

THE UNIVERSITY OF HUDDERSFIELD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2007

THE UNIVERSITY OF HUDDERSFIELD
FINANCIAL STATEMENTS
For the Year ended 31 July 2007

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THE UNIVERSITY OF HUDDERSFIELD
FINANCIAL STATEMENTS
For the Year ended 31 July 2007

PROFESSIONAL ADVISORS

Financial statements and regularity auditors:

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Neville Street
Leeds
LS1 4DW

Internal auditors:

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Suite 1D
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Lloyds TSB Group plc
1 Westgate
Huddersfield
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Solicitors:

Pinsent Masons
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Leeds
LS1 5AB

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

The Council of the University of Huddersfield hereby submits its eighteenth annual report together with the audited financial statements for the year to 31 July 2007.

CONSTITUTION AND POWERS

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

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

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

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

VISION

To be an inspiring, innovative University of international renown.

MISSION

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

STAKEHOLDER EXPECTATIONS

Our students can expect:

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

Our partners can expect:

- a responsive and flexible University that delivers
- to deal with leading experts in their field
- high quality work delivered efficiently and effectively

STRATEGIC AIMS

Our strategic aims are:

- to deliver inspirational learning and teaching enriched through research and innovation excellence
- to provide opportunities to all who can benefit
- to contribute to economic, social and cultural development
- to enhance our standing
- to become one of the top 30 largest providers of Higher Education in the UK

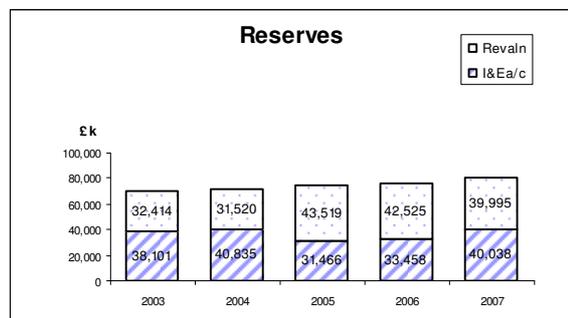
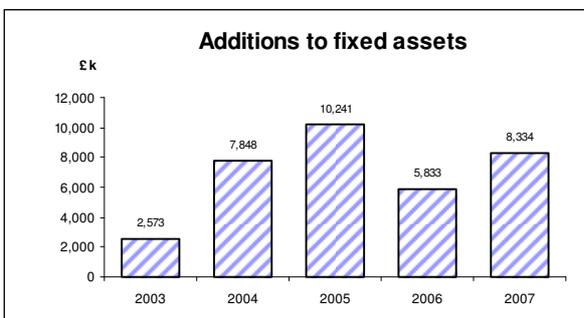
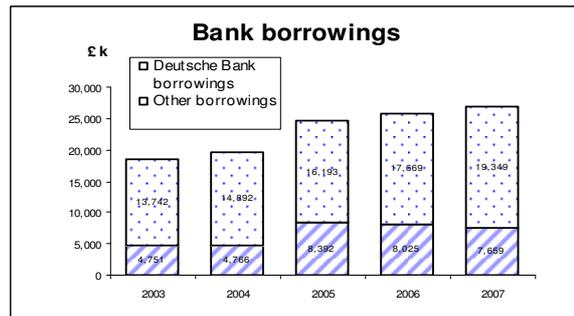
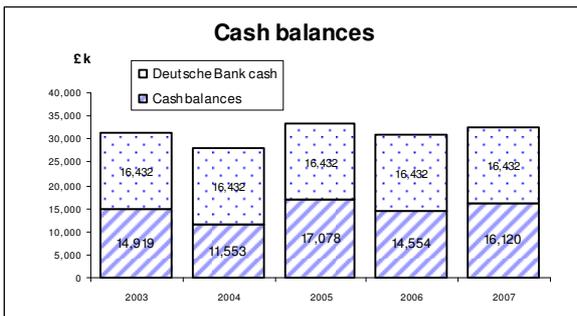
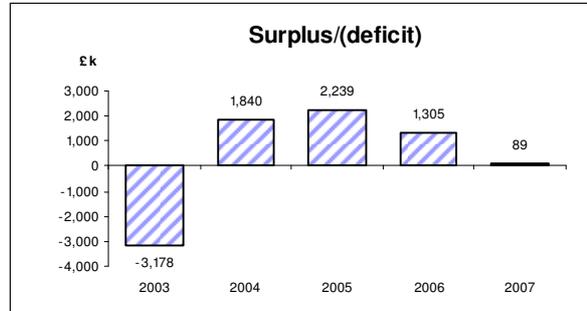
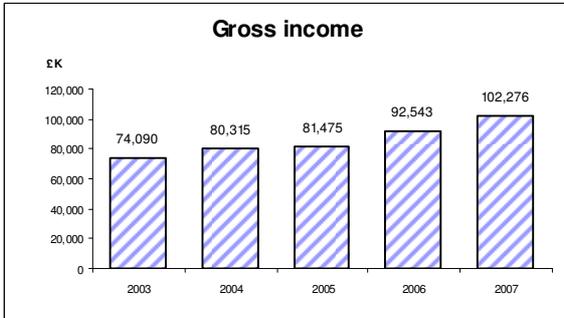
KEY ENABLERS

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

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

FIVE YEAR TRENDS

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



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.

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

RESULTS FOR THE YEAR

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

	<u>2007</u> <u>£'000</u>	<u>2006</u> <u>£'000</u>
Income	102,276	92,543
Expenditure	<u>102,187</u>	<u>91,238</u>
Surplus after depreciation of assets at valuation, disposal of assets and before and after taxation	89	1,305
Transfers from revaluation reserve	<u>2,530</u>	<u>806</u>
Historical cost surplus for the year	<u>2,619</u>	<u>2,111</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 18,910 to 19,822; the full time equivalent increased from 13,631 to 14,152.

Total income increased by 10.5% to £102m with growth in most areas including 6.8% in HEFCE teaching and capital grants.

