

THE UNIVERSITY OF HUDDERSFIELD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

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For the year ended 31 July 2017

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OPERATING AND FINANCIAL REVIEW

The University Council of the University of Huddersfield hereby submits its twenty fourth annual report together with the audited financial statements for the year ended 31 July 2017. 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 taxable 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 the 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 175 years to the Huddersfield Scientific and Mechanics' 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 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.

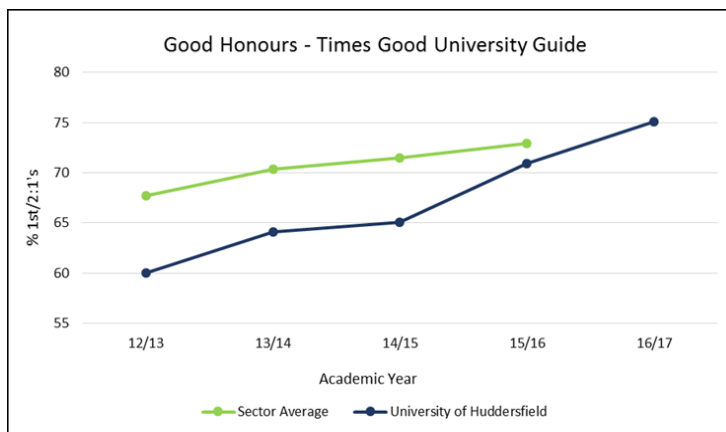
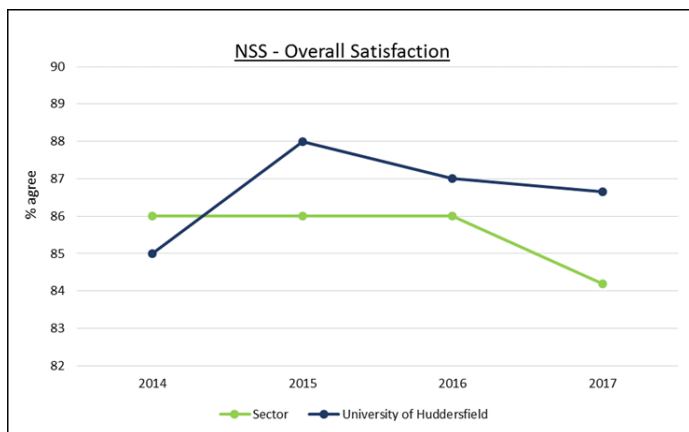
We achieve our aims through developing and empowering our staff, financial sustainability and improving our efficiency and effectiveness. Our achievement is measured against a number of Key Performance Indicators which are underpinned by specific targets.

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 once again increased the proportion of students gaining first and upper second class degrees. In the summer of 2017, students completing their degrees again achieved levels of 'good degrees' (1/2i classifications) higher than the previous year, rising by five percentage points to 75.1%. This was done without any amendments to classification algorithms. The rise is attributable to the careful attention given to assessment and feedback. The NSS scores for assessment and feedback rose again, making the University 2nd out of all English mainstream (£100m+) universities for this measure. The NSS score for Teaching Quality fell slightly to 86.18%, but was still above average for the sector, and although scores for Academic Support also declined slightly to 82.75% our position relative to other institutions for this measure improved and is over 2% points above the national average.



The University's submissions to the National Teaching Fellowship awards in 2016 were announced in November 2017, and we secured two fellowships. A further fellowship was awarded in July 2017, giving us an unbroken ten years of success in this competition.

The University's achievement of 100% professional recognition for all colleagues with substantive teaching roles, through Fellowship of the Higher Education Academy, places us first in the country for qualified teaching staff.



HUDDERSFIELD



The University secured a Gold Award in the newly introduced Teaching Excellence Framework and was also awarded the Higher Education Academy's inaugural Global Teaching Excellence Award, beating finalists from the UK, South Africa, the Netherlands, Switzerland and Canada.



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 2015) at just under 95%, places Huddersfield in the top 30% of English mainstream universities. The University secured a double positive flag in the TEF metrics for the highly skilled employment metric, indicating that our graduates not only secure work, they secure work commensurate with their graduate status.

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 25 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 taking education actively to students in order to widen participation, as well as delivering excellence in teaching and enhancing student success.

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

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

for universities in Yorkshire. For example, more than 1 in 6 of our students is from a low-participation neighbourhood, 1 in 4 is from an ethnic minority and 8.8% are in receipt of the Disabled Students allowance. 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 2016/17 we carried out over 900 activities to schools, colleges and community groups, reaching around 27,000 learners. We also provide role models and advice through our Student Ambassador Scheme. We give all of our Postgraduate Research students the most comprehensive guide to alternative funding sources currently available in the UK.

In 2016/17, 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

Wellbeing

The University's Wellbeing service has directly supported a total of 2,508 students. Students accessed wellbeing support through:

- 485 Duty Advisor appointments for students presenting with urgent matters or in a crisis
- 624 appointments with a Mental Health Advisor which support students with complex needs
- 1006 Back on Track and wellbeing drop-in supporting students to re-engage in their studies
- 899 counselling sessions supporting 311 unique students

Student Services colleagues promote wellbeing across campus. Mental Health First Aid, a two-day course, has been delivered to over 120 colleagues to enabling them to offer first line support and referral.



A regular Trans and Gender Support Group provides support to a group of students who report higher levels of poor mental health. Workshops covering topics such as mindfulness, anxiety and depression are run regularly through term time.

Care Leavers

The University has over the years made a commitment to supporting care leavers with 82 students supported this year. A dedicated support worker provides a single point of contact, friendly face and champion to support care leavers to navigate university life. Senior colleagues offer mentoring support to care leavers providing support to the care leaver and powerful insight into different student journeys.

Faith Centre

The University Faith Centre supports students' wellbeing. There were over 50,000 student visits to the faith centre by over 2,557 students in 2016-17.

Disability

There is a continued growth in the number of students enrolling with the University who declare a disability. 2,944 students were supported in 2016-17. Disabled students are contacted by the disability team to develop a Personal Learning Support Plan to ensure an excellent learning experience. Support measures and adjustments may include Dyslexia Tuition and study skills support, British Sign Language interpretation, training and support with assistive technology.

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

Reductions in the provision of Disabled Student Allowance require the ongoing development of inclusive practice to ensure the curriculum and learning methods are accessible by default. The introduction of Lecture Capture is a good example; whilst valued by all students, disabled students make good use of this and it is progressively reducing the need for 1-1 note takers.



Over 40% of the disclosed disabilities are specific learning difficulties such as dyslexia. Where assessed and eligible for DSA these students can access 1-1 tutoring support; over 6,660 hours of support were provided to these students in 16/17.

20% of disclosed disabilities are long-standing mental health conditions, representing the 2nd largest category of disability. Many of these students access support from a Mental Health mentor able to coach and support them through University life; over 6,200 hours of support were provided in 16/17.

Communities of disabled students are supported, for example an Autism Lunch Club provides a regular space for students to meet and secure both peer and expert support. The support provided to disabled students has a positive impact; 78.7% of students declaring a disability achieving a good honours degree, above the whole population at 75.1%.

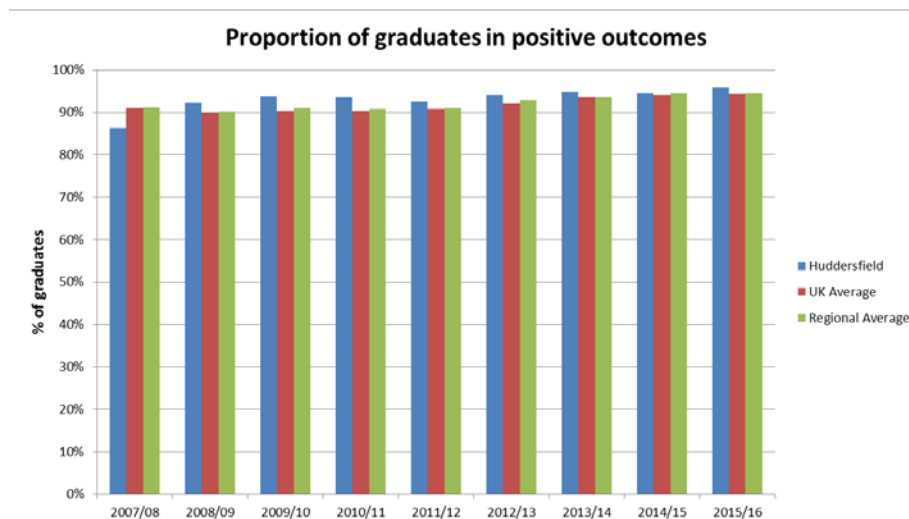
Employable and Enterprising Graduates

The University continues to be a sector-leading institution with regards to its work in enhancing student employability. With a strong track record in producing talented graduates - ready to embark on successful careers - it was specifically referenced in the Teaching Excellence Framework (TEF) Gold Award as a positive aspect of the University of Huddersfield experience. The Careers and Employability Service leads on this work within the University and in 2016/17 academic year, its newly launched digital careers interface registered a total of 20,321 student interactions with its various platforms, including the self-directed career development tool *MyCareer+*; the Student Jobshop; and the Grad Jobs Bureau.

