

THE UNIVERSITY OF HUDDERSFIELD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JULY 2001

THE UNIVERSITY OF HUDDERSFIELD
FINANCIAL STATEMENTS
For the Year ended 31 July 2001

<u>C O N T E N T S</u>	<u>P A G E S</u>
Financial Highlights	1
Report of the University Council	2
Corporate Governance	7
Responsibilities of the University Council	8
Report of the Auditors	9
Statement of principal accounting policies	11
Consolidated income and expenditure account	14
Consolidated statement of historical cost surpluses and deficits	15
Statement of total recognised gains and losses	15
Reconciliation of movements on reserves and endowments	15
Balance sheets	16
Consolidated cash flow statement	18
Reconciliation of net cash flow to movement in net debt	18
Notes to the financial statements	19

THE UNIVERSITY OF HUDDERSFIELD
FINANCIAL HIGHLIGHTS
For the Year ended 31 July 2001

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

	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>
Income	73,671	69,033
Expenditure	<u>72,566</u>	<u>68,808</u>
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax	<u>1,105</u>	<u>225</u>
Profit on disposal of assets	<u>269</u>	<u>13</u>
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets but before taxation	1,374	238
Taxation	<u>-</u>	<u>-</u>
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and taxation	<u>1,374</u>	<u>238</u>
Surplus for the year on a historical cost basis	<u>4,500</u>	<u>883</u>

The Higher Education Funding Council for England (HEFCE) has suggested that institutions should aim to produce an annual surplus of 3% of their income. Such a surplus should enable institutions to provide for future capital expenditure out of revenue income and to ensure that their long term commitments to students can be maintained.

Total student numbers increased from 16,464 to 17,010; the full time equivalent decreased from 13,041 to 13,012.

THE UNIVERSITY OF HUDDERSFIELD
REPORT OF THE UNIVERSITY COUNCIL
For the Year ended 31 July 2001 (continued)

The Council of the University of Huddersfield hereby submits its twelfth annual report together with the audited financial statements for the year to 31 July 2001.

CONSTITUTION AND POWERS

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

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

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

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

The University of Huddersfield Enterprises Limited, a wholly owned subsidiary company, has continued to trade satisfactorily during the year. The purpose of the company is to conduct those commercial activities of the University which are not compatible with the University's charitable status and may be subject to corporation tax on profits generated. The profits of the company are paid by gift aid to the University annually.

MISSION

The University of Huddersfield will enable its students to reach their full potential by equipping them with the knowledge, skills and attitudes to meet the requirements of work and society in the 21st century.

To achieve its mission the University has strategic aims in four areas. These are:

- **teaching and learning**
- **research and scholarship**
- **relationships**
- **resources**

There are four major aims within the strategy for teaching and learning. These are:

- raising quality
- increasing the effectiveness of teaching, learning and assessment
- widening participation by under-represented groups and increasing accessibility
- increasing the employability of students

The four major aims of the strategy for research and scholarship are:

- raising the quality of the research and scholarship carried out in the University
- increasing the proportion of research active staff, research output and the income generated from externally funded research and consultancy
- providing effective supervision and training of researchers
- underpinning teaching and learning

There are two major areas within the strategy for relationships. These are:

- partnerships
- communications

THE UNIVERSITY OF HUDDERSFIELD
REPORT OF THE UNIVERSITY COUNCIL
For the Year ended 31 July 2001 (continued)

Each major area has its own set of strategic aims.

1. Partnerships

Partnerships of many types are fundamental to the existence and success of the University. The four most important partnerships are targeted at:

- governance and management, where the aim is to increase effectiveness and efficiency
- staff, where the aim is to create an environment in which people wish to work for, rather than at, the University
- students, where the aim is to improve the quality of the learning experience
- other institutions, industry, business and the community, where the aim is to enhance the economic and social development of the region and surrounding areas

2. Communications

The University aims to:

- provide excellent vertical and horizontal communication within the University
- be pro-active in communicating with the media and other external bodies

Within the resources strategy there are three major areas:

- human
- physical
- financial

and each has its own set of strategic aims.

1. Human resources

The University aims to:

- provide a healthy and safe working environment
- improve the range of skills and expertise of its staff
- ensure equality of opportunity

2. Physical resources

The University aims to:

- increase effectiveness and efficiency in the use of resources
- increase the attractiveness of the estate
- provide fit for purpose accommodation

3. Financial resources

The University aims to:

- maintain its financial viability
- integrate academic and financial planning
- invest in infrastructure

THE UNIVERSITY OF HUDDERSFIELD
REPORT OF THE UNIVERSITY COUNCIL
For the Year ended 31 July 2001 (continued)

The University's vocational emphasis will be reinforced by encouraging applied research and consultancy activities on both a national and international basis.

The University has a strong commitment to its region of Pennine West Yorkshire in which it will provide a focus for lifetime learning, research, support and advice. It will furnish this area with a window onto national and international progress in higher education and research.

The University is a community of staff and students and is committed to equal opportunities, to encouraging continuing professional development and lifetime learning of all its staff and to transparency and participation in its governance.

The University will approach all its diverse activities in a spirit of partnership and collaboration with external public and private bodies.

DEVELOPMENTS DURING THE YEAR

People

University Council member Mr Brian Hill was re-appointed as Chair of the Council and Mr Malvern Goodall was appointed as the new Vice-Chair. Mr Goodall's appointment took effect from 1 September 2000.

The University conferred professorships on three existing members of staff, Mr David Smith (Professor of Management), Dr David Taylor (Professor of History) and Dr Jim McAuley (Professor of Political Sociology and Irish Studies).

