

THE UNIVERSITY OF HUDDERSFIELD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2006

THE UNIVERSITY OF HUDDERSFIELD
FINANCIAL STATEMENTS
For the Year ended 31 July 2006

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THE UNIVERSITY OF HUDDERSFIELD
REPORT OF THE UNIVERSITY COUNCIL

The Council of the University of Huddersfield hereby submits its seventeenth annual report together with the audited financial statements for the year to 31 July 2006.

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.

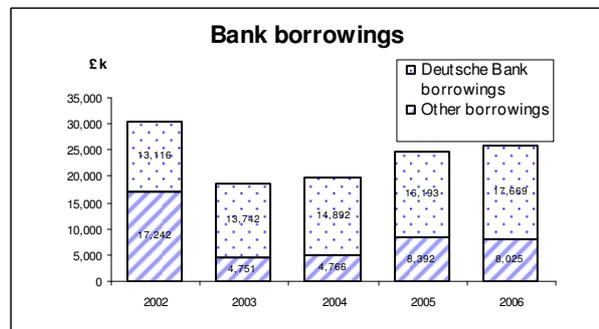
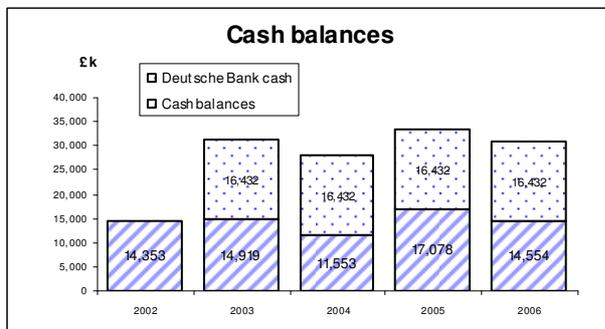
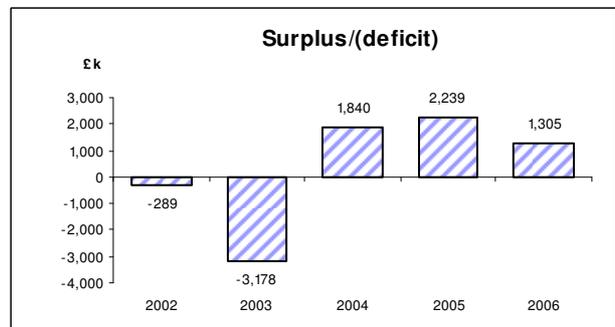
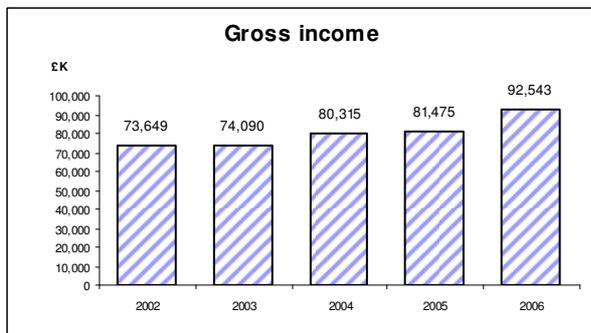
The Vice-Chancellor is the Chief Executive of the University.

SCOPE OF THE FINANCIAL STATEMENTS

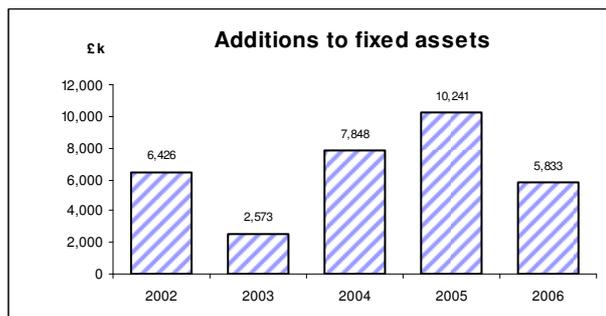
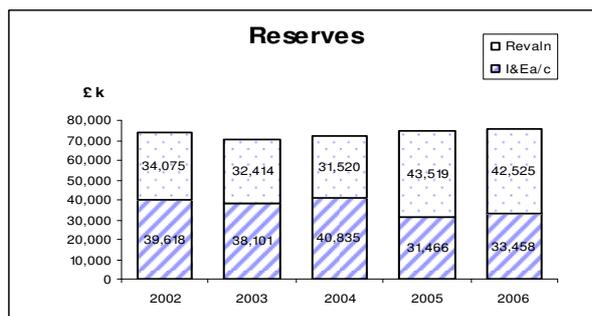
The Financial Statements comprise the consolidated results for the University and its subsidiary undertakings which are detailed in Note 12 on page 26. The principal wholly owned subsidiary is The University of Huddersfield Enterprises Limited, which has continued to trade satisfactorily during the year. The purpose of this company is to conduct those commercial activities of the University which are not compatible with the University's charitable status and may be subject to corporation tax on profits generated. The profits of the company are paid by deed of covenant to the University annually.

FIVE YEAR TRENDS

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



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



This analysis shows that a small surplus has been added to reserves over the period which, together with the disposal of assets superfluous to the University's corporate strategy, has enabled continuing investment in the estate at the same time as maintaining cash balances, reducing bank debt and mitigating risks to the future financial strength of the University.

RESULTS FOR THE YEAR

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

	<u>2006</u> £'000	<u>2005</u> £'000
Income	92,543	81,475
Expenditure	<u>91,224</u>	<u>80,702</u>
Surplus after depreciation of tangible fixed assets at valuation and before tax	1,319	773
(Loss)/profit on disposal of fixed assets	<u>(14)</u>	<u>1,466</u>
Surplus after depreciation of assets at valuation, disposal of assets and before and after taxation	1,305	2,239
Transfers from revaluation reserve	<u>806</u>	<u>3,588</u>
Historical cost surplus for the year	<u><u>2,111</u></u>	<u><u>5,827</u></u>

The University is pleased to record a healthy operating surplus for the year particularly at a challenging time for the recruitment and retention of students. This year total student numbers increased from 17,296 to 18,910; the full time equivalent increased from 11,976 to 13,631.

Total income increased by 13.6% to £92.5m with growth in most areas including 23.2% in HEFCE teaching and capital grants (excluding prior year adjustments).

Total expenditure increased by 13.0% to £91.2m. This included an increase of 15.1% in payroll costs (excluding restructuring costs) and staffing expenditure (excluding restructuring costs) as a percentage of total income rose from 57.2% in 2005 to 58.0% in 2006. Other operating expenses increased by 13.8% due largely to an increase in consumables and other equipment costs of £3.4m brought about by an increase in the capitalisation limit.

Capital Investment

Over 81% of the total capital spend of £5.8m in the year was invested in the University's estate, principally into University Centre Barnsley and the Central Services Building. 56% of the estate is now classified as "new buildings" compared with 14% in 1997, demonstrating the University's continuing commitment to maintain the best facilities for its students.