Following on from our nationally-acclaimed *EmployableME* initiative we now have a high-profile, campus-wide approach to employability embedded within the student experience and visible throughout all aspects and locations. Students are supported from the start of their first year onwards to see the university experience, and all it entails, as offering great potential for enhancing their employability, both within the curriculum and through extra-curricular activity. Our Career Timeline and Graduate Attribute Framework are now universally used in courses as an aid to support career management and develop the necessary skills to succeed.

By developing existing relationships with employers, and building new partnerships with others, we are able to give our students a unique insight into the world of work and ensure they are well prepared for competing in the graduate labour market. Through our on-campus events and Recruiters-in-Residence programme, 2,087 of our current students took the opportunity to meet employers and explore future opportunities. This year alone, our Jobshop was able to process 3,947 high-quality, course-specific vacancies for our students and graduates.

Latest figures show, six months after graduation, that 95.9% of our graduates are in employment and/or further study (an increase of 1.4% on last year). The graph below demonstrates that we remain ahead of the sector and regional average for producing employable graduates.



Innovative Research Excellence and Enterprise

The University achieved outstanding results in the most recent national assessment of research quality – the HEFCE Research Excellence Framework (REF2014). 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 institutions 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.

Building on REF2014 we have reviewed our research strategy and renewed our commitment to grow our portfolio of high quality research, particularly in areas of multidisciplinary research which are expected to impact global, national and regional challenges. Preparations are in place for the next REF which is expected to be submitted in 2020.

Our postgraduate research student population continues to grow year on year and we currently have approximately 1,500 students registered. We strongly endorse the principles of the national Concordats for the Career Development of Researchers, Research Integrity, and Public Engagement with Research to provide an exceptional environment for research and for the development of researchers and research careers.



The University recruits new academic staff to support the continued growth in strategically important research programmes and we currently have 137 professors. Over the past year we have achieved some major research and enterprise successes which include:

- Engagement in Digital Catapult North / Digital Health Enterprise Zone linking academia into primarily startups and small businesses in the creative and technology sectors – with specific emphasis in health.

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

- MedTech Catalyst – we are a key partner in this project developing Medical Technology Innovation in the Leeds City Region. This partnership undertook the BEIS-sponsored Science & Innovation Audit – “Opportunities and Growth: Medical Technologies in the Leeds City Region”.
- With Paxman the University has been shortlisted for the 2017 Times Higher Education Award - Most Innovative Contribution to Business-University Collaboration
- Maintained our leading position within the Top 10 UK HEI providers for Knowledge Transfer Partnerships. The University also passed the major milestone of delivering over 100 KTP’s.

- **Securing two European Commission grants for research in music of value £1.7m and £1.6m for Interactive Engagement with Music as Sound**



- **Securing £2.9m from the Leeds City Region LEP for the Huddersfield Innovation and Incubation Programme centred at the 3M BIC to strengthen competitiveness and productivity of SMEs in the region**

- **Securing £7.9m from the HEFCE Research Partnership Investment Fund as a collaboration partner within the UK Rail Research and Innovation Network, with the potential to attract £18m from industry in matched funding**



- **Securing £4.3m from the Global Challenges Research Fund for None in Three - A Centre for the Development, Application, Research and Evaluation of Prosocial Games for the Prevention of Gender-based Violence**





- **£1.5m awarded by the European Commission for Fluid Corpus Manipulations**

- **Extended our EPSRC Doctoral Training Programme in materials (£1.5m)**
- **Continued development of the collaboration partnership with NPL (National Physical Laboratory) to establish NPL North of England hub with a focus on a digital enabled supply chain programme.**
- **Providing business mentoring support for >120 student and graduate start-up companies within the Duke of York Young Entrepreneur's Centre**
- **Growth in the patent and license portfolio of the University, with several spin-outs in preparation**
- **Our Director of Research and Enterprise was successful in gaining the STEM Award at the Regional National Women in Business Awards**

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), Borg Warner, Weir Group plc.
- Regional companies e.g., HR Blowers, Andel, Cummins Turbo Technologies, Reliance Precision, Paxman Coolers, Kromek, Severn Unival, Blackhall Engineering
- Charities and NGO's e.g. NSPCC, Woundcare4heroes, Key to Freedom and the Womens Interlink Foundation.
- 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, Henry Moore Institute and Barbara Hepworth Gallery

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. Our business support networks and professional services have continued to expand and in November 2016 we launched the Business Engagement Centre. Our business support partnerships continue to grow and a number of regional programmes are now co-located in the Centre including ESIF; Access to Innovation; SME High Growth Programme and the Leeds City Region Growth Hub.

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.

In terms of regional engagement, the Vice-Chancellor continued his membership of the LEP Board. The Director of Research and Enterprise joined the EEF Regional Advisory Board and is also a member of the UK Digital Manufacturing Leadership group reporting to BEIS. She continued as chair of the Yorkshire Universities KT Directors group.

In June 2017, Professor Xiang Jiang, Director of the EPSRC Future Metrology Hub, was awarded a Damehood in the Queen's Birthday Honours list as recognition of her work in metrology and advanced manufacturing.

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

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 67% of our full-time, first degree, home graduates are employed in the Yorkshire and Humber region six months after graduation.

The University connects with the world outside the campus, with links to a broad range of external organisations and professional bodies. 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 the Creative Skillset accreditation of BA (Hons) Computer Games Design.

We are the 3rd largest employer in Huddersfield and it is estimated that we have a national economic impact of £377m of which £321m is within the region. Approximately 16% of our student population is from the EU or overseas and is contributing overseas investment and spend in our region.

The University procures 58% of its annual non-pay spend within Yorkshire and the surrounding region.

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

The Duke of York Centre for Young Entrepreneurs became a UK Games Talent Tranzfuser Hub – a UK first for a Hub being in an incubator setting. 3M BIC hosts on an annual basis the Duke of York Young Entrepreneur Awards.

European Researchers' Night, Full Steam Ahead was a major public engagement initiative attended by over 3,000 visitors, who came to see and get involved with research activities being undertaken at the University.

The Vice-Chancellor is a Trustee of the Peter Jones Foundation, which works to establish a real way to support children's futures and to inspire a culture of enterprise and entrepreneurialism in Britain. He is also a Director of Yorkshire Universities, UCAS and The Institution of Engineering and Technology.

International Renown

The University again experienced growth in its international tuition fee income, now a significant component of our overall income. This was in an increasingly competitive environment where the numbers of new international students coming to the UK was again flat. Almost a fifth of our students are now non-UK students and we also have a continually growing international staff base.

The University ranked again in the QS and Times World University Rankings and in the QS Top 200 Universities for Graduate Employability. We also appeared for the first time in the Times and QS Top 200 Young Universities and for the first time ever we had a department, English Language, rank in the QS World Subject Rankings, particularly pleasing and a positive indication of our growing international reputation.

