSITY OF HUDDERSFIELD
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HEFCE, National College for Teaching and Leadership and Yorkshire Forward training grants are available solely for students: the University acts only as paying agent. The grant and related disbursements are therefore excluded from the income and expenditure account.

36. AGENCY ARRANGEMENTS

The University receives and disburses funds as an accountable body on behalf of a number of funding agencies.

	<u>Year Ended</u> <u>31 July 2015</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2014</u> <u>£'000</u>
European Commission - Non Timber Forest Products - Phase 2 Disbursed to partners	14 (14) -	563 (563) -
European Commission - Coffee Consortium Disbursed to partners	460 (460) -	53 (53) -
European Commission - NanoClear Disbursed to the University Disbursed to partners	376 - (376) -	1,827 (175) (1,652) -
EPSRC - C14 and Irradiated Graphite Disbursed to partners	76 (76) -	124 (124) -
ERDF - Graduate Entrepreneurship Disbursed to the University Disbursed to partners	- - - -	140 - (140) -
AHRC Technology of Electroacoustic Project Disbursed to partners	29 (29) -	36 (36) -
AHRC Prehistoric Caves Disbursed to partners	- - -	39 (39) -