Dr John Lord, a local GP, was appointed as the University's first Visiting Professor in Primary Health Care, attached to the School of Human and Health Sciences. Head of Management, Dr Mike Waddington, was invited to become a visiting professor at Mu'tah University in Jordan.

Fifteen members of staff received long-service awards.

Professor of Music Richard Steinitz stepped down as Artistic Director of the internationally-renowned Huddersfield Contemporary Music Festival, which he started 23 years ago. His replacement, an external appointment, was musicologist Ms Susanna Eastburn. Professor Steinitz was one of only four winners in the national Alchemists Award organised by Common Purpose. He remains on the staff of the University's celebrated Department of Music.

Three long-standing lecturers from the Department of Chemistry retired at the end of the academic year. Between them Professor David Ramsden, Dr Richard Southam and Dr Eric Gowling had a combined service of 104 years.

At its Graduation Ceremonies in November, the University presented honorary awards to the following individuals:

International singer, Ms Linda Hirst - Hon DLitt

Chairman of the Environment Agency, Sir John Harman - Hon DCL

Local design entrepreneurs, Mr James Sommerville and Mr Simon Needham - Hon DLitt

University of Huddersfield Chancellor, Sir Ernest Hall - Hon DCL

Eminent Civil Servant, Sir Leonard Peach - Hon DCL

Chief Executive of AstraZeneca plc, Dr Tom McKillop - Hon DSc

University of Huddersfield former faculty dean, Professor Bob Livingstone - Hon DSc

THE UNIVERSITY OF HUDDERSFIELD
REPORT OF THE UNIVERSITY COUNCIL
For the Year ended 31 July 2001 (continued)

Academic and Administrative Developments

The University received the report from its Continuation Audit in June 2000 by the Quality Assurance Agency. The report was extremely positive and endorsed much of what the University currently practices in the areas of academic quality, standards, communications and learning infrastructure.

The University met its recruitment targets, achieved its maximum aggregate student number (MaSN) and increased its overall student community to 17,010 students - the highest figure ever.

The University held its annual public meeting in the Autumn on the theme of Developing the Local Economy.

The University successfully retained the Investors in People standard, following a statutory first-year re-assessment. The assessor, Mr John Taylor, was openly appreciative of the advances that the University had made since it originally achieved the standard.

In February, with funding from the Higher Education Funding Council for England under the HEROBC initiative (Higher Education Reach-Out to Business and the Community), the University established the Business Gateway unit. The new unit, with five team members, provides a single point of access for business and the community at large to University products and services.

After discussion at all levels and with the support of the Senate and the University Council, the decision was taken to merge the Schools of Engineering and of Computing and Mathematics. The merger will come into effect in May 2002.

The University established the following academic facilities:

- The first phase of the Centre for Precision Technologies opened in July.
- The University took the lead role in setting up the new Consortium for Post-Compulsory Education and Training, encompassing 32 Higher and Further Education colleges across the north of England.
- Local chemical company Thornton and Ross sponsored a new research unit within the School of Applied Sciences in the field of pharmaceutical sciences.
- The University launched its first-ever institution-wide alumni society. The society is called the Huddersfield University Graduate Society.

The University welcomed the following notable visitors:

- Prince Andrew, Duke of York, to a seminar about social entrepreneurship led by the University's Professor of Entrepreneurship, Professor John Thompson.
- The Rt Hon David Blunkett MP, the then Secretary of State for Education and Employment, as guest speaker at the launch of the University's Consortium for Post-Compulsory Education and Training.
- Entrepreneur and businessman, Sir Alan Sugar, to the Huddersfield Business Generator, an innovative business start-up established and managed by the University.

The University had the following notable academic successes:

- The University was the first and only UK university to run courses in Jordan that were officially recognised by the Jordanian government.
- Multi-national corporation Sun Microsystems sponsored the School of Engineering's new e-Commerce degree.
- Researchers in the Department of Music became the only music winner at the prestigious European Academic Software Awards.
- A team of engineering researchers led by Professor Derek Ford received the highest possible award - an Alpha 5 / Excellent - from the Engineering and Physical Sciences Research Council (EPSRC) for its collaborative work with an industrial partner. The project related to the precision control of machine tools.
- The School of Education and Professional Development and the Divisions of Hospitality Management and Transport and Logistics received Excellent ratings in their Subject Reviews by the Quality Assurance Agency.
- Head of History, Dr Tim Thornton, won the coveted Yorkshire History Prize from the Yorkshire Society for his controversial essay about Henry VIII's visit to York in 1541.

THE UNIVERSITY OF HUDDERSFIELD
REPORT OF THE UNIVERSITY COUNCIL
For the Year ended 31 July 2001 (continued)

Estate Developments

Late summer saw work start on the demolition of the former three-storey weaving shed on Firth Street for the erection of a new building to house the School of Education and Professional Development and the Centre for Precision Technologies, part of the School of Engineering. The new building - a £5 million investment - was ready on time to receive students at the start of the 2001/2002 academic year.

In December the University finalised the sale of its former Holly Bank Campus. Part of the site was still used by the School of Education and Professional Development until the end of the academic year.

The University's second outline planning application to re-develop the former upper hospital site of Storthes Hall Park for residential use was finally accepted by Kirklees Metropolitan Council in the summer of 2001. The application is currently awaiting ratification from the Secretary of State's office.

Construction work was completed on academic facilities:

- Phase I of the new Learning Centre was completed at a cost of £750,000. The new facility in the Central Services Building combined the resources of the Library and Computing Services.
- A new training restaurant was built at a cost of £100,000 for the Division of Hospitality Management to replace the old facility.
- New music technology studios: the University invested £500,000 in the state of the art facility which will be used by students on the BA/BSc (Hons) Music Technology degree.