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

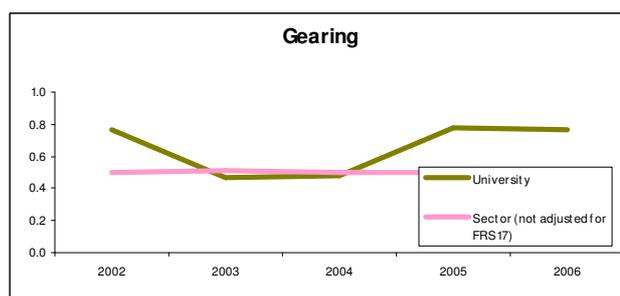
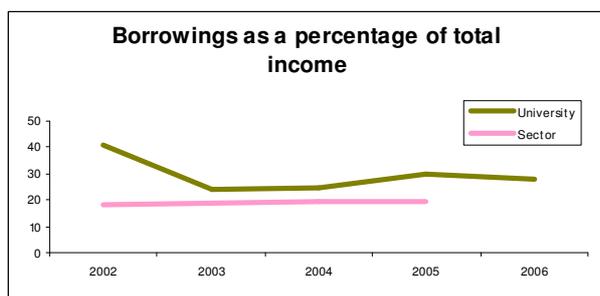
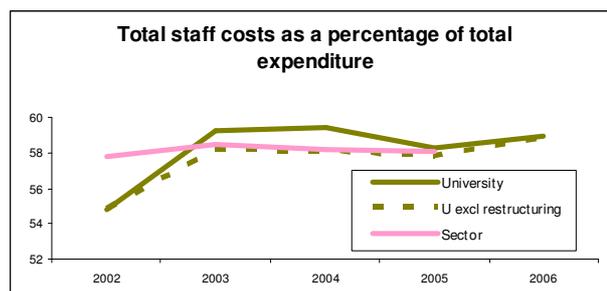
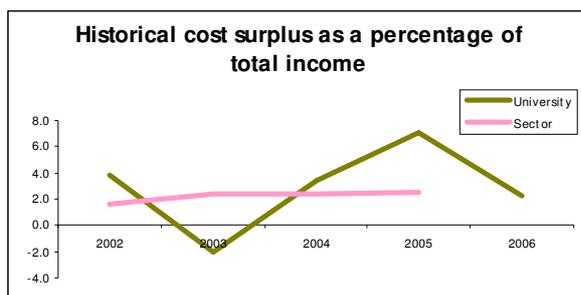
Cash Flow

The consolidated cashflow statement shows a decrease in cash balances for the year of £2.5m. This was largely the result of a decrease in creditors.

Key Performance Indicators

The following ratios represent some of the Key Financial Performance Indicators which are recognised across the Higher Education Sector and can indicate the financial health of a University relative to its peers. They are shown for the University against the latest published median figures for the sector¹. The University's aim is to be better than the median measure for the sector against each indicator when these statistics are published.

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



University Centres

The University has secured almost £12m of capital and transitional funding from HEFCE's Strategic Development Fund, from our regional development agency Yorkshire Forward and from the European Regional Development Fund for a trans-regional project to set up two new HE centres in Barnsley and across the Pennines at Oldham in Greater Manchester. The project aims to increase opportunities for higher education in the two towns that currently have low participation rates.

The University Centres have recruited their first intakes in August 2005. Existing HE courses in the local further education colleges have transferred to the two centres. Student numbers are planned to increase by up to 4,000 over the next ten years. Staff who worked on the HE courses at the colleges have become University of Huddersfield employees. The effect on the Income and Expenditure Account has been to increase income by £5.5m, expenditure by £5.3m and the surplus by £0.2m.

The funding award to the Barnsley initiative involves the purchase and renovation of 6,000m² of buildings. The property was purchased in July 2005. The funding for Oldham includes the construction of an additional building in due course, to meet the anticipated increasing demand.

¹ Source : HEFCE Financial Management Statistics 2004/05. At the date of publication of these Financial Statements there were no sector figures available for 2005/06.

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

ACCOUNTING POLICIES

The principal accounting policies of the University, which are set out on pages 12 to 15, 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.

MISSION

The University will enable students to achieve their utmost by raising their aspirations and providing an excellent student experience in a high quality learning environment.

The University supports students and staff to achieve the best they can. By working collaboratively with various stakeholders the University meets students' needs. It encourages enterprise and creativity and enhances the skills and capabilities of all its learners. Students are helped to acquire skills and experience that enable them to move smoothly from study to employment or enable them to develop existing careers. The University is pro-active in helping to transform students, in expanding its knowledge base and in developing as a learning organisation. Its objectives are achieved in a cost effective manner. The University minimises bureaucracy and regulation to a level consistent with maintaining standards and enhancing learning opportunities.

The University Culture

The University provides a supportive learning culture for students and staff. It is a learning organisation that is continually improving. It is facilitating, enabling and nurtures innovation. The University develops policies and strategies openly and transparently, behaves with integrity and works consistently to high standards. It is flexible, responsive, sustainable and outward-facing. An open, caring, supportive and friendly environment is maintained. The University engages with the community to develop tolerance and social and cultural enrichment. It has a value for money culture that pursues economy, efficiency and effectiveness. Academic quality and standards are enhanced within a European and global context. Decision making is informed by identified but controlled risks with management by fact.

The Student Experience

The University aims to provide the best student experience in the North of England. An aspiration-raising environment is created. The University supports all students to achieve beyond their expectations. A supportive and friendly learning environment is provided that is conducive to achieving excellence in all aspects of the University's work. It designs courses to suit the needs of students, employers and other stakeholders. Employer and professional engagement in curriculum design and delivery is promoted. The University stimulates new sources of demand for Higher Education among under-represented groups. It is committed to listening to the student voice in all areas of University activity. The University is selective in its collaborative provision so that all its partnerships are curriculum-enhancing as well as economically viable.

Excellence in Teaching, Scholarship and Research

The University will meet the needs of students by ensuring that they are equipped with the skills needed to contribute economically and culturally to society. Graduates who are employable, enterprising and self-motivated critical thinkers are produced. The existing workforce is given opportunities for updating skills and continuing professional development. The University supports excellence in teaching with a professional and scholarly group of staff. Quality enhancement, engagement with the professions and employers, and sharing good practice drive the quality assurance processes. Research and reach-out are promoted and supported to ensure that learning takes place in an atmosphere of knowledge creation and practice. The University has academic staff who are active professionals and demonstrate their scholarship in the teaching of their discipline.

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

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 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.

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
REPORT OF THE UNIVERSITY COUNCIL (continued)

STATEMENT OF 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 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 2006 and up to the date of approval of the financial statements and accords with HEFCE guidance.

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

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

- safeguarding the University's assets, limiting its liabilities and ensuring the appropriate use of public funds;
- 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.
- to be the ultimate responsibility of the Vice-Chancellor with operational responsibility devolved to the University's Planning and Resources Group (PRG) chaired by the Pro Vice-Chancellor (Resources).