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

- **The University and its China Office were able to raise a substantial sum of money to support children in a primary school in rural China. Under Santander Universities funding, a number of students were able to travel to China in order to spend some time at the school and to hand over the donation.**



- **In May the Chancellor hosted a large partners and alumni event in Beijing with over 200 people attending and in July we were able to award an honorary degree to alumnus Prof. Marion Neto Borges who is now head of one of Brazil's major research funding bodies.**

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 maintain the University's reputation to ensure that alumni can remain proud of their association with Huddersfield, and to raise our profile with new partners to open up new possibilities for collaboration. To achieve this, we seek to ensure that those who commission research or business support are aware of the knowledge and skills that are available through working in partnership with the University. In order to raise our profile and celebrate the excellence that exists across the University we encourage staff and students to submit entries to national and international awards – with great success. 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, disability, religion or belief and age, etc. 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

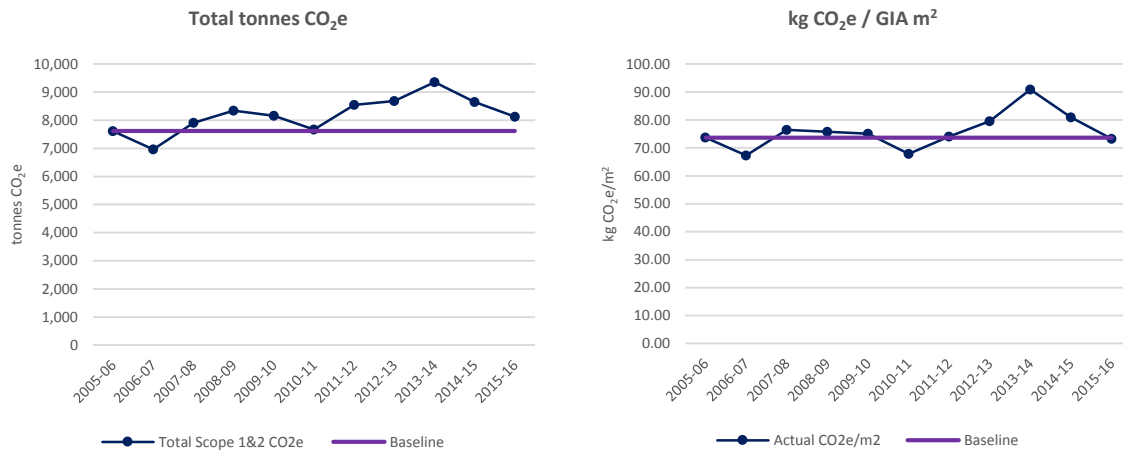
Policy and Strategy Development

The University is currently undertaking a process of reviewing and developing further its environmental and sustainability policies. The aim is to strengthen our commitments, clarify delivery methods and links with the wider university strategy and ensure policies comply with the new university policy framework. The Environmental Policy has been significantly updated to this effect and a process of research, consultation, and review has been completed for the supporting strategy documents including revising the Carbon Management Plan and Travel Plan due for implementation during the 2017 calendar year.

The University's environmental policies and plans have been developed to take into account future campus improvement and expansion. The Estates capital plan 2016-21 committed the University to significant development of the campus and has allocated a specific budget annually to carbon reduction projects.

Carbon Footprint

The carbon footprint of the University is continuing its downward trend with a 6% reduction between 2014-15 and the reporting year 2015-16 [most recently available HESA Estates Management Record data]



Whilst the total footprint of the University remains above the 2005 baseline, the emissions per m² gross internal area has reduced to below the baseline and is projecting to continue this trend going forward. With the continued expansion of the university's campus and the undertaking of new energy intensive research activities a realistic goal is to maintain the overall footprint at baseline levels and to reduce the emissions per m² GIA.

Energy and Water consumption

Total gas use is decreasing across the University, through a combination of milder winters and improvements in efficiency and control of our buildings.

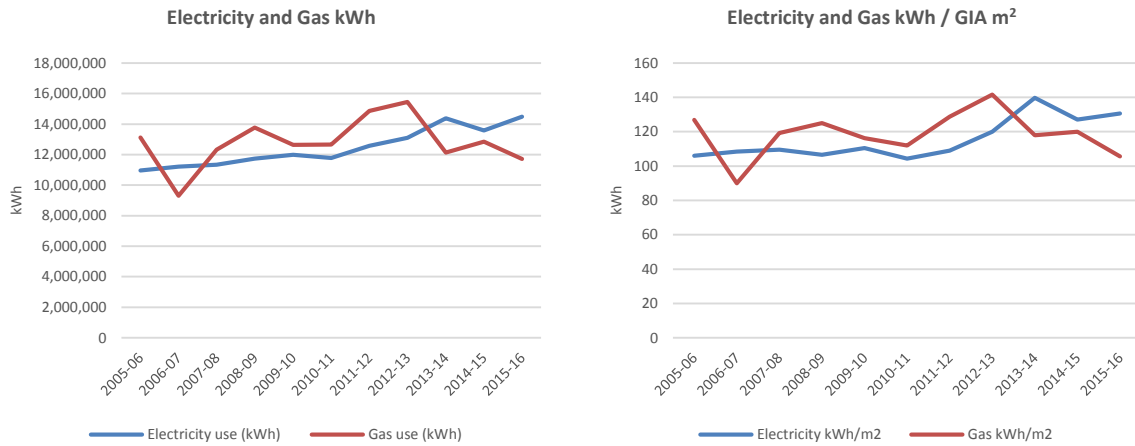
Total electricity use has increased on campus through new buildings and refurbishments being brought on line, increased operating hours for a number of buildings and an increase in energy intensive research projects such as the Institute of Railway Research.

When the usage of both electricity and gas is pro-rated to the size of the campus the reduction in gas use is more markedly obvious, however it also demonstrates that despite the increases in electricity requirement as explained above, the usage by area is in control and not increasing further.

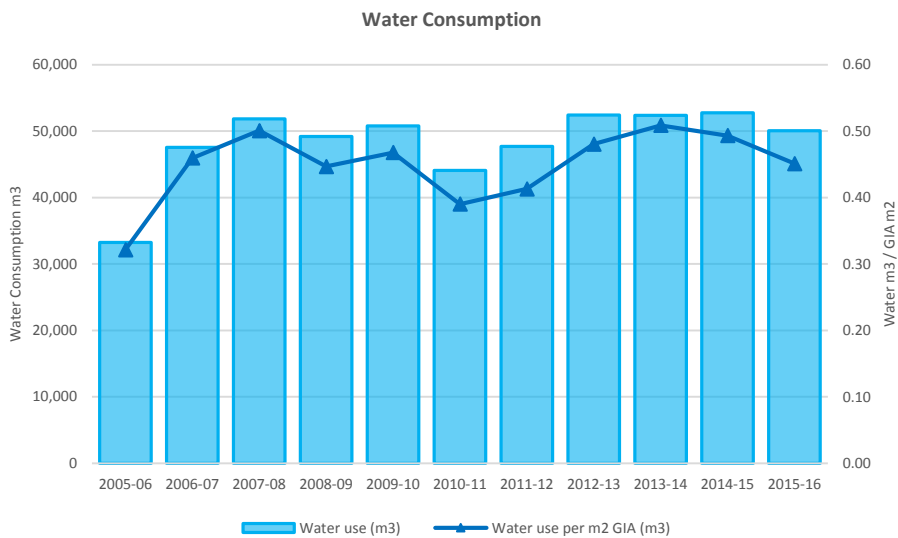
Energy reduction initiatives are continuing with major LED replacement projects continuing in the Library and smaller scale projects across the campus. The scheme to replace lighting with LED fittings during the year has successfully resulted in a 20% decrease in total electricity consumption for the Harold Wilson building across the 12 month period post project completion.

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

Further activities are underway to utilise the Building Energy Management Systems (BeMS) to reduce consumption through control of operating hours and temperature set-points whilst maintaining the thermal comfort of staff and students.



Water use has decreased between 2014-15 and 2015-16 by 5% across campus and by 8% when pro-rated by gross internal area. Water conservation activities continue to be implemented with push-taps and low flush toilets and urinals specified where possible.



New buildings and refurbishment

The Oastler Building was completed and was the University of Huddersfield's first to achieve Energy Performance Certificate 'A' and BREEAM 'Excellent' and incorporates the following 'green' features to minimise its environmental impact

- A green roof to help improve air quality and encourage biodiversity that also incorporates water attenuation devices to slow the rate of run off and reduce the risk of flooding.
- A complex heating and cooling system using a range of low carbon technologies such as air source heat pumps and combined heat and power (CHP). Each room has presence-detection sensors to maintain the optimum levels for temperature and lighting when the room is occupied by users.
- LED low energy lighting with daylight adjustment and presence detection
- Locally sourced materials and products including the Yorkshire stone cladding, metal fins and high performance glazing were supplied from contractors in Huddersfield and Brighouse. 73% of labour on site was from the local area.

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

Following on from Oastler the University now has a policy to construct all new buildings to a minimum standard of EPC 'A' and BREEAM 'Excellent' beginning with the new Barbara Hepworth building due to be completed in 2019.