HEFCE awarded the University a Poor Estates Grant to fund part of the redevelopment of the Queensgate campus.

ACCOUNTING POLICIES

The principal accounting policies of the University, which are set out on pages 11 to 13, have been applied consistently throughout the period since incorporation.

PAYMENT OF CREDITORS

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

GOING CONCERN

After making appropriate enquiries the University Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

AUDITORS

A resolution to re-appoint KPMG as auditors will be put to the University Council Meeting on 13 December 2001.

ON BEHALF OF THE UNIVERSITY COUNCIL
MR A E MEARS
University Secretary
13 December 2001

THE UNIVERSITY OF HUDDERSFIELD **CORPORATE GOVERNANCE**

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to institutions of higher education which has been provided by the Committee of University Chairmen in its Guide for Members of Governing Bodies of Universities and Colleges in England, Wales and Northern Ireland.

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

The Articles require the University to have a Council and a Senate each with clearly defined functions and responsibilities, to oversee and manage its activities.

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

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

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

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

Although the Council meets at least four times each year, much of its detailed work is initially handled by committees, in particular the Planning and Resources Committee (and its sub-committee the Estates Committee), the Finance Committee, the Human Resources Committee, the Nominations Committee, the Remuneration Committee and the Audit Committee. The decisions of these Committees are formally reported to the Council.

A significant proportion of the membership of these committees consists of independent and co-opted members of the Council, other than student and staff members, who are not eligible to serve on these committees, with the exception of the Planning and Resources, Human Resources and Nominations Committees.

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 institution's Senior Management Team which may be consulted by arrangement with the University Secretary.

In accordance with the Articles of Government of the University the University Secretary acts as Clerk to the Council and in that capacity provides independent advice on matters of governance to all Council members.

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

In causing the financial statements to be prepared, the University Council has to ensure that:

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

The University Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud;
- 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 academic performance and business risks and monthly 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;
- an independent Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the University Council and whose head provides the University Council with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

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

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

We have audited the financial statements on pages 11 to 34, which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out on pages 11 to 13.

Respective Responsibilities of the University Council and Auditors

The University Council is responsible for preparing the financial statements. Our responsibilities as independent auditors are established by statute, the Auditing Practices Board, the Higher Education Funding Council for England and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions. We also report to you whether, in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the University's Instrument and Articles of Government and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England and with the Funding Agreements with the Further Education Funding Council / Learning and Skills Council and the Teacher Training Agency.

We also report to you if, in our opinion, the University Council's Report is not consistent with the financial statements, if the University has not kept proper accounting records, the accounting records do not agree with the financial statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Report of the University Council and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Opinion

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

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

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

Opinion

In our opinion:

- a. the financial statements give a true and fair view of the state of affairs of the University and the Group at 31 July 2001 and of the surplus of income over expenditure and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions;
- b. in all material respects income for the year ended 31 July 2001 from the Higher Education Funding Council for England, the Further Education Funding Council / Learning and Skills Council and the Teacher Training Agency, grants and income for specific purposes and from other restricted funds administered by the University have been applied for the purposes for which they were received;
- c. in all material respects income for the year ended 31 July 2001 has been applied in accordance with the University's Instrument and Articles of Government, Financial Regulations and, where appropriate, with the Financial Memorandum dated 1 August 2000 with the Higher Education Funding Council for England and the Terms and Conditions of Funding with the Further Education Funding Council / Learning and Skills Council and the Teacher Training Agency.

KPMG
Chartered Accountants
and Registered Auditors
Leeds

13 December 2001

THE UNIVERSITY OF HUDDERSFIELD
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with the statement of recommended practice (SORP): *Accounting in Further and Higher Education Institutions* and in accordance with applicable Accounting Standards. They conform to guidance published by the Higher Education Funding Council for England.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the University and its subsidiary undertakings, The University of Huddersfield Enterprises Limited and The University of Huddersfield Properties Limited. The results of subsidiaries acquired or disposed of during the period are included in the income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS2, the activities of the student union have not been consolidated because the University does not control those activities.

Recognition of income

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short term deposits is credited to the income and expenditure account in the period in which it is earned.

Income from specific endowments and donations is included to the extent of the relevant expenditure incurred during the year.

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

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

Maintenance of premises

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

Foreign currency translation

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

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

Pension schemes

Retirement benefits for most employees of the University are provided by the Teachers' Pension Scheme (TPS) and the West Yorkshire Pension Fund (WYPF). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. Variations from regular costs are spread over the expected average remaining working lifetime of members of the schemes after making allowances for further withdrawals. The contributions are determined by qualified actuaries using the aggregate method on the basis of triennial valuations, for the WYPF and on the basis of quinquennial valuations for the TPS.

Tangible fixed assets

a. Land and buildings

The University's land and buildings are stated at cost or valuation. The University adopts a revaluation policy in relation to freehold and long leasehold land and buildings in accordance with Financial Reporting Standard (FRS) 15. Freehold and long leasehold land is not depreciated as it is considered to have an indefinite useful life. Freehold and long leasehold buildings are depreciated over their expected useful economic life to the institution of 50 years except for new buildings which are depreciated over their expected useful lives of 60 years. Short leasehold land is depreciated over the lives of leases.

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.

During the year the University changed its depreciation method for buildings. Details of the effect of the change are set out in Note 12.

b. Equipment

Equipment costing less than £1,600 (2000: £1,300) per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

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

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)

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term.