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

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

- 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 Planning and Resources Group as the University's risk committee, charged with reviewing and updating the corporate risk register. The Audit Committee provides oversight of the processes involved.
 - d) The Audit Committee receives regular reports from the internal audit service, which includes its independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.
 - e) At a corporate level, risks are identified and discussed by the Planning and Resources Group, informed by formal and informal information flows between management, groups, committees and staff. The Planning and Resources Group 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 Planning and Resources Group explores and considers the risks identified by Schools and Services as part of the annual planning round.
 - f) Risk awareness is raised through:
 - Risk being incorporated within the Management Development Programme and staff induction courses.
 - The planning and contextual documentation which is provided to Deans and Directors offering risk management guidance and being supplemented by discussions during the planning round.
 - Deans and Directors discussing risk with their management teams during the planning round.
 - g) Risks are linked to the key corporate objectives for which detailed key performance indicators have been derived.
 - h) Risks have been prioritised on the basis of likelihood and impact. This assessment has been made both before and after considering the internal controls in place. The Planning and Resources Group has considered the risk priorities in order to distil the corporate risk register.
 - i) An organisation-wide risk register is now maintained. This is further informed by the risk registers completed by Schools and Services which are presented to Planning and Resources Group as part of the planning round.
 - j) Council receives reports and updates on key risks and their management as part of routinely scheduled Council and Committee business.

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

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

The HEFCE Assurance Service makes an annual assessment of the relative risk attaching to each institution. 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. For the year ended 31 July 2005 which was reported on 28 April 2006 (including any issues of significance arising during the intervening period), the Assurance Service concluded that there were no significant outstanding issues that it needed to address with the University.

The University Council is firmly of the view that risk assessment and risk management are inherent features of the University's processes.

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

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

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;
- to ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- to safeguard the assets of the University and prevent and detect fraud;
- 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 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.

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 LLP as auditors will be put to the University Council Meeting on 14 December 2006.

MR C J BROWN
Chairman
14 December 2006

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

Independent auditors' report to the Council of the University of Huddersfield

We have audited the Group and University financial statements (the "financial statements") of the University of Huddersfield for the year ended 31 July 2006 which comprise the Group Income and Expenditure Account, the Group / University Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective Responsibilities of the University's Council and Auditors

The University's Council responsibilities for preparing the Report of the University Council and the group financial statements in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of Council's responsibilities on pages 8 and 9.

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

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

We read the Report of the University Council and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

Basis of Opinion

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

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

THE UNIVERSITY OF HUDDERSFIELD
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, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the University and the group as at 31 July 2006 and of the University's / Group's surplus of income over expenditure for the year then ended;
- b. the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- c. in all material respects, income from the Higher Education Funding Council for England, the Training and Development Agency for Schools and the Learning and Skills Council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2006 have been applied for the purposes for which they were received; and
- d. in all material respects, income during the year ended 31 July 2006 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England, the funding agreement with the Training and Development Agency for Schools and the funding agreement with the Learning and Skills Council.

KPMG LLP
Chartered Accountants
and Registered Auditors
Leeds

14 December 2006

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

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

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- The presentation requirements of FRS 25 'Financial instruments: presentation and disclosure; and
- FRS 28 'Corresponding amounts'.

The recognition and measurement requirements of FRS 17 'Retirement benefits' have also been adopted. Previously the transitional disclosures of that standard have been followed.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985. FRSs 21 and 25 have also had no material effect.

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.

Prior year adjustment

The University has adopted FRS 17 Retirement Benefits in the financial statements. The full adoption of the standard represents a change in accounting policy and the comparative figures have been restated accordingly. Details of the effect of adopting FRS 17 are given in note 30.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements consolidate the results of the University and its subsidiary undertakings as shown in Note 12. 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 Students' Union have not been consolidated because the University does not control those activities.

Recognition of income

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

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.

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

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.

Pension schemes

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

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

Tangible fixed assets

a. Land and buildings

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

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.

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

b. Equipment

Equipment costing less than £25,000 (2005: £5,000) per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

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

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.

Leased assets

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

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

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

Investments

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

Investments that form part of Endowment Assets are included in the balance sheet at market value. Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

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.

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

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 2006

	<u>Note</u>	<u>Year Ended</u> <u>31 July 2006</u>	<u>Year Ended</u> <u>31 July 2005</u> <i>as restated</i>
		<u>£'000</u>	<u>£'000</u>
INCOME			
Funding council grants	1	49,642	41,301
Tuition fees and education contracts	2	31,478	29,004
Research grants and contracts	3	1,804	1,793
Other income	4	7,735	7,523
Endowment and investment income	5	1,884	1,854
		<hr/>	<hr/>
Total Income		92,543	81,475
EXPENDITURE			
Staff costs	6	53,654	46,624
Staff restructuring	6	149	380
Other operating expenses	7	30,380	26,705
Depreciation	11	3,621	3,684
Interest and finance charges payable	8	3,420	3,309
		<hr/>	<hr/>
Total Expenditure	9	91,224	80,702
Surplus after depreciation of tangible fixed assets at valuation and before taxation		1,319	773
(Loss)/profit on disposal of fixed assets		<hr/>	<hr/>
		(14)	1,466
Surplus after depreciation of tangible fixed assets at valuation and disposal of assets but before taxation	10	1,305	2,239
Taxation		-	-
		<hr/>	<hr/>
Surplus after depreciation of tangible fixed assets at valuation, disposal of assets and taxation	10	1,305	2,239

The income and expenditure account for the year ended 31 July 2006 is in respect of continuing activities.

THE UNIVERSITY OF HUDDERSFIELD
CONSOLIDATED STATEMENT OF HISTORICAL COST SUPPLUSES AND DEFICITS
For the Year ended 31 July 2006

	<u>Note</u>	<u>Year Ended</u> <u>31 July 2006</u>	<u>Year Ended</u> <u>31 July 2005</u> <u>as restated</u>
		<u>£'000</u>	<u>£'000</u>
Surplus before and after taxation		1,305	2,239
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	23	806	556
Realisation of property revaluation gains of previous years	23	-	3,032
Historical cost surplus for the period before and after taxation		2,111	5,827

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2006

	<u>Note</u>	<u>Year Ended</u> <u>31 July 2006</u>	<u>Year Ended</u> <u>31 July 2005</u> <u>as restated</u>
		<u>£'000</u>	<u>£'000</u>
Surplus after depreciation of assets at valuation, disposal of assets and taxation		1,305	2,239
Unrealised surplus on revaluation of fixed assets	22	377	15,587
Previously recognised revaluation gains transferred to income and expenditure account reserve	23	565	-
Previously recognised revaluation gains transferred from revaluation reserve	22	(565)	-
Actuarial loss in respect of pension scheme	29	(684)	(3,574)
Movement on endowments	21	8	11
Total recognised gains and losses relating to the year		1,006	14,263
Prior year adjustment	30	-	(11,622)
Total recognised gains and losses		1,006	2,641