Work is currently underway with the major refurbishment of Joseph Priestley building to incorporate new offices, teaching space and post-graduate research areas for the School of Applied Sciences. The works will include LED low energy lighting with daylight adjustment and presence detection throughout plus new heating and cooling systems utilising natural ventilation, heat recovery units and improved building energy management system controls.



Waste

We implemented a campus-wide recycling scheme in 2016 incorporating split recycling and general waste bins for staff and students. A launch campaign for all students and staff was undertaken and projects are ongoing to encourage increased rates of recycling and identify opportunities for reducing waste and its impact. Examples include

- Paper saving through the introduction of online payslips for staff with regular computer access. This has resulted in an 84% reduction in the number of monthly payslips printed.
- Collecting waste from around campus using an electric tug, rather than diesel vans, which helps reduce local air pollution and has a lower carbon footprint
- All cooking oil from our kitchens is recycled into biodiesel, which our catering supplier uses to power its delivery vans to campus.

Travel

We have improved our range of staff travel incentives, successfully introducing the Northern Rail scheme and developing a user-friendly online system for Metrocard passes. A variety of travel offers and stands were presented to staff at the last Support Staff Conference.

A revised Travel Plan will be implemented in 2017 to continue the progress made under the previous plan in which all major targets were achieved and a modal shift away from single occupancy car use towards public transport and active travel for staff commuting occurred.

Fairtrade

The University held a comprehensive Fairtrade Fortnight programme in early 2017, including a Fairtrade supplier event, seminars run by local social enterprises, and ran a social media competition. We continue to maintain our status as a Fairtrade accredited University and recently contributed to the successful renewal of the Kirklees-wide Fairtrade accreditation until 2019.

Reducing environmental impact of cleaning

The University has implemented a system of microfibre mops and cloths that eliminates the use of cleaning chemicals in most areas across campus. A concentrated chemical dilution system significantly reduces the volume of remaining chemicals and also the amount of plastic and cardboard packaging waste. This system reduces the environmental impact of the cleaning undertaken and is more economical for the University.

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

Financial Performance

Accounting Policies

The University updated its principal accounting policies in 2015/16 following the adoption of FRS102 and there have been no changes to accounting policy in 2016/17. The accounting policies which are critical to interpretation of the results relate to the accounting for our share of the West Yorkshire Pension Fund assets and liabilities under pension obligations (see note 25); 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 11); and the recognition of research grant and contract income which is included to the extent that the performance conditions for the receipt of non-government revenue have been complied with and the accrual method is applied to government revenue.

Results for the year

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

	<u>2017</u> <u>£'000</u>	<u>2016</u> <u>£'000</u>
Income	165,312	162,599
Expenditure	(151,509)	(138,853)
Surplus for the year	13,803	23,746
Actuarial gain/(loss) in respect of pension schemes	21,000	(27,553)
Movement on endowments	20	29
Total comprehensive income for the year	<u>34,823</u>	<u>(3,778)</u>

The University is pleased to record a healthy surplus for the year at 8.3% of total income.

Total income increased by 1.7%. A further fall in Funding Council income was offset by higher tuition fee income from students and an increase in research and enterprise activity.

The underlying staff cost to income ratio increased to 56.7% from 53.5%.

Operating expenses increased by 11.2%. There were significant increases in computing equipment of £1.2m and equipment and consumables of £0.9m.

Significant balance sheet movements arose from:

- An increase in cash balances and investments of £15.9m arising from operating activities net of capital investment.
- A decrease of £15.1m in the calculation of our pension liabilities (following an increase of £30.9m in the previous year).

Total balance sheet funds increased by £34.8m or 15.7% during the year (following a decrease of 1.7% in the previous year).

Capital Investment

Maintaining capital investment of £16.4m in 2016/17 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 cash flow statement shows an increase in cash balances of £30.8m before capital expenditure (net of grants received), which was largely the result of cash generated from operating activities. Liquidity at the year end represented 347 days of expenditure, compared with a sector average of 135 days for 2015/16.

The University has a target for generating sufficient cash to fund its estates and other strategic objectives which was achieved in 2016/17. 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.

The University was able to increase its liquid funds by £15.9m, after capital expenditure in the year.

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 July 2020 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 is key to delivering the cash for our strategic needs.

Going Concern

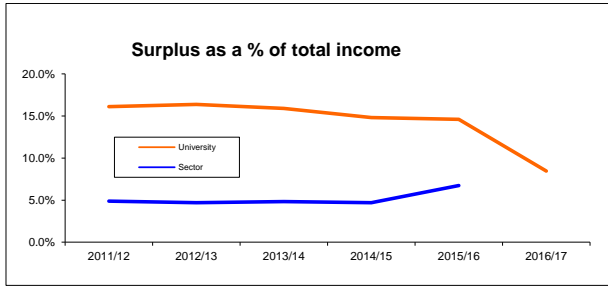
The University has a reasonable expectation that there will be adequate resources to continue in operational existence for the foreseeable future. The Financial Forecast submitted to HEFCE in July 2017, demonstrates surpluses in each year to 2019/20, with strong cash balances despite incurring significant capital expenditure, and no debt requirement, based on a conservative set of assumptions for future income and expenditure.

Financial Sustainability

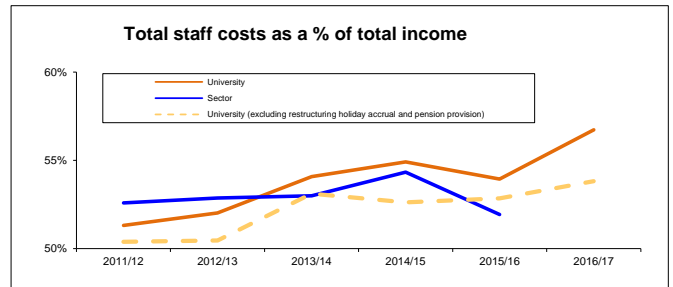
Three of our University KPIs relate directly to financial performance. The following ratios represent some of the Key Financial Indicators which are recognised across the Higher Education Sector and can indicate the financial health of a University relative to its peers. They are shown for the University 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)**

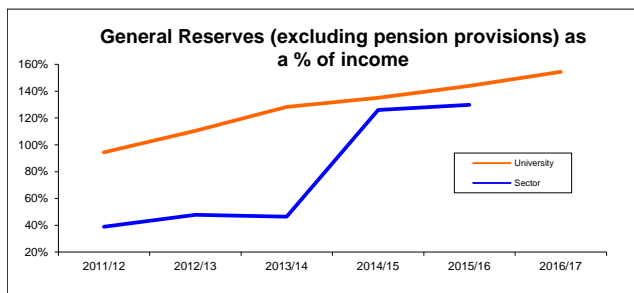
Comparative results (excluding the impact of pensions under FRS102) for the last 5 years show the following trends:



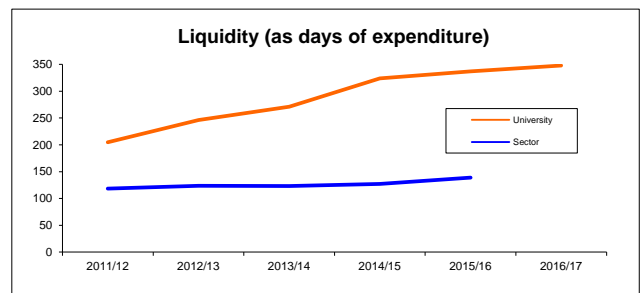
The University's surplus continues to be higher than the sector average but declines in 2016-17 due to costs which exceed the increase in income.



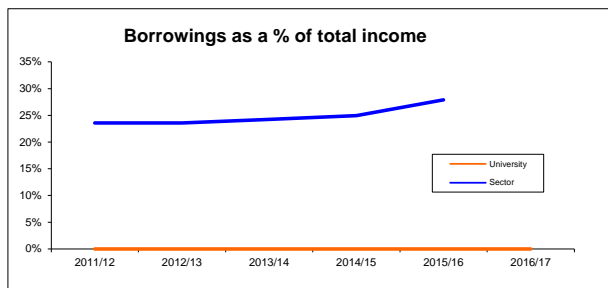
The University's core staffing cost as a % of income is now above the sector average, with significant increases in NI and pension costs in 2016/17.