Total expenditure increased by 12.0% to £102m. This included an increase of 14.2% in payroll costs (excluding restructuring costs) and staffing expenditure (excluding restructuring costs) as a percentage of total income rose from 58.0% in 2006 to 59.9% in 2007. Other operating expenses increased by 9.6% due largely to an increase in student bursaries of £1.5m brought about by the University funding its own bursaries in the new deferred fees environment.

Capital Investment

Over 90% of the total capital spend of £8.3m in the year was invested in the University's estate, principally into the new Creative Arts Building and the University Centre Barnsley. 74% of the estate is now classified as "new or sound" compared with 21% in 1997, demonstrating the University's continuing commitment to maintain the best facilities for its students.

Cash Flow

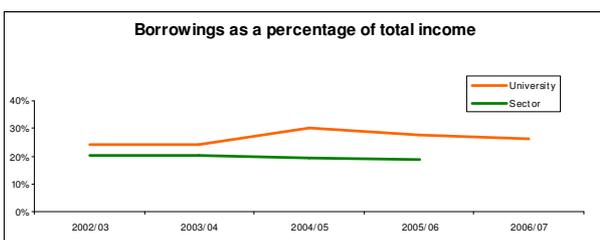
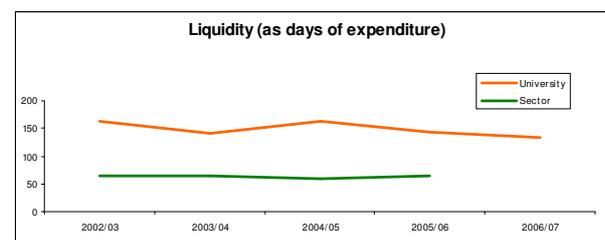
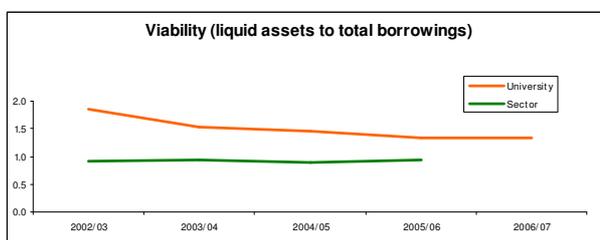
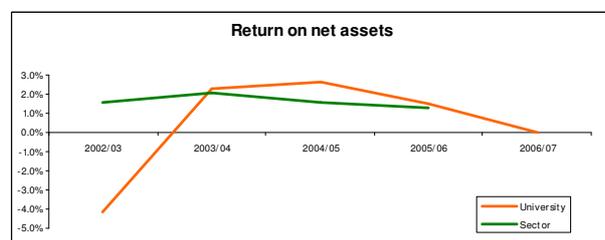
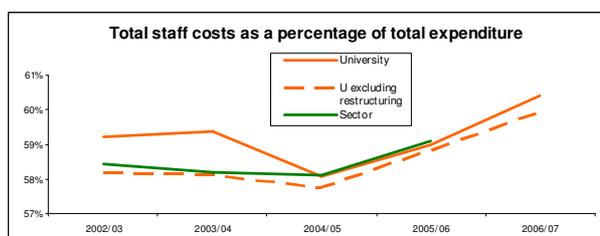
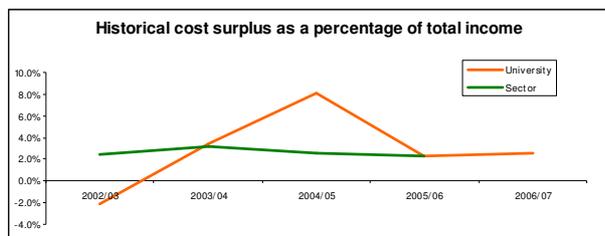
The consolidated cashflow statement shows an increase in cash balances for the year of £1.6m. This was largely the result of cash generated from operating activities.

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

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 sector. 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:



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 to the Financial Statements. 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.

ACCOUNTING POLICIES

The principal accounting policies of the University 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.

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

EQUAL OPPORTUNITIES AND EMPLOYMENT OF DISABLED PERSONS

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

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

DISABILITY STATEMENT

The University seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Educational Needs and Disabilities Act 2001.

DISCLOSURE OF INFORMATION TO AUDITORS

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the University's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the University's auditors are aware of that information.

INSURANCE FOR OFFICERS

During the year the University maintained liability insurance for the members of the University Council.

POLITICAL AND CHARITABLE CONTRIBUTIONS

There were no political or charitable contributions during the year.

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

CORPORATE GOVERNANCE

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in the revised Combined Code on Corporate Governance issued by the London Stock Exchange in July 2003. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

In the opinion of the University Council, the University complies with all the provisions of the Combined Code in so far as they apply to the Higher Education Sector and it has complied throughout the year ended 31 July 2007. The University has also had regards to the Committee of University Chairmen Governance Code of Practice and its practices are consistent with the provisions of the Code.

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 remuneration for the work which they do for the Council.

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

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

Although the Council meets at least four times each year, much of its detailed work is initially handled by committees, in particular the Employment and Finance Committee, the Governance and Membership Committee, the Remuneration Committee and the Audit Committee. The decisions of these Committees are formally reported to the Council. A brief description of their responsibilities is set out below.

The Employment and Finance Committee ensures the effectiveness of employment matters and the governance of the finances of the University. Inter alia it recommends to the Governing Body the University's annual revenue budget and monitors performance in relation thereto.

The Governance and Membership Committee makes recommendations for effective governance arrangements and the appointment of University Council and Committee members.

The Remuneration Committee's responsibilities are to review the process of the remuneration of the salaries of senior staff and to determine the salaries of the Vice-Chancellor and University Secretary. Details of staff remuneration for the year ended 31 July 2007 are set out in note 6 to the financial statements.