RECONCILIATION OF MOVEMENTS ON RESERVES AND ENDOWMENTS

		<u>2006</u>	<u>2005</u> <u>as restated</u>
		<u>£'000</u>	<u>£'000</u>
Opening reserves and endowments at 1 August		75,250	72,609
Prior year adjustments	30	-	(11,622)
Total recognised gains and losses for the year		1,006	14,263
Reserves and endowments at 31 July		76,256	75,250

THE UNIVERSITY OF HUDDERSFIELD
BALANCE SHEETS
For the Year ended 31 July 2006

		Group <u>2006</u>	University <u>2006</u>	Group <u>2005</u> <i>as restated</i>	University <u>2005</u> <i>as restated</i>
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	11	94,875	94,875	92,505	92,505
Investments	12	32	82	32	82
		<u>94,907</u>	<u>94,957</u>	<u>92,537</u>	<u>92,587</u>
ENDOWMENT ASSET INVESTMENTS					
	13	273	273	265	265
CURRENT ASSETS					
Stocks and stores in hand		107	99	115	109
Debtors	14	16,147	16,175	15,226	13,892
Investments		3,422	3,422	2,317	2,317
Cash at bank and in hand	15	30,986	30,960	33,510	33,485
		<u>50,662</u>	<u>50,656</u>	<u>51,168</u>	<u>49,803</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
	16	(15,051)	(14,967)	(17,929)	(16,400)
NET CURRENT ASSETS					
		<u>35,611</u>	<u>35,689</u>	<u>33,239</u>	<u>33,403</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		130,791	130,919	126,041	126,255
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	17	(25,327)	(25,327)	(24,218)	(24,218)
PROVISIONS FOR LIABILITIES AND CHARGES					
	19	(311)	(311)	(314)	(314)
NET ASSETS EXCLUDING PENSION LIABILITY					
		105,153	105,281	101,509	101,723
PENSION LIABILITY	29	(16,261)	(16,261)	(16,000)	(16,000)
NET ASSETS INCLUDING PENSION LIABILITY					
		<u>88,892</u>	<u>89,020</u>	<u>85,509</u>	<u>85,723</u>
Represented by:					
DEFERRED CAPITAL GRANTS					
	20	12,636	12,636	10,259	10,259
SPECIFIC ENDOWMENTS					
	21	273	273	265	265
RESERVES					
Income and expenditure account excluding pension reserve		49,719	49,847	47,466	47,680
Pension reserve	29	(16,261)	(16,261)	(16,000)	(16,000)
Income and expenditure account	23	33,458	33,586	31,466	31,680
Revaluation reserve	22	42,525	42,525	43,519	43,519
TOTAL RESERVES					
		<u>75,983</u>	<u>76,111</u>	<u>74,985</u>	<u>75,199</u>
TOTAL FUNDS					
		<u>88,892</u>	<u>89,020</u>	<u>85,509</u>	<u>85,723</u>

The financial statements on pages 12 to 39 were approved by the University Council on 14 December 2006 and were signed on its behalf by:

PROFESSOR J R TARRANT

Vice-Chancellor

MR C J BROWN

Chairman

THE UNIVERSITY OF HUDDERSFIELD
CONSOLIDATED CASH FLOW STATEMENT
For the Year ended 31 July 2006

		<u>Year Ended</u> <u>31 July</u> <u>2006</u>	<u>Year Ended</u> <u>31 July</u> <u>2005</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
Cash flow from operating activities	24	(3,945)	3,493
Returns on investments and servicing of finance	25	(719)	(904)
Capital expenditure and financial investment	26	1,039	(1,980)
Financing	27	1,109	4,927
		<hr/>	<hr/>
(Decrease)/increase in cash in the year	28	(2,516)	5,536
		<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT

		<u>Year Ended</u> <u>31 July</u> <u>2006</u>	<u>Year Ended</u> <u>31 July</u> <u>2005</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
(Decrease)/increase in cash in the year	28	(2,516)	5,536
Increase in liquid resources		1,105	299
Increase in debt		(1,109)	(4,927)
		<hr/>	<hr/>
Movement in net funds in the year		(2,520)	908
Net funds at 1 August		11,507	10,599
		<hr/>	<hr/>
Net funds at 31 July	28	8,987	11,507
		<hr/> <hr/>	<hr/> <hr/>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006

1. FUNDING COUNCIL GRANTS

	<u>Year Ended 31 July 2006</u>				<u>Year</u>
	<u>HEFCE</u>	<u>TDA</u>	<u>LSC</u>	<u>Total</u>	<u>Ended</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>31 July</u>
Recurrent grant	42,032	1,109	79	43,220	37,031
Adjustment relating to previous years	-	-	-	-	833
	42,032	1,109	79	43,220	37,864
Specific grants:					
HEROBC/HEIF Funding	1,151	-	-	1,151	415
Learning and Teaching Strategy	319	-	-	319	270
Rewarding and developing staff	294	-	-	294	455
Strategic Development Fund	264	-	-	264	-
Development of teaching and learning	167	-	-	167	115
Widening Disabled Access	99	-	-	99	82
Active community funding	54	-	-	54	78
Restructuring and collaboration funds	-	-	-	-	80
Postgraduate professional development	-	62	-	62	31
Other	136	43	18	197	352
Deferred capital grants released in the year:					
Buildings (Note 20)	869	-	-	869	143
Equipment (Note 20)	2,946	-	-	2,946	1,416
	48,331	1,214	97	49,642	41,301

2. TUITION FEES AND EDUCATION CONTRACTS

	<u>Year</u>	<u>Year</u>
	<u>Ended</u>	<u>Ended</u>
	<u>31 July</u>	<u>31 July</u>
	<u>2006</u>	<u>2005</u>
	<u>£'000</u>	<u>£'000</u>
UK and EU Higher Education Students	14,272	12,377
Non-EU Students	4,818	4,027
Total fees paid by or on behalf of individual students	19,090	16,404
NHS Workforce Development Confederation Contracts	10,377	10,651
Short Course Fees	47	52
Registration and Examination Fees	107	86
Education contracts	1,857	1,811
	31,478	29,004

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

3. RESEARCH GRANTS AND CONTRACTS

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>
Research councils	548	517
UK based charities	237	210
European commission	69	205
Other grants and contracts	917	819
Release from deferred capital grants (Note 20)	33	42
	<hr/>	<hr/>
	1,804	1,793
	<hr/> <hr/>	<hr/> <hr/>

4. OTHER INCOME

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>
Other grant income	2,253	2,803
Other income-generating activities	1,859	1,666
Catering and conferences	683	678
Release from deferred capital grants (Note 20)	631	101
Other income	2,309	2,275
	<hr/>	<hr/>
	7,735	7,523
	<hr/> <hr/>	<hr/> <hr/>

5. ENDOWMENT AND INVESTMENT INCOME

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>
Transferred from specific endowments (Note 21)	4	4
Pension finance income (Note 29)	37	-
Other interest receivable	1,843	1,850
	<hr/>	<hr/>
	1,884	1,854
	<hr/> <hr/>	<hr/> <hr/>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