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

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

Investments

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

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

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

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Taxation

The University is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

Liquid resources

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

Provisions

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

THE UNIVERSITY OF HUDDERSFIELD
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the Year ended 31 July 2001

	Note	Year Ended 31 July 2001 £'000	Year Ended 31 July 2000 £'000
INCOME			
Funding council grants	1	35,122	32,132
Tuition fees and education contracts	2	14,608	13,930
Research grants and contracts	3	2,191	2,228
Other income	4	20,803	19,973
Endowment and investment income	5	947	770
Total Income	71793 1878 -	73,671	69,033
EXPENDITURE			
Staff costs	6	38,290	36,274
Other operating expenses	8	27,283	25,523
Depreciation	12	4,011	3,915
Interest payable	9	2,982	3,096
Total Expenditure	10	72,566 ✓	68,808
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax		1,105	225
Profit on disposal of assets		269	13
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets but before taxation		1,374	238
Taxation		-	-
Surplus on continuing operations after depreciation of tangible fixed assets at valuation, disposal of assets and taxation	11	1,374	238

The income and expenditure account is in respect of continuing activities.

THE UNIVERSITY OF HUDDERSFIELD
CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
For the Year ended 31 July 2001

	<u>Note</u>	<u>Year Ended</u> <u>31 July 2001</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2000</u> <u>£'000</u>
Surplus on continuing operations before taxation		1,374	238
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	22	443	498
Realisation of property revaluation gains of previous years	22	2,683	147
Historical cost surplus for the period before taxation		<u>4,500</u>	<u>883</u>
Historical cost surplus for the period after taxation		<u>4,500</u>	<u>883</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2001

	<u>Note</u>	<u>Year Ended</u> <u>31 July 2001</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2000</u> <u>£'000</u>
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and taxation		1,374	238
Unrealised deficit on revaluation of assets		-	(565)
New endowments	21	2	4
Total recognised gains and losses relating to the year		<u>1,376</u>	<u>(323)</u>

RECONCILIATION OF MOVEMENTS ON RESERVES AND ENDOWMENTS

	<u>£'000</u>
Reserves and endowments at 1 August 2000	72,345
Total recognised gains and losses for the year	<u>1,376</u>
Reserves and endowments at 31 July 2001	<u>73,721</u>

THE UNIVERSITY OF HUDDERSFIELD
BALANCE SHEETS
As at 31 July 2001

		Group	University	Group	University
		<u>2001</u>	<u>2001</u>	<u>2000</u>	<u>2000</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
FIXED ASSETS					
Tangible assets	12	101,533	101,508	100,340	100,307
Investments	13	32	32	32	32
		<hr/>	<hr/>	<hr/>	<hr/>
		101,565	101,540	100,372	100,339
ENDOWMENT ASSET INVESTMENTS					
	14	229	229	227	227
CURRENT ASSETS					
Stocks and stores in hand		127	119	156	143
Debtors	15	8,882	8,444	7,247	7,294
Cash at bank and in hand		12,045	11,984	14,470	14,412
		<hr/>	<hr/>	<hr/>	<hr/>
		21,054	20,547	21,873	21,849
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
	16	(13,739)	(13,172)	(15,602)	(15,506)
NET CURRENT ASSETS					
		<hr/>	<hr/>	<hr/>	<hr/>
		7,315	7,375	6,271	6,343
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<hr/>	<hr/>	<hr/>	<hr/>
		109,109	109,144	106,870	106,909
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	17	(30,130)	(30,130)	(30,960)	(30,960)
PROVISIONS FOR LIABILITIES AND CHARGES					
	19	(283)	(283)	(289)	(289)
NET ASSETS					
		<hr/>	<hr/>	<hr/>	<hr/>
		78,696	78,731	75,621	75,660

THE UNIVERSITY OF HUDDERSFIELD
BALANCE SHEETS
As at 31 July 2001 (continued)

	Note	Group 2001 £'000	University 2001 £'000	Group 2000 £'000	University 2000 £'000
Represented by:					
DEFERRED CAPITAL GRANTS	20	4,975	4,975	3,276	3,276
SPECIFIC ENDOWMENTS	21	229	229	227	227
RESERVES					
Revaluation reserve	22	36,691	36,691	39,817	39,817
Income and expenditure account	23	36,801	36,836	32,301	32,340
TOTAL RESERVES		73,492	73,527	72,118	72,157
TOTAL FUNDS		78,696	78,731	75,621	75,660

The financial statements on pages 11 to 34 were approved by the University Council on 13 December 2001 and were signed on its behalf by:

PROFESSOR J R TARRANT

Vice-Chancellor

MR B R HILL

Chairman

THE UNIVERSITY OF HUDDERSFIELD
CONSOLIDATED CASH FLOW STATEMENT
For the Year ended 31 July 2001

		<u>Year</u> <u>Ended 31</u> <u>July 2001</u> <u>£'000</u>	<u>Year</u> <u>Ended 31</u> <u>July 2000</u> <u>£'000</u>
	<u>Note</u>		
Cash flow from operating activities	24	2,581	8,067
Returns on investments and servicing of finance	25	(1,710)	(1,989)
Capital expenditure and financial investment	26	(2,464)	(3,371)
Financing	27	(830)	(3,064)
		<hr/>	<hr/>
Decrease in cash in the year	28	(2,423)	(357)
		<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

		<u>Year</u> <u>Ended 31</u> <u>July 2001</u> <u>£'000</u>	<u>Year</u> <u>Ended 31</u> <u>July 2000</u> <u>£'000</u>
	<u>Note</u>		
Decrease in cash in the year	28	(2,423)	(357)
Decrease in debt		830	3,064
		<hr/>	<hr/>
Movement in net funds in the year	28	(1,593)	2,707
Net debt at 1 August		(17,380)	(20,087)
		<hr/>	<hr/>
Net debt at 31 July	28	(18,973)	(17,380)
		<hr/> <hr/>	<hr/> <hr/>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001