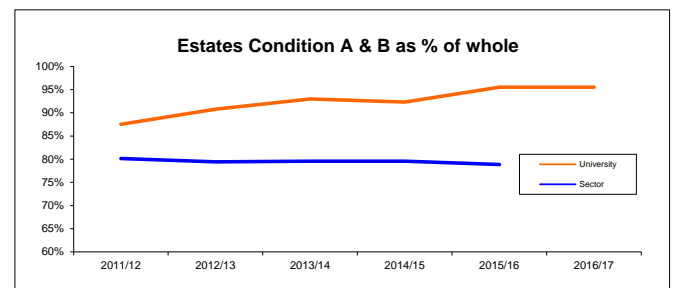
The University's reserves are well above the average for the sector.



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.

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

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, including changes in policy on tuition fees;
- 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;
- pay and pension costs increasing at a faster pace than our income; and
- the effect of Brexit.

Our response to these risks has been:

- to create an economic contingency reserve by generating growth, particularly of international tuition fee income;
- to invest in the quality of our staff base;
- 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 would change rapidly as a consequence of further reductions in public funding and any decrease 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 average number of days taken to clear invoices in 2016/17 was 18 days.

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. In the opinion of the Members of Council, the University complies with the Higher Education Code of Governance (“the Code”) which was issued by the Committee of University Chairs (CUC) in December 2014 and has complied throughout the year ended 31 July 2017. The following information is to help the reader of the accounts understand how the principles of corporate governance have been applied.

The Code 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. 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. The University Secretary and Vice-Chair have subsequently completed a further annual review of compliance with the “must” statements which was presented to University Council at its meeting on 23 November 2017. 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.

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 M Fisher	30 March 2006	31 July 2018	
Mrs J Harris	16 November 2010	31 July 2019	Governance & Membership Committee Honorary Awards Committee
Mrs V Lloyd	3 July 2014	31 July 2020	
Baroness K Pinnock	1 August 2016	31 July 2019	
Prof I Pollock	1 August 2015	31 July 2018	
Dr I Roscoe	16 November 2010	31 July 2019	Governance & Membership Committee Honorary Awards Committee
Mrs H Thomson	16 November 2010	31 July 2019	Audit Committee
Mr J Thornton	20 July 2006	31 July 2018	Chair of Audit Committee Remuneration Committee
Co-opted Members			
Professor T Thornton	1 August 2015	Ex-officio	Estates Development Committee Governance & Membership Committee
Members Nominated by Senate (Teaching Staff)			
Mrs J Lane	1 August 2015	31 July 2018	
Professor J Owen-Lynch	24 March 2016	31 July 2018	
Members Nominated by Senate (Admin Staff)			
Mrs R Allen	1 August 2015	31 July 2018	
Student Member			
Miss S Hussain	3 July 2016	3 July 2017	
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 2017 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. In April 2017, 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 2017 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 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) and the National College for Teaching and Leadership (NCTL) 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 or NCTL 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 23 November 2017.

Mr C J Brown, DL
Chair
23 November 2017

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

Opinion

We have audited the financial statements of the University of Huddersfield (the 'parent university') and its subsidiaries (the 'group') for the year ended 31 July 2017, which comprise the consolidated and University statement of comprehensive income, the consolidated and University statement of changes in reserves, the consolidated and University balance sheet, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent university's affairs as at 31 July 2017 and of the group's and parent university's income and expenditure, gains and losses, changes in reserves and group's cash flows for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education published in March 2014.

Basis for opinion

We have been appointed as auditor under the Education Reform Act 1988 and report in accordance with regulations made under those Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent university's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The Council are responsible for the other information. The other information comprises the information included in the Report of the University Council: Operating and Financial Review and Statement of Corporate Governance and Internal Control set out on pages 3 to 27, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by HEFCE's Memorandum of assurance and accountability dated July 2017

In our opinion, in all material respects:

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

Responsibilities of Council for the financial statements

As explained more fully in the Statement of responsibilities of the Council set out on page 26, the Council is responsible for the preparation of the financial statements and for being satisfied they give a true and fair view, and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council are responsible for assessing the group's and the parent university's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the group or the parent university or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
23 November 2017

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 for Further and Higher Education 2015 and in accordance with Financial Reporting Standard FRS102. The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets).

The financial statements are presented in sterling (£).

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2017. Intra-group transactions are eliminated on consolidation. The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Comprehensive Income and Expenditure over the period in which students are studying or when it becomes non-refundable. 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 gross as expenditure and not deducted from income. Investment income is credited to the Statement of Income and Expenditure on a receivable basis.

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.

Grant funding

Government grants including Funding Council block grant and research grants are recognised as income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

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

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.

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.

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 including 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 25.

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 FRS102, 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. Since the University has now entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the University also now recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

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.

Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

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

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 40 years for buildings revalued as at 31 July 2015. 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. Component accounting has been applied to new build assets in order to recognise that elements of an asset have different useful economic lives and therefore a new category of plant and machinery has been introduced with a depreciation rate of 25 years.

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

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

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

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

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

b. Equipment

Equipment costing less than £25,000 is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. As part of component accounting, the University has introduced a new category, plant and machinery. This is included in equipment and is applied only to new builds in relation to the elements of the asset which are deemed to have a shorter useful economic of life. Capitalised equipment is depreciated over its useful economic life as follows:

Computer equipment	Three Years
Motor vehicles	Four Years
General equipment	Seven Years
Plant and machinery	Twenty Five 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.

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

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.

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 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.

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.

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

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.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Significant accounting estimates and judgements

Preparation of the financial statements requires management to make significant estimates and judgements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a. Estimates in pension costs

The University has obligations to pay pension benefits to certain employees who are members of the West Yorkshire Pension Fund (WYPF), a scheme accounted for as a defined benefit plan. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, salary increases, asset valuations, the duration of liabilities and the discount rate on corporate bonds. Management estimates these factors, using external professional advice, in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

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

The University has obligations to pay pension benefits to certain employees who are members of the Universities Superannuation Scheme (USS), a defined benefit scheme. The University has committed to contribute to a deficit recovery plan for the scheme and management has calculated a provision for these costs in the balance sheet. The present value of the obligation depends on a number of factors including life expectancy, salary increases, staff changes, asset valuations and the discount rate on corporate bonds. Management estimates these factors, using external professional advice, in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

b. Estimates and judgements in depreciation

The annual depreciation charge for fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. Depreciation methods, useful economic lives and residual values are reviewed by management at the date of preparation of each Balance Sheet. They are amended where necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. For new buildings an estimation is included for the split of components into three elements; building, plant and machinery and fit-out. The assessment of these factors requires management's judgement.

c. Judgements in classifying leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leases in which the University does not assume substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Management exercises judgement in classifying its leases for accounting purposes.

d. Estimates and judgements in accruals and provisions

Short term employee benefits are charged to the Statement of Comprehensive Income and Expenditure as the employee service is received. An accrual is made for the cost of paid annual leave that has not been used at the financial year-end. The accrual requires a calculation of outstanding holiday balances based on a review of holiday records of academic, administrative and other staff. The assessment of this data requires management's judgement.

e. Judgements in fixed assets

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the asset beyond its previously assessed standard of performance. Management determine whether to capitalise fixed asset costs based on an assessment of whether they meet one of the following criteria: the market value of the fixed asset has subsequently improved; the asset's 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. The assessment of these factors requires management's judgement. The land and buildings of the University are revalued on a five year cycle using external professional advice.

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2017

Consolidated Statement of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2017		Restated	Restated
		Consolidated	University	Year ended 31	July 2016
		£'000	£'000	Consolidated	University
				£'000	£'000
Income					
Tuition fees and education contracts	1	126,931	126,899	124,283	124,254
Funding body grants	2	17,015	17,015	18,288	18,289
Research grants and contracts	3	10,299	8,931	8,448	7,213
Other income	4	8,525	6,441	9,057	7,504
Investment income	5	2,541	2,583	2,522	2,558
Donations and endowments	6	1	1	1	1
Total income		165,312	161,870	162,599	159,819
Expenditure					
Staff costs	7	93,783	91,988	86,971	85,301
Other operating expenses		48,288	46,985	43,231	42,129
Depreciation	11	7,522	7,492	6,830	6,804
Interest and other finance costs	8	1,916	1,916	1,766	1,766
Total expenditure	9	151,509	148,381	138,798	136,000
Surplus before tax		13,803	13,489	23,801	23,819
Taxation	10	-	-	(55)	(55)
Surplus for the year		13,803	13,489	23,746	23,764
Actuarial gain/(loss) in respect of pension schemes	25	21,000	21,000	(27,553)	(27,553)
Movement on endowments	20	20	20	29	29
Total comprehensive income for the year		34,823	34,509	(3,778)	(3,760)
Represented by:					
Endowment comprehensive income for the year		20	20	29	29
Restricted comprehensive income for the year		(125)	(204)	245	263
Unrestricted comprehensive income for the year		36,587	36,352	(2,381)	(2,381)
Revaluation reserve comprehensive income for the year		(1,659)	(1,659)	(1,671)	(1,671)
Attributable to the University		34,823	34,509	(3,778)	(3,760)

All items of income and expenditure relate to continuing activities.