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

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

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

All Council members are able to take independent professional advice in furtherance of their duties at the University's expense. In accordance with the Articles of Government of the University Council members have access to the University Secretary who acts as Clerk to the Council. He is responsible to the Council for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Clerk are matters for the University Council as a whole.

Formal agendas, papers and reports are supplied to Council members in a timely manner, prior to Council meetings. Briefings on a wide-range of topics are also provided on an ad-hoc basis.

The University Council has a strong and independent non-executive element and no individual or group dominates its decision making processes. The Council considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interface with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman and Vice-Chancellor are separate.

As Chief Executive, the Vice-Chancellor exercises considerable influence upon the development of University strategy, the identification and planning of new developments and the shaping of the University ethos. The Deputy Vice-Chancellor, the Pro Vice-Chancellors and the senior administrative and academic officers all contribute in various ways to this aspect of the work, but the ultimate responsibility for what is done rests with the Vice-Chancellor.

The University maintains a Register of Interests of members of the Council and the University's Senior Management Team which may be consulted by arrangement with the University Secretary.

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 2007 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 OF HUDDERSFIELD
REPORT OF THE UNIVERSITY COUNCIL (continued)

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 Deputy Vice-Chancellor.

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

- a) Council meets regularly to consider the plans and strategic direction of the University.
- b) Council receives feedback from the Audit Committee on matters of internal control considered and debated by the Audit Committee. Council is routinely informed and consulted on key business decisions, the risks associated with them and the proposed management approach. Systems have been established to report risk to Council more explicitly in the form of the corporate risk register and as part of the financial forecasts.
- c) Council has established the 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.

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

- 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 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 being either "at higher risk" or "not at higher risk". This is based upon any audit work they have done in the year and upon information supplied and returns made to comply with the Audit Code of Practice. On 30 April 2007 the Assurance Service concluded that the University is not at higher risk and is meeting its accountability obligations set out in the Financial Memorandum and Accountability and Audit Code of Practice.

The University Council has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, that it has been in place for the year ended 31 July 2007 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the University Council and that it accords with the internal control guidance for directors in the Combined Code as deemed appropriate for Higher Education.

RESPONSIBILITIES OF THE UNIVERSITY COUNCIL

In accordance with the University's Articles of Government, the Council of the University is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The University Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Articles of Government, the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions, guidance issued by the Higher Education Funding Council for England and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the University Council, the latter, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

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

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

The University Council has taken reasonable steps:

- to ensure that expenditure and income are applied for the purposes intended by parliament and that the financial transactions conform to the authorities that govern them;
- to ensure that funds from the Higher Education Funding Council for England (HEFCE), the Teacher Development Agency (TDA) and the Learning Skills Council (LSC) are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with HEFCE and any other conditions which the HEFCE, TDA or LSC may from time to time prescribe;
- to ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources and to ensure that they are used properly;
- to safeguard the assets of the Group and to prevent and detect fraud and other irregularities;
- 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 12 December 2007.

MR C J BROWN
Chairman
12 December 2007

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 2007 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 Council is responsible for preparing the Report of the University Council on the accounts 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 11 and 12.

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 not 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:

- 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 2007 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- in all material respects, income from the Higher Education Funding Council for England, 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 2007 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2007 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

12 December 2007

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

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

Basis of preparation

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements consolidate the results of the University and its subsidiary undertakings as shown in Note 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.

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

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

Tuition fees represent student fees received and receivable attributable to the current accounting period.

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

Maintenance of premises

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

Foreign currency translation

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

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

THE UNIVERSITY OF HUDDERSFIELD
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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 including in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Further details of the pension schemes are given in Note 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.

b. Equipment

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

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

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

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

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.

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
GROUP INCOME AND EXPENDITURE ACCOUNT
For the Year ended 31 July 2007

		<u>Year Ended</u> <u>31 July 2007</u>	<u>Year Ended</u> <u>31 July 2006</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
INCOME			
Funding council grants	1	53,077	49,642
Tuition fees and education contracts	2	37,921	31,478
Research grants and contracts	3	1,702	1,804
Other income	4	7,615	7,735
Endowment and investment income	5	1,961	1,884
		<hr/>	<hr/>
Total Income		102,276	92,543
EXPENDITURE			
Staff costs	6	61,738	53,803
Other operating expenses	7	33,307	30,394
Depreciation	11	3,571	3,621
Interest and finance charges payable	8	3,571	3,420
		<hr/>	<hr/>
Total Expenditure	9	102,187	91,238
Surplus after depreciation of tangible fixed assets at valuation and disposal of assets but before taxation	10	89	1,305
Taxation		-	-
		<hr/>	<hr/>
Surplus after depreciation of tangible fixed assets at valuation, disposal of assets and taxation	10	89	1,305

The income and expenditure account for the year ended 31 July 2007 is in respect of continuing activities.

THE UNIVERSITY OF HUDDERSFIELD
GROUP STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
For the Year ended 31 July 2007

	<u>Note</u>	<u>Year Ended</u> <u>31 July 2007</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2006</u> <u>£'000</u>
Surplus before and after taxation		89	1,305
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	23	830	806
Realisation of property revaluation gains of previous years	23	1,700	-
Historical cost surplus for the period before and after taxation		<u>2,619</u>	<u>2,111</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2007

	<u>Note</u>	<u>Year Ended</u> <u>31 July 2007</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2006</u> <u>£'000</u>
Surplus after depreciation of assets at valuation, disposal of assets and taxation		89	1,305
Unrealised surplus on revaluation of fixed assets	22	-	377
Previously recognised revaluation gains transferred to income and expenditure account reserve	23	-	565
Previously recognised revaluation gains transferred from revaluation reserve	22	-	(565)
Actuarial gain/(loss) in respect of pension scheme	29	3,961	(684)
Movement on endowments	21	11	8
Total recognised gains and losses relating to the year		<u>4,061</u>	<u>1,006</u>