1. FUNDING COUNCIL GRANTS

	Year Ended 31 July 2001				Year
	HEFCE	TTA	FEFC	Total	Ended
	£'000	£'000	£'000	£'000	31 July
		LSC			2000
		£'000			£'000
Recurrent grant	30,703 ✓	678 ✓	166	31,547	30,406
Specific grants:					
Learning and Teaching Strategy	208	-	-	208	17
Fund for the Development of Teaching and Learning	5	-	-	5	67
co-Mentor (formerly Visual Multi-User Discussion)	93	-	-	93	25
Non-Formula Funded Developmental Research	647 ✓	-	-	647	632
HEROBC Funding	56	-	-	56	-
Widening Disabled Access	10	-	-	10	-
Teacher Training Salaries	1,137	741	-	1,878	-
Widening Participation	25	-	-	25	29
INSET	-	42 ✓	-	42	197
Priority subject recruitment	-	-	-	-	12
Secondary partnership arrangements	-	57	-	57	164
Other	79	50	-	129	133
Deferred capital grants released in the year:					
Buildings (Note 20)	150	-	-	150	63
Equipment (Note 20)	275	-	-	275	387
	<u>33,388</u>	<u>1,568</u>	<u>166</u>	<u>35,122</u>	<u>32,132</u>

2. TUITION FEES AND EDUCATION CONTRACTS

	Year	Year
	Ended	Ended
	31 July	31 July
	2001	2000
	£'000	£'000
UK and EU Higher Education Students	12,426	11,954
Non-EU Students	1,528 ✓	1,517
Total fees paid by or on behalf of individual students	13,954	13,471
Research Training Support Grants	57 ✓	64
Short Course Fees	142	102
Registration and Examination Fees	107*	156
Education contracts	348	137
	<u>14,608</u>	<u>13,930</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

3. RESEARCH GRANTS AND CONTRACTS

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2001</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2000</u> <u>£'000</u>
Research councils	378	397
UK based charities	180	162
European commission	335	360
Other grants and contracts	1,209	1,187
Release from deferred capital grants (Note 20)	89	122
	<u>2,191</u>	<u>2,228</u>

4. OTHER INCOME

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2001</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2000</u> <u>£'000</u>
Residences, catering and conferences	5,004	4,981
Health authorities	9,575	9,888
Other income-generating activities	1,967	2,075
Other grant income	1,442	1,318
Release from deferred capital grants (Note 20)	34	25
Other income	2,781	1,686
	<u>20,803</u>	<u>19,973</u>

5. ENDOWMENT AND INVESTMENT INCOME

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2001</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2000</u> <u>£'000</u>
Transferred from specific endowments (Note 21)	5	6
Other interest receivable	942	764
	<u>947</u>	<u>770</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

6. STAFF COSTS

Average number of persons employed by the Group

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2001</u> <u>Number</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2000</u> <u>Number</u>
Teaching departments	903	883
Teaching support services	108	108
Administration and central services	184	182
Premises	166	169
Other	56	66
	<u>1,417</u>	<u>1,408</u>

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2001</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2000</u> <u>£'000</u>
Staff costs for the above persons:		
Wages and Salaries	33,231	31,454
Social security costs	2,501	2,425
Other pension costs (Note 29)	2,558	2,395
	<u>38,290</u>	<u>36,274</u>

The number of staff excluding the Vice-Chancellor who received emoluments in the following ranges was:

£50,000 - £59,999	9	7
£60,000 - £69,999	4	3
£70,000 - £79,999	1	1

7. VICE-CHANCELLOR'S EMOLUMENTS

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2001</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2000</u> <u>£'000</u>
Emoluments of Professor J R Tarrant, Vice-Chancellor	<u>152</u>	<u>134</u>

The emoluments of the Vice-Chancellor, Professor J R Tarrant, are shown on the basis required by the Higher Education Funding Council for England and include salary, employer's superannuation costs and benefits in kind. The University's pension contributions were £13,020 (2000: £12,509).

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

8. OTHER OPERATING EXPENSES

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2001</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2000</u> <u>£'000</u>
Consumables and laboratory expenditure	3,934	3,172
Repairs and general maintenance	2,097	2,017
Heat, light, water and power	695	665
Rents	1,166	1,139
Long term maintenance	380	515
Other property costs	532	528
Residences, catering and conferences	2,125	2,215
NHS bursaries	1,235	2,184
Teacher Training Salaries	1,878	-
Franchise centre payments	2,059	1,788
Student bursaries	993	1,568
Student related expenses	1,014	1,057
Grants to University of Huddersfield Student Union	711	645
Books and periodicals	836	853
Hired lecturers and consultancy payments	1,197	859
Hired services	697	590
Professional charges	482	439
Publicity	753	846
Insurance	236	215
Staff development	513	451
Subscriptions	385	417
Examination and registration fees	289	312
Telephones	352	398
Transport	776	761
Hire of plant and machinery - operating leases	248	222
Auditors remuneration	28	28
Auditors remuneration in respect of non-audit services	28	52
Bad debts provision	310	352
External temporary staff	237	187
Staff recruitment	166	141
Other expenses	931	907
	<u>27,283</u>	<u>25,523</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

9. INTEREST PAYABLE

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2001</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2000</u> <u>£'000</u>
On bank loans, overdrafts and other loans:		
Repayable within five years not by instalments	86	156
Repayable wholly or partly in more than five years	2,896	2,940
	<hr/>	<hr/>
	2,982	3,096