The comparatives have been restated to reflect a reclassification of contracted staff costs from staff cost to other operating expenses. See Note 7 for further details.

Consolidated Statement of Changes in Reserves

Consolidated	Income and expenditure account		Revaluation reserve	Total
	Endowment £'000	Restricted £'000		
Balance at 1 August 2015	2,471	1	71,986	225,378
Surplus/(deficit) from the income and expenditure statement	-	245	-	23,746
Other comprehensive income	-	-	-	(27,553)
Transfers between revaluation and income and expenditure reserve	-	-	(1,671)	-
Endowment funding	29	-	-	29
Total comprehensive income for the year	29	245	(1,671)	(3,778)
Balance at 1 August 2016	2,500	246	70,315	221,600
Surplus/(deficit) from the income and expenditure statement	-	(125)	-	13,803
Other comprehensive income	-	-	-	21,000
Transfers between revaluation and income and expenditure reserve	-	-	(1,659)	-
Endowment funding	20	-	-	20
Total comprehensive income for the year	20	(125)	(1,659)	34,823
Balance at 31 July 2017	2,520	121	68,656	256,423
University	Endowment	Income and expenditure account	Revaluation reserve	Total
	£'000	Restricted £'000	£'000	£'000
Balance at 1 August 2015	2,471	10	71,986	226,190
Surplus/(deficit) from the income and expenditure statement	-	263	-	23,764
Other comprehensive income	-	-	-	(27,553)
Transfers between revaluation and income and expenditure reserve	-	-	(1,671)	-
Endowment funding	29	-	-	29
Total comprehensive income for the year	29	263	(1,671)	(3,760)
Balance at 1 August 2016	2,500	273	70,315	222,430
Surplus/(deficit) from the income and expenditure statement	-	(204)	-	13,489
Other comprehensive income	-	-	-	21,000
Transfers between revaluation and income and expenditure reserve	-	-	(1,659)	-
Endowment funding	20	-	-	20
Total comprehensive income for the year	20	(204)	(1,659)	34,509
Balance at 31 July 2017	2,520	69	68,656	256,939

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2017

Consolidated and University Balance Sheet

	Notes	As at 31 July 2017		As at 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	11	228,048	227,883	219,155	219,020
Investments	12	32	82	32	82
		228,080	227,965	219,187	219,102
Current assets					
Trade and other receivables	14	19,289	19,491	23,618	24,096
Investments	15	43,908	43,908	42,209	42,209
Cash and cash equivalents	21	93,288	93,191	79,130	79,028
		156,485	156,590	144,957	145,333
Less: Creditors: amounts falling due within one year	16	(36,126)	(35,600)	(34,515)	(33,976)
Net current assets		120,359	120,990	110,442	111,357
Total assets less current liabilities					
		348,439	348,955	329,629	330,459
Creditors: amounts falling due after more than one year	17	(24,175)	(24,175)	(25,088)	(25,088)
Provisions					
Pension provisions	18	(67,841)	(67,841)	(82,941)	(82,941)
Total net assets		256,423	256,939	221,600	222,430
Restricted Reserves					
Income and expenditure reserve - endowment reserve	20	2,520	2,520	2,500	2,500
Income and expenditure reserve - restricted reserve		121	69	246	273
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		185,126	185,694	148,539	149,342
Revaluation reserve		68,656	68,656	70,315	70,315
Total Reserves		256,423	256,939	221,600	222,430

The financial statements on pages 30 to 52 were approved by the University Council on 23 November 2017 and were signed on its behalf by:

PROFESSOR R A CRYAN, CBE
Vice-Chancellor

MR C J BROWN, DL
Chair

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2017

Consolidated Statement of Cash Flows

	Notes	31 July 2017 £'000	31 July 2016 £'000
Cash flow from operating activities			
Surplus for the year		13,803	23,746
Adjustment for non-cash items			
Depreciation	11	7,522	6,830
Decrease/(Increase) in debtors		4,864	(3,305)
Increase/(Decrease)/increase in creditors		150	(2,220)
Increase in pension provision		5,900	3,331
Adjustment for investing or financing activities			
Investment income	5	(2,538)	(2,521)
Interest payable	8	-	18
Endowment income		(3)	(1)
Capital grant income		(933)	(1,450)
Net cash inflow from operating activities		28,765	24,428
Cash flows from investing activities			
Proceeds from sales of fixed assets	11	-	-
Capital grant receipts		1,496	6,490
Withdrawal of deposits		(1,678)	(21,514)
Investment income		1,988	2,750
Payments made to acquire fixed assets		(16,415)	(22,714)
New deposits		1	1
		(14,608)	(34,987)
Cash flows from financing activities			
Endowment cash received		1	1
		1	1
Increase/(Decrease) in cash and cash equivalents in the year		14,158	(10,558)
Cash and cash equivalents at beginning of the year	21	79,130	89,688
Cash and cash equivalents at end of the year	21	93,288	79,130

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2017
NOTES TO THE FINANCIAL STATEMENTS

	Notes	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
1 Tuition fees and education contracts					
Full-time home and EU students		85,648	85,648	84,047	84,047
Full-time international students		22,352	22,352	20,390	20,390
Part-time students		2,339	2,339	2,792	2,792
NHS Workforce Development Confederation Contracts		11,979	11,979	12,691	12,691
Research Training Support Grant		277	277	320	320
Educational Contracts		2,657	2,657	2,723	2,723
Non Credit Bearing Course Fees		1,679	1,647	1,320	1,291
		126,931	126,899	124,283	124,254
2 Funding body grants					
Recurrent grant					
Higher Education Funding Council		14,460	14,460	15,609	15,609
Specific grants					
Higher Education Innovation Fund		889	889	946	946
Higher Education Other		5	5	157	158
National College for Teaching and Leadership		154	154	156	156
Capital grant		1,507	1,507	1,420	1,420
		17,015	17,015	18,288	18,289
3 Research grants and contracts					
Research councils		3,424	3,424	2,995	2,995
Research charities		858	858	548	544
Government (UK and overseas)		3,556	3,428	2,833	2,802
Industry and commerce		1,550	560	1,668	490
Other		911	661	404	382
		10,299	8,931	8,448	7,213
4 Other income					
Other services rendered		4,644	2,420	4,323	2,869
Catering and conferences		1,328	1,268	1,292	1,220
Other capital grants		317	317	410	410
Other income		2,236	2,436	3,032	3,005
		8,525	6,441	9,057	7,504
5 Investment income					
Investment income on endowments	20	3	3	1	1
Investment income		2,538	2,538	2,520	2,520
Other investment income		-	42	1	37
		2,541	2,583	2,522	2,558
6 Donations and endowments					
New endowments	20	1	1	1	1
Donations with restrictions		-	-	-	-
Unrestricted donations		-	-	-	-
		1	1	1	1

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2017
NOTES TO THE FINANCIAL STATEMENTS (continued)

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Restated Consolidated £'000	Restated University £'000
7 Staff costs				
Salaries	71,850	70,255	69,371	67,896
Social security costs	7,375	7,270	6,179	6,080
Pension costs (note 25)	14,558	14,463	11,421	11,325
Total	93,783	91,988	86,971	85,301

Staff costs in 2015/16 have been restated to reclassifying costs of contracted staff of £732k to other operating costs.

	Year Ended 31 July 2017	Year Ended 31 July 2016
Emoluments of the Vice-Chancellor:	£	£
Salary	314,613	311,190
Benefits	-	-
Employer pension contributions to USS	56,630	53,374
	371,243	364,564

Remuneration of other higher paid staff, excluding employer's pension contributions (subject to relevant accounts direction) [all shown before any salary sacrifice]:

	No.	No.
£100,000 to £109,999	2	1
£110,000 to £119,999	2	2
£120,000 to £129,999	2	3
£130,000 to £139,999	1	-
£140,000 to £149,999	2	-
£150,000 to £159,999	1	1
	10	7

Average staff full time equivalent (FTE) staff by major category :

	FTE	FTE
Teaching departments	1,105	1,097
Teaching support services	228	224
Administration and central services	176	173
Premises	175	171
Other	110	93
	1,794	1,758

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2017
NOTES TO THE FINANCIAL STATEMENTS (continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Key management personnel compensation	1,708	1,652

Council Members

No Council Members have received any remuneration/waived payments from the University during the year (2015/16 – None).