RECONCILIATION OF MOVEMENTS ON RESERVES AND ENDOWMENTS

	<u>2007</u> <u>£'000</u>	<u>2006</u> <u>£'000</u>
Opening reserves and endowments at 1 August	76,256	75,250
Total recognised gains and losses for the year	<u>4,061</u>	<u>1,006</u>
Reserves and endowments at 31 July	<u>80,317</u>	<u>76,256</u>

THE UNIVERSITY OF HUDDERSFIELD
BALANCE SHEETS
For the Year ended 31 July 2007

		Group	University	Group	University
		<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
FIXED ASSETS					
Tangible assets	11	97,934	97,934	94,875	94,875
Investments	12	32	82	32	82
		<hr/>	<hr/>	<hr/>	<hr/>
		97,966	98,016	94,907	94,957
ENDOWMENT ASSET INVESTMENTS					
	13	284	284	273	273
CURRENT ASSETS					
Stocks and stores in hand		-	-	107	99
Debtors	14	14,898	14,987	16,147	16,175
Investments		3,711	3,711	3,422	3,422
Cash at bank and in hand	15	32,552	32,509	30,986	30,960
		<hr/>	<hr/>	<hr/>	<hr/>
		51,161	51,207	50,662	50,656
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
	16	(33,592)	(33,474)	(15,051)	(14,967)
NET CURRENT ASSETS					
		<hr/>	<hr/>	<hr/>	<hr/>
		17,569	17,733	35,611	35,689
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<hr/>	<hr/>	<hr/>	<hr/>
		115,819	116,033	130,791	130,919
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	17	(7,292)	(7,292)	(25,327)	(25,327)
PROVISIONS FOR LIABILITIES AND CHARGES					
	19	(311)	(311)	(311)	(311)
NET ASSETS EXCLUDING PENSION LIABILITY					
		<hr/>	<hr/>	<hr/>	<hr/>
		108,216	108,430	105,153	105,281
PENSION LIABILITY					
	29	(13,559)	(13,559)	(16,261)	(16,261)
NET ASSETS INCLUDING PENSION LIABILITY					
		<hr/>	<hr/>	<hr/>	<hr/>
		94,657	94,871	88,892	89,020
Represented by:					
DEFERRED CAPITAL GRANTS					
	20	14,340	14,340	12,636	12,636
SPECIFIC ENDOWMENTS					
	21	284	284	273	273
RESERVES					
Income and expenditure account excluding pension reserve					
		53,597	53,811	49,719	49,847
Pension reserve					
	29	(13,559)	(13,559)	(16,261)	(16,261)
Income and expenditure account					
	23	40,038	40,252	33,458	33,586
Revaluation reserve					
	22	39,995	39,995	42,525	42,525
TOTAL RESERVES					
		<hr/>	<hr/>	<hr/>	<hr/>
		80,033	80,247	75,983	76,111
TOTAL FUNDS					
		<hr/>	<hr/>	<hr/>	<hr/>
		94,657	94,871	88,892	89,020

The financial statements on pages 15 to 40 were approved by the University Council on 12 December 2007 and were signed on its behalf by:

PROFESSOR R A CRYAN

Vice-Chancellor

MR C J BROWN

Chairman

THE UNIVERSITY OF HUDDERSFIELD
GROUP CASH FLOW STATEMENT
For the Year ended 31 July 2007

		<u>Year Ended</u> <u>31 July</u> <u>2007</u>	<u>Year Ended</u> <u>31 July</u> <u>2006</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
Cash flow from operating activities	24	2,474	(3,945)
Returns on investments and servicing of finance	25	(542)	(719)
Capital expenditure and financial investment	26	(1,669)	1,039
Financing	27	1,314	1,109
		<hr/>	<hr/>
Increase/(decrease) in cash in the year	28	1,577	(2,516)
		<hr/> <hr/>	<hr/> <hr/>

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

		<u>Year Ended</u> <u>31 July</u> <u>2007</u>	<u>Year Ended</u> <u>31 July</u> <u>2006</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
Increase/(decrease) in cash in the year	28	1,577	(2,516)
Increase in liquid resources		289	1,105
Increase in debt		(1,314)	(1,109)
		<hr/>	<hr/>
Movement in net funds in the year		552	(2,520)
Net funds at 1 August		8,987	11,507
		<hr/>	<hr/>
Net funds at 31 July	28	9,539	8,987
		<hr/> <hr/>	<hr/> <hr/>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2007

1. FUNDING COUNCIL GRANTS

	<u>Year Ended 31 July 2007</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>
					<u>2006</u>
					<u>£'000</u>
Recurrent grant	46,249	1,267	23	47,539	43,220
Specific grants:					
HEROBC/HEIF Funding	661	-	-	661	1,151
Learning and Teaching Strategy	558	-	-	558	319
Widening Disabled Access	477	-	-	477	99
Aim Higher	357	-	-	357	-
Rewarding and developing staff	190	-	-	190	294
Strategic Development Fund	187	-	-	187	264
Development of teaching and learning	159	-	-	159	167
Life Long Learning Networks	122	-	-	122	-
Active community funding	27	-	-	27	54
Postgraduate professional development	-	72	-	72	62
Other	93	77	1	171	197
Deferred capital grants released in the year:					
Equipment (Note 20)	1,847	-	-	1,847	2,946
Buildings (Note 20)	710	-	-	710	869
	<u>51,637</u>	<u>1,416</u>	<u>24</u>	<u>53,077</u>	<u>49,642</u>

2. TUITION FEES AND EDUCATION CONTRACTS

	<u>Year</u>	<u>Year</u>
	<u>Ended</u>	<u>Ended</u>
	<u>31 July</u>	<u>31 July</u>
	<u>2007</u>	<u>2006</u>
	<u>£'000</u>	<u>£'000</u>
UK and EU Higher Education Students	20,902	14,272
Non-EU Students	3,867	4,818
Total fees paid by or on behalf of individual students	24,769	19,090
NHS Workforce Development Confederation Contracts	11,475	10,377
Short Course Fees	14	47
Registration and Examination Fees	103	107
Education contracts	1,560	1,857
	<u>37,921</u>	<u>31,478</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2007 (continued)