10. ANALYSIS OF EXPENDITURE BY ACTIVITY

	<u>Staff</u> <u>Costs</u> <u>£'000</u>	<u>Other</u> <u>Operating</u> <u>Expenses</u> <u>£'000</u>	<u>Dep'n</u> <u>£'000</u>	<u>Interest</u> <u>Payable</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2001</u> <u>Total</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2000</u> <u>Total</u> <u>£'000</u>
Academic departments	26,651	10,672	1,564	-	38,887	37,131
Academic services	2,593	1,932	441	-	4,966	4,382
Research grants and contracts	896	898	93	-	1,887	2,051
Residences, catering and conferences	379	2,125	463	2,054	5,021	5,167
Premises	2,598	5,168	1,119	928	9,813	9,477
Administration and Central Services	4,589	4,398	317	-	9,304	8,633
Other expenses	584	2,090	14	-	2,688	1,967
Total per income and expenditure account	<hr/> 38,290	<hr/> 27,283	<hr/> 4,011	<hr/> 2,982	<hr/> 72,566	<hr/> 68,808

11. SURPLUS ON CONTINUING OPERATIONS FOR THE PERIOD

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2001</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2000</u> <u>£'000</u>
University's surplus before gift aid payments from subsidiaries	1,356	202
Surplus from subsidiaries paid up by gift aid	18	62
Losses retained in subsidiaries and associates	-	(26)
	<hr/>	<hr/>
	1,374	238

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

12. TANGIBLE FIXED ASSETS
Group

	Freehold land and buildings	Long leasehold land and buildings	Short leasehold land and buildings	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2000	95,713	607	44	17,835	114,199
Additions	5,768	-	-	2,121	7,889
Disposals	(2,683)	-	-	(6,185)	(8,868)
At 31 July 2001	98,798	607	44	13,771	113,220
Depreciation					
At 1 August 2000	-	-	6	13,853	13,859
Charge for year	1,485	9	1	2,516	4,011
Eliminated in Respect of Disposals	-	-	-	(6,183)	(6,183)
At 31 July 2001	1,485	9	7	10,186	11,687
Net book value					
At 31 July 2001	97,313	598	37	3,585	101,533
Net book value At 1 August 2000	95,713	607	38	3,982	100,340

Buildings with a valuation of £10,657,000 and a net book value of £10,521,000 have been funded from Treasury sources. Should these particular buildings be sold, the University would either have to surrender all or part of the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the HEFCE.

Included in the cost or valuation of freehold land and buildings is £4,062,000 (2000 : £144,000) being the cost of assets in the course of construction which have not yet been depreciated.

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

12. TANGIBLE FIXED ASSETS
University

	Freehold land and buildings	Long leasehold land and buildings	Short leasehold land and buildings	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2000	95,713	607	44	17,672	114,036
Additions	5,768	-	-	2,118	7,886
Disposals	(2,683)	-	-	(6,123)	(8,806)
At 31 July 2001	98,798	607	44	13,667	113,116
Depreciation					
At 1 August 2000	-	-	6	13,723	13,729
Charge for year	1,485	9	1	2,505	4,000
Eliminated in Respect of Disposals	-	-	-	(6,121)	(6,121)
At 31 July 2001	1,485	9	7	10,107	11,608
Net book value					
At 31 July 2001	97,313	598	37	3,560	101,508
Net Book Value At 1 August 2000	95,713	607	38	3,949	100,307

The freehold and long leasehold land and buildings of the Group and the University were revalued as at 31 July 2000 by Knight Frank Grubb and Ellis, Chartered Surveyors, on the following basis:

	£'000
Depreciated replacement cost for existing use	56,309
Open market value for existing use	30,462
Open market value with vacant possession	6,866
Valuation in 2000	93,637

The valuation figures relate to property owned at 31 July 2001.

In the year the University has reviewed the useful economic life of its buildings. It has decided to change the useful economic life from 60 years to 50 years for existing buildings and from 100 years to 60 years for new buildings. This has resulted in an increase in the depreciation charge for the year of £361,000.

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

13. INVESTMENTS

	Group	University	Group	University
	<u>2001</u>	<u>2001</u>	<u>2000</u>	<u>2000</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Subsidiary companies	-	-	-	-
Associate company	-	-	-	-
Participating interest	32	32	32	32
	<hr/>	<hr/>	<hr/>	<hr/>
	32	32	32	32
	<hr/>	<hr/>	<hr/>	<hr/>

Subsidiary Companies

The University owns 100% of the issued share capital of The University of Huddersfield Enterprises Limited (UHEL), Storches Hall Facilities Limited (SHFL), The University of Huddersfield Properties Limited (UHPL) and Wetlands & Natural Resources Development Limited (WNRDL). All are companies registered in England and Wales. UHEL, UHPL and WNRDL operate in the UK. SHFL is dormant.

Associate Companies

The University owns 24% of the issued ordinary shares of TDL Sensors Limited and 25% of Calderdale and Kirklees Careers Service Partnership Limited, a company limited by guarantee.

Participating Interest

The participating interest represents a minority shareholding in CVCP Properties plc.

14. ENDOWMENT ASSET INVESTMENTS
Group and University

	<u>2001</u>
	<u>£'000</u>
Balance at 1 August 2000	227
Additions	<u>2</u>
Balance at 31 July 2001	<u><u>229</u></u>
Represented by:	
Cash balances	<u><u>229</u></u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

15. DEBTORS

	Group	University	Group	University
	<u>2001</u>	<u>2001</u>	<u>2000</u>	<u>2000</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Amounts falling due within one year:				
Debtors	3,283	3,234	3,896	3,447
Amounts owed by group undertakings				
Subsidiary undertakings	-	28	-	857
Associate undertakings	17	3	13	7
Prepayments and accrued income	5,582	5,179	3,338	2,983
	<u>8,882</u>	<u>8,444</u>	<u>7,247</u>	<u>7,294</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	University	Group	University
	<u>2001</u>	<u>2001</u>	<u>2000</u>	<u>2000</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Mortgages secured on residential and other property	1,117	1,117	1,117	1,117
Payments received in advance	4,094	3,393	5,285	5,200
Trade creditors	140	140	2,659	2,652
Amounts owed to subsidiary undertakings	-	1,016	-	144
Other taxation and social security	413	306	1,387	1,387
Accruals	7,756	6,996	4,972	4,830
Other creditors	219	204	182	176
	<u>13,739</u>	<u>13,172</u>	<u>15,602</u>	<u>15,506</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR
Group and University