The total expenses paid to or on behalf of 16 Council members was £435 (2015/16 - £338 to 16 Council members). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

8 Interest and other finance costs

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Other Interest	-	-	18	18
Local government pension scheme	1,875	1,875	1,706	1,706
Universities superannuation scheme	41	41	42	42
	1,916	1,916	1,766	1,766

9 Analysis of total expenditure by activity

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Academic and related expenditure	63,229	62,891	62,153	62,011
Academic Services	24,406	24,557	21,182	21,182
Administration and central services	25,535	25,325	23,711	23,854
Premises (including service concession cost)	19,195	19,195	16,924	16,920
Catering and conferences	1,397	1,335	1,390	1,330
Research grants and contracts	9,363	8,463	7,289	6,453
Other expenses	8,384	6,615	6,149	4,250
	151,509	148,381	138,798	136,000
Other operating expenses include:				
External auditors remuneration in respect of audit services	59		51	
External auditors remuneration in respect of non-audit services	15		7	

10 Taxation

	Consolidated and University	
	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Recognised in the statement of comprehensive income		
Current tax		
RDEC grant tax paid	-	55
Total tax expense	-	55

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2017
NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Fixed Assets

Consolidated	Freehold Land and Buildings	Leasehold Land and Buildings	Equipment	Assets in the Course of Construction	Total
Cost or valuation	£'000	£'000	£'000	£'000	£'000
At 1 August 2016	201,852	890	21,067	13,756	237,565
Additions	7,537	-	5,697	3,181	16,415
Transfers	12,783	-	973	(13,756)	-
Disposals	-	-	(150)	-	(150)
At 31 July 2017	222,172	890	27,587	3,181	253,830
Consisting of valuation as at:					
31 July 2015 valuation	211,739	890	-	-	212,629
Cost	10,433	-	27,587	3,181	41,201
	222,172	890	27,587	3,181	253,830
Depreciation					
At 1 August 2016	4,707	34	13,669	-	18,410
Charge for the year	5,112	11	2,399	-	7,522
Disposals	-	-	(150)	-	(150)
At 31 July 2017	9,819	45	15,918	-	25,782
Net book value					
At 31 July 2017	212,353	845	11,669	3,181	228,048
At 31 July 2016	197,145	856	7,398	13,756	219,155
University					
Cost and valuation					
At 1 August 2016	201,852	890	20,844	13,756	237,342
Additions	7,537	-	5,670	3,148	16,355
Transfers	12,783	-	973	(13,756)	-
Disposals	-	-	(150)	-	(150)
At 31 July 2017	222,172	890	27,337	3,148	253,547
Consisting of valuation as at:					
31 July 2015 valuation	211,739	890	-	-	212,629
Cost	10,433	-	27,337	3,148	40,918
	222,172	890	27,337	3,148	253,547
Depreciation					
At 1 August 2016	4,707	34	13,581	-	18,322
Charge for the year	5,112	11	2,369	-	7,492
Disposals	-	-	(150)	-	(150)
At 31 July 2017	9,819	45	15,800	-	25,664
Net book value					
At 31 July 2017	212,353	845	11,537	3,148	227,883
At 31 July 2016	197,145	856	7,263	13,756	219,020

At 31 July 2017, freehold land and buildings included £9.3m (2016 - £9.2m) in respect of freehold land and is not depreciated.

Within tangible fixed assets at 31 July 2017 there were £3.1m (2016 - £13.7m) 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 £89.3m and a net book value of £76.5m 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 2017
NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Non-Current Investments

	Subsidiary companies £'000	Other investments £'000	Total £'000
Consolidated			
At 1 August 2016	-	32	32
At 31 July 2017	-	32	32
University			
At 1 August 2016	50	32	82
At 31 July 2017	50	32	82

13 Subsidiary undertakings

The subsidiary companies (all of which are registered in England and Wales), wholly-owned or effectively controlled by the University, are as follows:-

Company	Principal Activity	Status
The University of Huddersfield Enterprises Ltd (UHEL)	Commercial research, conference and related commercial facilities	100% owned
The University of Huddersfield Innovation Centre Ltd (HEICL)	Facilities management, research collaboration and business development	100% owned
The University of Huddersfield Properties Ltd (UHPL)	Dormant company	100% owned
Wetlands & Natural Resources Development Ltd (WNRDL)	Dormant company	100% owned
JRC Management Ltd	Management of residential flats	100% owned

14 Trade and other receivables

Amounts falling due within one year:

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Other trade receivables	3,624	3,128	9,962	8,927
Other receivables	176	170	177	173
Prepayments and accrued income	15,489	14,541	13,479	13,256
Amounts due from subsidiary companies	-	1,652	-	1,740
	19,289	19,491	23,618	24,096

15 Current Investments

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Short term deposits	43,908	43,908	42,209	42,209
	43,908	43,908	42,209	42,209

Deposits are held with investment managers, Cazenove, HSBC and Funding Circle, with more than 24 hours but less than 12 months maturity at the balance sheet date. The market value of investments held at 31 July 2017 was £49,114k. (2016: £44,377k)

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2017
NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Creditors : amounts falling due within one year

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Payments received in advance	17,915	17,518	15,004	14,543
Trade creditors	1,760	1,729	2,462	2,458
Social security and other taxation payable	188	183	506	525
Accruals and deferred income	14,124	14,082	14,271	14,212
Deferred Capital Grants	2,081	2,081	2,231	2,231
Other creditors	58	7	41	7
	36,126	35,600	34,515	33,976

17 Creditors : amounts falling due after more than one year

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred capital grants	24,175	24,175	25,088	25,088
	24,175	24,175	25,088	25,088

18 Provisions for liabilities

Consolidated and University

	Obligation to fund deficit on USS Pension £'000	Pension enhancements on termination £'000	Defined Benefit Obligations £'000	Total Pensions Provisions £'000
At 1 August 2016	2,300	260	80,381	82,941
Utilised in year	(100)	-	-	(100)
Transfer from income and expenditure	41	(38)	(15,003)	(15,000)
At 31 July 2017	2,241	222	65,378	67,841

Pension enhancement

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

	Consolidated
Discount rate	2.4%
Inflation	1.9%

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arising from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payments over the period of the contracted obligation in assessing the value of this provision.

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2017
NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Financial Instruments

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Financial assets:				
Bank and cash	93,288	93,191	79,130	79,028
Trade & other debtors	3,800	4,950	10,139	10,840
	97,088	98,141	89,269	89,868
	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Financial liabilities:				
Creditors falling due within one year	15,942	15,818	16,774	16,677
Creditors falling due after one year	-	-	-	-
	15,942	15,818	16,774	16,677

20 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Expendable endowments £'000	2017 Total £'000	2016 Total £'000
Balances at 1 August 2016				
Capital	2,257	232	2,489	2,461
Accumulated Income	11	-	11	10
	2,268	232	2,500	2,471
New endowments	-	1	1	1
Investment income	20	2	22	29
Expenditure	-	(3)	(3)	(1)
Total endowment comprehensive income for the year	20	-	20	29
At 31 July 2017	2,288	232	2,520	2,500
Represented by:				
Capital	2,257	232	2,489	2,463
Accumulated	31	-	31	37
	2,288	232	2,520	2,500
Analysis by type of purpose:				
Scholarships and bursaries	147	-	147	145
Research support	2,077	-	2,077	2,059
Prize funds	64	232	296	296
	2,288	232	2,520	2,500
Analysis by asset				
Accrued income			800	1,000
Cash & cash equivalents			1,720	1,500
			2,520	2,500

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2017
NOTES TO THE FINANCIAL STATEMENTS (continued)

21 Cash and cash equivalents

	Consolidated At 1 August 2016 £'000	Cash Flows £'000	Consolidated At 31 July 2017 £'000
Cash and cash equivalents	79,130	14,158	93,288
	79,130	14,158	93,288

22 Capital and other commitments

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	6,930	6,930	15,523	15,523

23 Contingent liabilities

There are no contingent liabilities. (2016 : Nil)

The University has given written undertakings to support the subsidiary companies for up to twelve months from the date of approval of these financial statements.