3. RESEARCH GRANTS AND CONTRACTS

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2007</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>
Research councils	531	548
UK based charities	329	237
European commission	5	69
Other grants and contracts	799	917
Release from deferred capital grants (Note 20)	38	33
	<hr/> <u>1,702</u>	<hr/> <u>1,804</u>

4. OTHER INCOME

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2007</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>
Other grant income	2,143	2,253
Other income-generating activities	1,470	1,859
Catering and conferences	719	683
Release from deferred capital grants (Note 20)	651	631
Other income	2,632	2,309
	<hr/> <u>7,615</u>	<hr/> <u>7,735</u>

5. ENDOWMENT AND INVESTMENT INCOME

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2007</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>
Transferred from specific endowments (Note 21)	4	4
Pension finance income (Note 29)	-	37
Other interest receivable	1,957	1,843
	<hr/> <u>1,961</u>	<hr/> <u>1,884</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2007 (continued)

6. STAFF COSTS

Average number of persons employed by the Group

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2007</u> <u>Number</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>Number</u>
Teaching departments	1,064	1,030
Teaching support services	155	143
Administration and central services	186	179
Premises	155	140
Other	40	40
	<hr/> <u>1,600</u>	<hr/> <u>1,532</u>

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2007</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>
Staff costs for the above persons:		
Wages and salaries	50,026	45,246
Social security costs	3,997	3,614
Other pension costs (including FRS17 adjustments)	7,238	4,794
	<hr/> 61,261	<hr/> 53,654
Restructuring costs	477	149
	<hr/> <u>61,738</u>	<hr/> <u>53,803</u>

Emoluments of the Vice-Chancellor, Professor J R Tarrant (retired on 31.12.06) and Professor R A Cryan (appointed on 1.1.07)

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2007</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>
Salary	179	167
Benefits	18	12
Pension	22	17
	<hr/> 219	<hr/> 196

Senior post-holder emoluments

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

	<u>2007</u> <u>Number</u>	<u>2006</u> <u>Number</u>
£70,000 - £79,999	1	3
£80,000 - £89,999	6	4
£90,000 - £99,999	1	1
£100,000 - £110,000	1	-

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2007 (continued)

7. OTHER OPERATING EXPENSES

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2007</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>
Consumables and other equipment	8,366	8,491
Repairs and general maintenance	3,132	2,293
Franchise centre payments	2,443	2,443
Student bursaries	2,309	838
Hired lecturers and consultancy payments	1,865	1,736
Heat, light, water and power	1,297	1,235
Transport	1,264	1,121
Publicity	1,263	1,356
Books and periodicals	1,197	1,050
Grants to University of Huddersfield Students' Union	1,113	1,037
Staff development	1,023	950
Student related expenses	995	1,020
Subscriptions	695	582
Rents	691	559
Strategic maintenance	621	592
Other property costs	539	536
Professional charges	491	374
Staff recruitment	410	359
Insurance	369	330
Hired services	346	356
Telephones	317	347
Hire of plant and machinery - operating leases	307	343
Catering and conferences	288	321
Examination and registration fees	269	213
External temporary staff	184	157
Internal auditors remuneration	89	104
Recharged servicing costs	12	27
Bad debts provision	(30)	254
External auditors remuneration	44	40
External auditors remuneration in respect of non-audit services	35	8
Other expenses	1,363	1,322
	<u>33,307</u>	<u>30,394</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2007 (continued)

8. INTEREST AND FINANCE CHARGES PAYABLE

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2007</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u>
	<u>£'000</u>	<u>£'000</u>
On bank loans, overdrafts and other loans:		
Repayable within five years not by instalments	45	46
Repayable within five years by instalments	3,448	2,830
Repayable wholly or partly in more than five years	-	544
	<u>3,493</u>	<u>3,420</u>
Pension finance costs (Note 29)	78	-
	<u><u>3,571</u></u>	<u><u>3,420</u></u>

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

	<u>Staff</u> <u>Costs</u>	<u>Other</u> <u>Operating</u> <u>Expenses</u>	<u>Dep'n</u>	<u>Interest</u> <u>and</u> <u>Finance</u> <u>Charges</u> <u>Payable</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2007</u> <u>Total</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Academic departments	43,668	14,028	943	-	58,639	53,559
Academic services	3,951	3,329	218	-	7,498	6,936
Research grants and contracts	475	791	58	-	1,324	1,479
Catering and conferences	400	289	31	-	720	683
Premises	3,578	6,681	2,194	3,493	15,946	13,590
Administration and Central Services	8,295	6,472	127	78	14,972	12,295
Other expenses	895	1,717	-	-	2,612	2,547
	<u>61,262</u>	<u>33,307</u>	<u>3,571</u>	<u>3,571</u>	<u>101,711</u>	<u>91,089</u>
Staff restructuring	476	-	-	-	476	149
Total per income and expenditure account	<u><u>61,738</u></u>	<u><u>33,307</u></u>	<u><u>3,571</u></u>	<u><u>3,571</u></u>	<u><u>102,187</u></u>	<u><u>91,238</u></u>

10. SURPLUS FOR THE PERIOD

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2007</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>
University's surplus before deed of covenant payments from subsidiaries	75	981
Surplus from subsidiaries paid up by deed of covenant	100	238
(Loss)/profit in subsidiary undertakings	(86)	86
	<u>89</u>	<u>1,305</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2007 (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 2006	92,035	1,000	44	12,752	105,831
Additions	7,530	-	-	804	8,334
Disposals	(1,700)	-	-	(1,380)	(3,080)
At 31 July 2007	97,865	1,000	44	12,176	111,085
Depreciation					
At 1 August 2006	1,635	10	13	9,298	10,956
Charge for year	1,756	10	1	1,454	3,221
Impairment write-down	350	-	-	-	350
Eliminated in respect of disposals	-	-	-	(1,376)	(1,376)
At 31 July 2007	3,741	20	14	9,376	13,151
Net book value					
At 31 July 2007	94,124	980	30	2,800	97,934
Net book value At 1 August 2006	<u>90,400</u>	<u>990</u>	<u>31</u>	<u>3,454</u>	<u>94,875</u>
Financed by capital grant	12,300	-	-	2,040	14,340
Other	81,824	980	30	760	83,594
	<u>94,124</u>	<u>980</u>	<u>30</u>	<u>2,800</u>	<u>97,934</u>

Buildings with a cost or valuation of £52,836,000 and a net book value of £50,810,000 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 £3,986,000 (2006 : £3,231,000) being the cost of assets in the course of construction which have not yet been depreciated.