6. STAFF COSTS

Average number of persons employed by the Group

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>Number</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>Number</u>
Teaching departments	1,030	891
Teaching support services	143	135
Administration and central services	179	160
Premises	140	131
Other	40	51
	<hr/> <u>1,532</u>	<hr/> <u>1,368</u>

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>as</u> <u>restated</u> <u>£'000</u>
Staff costs for the above persons:		
Wages and salaries	45,246	38,565
Social security costs	3,614	3,131
Other pension costs (including FRS17 adjustments)	4,794	4,928
	<hr/> 53,654	<hr/> 46,624
Exceptional restructuring costs	149	380
	<hr/> <u>53,803</u>	<hr/> <u>47,004</u>

Emoluments of the Vice-Chancellor, Professor J R Tarrant

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>
Salary	167	151
Benefits	12	13
Pension	17	14
	<hr/> 196	<hr/> 178

Senior post-holder emoluments

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

	<u>2006</u> <u>Number</u>	<u>2005</u> <u>Number</u>
£70,000 - £79,999	3	5
£80,000 - £89,999	4	3
£90,000 - £99,999	1	2

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

7. OTHER OPERATING EXPENSES

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>
Consumables and other equipment	8,491	5,123
Franchise centre payments	2,443	2,357
Repairs and general maintenance	2,293	2,752
Hired lecturers and consultancy payments	1,736	1,753
Publicity	1,356	1,125
Heat, light, water and power	1,235	851
Transport	1,121	931
Books and periodicals	1,050	1,042
Grants to University of Huddersfield Students' Union	1,037	813
Student related expenses	1,020	975
Staff development	950	720
Student bursaries	838	763
Strategic maintenance	592	1,297
Subscriptions	582	646
Rents	559	255
Other property costs	536	513
Professional charges	374	622
Staff recruitment	359	332
Hired services	356	447
Telephones	347	253
Hire of plant and machinery - operating leases	343	328
Insurance	330	305
Catering and conferences	321	336
Bad debts provision	254	153
Examination and registration fees	213	264
External temporary staff	157	119
Internal auditors remuneration	104	86
Recharged servicing costs	27	143
External auditors remuneration	40	32
External auditors remuneration in respect of non-audit services	8	32
Other expenses	1,308	1,337
	<u>30,380</u>	<u>26,705</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

8. INTEREST AND FINANCE CHARGES PAYABLE

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <i>as</i> <i>restated</i> <u>£'000</u>
On bank loans, overdrafts and other loans:		
Repayable within five years not by instalments	46	36
Repayable within five years by instalments	2,830	2,600
Repayable wholly or partly in more than five years	544	480
	<hr/>	<hr/>
	3,420	3,116
Pension finance costs (Note 29)	-	193
	<hr/>	<hr/>
	3,420	3,309

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

	<u>Staff</u> <u>Costs</u>	<u>Other</u> <u>Operating</u> <u>Expenses</u>	<u>Dep'n</u>	<u>Interest</u> <u>and</u> <u>Finance</u> <u>Charges</u> <u>Payable</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>Total</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>Total</u> <i>as</i> <i>restated</i> <u>£'000</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Academic departments	38,642	13,874	1,043	-	53,559	43,369
Academic services	3,326	3,043	567	-	6,936	6,449
Research grants and contracts	574	807	98	-	1,479	1,600
Catering and conferences	331	321	31	-	683	746
Premises	2,901	5,543	1,726	3,420	13,590	13,499
Administration and Central Services	7,110	5,029	156	-	12,295	11,283
Other expenses	770	1,763	-	-	2,533	3,376
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	53,654	30,380	3,621	3,420	91,075	80,322
Staff restructuring	149	-	-	-	149	380
Total per income and expenditure account	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	53,803	30,380	3,621	3,420	91,224	80,702

10. SURPLUS FOR THE PERIOD

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <i>as</i> <i>restated</i> <u>£'000</u>
	<u>£'000</u>	<u>£'000</u>
University's surplus before deed of covenant payments from subsidiaries	981	2,261
Surplus from subsidiaries paid up by deed of covenant	238	-
Profit/(loss) in subsidiary undertakings	86	(22)
	<hr/>	<hr/>
	1,305	2,239

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

11. TANGIBLE FIXED ASSETS
Group

	Freehold land and buildings	Long leasehold land and buildings	Short leasehold land and buildings	Equipment	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Cost or valuation					
At 1 August 2005	87,119	1,000	44	15,921	104,084
Additions	4,736	-	-	1,097	5,833
Revaluation	180	-	-	-	180
Disposals	-	-	-	(4,266)	(4,266)
At 31 July 2006	<u>92,035</u>	<u>1,000</u>	<u>44</u>	<u>12,752</u>	<u>105,831</u>
Depreciation					
At 1 August 2005	-	-	12	11,567	11,579
Charge for year	1,635	10	1	1,975	3,621
Eliminated in respect of disposals	-	-	-	(4,244)	(4,244)
At 31 July 2006	<u>1,635</u>	<u>10</u>	<u>13</u>	<u>9,298</u>	<u>10,956</u>
Net book value					
At 31 July 2006	<u>90,400</u>	<u>990</u>	<u>31</u>	<u>3,454</u>	<u>94,875</u>
Net book value					
At 1 August 2005	<u>87,119</u>	<u>1,000</u>	<u>32</u>	<u>4,354</u>	<u>92,505</u>
Financed by capital grant					
Other	10,490	-	-	2,146	12,636
	79,910	990	31	1,308	82,239
	<u>90,400</u>	<u>990</u>	<u>31</u>	<u>3,454</u>	<u>94,875</u>

Buildings with a cost or valuation of £50,875,000 and a net book value of £49,903,000 have been partially funded from Treasury sources. Should these particular buildings be sold, the University would either have to surrender all or part of the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the HEFCE.

Included in the cost or valuation of freehold land and buildings is £3,231,000 (2005 : £604,000) 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 2006 (continued)

University

	Freehold land and buildings	Long leasehold land and buildings	Short leasehold land and buildings	Equipment	Total
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Cost or valuation					
At 1 August 2005	87,119	1,000	44	15,893	104,056
Additions	4,736	-	-	1,097	5,833
Revaluation	180	-	-	-	180
Disposals	-	-	-	(4,257)	(4,257)
At 31 July 2006	92,035	1,000	44	12,733	105,812
Depreciation					
At 1 August 2005	-	-	12	11,539	11,551
Charge for year	1,635	10	1	1,975	3,621
Eliminated in Respect of Disposals	-	-	-	(4,235)	(4,235)
At 31 July 2006	1,635	10	13	9,279	10,937
Net book value					
At 31 July 2006	90,400	990	31	3,454	94,875
Net Book Value					
At 1 August 2005	87,119	1,000	32	4,354	92,505
Financed by capital grant	10,490	-	-	2,146	12,636
Other	79,910	990	31	1,308	82,239
	90,400	990	31	3,454	94,875

The freehold and long leasehold land and buildings of the Group and the University were revalued as at 31 July 2005 by GVA Grimley, Chartered Surveyors at depreciated replacement cost for existing use, open market value for existing use or open market value with vacant possession.