	<u>2001</u>	<u>2000</u>
	<u>£'000</u>	<u>£'000</u>
Mortgages secured on residential and other property	30,130	30,960
	<u>30,130</u>	<u>30,960</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

18. MORTGAGES
Group and University

	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>
Mortgages are repayable as follows:		
In one year or less	1,117	1,117
Between one and two years	1,117	1,117
Between two and five years	3,351	3,351
In five years or more	25,662	26,492
	<u>31,247</u>	<u>32,077</u>

Mortgages at fixed and variable interest rates ranging from 6.8125% to 10.185% repayable by instalments falling due between 1 August 2001 and 15 July 2025 totalling £31,247,000 are secured on a portion of the freehold land and buildings of the University.

19. PROVISIONS FOR LIABILITIES AND CHARGES
Group and University

	<u>Enhanced</u> <u>Pensions</u> <u>£'000</u>
At 1 August 2000	289
Transferred to income and expenditure account	<u>(6)</u>
At 31 July 2001	<u>283</u>

20. DEFERRED CAPITAL GRANTS
Group and University

	<u>HEFCE</u> <u>£'000</u>	<u>Other</u> <u>Grants</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
At 1 August 2000			
Land and buildings	2,541	-	2,541
Equipment	445	290	735
Cash received			
Land and buildings	1,816	165	1,981
Equipment	163	103	266
Released to income and expenditure account			
Land and buildings (Notes 1 and 4)	(150)	(3)	(153)
Equipment (Notes 1, 3 and 4)	(275)	(120)	(395)
At 31 July 2001			
Land and buildings	4,207	162	4,369
Equipment	333	273	606

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

21. SPECIFIC ENDOWMENTS
Group and University

	<u>£'000</u>
At 1 August 2000	227
Additions	2
Income for year	5
Transferred to income and expenditure account (Note 5)	<u>(5)</u>
At 31 July 2001	<u><u>229</u></u>
Representing:	
Prize funds	178
Chemical sciences special fund	<u>51</u>
	<u><u>229</u></u>

22. REVALUATION RESERVE
Group and University

	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>
At 1 August	39,817	41,027
Revaluations in the period	-	(565)
Transfer from revaluation reserve to general reserve in respect of:		
Disposals	(2,683)	(147)
Depreciation of revalued assets	<u>(443)</u>	<u>(498)</u>
At 31 July	<u><u>36,691</u></u>	<u><u>39,817</u></u>

23. MOVEMENT ON GENERAL RESERVES

	<u>Group</u> <u>2001</u> <u>£'000</u>	<u>University</u> <u>2001</u> <u>£'000</u>	<u>Group</u> <u>2000</u> <u>£'000</u>	<u>University</u> <u>2000</u> <u>£'000</u>
Income and Expenditure Account Reserve				
At 1 August	32,301	32,340	31,418	31,437
Surplus on continuing operations before				
transfer from revaluation reserve	1,374	1,370	238	258
Transfer from revaluation reserve	443	443	498	498
Realised revaluation gain on disposal of property	<u>2,683</u>	<u>2,683</u>	<u>147</u>	<u>147</u>
At 31 July	<u><u>36,801</u></u>	<u><u>36,836</u></u>	<u><u>32,301</u></u>	<u><u>32,340</u></u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

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

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2001</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2000</u> <u>£'000</u>
Surplus on continuing operations after depreciation of assets at valuation	1,374	238
Depreciation	4,011	3,915
Deferred capital grants released to income (Notes 1, 3 & 4)	(548)	(597)
Profit on disposal of tangible assets	(269)	(13)
Interest payable (Note 9)	2,982	3,096
Decrease in stocks	29	1
(Increase)/Decrease in debtors	(1,421)	1,249
(Decrease)/Increase in creditors	(2,618)	947
Decrease in provisions	(6)	(5)
(Profit)/Loss on investments	(6)	6
Interest receivable (Note 5)	(947)	(770)
Net cash inflow from operating activities	<u>2,581</u>	<u>8,067</u>

25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2001</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2000</u> <u>£'000</u>
Income from endowments	6	5
Other interest received	927	659
Interest paid	(2,643)	(2,653)
Net cash outflow from returns on investments and servicing of finance	<u>(1,710)</u>	<u>(1,989)</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	<u>Year Ended</u> <u>31 July 2001</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2000</u> <u>£'000</u>
Purchase of tangible fixed assets	(7,467)	(3,611)
Sales of tangible fixed assets	2,754	158
Deferred capital grants received	2,247	78
Endowments received	2	4
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	(2,464)	(3,371)

27. FINANCING

	<u>Year Ended</u> <u>31 July 2001</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2000</u> <u>£'000</u>
Additions to existing mortgages	287	894
Repayment of amounts borrowed	(1,117)	(3,958)
	<hr/>	<hr/>
Net cash outflow from financing	(830)	(3,064)