The impairment write-down relates to a redundant building which was demolished after 31 July 2007 and an adjustment to the market value of a building acquisition. Both write-downs were made following valuations by an independent chartered surveyor.

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2007 (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 2006	92,035	1,000	44	12,733	105,812
Additions	7,530	-	-	804	8,334
Disposals	(1,700)	-	-	(1,363)	(3,063)
At 31 July 2007	97,865	1,000	44	12,174	111,083
Depreciation					
At 1 August 2006	1,635	10	13	9,279	10,937
Charge for year	1,756	10	1	1,454	3,221
Impairment write-down	350	-	-	-	350
Eliminated in Respect of Disposals	-	-	-	(1,359)	(1,359)
At 31 July 2007	3,741	20	14	9,374	13,149
Net book value					
At 31 July 2007	94,124	980	30	2,800	97,934
Net Book Value					
At 1 August 2006	90,400	990	31	3,454	94,875
Financed by capital grant	12,300	-	-	2,040	14,340
Other	81,824	980	30	760	83,594
	94,124	980	30	2,800	97,934

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>2007</u> <u>£'000</u>	University <u>2007</u> <u>£'000</u>	Group <u>2006</u> <u>£'000</u>	University <u>2006</u> <u>£'000</u>
Subsidiary companies	-	50	-	50
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 2007 (continued)

Subsidiary Companies

At 31 July 2007 The University owned 100% of the issued share capital of The University of Huddersfield Enterprises Limited (UHEL), The University of Huddersfield Properties Limited (UHPL) and Wetlands & Natural Resources Development Limited (WNRDL). All the companies are registered in England and Wales and are included in the consolidated results. UHEL operates in the UK and its primary purpose is providing healthcare, professional pre- and post-registration training and education programmes in nursing, physiotherapy, midwifery, podiatry and occupational therapy. UHPL and WNRDL are dormant. BioScrubb Limited was dissolved on 11 October 2006.

Associate Companies

The University has a 25% interest in 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>2007</u> <u>£'000</u>
Balance at 1 August 2006	273
Additions	<u>11</u>
Balance at 31 July 2007	<u><u>284</u></u>
Represented by:	
Cash balances	<u><u>284</u></u>

14. DEBTORS

	Group <u>2007</u>	University <u>2007</u>	Group <u>2006</u>	University <u>2006</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Amounts falling due within one year:				
Debtors	3,454	1,685	4,336	2,073
Amounts owed by subsidiary undertakings	-	517	-	3,041
Prepayments and accrued income	<u>11,444</u>	<u>12,785</u>	<u>11,511</u>	<u>10,761</u>
	14,898	14,987	15,847	15,875
Amounts falling due after more than one year:				
Debtors	<u>-</u>	<u>-</u>	<u>300</u>	<u>300</u>
	<u><u>14,898</u></u>	<u><u>14,987</u></u>	<u><u>16,147</u></u>	<u><u>16,175</u></u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2007 (continued)

15. CASH AT BANK AND IN HAND

Group

Cash balances are made up as follows:

	<u>2007</u> <u>£'000</u>	<u>2006</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	16,120	14,554
	<u>32,552</u>	<u>30,986</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u> <u>2007</u> <u>£'000</u>	<u>University</u> <u>2007</u> <u>£'000</u>	<u>Group</u> <u>2006</u> <u>£'000</u>	<u>University</u> <u>2006</u> <u>£'000</u>
Bank loans	19,716	19,716	367	367
Payments received in advance	3,739	3,647	3,761	3,719
Trade creditors	1,830	1,823	2,415	2,413
Other taxation and social security	513	513	505	505
Accruals	7,742	7,723	7,943	7,903
Other creditors	52	52	60	60
	<u>33,592</u>	<u>33,474</u>	<u>15,051</u>	<u>14,967</u>

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

Group and University

	<u>2007</u> <u>£'000</u>	<u>2006</u> <u>£'000</u>
Liability to Deutsche Bank at 1 August (see note below)	17,669	16,193
Provision for repayment of Deutsche Bank loan for year to 31 July	1,680	1,476
Transfer to creditors falling due within one year	(19,349)	-
Deutsche Bank loan at 31 July	-	17,669
Mortgages secured on property	7,292	7,658
	<u>7,292</u>	<u>25,327</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2007 (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 on 12 February 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 2007 at £19.3m (2006 : £17.7m). The total amount to be repaid in 2008 will be £20.4m. Because the repayment date is now within 12 months of the year end the loan has been reclassified as falling due within one year.

Between now and the repayment date 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 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 the repayment date are protected in the event of default.

18. BORROWINGS
Group and University

	<u>2007</u> <u>£'000</u>	<u>2006</u> <u>£'000</u>
Bank loans and overdrafts are repayable:		
In one year or less	19,716	367
Between one and two years	367	18,036
Between two and five years	1,851	1,601
In five years or more	5,074	5,690
	<u>27,008</u>	<u>25,694</u>

Bank loans of £7.659m are repayable by instalments falling due between 1 August 2007 and 30 April 2030.

A fixed term loan of £19.349m (see Note 17) is repayable on maturity in February 2008.