12. FIXED ASSET INVESTMENTS

	Group <u>2006</u> <u>£'000</u>	University <u>2006</u> <u>£'000</u>	Group <u>2005</u> <u>£'000</u>	University <u>2005</u> <u>£'000</u>
Subsidiary companies	-	50	-	50
Associate company	-	-	-	-
Participating interest	32	32	32	32
	32	82	32	82

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

Subsidiary Companies

At 31 July 2006 The University owned 100% of the issued share capital of The University of Huddersfield Enterprises Limited (UHEL), The University of Huddersfield Properties Limited (UHPL) and Wetlands & Natural Resources Development Limited (WNRDL). All the companies are registered in England and Wales. UHEL operates in the UK and its primary purpose is providing healthcare professional pre- and post-registration training and education programmes in nursing, physiotherapy, midwifery, podiatry and occupational therapy. UHPL and WNRDL are dormant. BioScrub Limited was dissolved on 11 October 2005.

Associate Companies

The University owns 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.

13. ENDOWMENT ASSET INVESTMENTS

Group and University

	<u>2006</u> <u>£'000</u>
Balance at 1 August 2005	265
Additions	<u>8</u>
Balance at 31 July 2006	<u><u>273</u></u>
Represented by:	
Cash balances	<u><u>273</u></u>

14. DEBTORS

	Group <u>2006</u> <u>£'000</u>	University <u>2006</u> <u>£'000</u>	Group <u>2005</u> <i>as</i> <i>restated</i> <u>£'000</u>	University <u>2005</u> <i>as</i> <i>restated</i> <u>£'000</u>
Amounts falling due within one year:				
Debtors	4,336	2,073	3,787	1,115
Amounts owed by subsidiary undertakings	-	3,041	-	2,256
Prepayments and accrued income	<u>11,511</u>	<u>10,761</u>	<u>10,939</u>	<u>10,021</u>
	15,847	15,875	14,726	13,392
Amounts falling due after more than one year:				
Debtors	<u>300</u>	<u>300</u>	<u>500</u>	<u>500</u>
	<u><u>16,147</u></u>	<u><u>16,175</u></u>	<u><u>15,226</u></u>	<u><u>13,892</u></u>

The debtor falling due after more than one year of £300,000 was paid after the balance sheet date as part of a total settlement of debtors amounting to £500,000.

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

15. CASH AT BANK AND IN HAND

Group

Cash balances are made up as follows:

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Bank deposit account held as security for Deutsche Bank loan (see Note 17)	16,432	16,432
Current and investment accounts	14,554	17,078
	<u>30,986</u>	<u>33,510</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group <u>2006</u> <u>£'000</u>	University <u>2006</u> <u>£'000</u>	Group <u>2005</u> <i>as</i> <i>restated</i> <u>£'000</u>	University <u>2005</u> <i>as</i> <i>restated</i> <u>£'000</u>
Bank loans	367	367	367	367
Payments received in advance	3,761	3,719	5,827	4,538
Trade creditors	2,415	2,413	2,312	2,277
Other taxation and social security	505	505	669	522
Accruals	7,943	7,903	8,584	8,526
Other creditors	60	60	170	170
	<u>15,051</u>	<u>14,967</u>	<u>17,929</u>	<u>16,400</u>

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

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
<u>Deutsche Bank loan</u>		
Liability to Deutsche Bank at 1 August	16,193	14,892
Provision for repayment of Deutsche Bank loan for year to 31 July	1,476	1,301
Deutsche Bank loan	17,669	16,193
Mortgages secured on property	7,658	8,025
	<u>25,327</u>	<u>24,218</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

In 2003 the University took the opportunity presented by the sale of its residences at Storthes Hall and Ashenhurst to repay its loan of £12.4m from Lloyds TSB and to put in place arrangements to repay its loan of £13.2m from Deutsche Bank in 2008 which is the earliest contractual repayment date available.

Cash of £16.4m has been placed in a bank deposit account (see Note 15). This account bears interest at 4.3% pa at a fixed rate. During the period up to the date of the loan maturity, the account will generate interest of £4.0m, resulting in a total account balance of £20.4m. The cash provides alternative security to Deutsche Bank following the sale of Storthes Hall. The University bears the credit risk and the ultimate economic benefit in repaying the loan in 2008 or in making instalment payments in the event of default. This cash cannot be used by the University for any purpose other than payments to Deutsche Bank.

The loan liability is included in the financial statements as at 31 July 2006 at £17.7m (2005 : £16.2m). The total amount to be repaid in 2008 will be £20.4m.

Between now and 2008 the University will continue to pay interest on the Deutsche Bank loan at a fixed rate of 10.185% and an approximate annual cost of £1.2m together with a finance charge.

Exposure to risk

The University's management has fully considered the University's exposure to interest rate and liquidity risk and has taken this course of action in order to minimise these risks. The sum due in settlement of this loan in 2008 is determined as a function of interest rates at the time and interest rates which may pertain over the previously remaining outstanding period of the loan to 2025. Because these rates are unknown now, the University has entered into an interest rate swap agreement with Lloyds TSB Bank plc such that its exposure to adverse interest rate movement is capped. In addition, a secured guarantee of £5.75m has been entered into with Lloyds TSB Bank plc so that continuing payments against the loan between now and 2008 are protected in the event of default.

18. BORROWINGS
Group and University

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
Bank loans and overdrafts are repayable:		
In one year or less	367	367
Between one and two years	18,036	367
Between two and five years	1,601	17,627
In five years or more	5,690	6,224
	<u>25,694</u>	<u>24,585</u>

Bank loans of £8.025m are repayable by instalments falling due between 1 August 2006 and 30 April 2030.

A fixed term loan of £17.669m (see Note 17) is repayable on maturity in 2008.

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

19. PROVISIONS FOR LIABILITIES AND CHARGES
Group and University

	<u>Enhanced Pensions</u> £'000	<u>Total</u> £'000
At 1 August 2005	314	314
Transferred to income and expenditure account	(3)	(3)
	<hr/>	<hr/>
At 31 July 2006	311	311
	<hr/>	<hr/>

The enhanced pensions provision is in respect of enhanced pensions payable to staff who accepted early retirement prior to 1994.