28. ANALYSIS OF CHANGES IN NET DEBT

	<u>At 1 August</u> <u>2000</u> <u>£'000</u>	<u>Cashflows</u> <u>£'000</u>	<u>Other Changes</u> <u>£'000</u>	<u>At 31 July</u> <u>2001</u> <u>£'000</u>
Cash in hand and at bank	14,470	(2,425)	-	12,045
Endowment asset investments	227	2	-	229
	<hr/>	<hr/>	<hr/>	<hr/>
	14,697	(2,423)	-	12,274
Debt due within 1 year	(1,117)	1,117	(1,117)	(1,117)
Debt due after 1 year	(30,960)	(287)	1,117	(30,130)
	<hr/>	<hr/>	<hr/>	<hr/>
	(17,380)	(1,593)	-	(18,973)

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

29. PENSION AND SIMILAR OBLIGATIONS

Teachers' Pension Scheme (TPS)

The University participates in the TPS, which is an unfunded defined benefit pension scheme where contributions payable are credited to the Exchequer and a notional set of investments is maintained. The pension cost is assessed every five years by the Government Actuary. The main results and assumptions of the most recent valuation of the TPS are as follows:

Valuation date	31 March 1996
Valuation method	Prospective benefits
Value of notional assets	£38.4 million
Funding level for accrued benefits	86.6%
Investment return per annum	8.5%
Salary scale increases per annum	6.5%
Pension increases per annum	5.0%

The contributions payable by the University during the accounting period were equal to 7.4% of total pensionable salaries. This contribution rate is due to increase by 0.95% to 8.35% from April 2002. The contribution rate and the cost of index-linked pension increases which is currently met from the Government's supplementary credit will be reviewed as part of the actuarial valuation being carried out as at 31 March 2001. The pensions charge recorded by the University during the accounting period was equal to the contributions payable.

The TPS is a multi-employer scheme where the share of assets and liabilities applicable to each employer is not identified. The University will therefore account for its pension costs on a defined contribution basis as permitted by FRS 17. This will include the additional 0.95% contributions payable from April 2002 to make up the deficiency in funding level disclosed above.

Universities Superannuation Scheme (USS)

The University participates in the USS, which is a funded defined benefit pension scheme where contributions are held in trust separately from the University. The main results and assumptions of the most recent valuation of the USS are as follows:-

Valuation date	31 March 1999
Valuation method	Projected Unit
Value of notional assets	£18.9 million
Funding level for accrued benefits	108%
Investment return per annum	5.5%
Salary increases per annum	3.5%
Pension increases per annum	2.5%

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

The contributions payable by the University during the accounting period were equal to 14% of total pensionable salaries. The pensions charge recorded by the University during the accounting period was equal to the contributions payable, taking into account benefit improvements subsequent to the valuation and the spreading of surplus over future service lives of employees.

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

West Yorkshire Pension Fund (WYPF)

The University participates in the WYPF, which is a funded defined benefit pension scheme where contributions payable are held in a trust separately from the University. The main results and assumptions of the most recent valuation of the WYPF are as follows:

Valuation date	31 March 1998
Valuation method	Projected Unit
Market value of assets	£4.2 million
Funding level for accrued benefits	110%
Investment return per annum	6.3% to 7.0%
Salary scale increases per annum	4.2% to 4.5%
Pension increases per annum	1.1%

The University paid contributions of 10.4% for the accounting period as recommended by the actuary. Surpluses and deficits are spread over employees' future service lives and the pensions charge recorded by the University during the accounting period was equal to the contributions payable.

The University has attempted to obtain information on its share of assets and liabilities in the WYPF at the balance sheet date in accordance with FRS 17. Full information on this basis has not been made available and for the current year the University has accounted for its pension costs on a defined contribution basis as envisaged by FRS 17 in these circumstances. This will be reviewed in the coming year.

The total pension cost for the institution and its subsidiaries was:

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2001</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2000</u> <u>£'000</u>
Contributions to TPS	1,311	1,241
Contributions to WYPF	1,228	1,142
Contributions to USS	13	12
Contributions to other pension schemes	<u>6</u>	<u>-</u>
Total pension cost (Note 6)	<u>2,558</u>	<u>2,395</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

30. CAPITAL COMMITMENTS

	Group and University	
	<u>2001</u>	<u>2000</u>
	<u>£'000</u>	<u>£'000</u>
Commitments contracted for at 31 July	<u>1,008</u>	<u>536</u>

31. FINANCIAL COMMITMENTS
Group and University

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

	<u>2001</u>	<u>2000</u>
	<u>£'000</u>	<u>£'000</u>
Fixtures, fittings and general equipment		
Expiring within one year	-	3
Expiring between two and five years inclusive	-	231
Expiring in more than five years	<u>257</u>	-
	<u>257</u>	<u>234</u>

32. CONTINGENT LIABILITIES
Group and University

Recent decisions handed down by the European Court of Justice (ECJ) may increase the liability for pension provision of UK employers, including institutions such as The University of Huddersfield. The implications of the ECJ decisions are, however, unclear and clarification is now awaited from the UK courts. In view of this uncertainty, no financial provision has been made in these accounts in relation to this matter.

The Inland Revenue has suggested that the University could be liable to pay withholding tax on loan notes that have been redeemed. The University Council has taken professional advice with respect to this matter and is of the opinion that the University will not suffer financial loss. No financial provision has been made in these accounts in relation to this matter.

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2001 (continued)

33. ACCESS FUNDS

	<u>Year Ended</u> <u>31 July 2001</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2000</u> <u>£'000</u>
Balance at 1 August	79	31
Refunded to HEFCE	(36)	(31)
HEFCE grants	836	1,000
Interest earned	<u>24</u>	<u>17</u>
	903	1,017
Disbursed to students	(760)	(937)
Administration	(22)	-
Audit fees	<u>(1)</u>	<u>(1)</u>
	<hr/>	<hr/>
Balance unspent at 31 July	<u>120</u>	<u>79</u>

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