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2007 (continued)

19. PROVISIONS FOR LIABILITIES AND CHARGES
Group and University

	<u>Enhanced Pensions £'000</u>	<u>Total £'000</u>
At 1 August 2006	311	311
Transferred to income and expenditure account	-	-
At 31 July 2007	<u>311</u>	<u>311</u>

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 £'000</u>	<u>Other Grants £'000</u>	<u>Total £'000</u>
At 1 August 2006			
Land and buildings	9,087	1,403	10,490
Equipment	2,036	110	2,146
	<u>11,123</u>	<u>1,513</u>	<u>12,636</u>
Cash received			
Land and buildings	2,128	1,027	3,155
Equipment	1,725	70	1,795
Released to income and expenditure account			
Land and buildings (Notes 1 and 4)	(710)	(635)	(1,345)
Equipment (Notes 1 and 3)	(1,847)	(54)	(1,901)
At 31 July 2007			
Land and buildings	10,505	1,795	12,300
Equipment	1,914	126	2,040
Total	<u>12,419</u>	<u>1,921</u>	<u>14,340</u>

21. SPECIFIC ENDOWMENTS
Group and University

	<u>£'000</u>
At 1 August 2006	273
Additions	3
Income for year	12
Transferred to income and expenditure account (Note 5)	(4)
At 31 July 2007	<u>284</u>
Representing:	
Prize funds	226
Chemical sciences special fund	58
	<u>284</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2007 (continued)

22. REVALUATION RESERVE

Group and University

	<u>2007</u> <u>£'000</u>	<u>2006</u> <u>£'000</u>
At 1 August	42,525	43,519
Revaluation in the year	-	377
Transfer from revaluation reserve to general reserve in respect of:		
Disposals	(1,700)	-
Depreciation of revalued assets	(830)	(806)
Previously recognised revaluation gains	-	(565)
	<hr/>	<hr/>
At 31 July	<u>39,995</u>	<u>42,525</u>

23. MOVEMENT ON GENERAL RESERVES

	<u>Group</u> <u>2007</u> <u>£'000</u>	<u>University</u> <u>2007</u> <u>£'000</u>	<u>Group</u> <u>2006</u> <u>£'000</u>	<u>University</u> <u>2006</u> <u>£'000</u>
Income and Expenditure Account Reserve				
At 1 August	33,458	33,586	31,466	31,680
Surplus retained for the year	89	175	1,305	1,219
Transfer from revaluation reserve	830	830	806	806
Previously recognised revaluation gains	-	-	565	565
Realised revaluation gain on disposal of property	1,700	1,700	-	-
Actuarial gain/(loss) in respect of pension scheme	3,961	3,961	(684)	(684)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July	<u>40,038</u>	<u>40,252</u>	<u>33,458</u>	<u>33,586</u>
Balance represented by:				
Pension reserve	(13,559)	(13,559)	(16,261)	(16,261)
Income and expenditure account reserve excluding pension reserve	<hr/>	<hr/>	<hr/>	<hr/>
	53,597	53,811	49,719	49,847
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July	<u>40,038</u>	<u>40,252</u>	<u>33,458</u>	<u>33,586</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2007 (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>2007</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u>
	<u>£'000</u>	<u>£'000</u>
Surplus after depreciation of assets at valuation	89	1,305
Depreciation and impairment	3,571	3,621
Deferred capital grants released to income (Notes 1, 3 & 4)	(3,246)	(4,479)
VAT recovery in revaluation reserve	-	197
Pension costs less contributions payable	1,259	(423)
Loss on disposal of tangible assets	-	14
Interest payable (Note 8)	3,571	3,420
Decrease in stocks	107	8
Decrease/(increase) in debtors	1,904	(62)
Decrease in creditors	(2,535)	(4,554)
Decrease in provisions	-	(3)
Increase in current asset investments	(289)	(1,105)
Interest receivable (Note 5)	(1,957)	(1,884)
Net cash inflow/(outflow) from operating activities	2,474	(3,945)

25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2007</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>
Income from endowments	4	4
Pension finance income	-	37
Other interest received	1,298	1,120
Interest paid	(1,844)	(1,880)
Net cash outflow from returns on investments and servicing of finance	(542)	(719)

26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2007</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>
Purchase of tangible fixed assets	(8,334)	(5,833)
Sales of tangible fixed assets	1,704	8
Deferred capital grants received	4,950	6,856
Movement on endowments	11	8
Net cash (outflow)/inflow from capital expenditure and financial investment	(1,669)	1,039

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2007 (continued)

27. FINANCING

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2007</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2006</u> <u>£'000</u>
Additions to new and existing loans	1,681	1,476
Repayment of amounts borrowed	(367)	(367)
	<hr/>	<hr/>
Net cash inflow from financing	1,314	1,109
	<hr/> <hr/>	<hr/> <hr/>

28. ANALYSIS OF CHANGES IN NET FUNDS/DEBT

	<u>At 1 August 2006</u> <u>£'000</u>	<u>Cashflows</u> <u>£'000</u>	<u>Other</u> <u>Changes</u> <u>£'000</u>	<u>At 31 July 2007</u> <u>£'000</u>
Cash in hand and at bank	30,986	1,566	-	32,552
Endowment asset investments	273	11	-	284
	<hr/>	<hr/>	<hr/>	<hr/>
	31,259	1,577	-	32,836
Current asset investments	3,422	-	289	3,711
Debt due within 1 year	(367)	367	(19,716)	(19,716)
Debt due after 1 year	(25,327)	(1,681)	19,716	(7,292)
	<hr/>	<hr/>	<hr/>	<hr/>
	8,987	263	289	9,539
	<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 £7,238,000 (2006 : £4,794,000).

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 2007 (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 2004
Actuarial method	Prospective benefits
Investment return per annum	6.5%
Salary scale increases per annum	4.5%
Notional value of assets at date of last valuation	£163.2 billion
Proportion of members' accrued benefits covered by the notional value of the assets	98%

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

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 2007 (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 2007 was £3,316,000 of which employer's contributions totalled £2,229,000 and employees' contributions totalled £1,087,000. The latest agreed contribution rates for future years are 12.9% 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 2007 by a qualified independent actuary.