20. DEFERRED CAPITAL GRANTS
Group and University

	<u>HEFCE</u> £'000	<u>Other Grants</u> £'000	<u>Total</u> £'000
At 1 August 2005			
Land and buildings	6,413	1,325	7,738
Equipment	2,304	217	2,521
	<hr/>	<hr/>	<hr/>
	8,717	1,542	10,259
Cash received			
Land and buildings	3,543	635	4,178
Equipment	2,678	-	2,678
	<hr/>	<hr/>	<hr/>
Released to income and expenditure account			
Land and buildings (Notes 1 and 4)	(869)	(557)	(1,426)
Equipment (Notes 1 and 3)	(2,946)	(107)	(3,053)
	<hr/>	<hr/>	<hr/>
At 31 July 2006			
Land and buildings	9,087	1,403	10,490
Equipment	2,036	110	2,146
	<hr/>	<hr/>	<hr/>
Total	11,123	1,513	12,636
	<hr/>	<hr/>	<hr/>

21. SPECIFIC ENDOWMENTS
Group and University

	<u>£'000</u>
At 1 August 2005	265
Additions	1
Income for year	11
Transferred to income and expenditure account (Note 5)	(4)
	<hr/>
At 31 July 2006	273
	<hr/>
Representing:	
Prize funds	217
Chemical sciences special fund	56
	<hr/>
	273
	<hr/>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

22. REVALUATION RESERVE
Group and University

	<u>2006</u> <u>£'000</u>	<u>2005</u> <u>£'000</u>
At 1 August	43,519	31,520
Revaluation in the year	377	15,587
Transfer from revaluation reserve to general reserve in respect of:		
Disposals	-	(3,032)
Depreciation of revalued assets	(806)	(556)
Previously recognised revaluation gains	(565)	-
	<hr/>	<hr/>
At 31 July	<u>42,525</u>	<u>43,519</u>

23. MOVEMENT ON GENERAL RESERVES

	Group <u>2006</u> <u>£'000</u>	University <u>2006</u> <u>£'000</u>	Group <u>2005</u> <i>as</i> <i>restated</i> <u>£'000</u>	University <u>2005</u> <i>as</i> <i>restated</i> <u>£'000</u>
Income and Expenditure Account Reserve				
At 1 August as previously stated	31,466	31,680	40,835	40,941
Prior year adjustments in respect of FRS 17	-	-	(11,622)	(11,622)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August as restated	31,466	31,680	27,605	27,711
Surplus retained for the year	1,305	1,219	2,239	2,347
Transfer from revaluation reserve	806	806	556	556
Previously recognised revaluation gains	565	565	-	-
Realised revaluation gain on disposal of property	-	-	3,032	3,032
Actuarial loss in respect of pension scheme	(684)	(684)	(3,574)	(3,574)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July	<u>33,458</u>	<u>33,586</u>	<u>31,466</u>	<u>31,680</u>
Balance represented by:				
Pension reserve	(16,261)	(16,261)	(16,000)	(16,000)
Income and expenditure account reserve excluding pension reserve	<hr/>	<hr/>	<hr/>	<hr/>
	49,719	49,847	47,466	47,680
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July	<u>33,458</u>	<u>33,586</u>	<u>31,466</u>	<u>31,680</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (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>2006</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>as</u> <u>restated</u> <u>£'000</u>
Surplus after depreciation of assets at valuation	1,305	2,239
Depreciation	3,621	3,684
Deferred capital grants released to income (Notes 1, 3 & 4)	(4,479)	(1,702)
VAT recovery in revaluation reserve	197	-
Pension costs less contributions payable	(423)	804
Profit on disposal of tangible assets	14	(1,466)
Interest payable (Note 8)	3,420	3,116
Decrease in stocks	8	6
Increase in debtors	(62)	(720)
Decrease in creditors	(4,554)	(329)
(Decrease)/increase in provisions	(3)	14
Increase in current asset investments	(1,105)	(299)
Interest receivable (Note 5)	(1,884)	(1,854)
Net cash (outflow)/inflow from operating activities	(3,945)	3,493

25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>
Income from endowments	4	4
Pension finance income	37	-
Other interest received	1,120	1,075
Interest paid	(1,880)	(1,983)
Net cash outflow from returns on investments and servicing of finance	(719)	(904)

26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>
Purchase of tangible fixed assets	(5,833)	(10,241)
Sales of tangible fixed assets	8	4,860
Deferred capital grants received	6,856	3,390
Movement on endowments	8	11
Net cash inflow/(outflow) from capital expenditure and financial investment	1,039	(1,980)

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

27. FINANCING

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>
Additions to new and existing loans	1,476	5,301
Repayment of amounts borrowed	(367)	(374)
	<hr/>	<hr/>
Net cash inflow from financing	1,109	4,927
	<hr/> <hr/>	<hr/> <hr/>

28. ANALYSIS OF CHANGES IN NET FUNDS/DEBT

	<u>At 1 August 2005</u> <u>£'000</u>	<u>Cashflows</u> <u>£'000</u>	<u>Other</u> <u>Changes</u> <u>£'000</u>	<u>At 31 July 2006</u> <u>£'000</u>
Cash in hand and at bank	33,510	(2,524)	-	30,986
Endowment asset investments	265	8	-	273
	<hr/>	<hr/>	<hr/>	<hr/>
	33,775	(2,516)	-	31,259
Current asset investments	2,317	1,000	105	3,422
Debt due within 1 year	(367)	367	(367)	(367)
Debt due after 1 year	(24,218)	(1,476)	367	(25,327)
	<hr/>	<hr/>	<hr/>	<hr/>
	11,507	(2,625)	105	8,987
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

29. PENSION AND SIMILAR OBLIGATIONS

The University's employees belong to three principal pension schemes: the Teachers' Pension Scheme, the Universities Superannuation Scheme and the West Yorkshire Pension Fund. The total pension cost for the year was £4,794,000 (2005 : £4,928,000).

Teachers' Pension Scheme (TPS)

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

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

SSAP 24

The pension cost is assessed every five years 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 2001
Actuarial method	Prospective benefits
Investment return per annum	7.0%
Salary scale increases per annum	5.0%
Notional value of assets at date of last valuation	£142.9 billion
Proportion of members' accrued benefits covered by the notional value of the assets	87%

The latest agreed contribution rates rise on 1 January 2007 from 13.5% to 14.1% for employers and from 6.0% to 6.4% for employees. The pensions charge recorded by the University during the accounting period was equal to the contributions payable, taking into account benefit improvements subsequent to the valuation and the spreading of surplus over future service lives of employees.

FRS 17

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

Universities Superannuation Scheme (USS)

The USS is a funded defined benefit scheme. Contributions are held in trust separately from the University.

SSAP 24

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

Latest actuarial valuation	31 March 2005
Actuarial method	Projected unit
Investment return per annum - past service	4.5%
- future service	6.2%
Salary scale increases per annum	3.9%
Pension increases per annum	2.9%
Notional value of assets at last date of valuation	£21.7 billion
Proportion of members' accrued benefits covered by the notional value of the assets	126%

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 UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

FRS 17

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

West Yorkshire Pension Fund (WYPF)

The WYPF is a funded defined benefit pension scheme with the assets held in separate trustee administered funds. The total contribution for the year ended 31 July 2006 was £2,874,000 of which employer's contributions totalled £1,920,000 and employees' contributions totalled £954,000. The latest agreed contribution rates for future years are 12.4% rising to 12.9% in April 2007 for employers and 6% for employees.