24 Lease Obligations

Total rentals payable under operating leases:

	Consolidated and University	
	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Payable during the year	55	63
Future minimum lease payments due:		
Not later than 1 year	20	54
Later than 1 year and not later than 5 years	8	24
Later than 5 years	-	-
Total lease payments due	28	78

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2017
NOTES TO THE FINANCIAL STATEMENTS (continued)

25 Pensions and Other 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 £14,985,000 (2016 : £11,421,000), analysed as follows:-

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
West Yorkshire Pension Scheme	8,649	8,554	5,843	5,747
Teachers' Pension Scheme	4,723	4,723	4,626	4,626
Universities Superannuation Scheme	1,186	1,186	952	952
	14,558	14,463	11,421	11,325

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 2016 to 31 July 2017 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.

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.

Universities Superannuation Scheme (USS)

Significant accounting policies

The University participates in the Universities Superannuation Scheme (the scheme). The scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's asset are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University 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 and therefore, as required by Section 28 of FRS 102 "Employee benefits", 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. Since the University has now entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the University also now recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

THE UNIVERSITY OF HUDDERSFIELD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with a scheme that determines how the employer will fund a deficit results in a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in the income and expenditure account. The directors of the scheme are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan which existed at the date of approving the financial statements.

Pensions Costs

The total cost charged to the profit and loss account is £1,186k (2016: £952k).

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third 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 £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:-

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	2.2%

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

Male members' mortality	98% of S1NA ["light"] YoB tables - No age rating
Female members' mortality	99% of 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 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

West Yorkshire Pension Fund (WYPF)

The University operates a final salary defined benefit pension scheme that non-academic employees can participate in, called the West Yorkshire Pension Fund (WYPF). The scheme is externally funded and is contracted out of the State Second Pension (S2P) of pension provision.

The last formal triennial actuarial valuation of the scheme was performed as at 31 March 2013 updated to 31 July 2017 by a professionally qualified actuary.

During the accounting period, the University paid contributions to the pension scheme at the rate of 11.5% of pensionable salaries.

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2017
NOTES TO THE FINANCIAL STATEMENTS (continued)

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	At 31 July 2017	At 31 July 2016
Price Inflation (RPI)	3.1%	2.9%
Price Inflation (CPI)	2.0%	1.8%
Rate of increase in salaries	3.3%	3.3%
Rate of increase of pensions in payment for WYPF members	2.0%	1.8%
Discount rate	2.6%	2.4%

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Male (years)		Female (years)	
	Pensioner	Non-Pensioner	Pensioner	Non-Pensioner
At 31 July 2016	22.7	24.9	25.6	28.0
At 31 July 2017	22.1	23.0	25.2	27.0

Scheme assets and expected rate of return for WYPF

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds). The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The fair value of the assets in the scheme were:

	31 July 2017 £'000	31 July 2016 £'000	31 July 2015 £'000
Equities	127,515	110,350	98,656
Government bonds	7,296	16,454	13,512
Other Bonds	16,055	6,169	5,979
Property	6,497	7,057	5,849
Cash	2,819	2,052	1,946
Other	5,638	4,855	4,034
	<u>165,820</u>	<u>146,937</u>	<u>129,976</u>

The tables below include disclosures for the WYPF

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Analysis of the amount shown in the balance sheet for WYPF		
Scheme assets	165,820	146,937
Scheme liabilities	(231,199)	(227,318)
Deficit in the scheme - net provision	(65,379)	(80,381)
Recorded within pension provisions		
Current service cost	(8,644)	(5,843)
Past service costs	(5)	-
Total operating charge	(8,649)	(5,843)

THE UNIVERSITY OF HUDDERSFIELD
For the Year ended 31 July 2017
NOTES TO THE FINANCIAL STATEMENTS (continued)

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Analysis of the amount charged to interest payable/credited to other finance income for WYPF		
Interest cost	(5,427)	(6,423)
Expected return on assets	(3,552)	(4,717)
Net charge to other finance income	(1,875)	(1,706)
Analysis of other comprehensive income for WYPF		
Gain on assets	(13,297)	10,183
Experience gains/(losses) on liabilities	7,702	(37,736)
Total other comprehensive income before deduction for tax	20,999	(27,553)

History of experience gains and losses - WYPF

	Year to: 31 July 2017	31 July 2016	31 July 2015	31 July 2014	31 July 2013
Difference between actual and expected return on scheme assets:					
Amount (£'000)	13,297	10,183	6,154	(2,280)	10,585
% of assets at end of year	8	8	5	2	10
Experience gains/(losses) on scheme liabilities:					
Amount (£'000)	7,702	(37,736)	(13,344)	13,748	(304)
% of liabilities at end of year	3	17	7	9	-

Cumulative actuarial loss recognised at other comprehensive income for WYPF

	At 31 July 2017 £'000	At 31 July 2016 £'000
Cumulative actuarial assets recognised at the end of the year	165,820	129,976
Cumulative actuarial losses recognised at the end of the year	(231,199)	(179,422)
Analysis of movement in surplus/(deficit) for WYPF		
Deficit at beginning of year	(80,381)	(49,446)
Contributions or benefits paid by the University	4,527	4,167
Current service cost	(8,644)	(5,843)
Past service cost	(5)	-
Other finance charge	(1,875)	(1,706)
Gain recognised in other comprehensive income	20,999	(27,553)
Deficit at end of year	(65,379)	(80,381)

Analysis of movement in the present value of WYPF

	At 31 July 2017 £'000	At 31 July 2016 £'000
Present value of liabilities at the start of the year	227,318	179,422
Current service cost (net of member contributions)	8,644	5,843
Past service cost	5	-
recorded within other Comprehensive Income	5,427	5,639
Actual member contributions (including notional contributions)	2,050	1,938
Actuarial loss/(gain)	(7,702)	37,736
Actual benefit payments	(4,543)	(3,260)
Present value of liabilities at the end of the year	231,199	227,318

Analysis of movement in the fair value of scheme assets

	At 31 July 2017 £'000	At 31 July 2016 £'000
Fair value of assets at the start of the year	146,937	129,976
Expected return on assets	3,532	4,717
Actuarial gain on assets	13,297	10,183
Actual contributions paid by University	4,527	4,167
Actual member contributions (including notional contributions)	2,050	1,938
Actual benefit payments	(4,543)	(4,044)
Fair value of scheme assets at the end of the year	165,820	146,937

THE UNIVERSITY OF HUDDERSFIELD
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NOTES TO THE FINANCIAL STATEMENTS (continued)

WYPF assets do not include any of the University's own financial instruments or any property occupied by the University.

	At 31 July 2017 £'000	At 31 July 2016 £'000
Actual return on Scheme assets		
Interest income on Scheme assets	3,552	4,717
Asset gain	13,297	10,183
	16,849	14,900

Estimated contributions for WYPF in the Financial Year 2017-2018 are £4.6m.

26 Related Party Disclosures

The University has taken advantage of the disclosure exemption under FRS 102, which applies to transactions and balances between wholly-owned subsidiaries.

Members of the Board of Governors are required to declare any outside interests. When an item arises in which a member has a pecuniary, business, family or other personal interest, it must be declared and the member concerned may not take part in the consideration of the matter nor vote on it. All transactions involving organisations in which a member of the council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

The following transactions were identified for disclosure under Section 33 of FRS 102: Related Party Transactions.

Organisation	Name and Position Held	Year ended 31 July 2017		Year ended 31 July 2016	
		Sales £'000	Purchase £'000	Sales £'000	Purchase £'000
Huddersfield Contemporary Music Festival	Baroness K Pinnock, Trustee	2	47	2	25
Huddersfield University Students' Union	Miss S Hussain, President	252	1,289	263	1,340
Yorkshire Universities	Professor R A Cryan, Director	-		3	25
		273	1,361	322	1,390

27 Amounts disbursed as agent of National College for Teaching and Leadership

These funds are available solely for students, with the University acting only as a paying agent. The income and related disbursements are therefore excluded from the Income and Expenditure Account.

	Consolidated and University	
	Year Ended 31 July 2017	Year Ended 31 July 2016
	£'000	£'000
Initial teacher training bursaries		
Funds received	1,040	1,048
Disbursed to students	(1,040)	(1,048)
	-	-