	<u>Year Ended</u> <u>31 July 2007</u>	<u>Year Ended</u> <u>31 July 2006</u>	<u>Year Ended</u> <u>31 July 2005</u>
Actuarial assumptions			
Rate of inflation	3.2%	3.0%	2.7%
Rate of increase in salaries	5.0%	4.8%	4.5%
Rate of increase for pensions	3.2%	3.0%	2.7%
Discount rate for liabilities	5.8%	5.1%	5.0%

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

	<u>2007</u>		<u>2006</u>		<u>2005</u>	
	<u>Long term</u> <u>rate of</u> <u>return</u> <u>expected at</u> <u>31 July</u> <u>2007</u>	<u>Value at</u> <u>31 July</u> <u>2007</u> <u>£m</u>	<u>Long term</u> <u>rate of</u> <u>return</u> <u>expected at</u> <u>31 July</u> <u>2006</u>	<u>Value at</u> <u>31 July</u> <u>2006</u> <u>£m</u>	<u>Long term</u> <u>rate of</u> <u>return</u> <u>expected at</u> <u>31 July</u> <u>2005</u>	<u>Value at</u> <u>31 July</u> <u>2005</u> <u>£m</u>
Equities	7.5%	5,620	7.0%	4,773	7.5%	4,061
Government Bonds	4.9%	608	4.4%	462	4.4%	539
Other Bonds	5.8%	296	5.1%	273	5.0%	148
Property	6.5%	395	6.0%	345	6.5%	291
Cash	5.8%	273	4.5%	404	4.7%	390
Other	7.5%	402	7.0%	254	7.5%	66
Total market value of assets		<u>7,594</u>		<u>6,511</u>		<u>5,495</u>

	<u>Year Ended</u> <u>31 July 2007</u> <u>£'000</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>
University's estimated asset share	66,387	57,156	47,989
Present value of scheme liabilities	(79,946)	(73,417)	(63,989)
Deficit in scheme	<u>(13,559)</u>	<u>(16,261)</u>	<u>(16,000)</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2007 (continued)

	<u>Year Ended</u> <u>31 July 2007</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2006</u> <u>£'000</u>
Analysis of the amount charged to the income and expenditure account:		
Employer service cost (net of employee contributions)	(1,069)	(959)
Past service (cost)/gain	(112)	1,345
Total operating (charge)/credit	<u>(1,181)</u>	<u>386</u>

	<u>Year Ended</u> <u>31 July 2007</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2006</u> <u>£'000</u>
Analysis of pension finance (costs)/income:		
Expected return on pension scheme assets	3,746	3,308
Interest on pension liabilities	(3,824)	(3,271)
Pension finance (costs)/income	<u>(78)</u>	<u>37</u>

	<u>Year Ended</u> <u>31 July 2007</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2006</u> <u>£'000</u>
Amount recognised in the statement of total recognised gains and losses (STRGL):		
Actual return less expected return on pension scheme assets	3,423	3,969
Experience losses arising on the scheme liabilities	-	(1,976)
Change in financial and demographic assumptions underlying the scheme liabilities	538	(2,677)
Actuarial gain/(loss) recognised in STRGL	<u>3,961</u>	<u>(684)</u>

	<u>Year Ended</u> <u>31 July 2007</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2006</u> <u>£'000</u>
Movement in deficit in the year:		
Deficit in scheme at 1 August	(16,261)	(16,000)
Movement in year:		
Current service cost	(3,400)	(2,879)
Contributions	2,331	1,920
Past service/curtailment (cost)/gain	(112)	1,345
Net (loss)/return on assets	(78)	37
Actuarial gain/(loss)	3,961	(684)
Deficit in scheme at 31 July	<u>(13,559)</u>	<u>(16,261)</u>

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History of experience gains and losses

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Difference between the expected and actual return on assets:					
Amount £000	3,423	3,969	5,884	1,034	(678)
% of scheme assets	5	7	12	3	2
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	3,961	(684)	(3,574)	87	(4,751)
% of scheme liabilities	5	1	6	-	11

Total pension cost for the Group

	<u>Year Ended</u> <u>31 July 2007</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2006</u> <u>£'000</u>
Contributions to TPS	3,686	3,175
Contributions to WYPF	3,410	1,498
Contributions to USS	142	121
Total pension cost (Note 6)	<u>7,238</u>	<u>4,794</u>

30. POST BALANCE SHEET EVENTS

There have been no post balance sheet events.

31. CAPITAL COMMITMENTS

Group and University

	<u>2007</u> <u>£'000</u>	<u>2006</u> <u>£'000</u>
Commitments contracted for at 31 July	<u>9,159</u>	<u>809</u>

32. FINANCIAL COMMITMENTS

Group and University

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

	<u>2007</u> <u>£'000</u>	<u>2006</u> <u>£'000</u>
Fixtures, fittings and general equipment		
Expiring within one year	66	258
Expiring between two and five years inclusive	-	-
Expiring in more than five years	-	-
	<u>66</u>	<u>258</u>

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For the Year ended 31 July 2007 (continued)

33. 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.

34. ACCESS FUNDS

	<u>31 July 2007</u> <u>£'000</u>	<u>31 July 2006</u> <u>£'000</u>
Balance at 1 August	29	66
HEFCE grants	1,079	1,090
Interest earned	18	16
	<hr/>	<hr/>
	1,126	1,172
Disbursed to students	(1,098)	(1,143)
	<hr/>	<hr/>
Balance unspent at 31 July	28	29

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

35. TRAINING BURSARIES

	<u>Year Ended</u> <u>31 July 2007</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2006</u> <u>£'000</u>
HEFCE, Teacher Training Agency and Yorkshire Forward grants	2,443	2,341
Disbursed to students	(2,443)	(2,341)
	<hr/>	<hr/>
	-	-

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