FRS 17

This information is based upon a full actuarial valuation of the Fund at 31 March 2004 updated to 31 July 2006 by a qualified independent actuary.

	<u>Year Ended</u> <u>31 July 2006</u>	<u>Year Ended</u> <u>31 July 2005</u>	<u>Year Ended</u> <u>31 July 2004</u>
Actuarial assumptions			
Rate of inflation	3.0%	2.7%	2.8%
Rate of increase in salaries	4.8%	4.5%	4.3%
Rate of increase for pensions	3.0%	2.7%	2.8%
Discount rate for liabilities	5.1%	5.0%	5.7%

The assets in the scheme (of which the University's share is estimated at 0.88%) and the expected rates of return were:

	<u>2006</u> <u>Long term rate</u> <u>of return</u> <u>expected at</u> <u>31 July 2006</u>	<u>Value at</u> <u>31 July</u> <u>2006</u> <u>£m</u>	<u>2005</u> <u>Long term rate</u> <u>of return</u> <u>expected at</u> <u>31 July 2004</u>	<u>Value at</u> <u>31 July</u> <u>2005</u> <u>£m</u>
Equities	7.0%	4,773	7.5%	4,061
Government Bonds	4.4%	462	4.4%	539
Other Bonds	5.1%	273	5.0%	148
Property	6.0%	345	6.5%	291
Cash	4.5%	404	4.7%	390
Other	7.0%	254	7.5%	66
Total market value of assets		<u>6,511</u>		<u>5,495</u>

	<u>Year Ended</u> <u>31 July 2006</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2005</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2004</u> <u>£'000</u>
University's estimated asset share	57,156	47,989	38,793
Present value of scheme liabilities	(73,417)	(63,989)	(50,415)
Deficit in scheme	<u>(16,261)</u>	<u>(16,000)</u>	<u>(11,622)</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

	<u>Year Ended</u> <u>31 July 2006</u> £'000	<u>Year Ended</u> <u>31 July 2005</u> £'000
Movement in deficit in the year		
Deficit in scheme at 1 August	(16,000)	(11,622)
Movement in year:		
Current service charge	(2,879)	(2,146)
Contributions	1,920	1,759
Past service/curtailment gain/(cost)	1,345	(224)
Net return/(loss) on assets	37	(193)
Actuarial loss	(684)	(3,574)
Deficit in scheme at 31 July	<u>(16,261)</u>	<u>(16,000)</u>

History of experience gains and losses

	<u>2006</u>	<u>2005</u> <u>as restated</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Difference between the expected and actual return on assets:					
Amount £000	3,969	5,884	1,034	(678)	(7,653)
% of scheme assets	7	12	3	2	25
Experience gains and losses on scheme liabilities:					
Amount £000	(1,976)	(1,147)	(947)	(4,073)	-
% of scheme liabilities	3	2	2	9	-
Total amount recognised in STRGL:					
Amount £000	(684)	(3,574)	87	(4,751)	(7,653)
% of scheme liabilities	1	6	0	11	21

Total pension cost for the Group

	<u>Year Ended</u> <u>31 July 2006</u> £'000	<u>Year Ended</u> <u>31 July 2005</u> <u>as restated</u> £'000
Contributions to TPS	3,175	2,672
Contributions to WYPF	1,498	2,192
Contributions to USS	121	64
Total pension cost (Note 6)	<u>4,794</u>	<u>4,928</u>

30. PRIOR YEAR ADJUSTMENT NOTE

The prior year adjustment relates to the full implementation of FRS 17.

FRS 17 requires the assets of defined benefit pension schemes, such as the WYPF scheme, to be measured at market value at each balance sheet date and the liabilities to be measured using a specific valuation method and to be discounted using a corporate bond rate. Any resulting share of the pension scheme surplus or deficit is recognised on the University balance sheet. Any resulting gains and losses are recognised in the statement of total recognised gains and losses rather than being recognised gradually in the income and expenditure account.

The adoption of FRS 17 has resulted in the following impact on the income and expenditure account and statement of total recognised gains and losses. In accordance with the transitional arrangements of FRS 17, these figures have been reported in the Notes to The University of Huddersfield's accounts since the year ending 31 July 2001.

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

	Group	University
	2005	2005
	£'000	£'000
Income and expenditure account reserve as previously stated (Note 23)	47,466	47,680
Pension liabilities at 1 August 2004	(11,622)	(11,622)
Movement during 2004/05:		
Employer service cost	(2,146)	(2,146)
Employer contributions	1,759	1,759
Past service cost	(224)	(224)
Net loss on assets	(193)	(193)
Actuarial loss	<u>(3,574)</u>	<u>(3,574)</u>
Income and expenditure account reserve as restated at 31 July 2005	<u>31,466</u>	<u>31,680</u>
Analysis of prior year adjustment		
Adjustment to opening Income and Expenditure Account Reserve at 1 August 2004	(11,622)	(11,622)
Adjustment to Income and Expenditure Account for year ended 31 July 2005	(804)	(804)
Adjustment to Statement of Total Recognised Gains and Losses for the year ended 31 July 2005	<u>(3,574)</u>	<u>(3,574)</u>
Total	<u>(16,000)</u>	<u>(16,000)</u>

31. POST BALANCE SHEET EVENTS

There have been no post balance sheet events.

32. CAPITAL COMMITMENTS

Group and University

	<u>2006</u>	<u>2005</u>
	<u>£'000</u>	<u>£'000</u>
Commitments contracted for at 31 July	<u>809</u>	<u>2,020</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2006 (continued)

33. FINANCIAL COMMITMENTS
Group and University

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

	<u>2006</u>	<u>2005</u>
	<u>£'000</u>	<u>£'000</u>
Fixtures, fittings and general equipment		
Expiring within one year	258	-
Expiring between two and five years inclusive	-	258
Expiring in more than five years	-	-
	<hr/>	<hr/>
	258	258
	<hr/>	<hr/>

34. RELATED PARTY TRANSACTIONS

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

35. ACCESS FUNDS

	<u>31 July 2006</u>	<u>31 July 2005</u>
	<u>£'000</u>	<u>£'000</u>
Balance at 1 August	66	80
HEFCE grants	1,090	806
Interest earned	16	18
	<hr/>	<hr/>
Disbursed to students	1,172	904
	(1,143)	(838)
	<hr/>	<hr/>
Balance unspent at 31 July	29	66
	<hr/>	<hr/>

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.

THE UNIVERSITY OF HUDDERSFIELD
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For the Year ended 31 July 2006 (continued)

36. TRAINING BURSARIES

	<u>Year Ended</u> <u>31 July 2006</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2005</u> <u>£'000</u>
HEFCE, Teacher Training Agency and Yorkshire Forward grants	2,341	2,469
Disbursed to students	<u>(2,341)</u>	<u>(2,469)</u>
	<u>-</u>	<u>-</u>

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

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