

THE UNIVERSITY OF HUDDERSFIELD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JULY 2005

THE UNIVERSITY OF HUDDERSFIELD
FINANCIAL STATEMENTS
For the Year ended 31 July 2005

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THE UNIVERSITY OF HUDDERSFIELD
REPORT OF THE UNIVERSITY COUNCIL

The Council of the University of Huddersfield hereby submits its sixteenth annual report together with the audited financial statements for the year to 31 July 2005.

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.

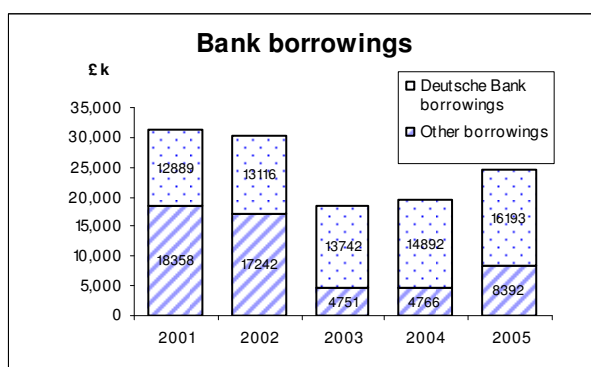
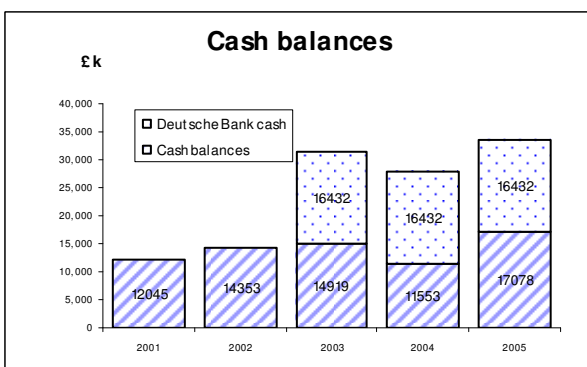
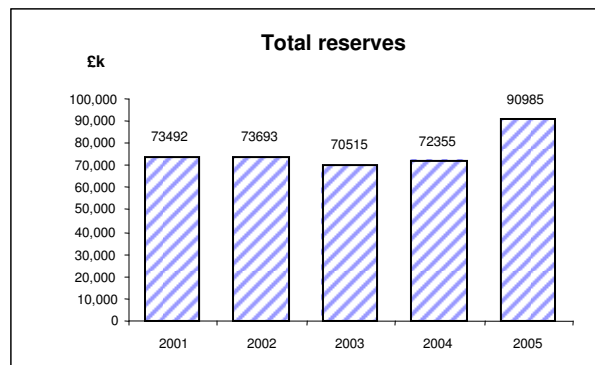
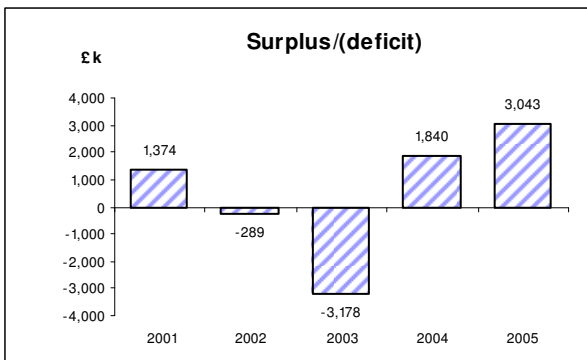
The Vice-Chancellor is the Chief Executive of the University.

SCOPE OF THE FINANCIAL STATEMENTS

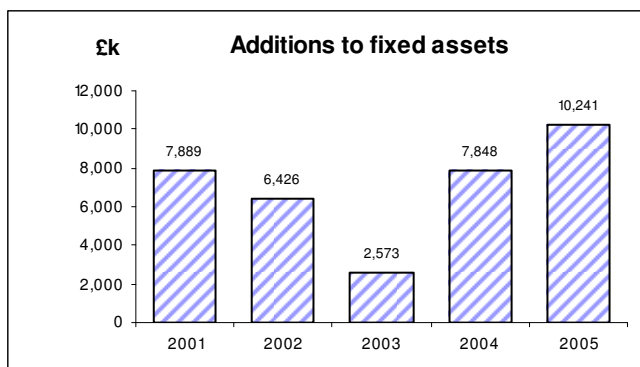
The Financial Statements comprise the consolidated results for the University and its subsidiary undertakings which are detailed in Note 12 on page 25. The principal wholly owned subsidiary is The University of Huddersfield Enterprises Limited, which has continued to trade satisfactorily during the year. 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 gift aid 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>2005</u> £'000	<u>2004</u> £'000
Income	81,475	80,315
Expenditure	<u>79,898</u>	<u>78,475</u>
Surplus after depreciation of tangible fixed assets at valuation and before tax	1,577	1,840
Profit on disposal of fixed assets	<u>1,466</u>	-
Surplus after depreciation of assets at valuation, disposal of assets and before and after taxation	3,043	1,840
Transfers from revaluation reserve	<u>3,588</u>	<u>894</u>
Historical cost surplus for the year	<u><u>6,631</u></u>	<u><u>2,734</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 16,841 to 17,296; the full time equivalent increased from 11,271 to 11,976.

Total income increased by 1.4% to £81.5m with growth in most areas including 4.1% in HEFCE teaching and capital grants (excluding prior year adjustments).

Total expenditure increased by 1.8% to £79.9m. This included an increase of 0.9% in payroll costs (excluding restructuring costs) and staffing expenditure as a percentage of total income fell from 56.8% in 2004 to 56.5% in 2005. Other operating expenses increased by 6.0% due largely to an increase in repairs, general and strategic maintenance costs of £1.3m.

Capital Investment

Over 75% of the total capital spend of £10.2m in the year was invested in the University's estate, principally into a major refurbishment of the Milton building for the Drama department and new buildings for the department of Media Studies and for the Students' Union. 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)**

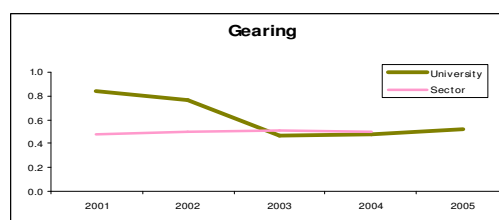
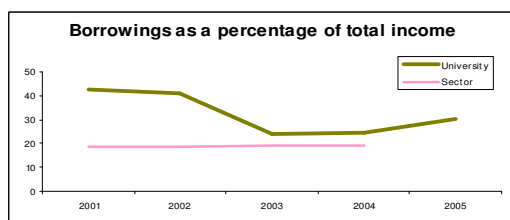
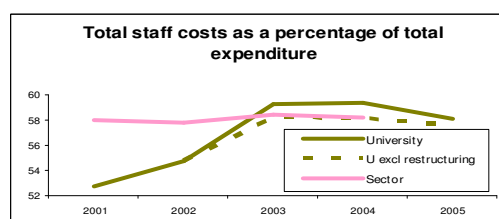
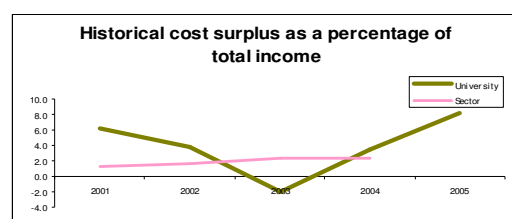
Cash Flow

The consolidated cashflow statement shows an increase in cash balances for the year of £5.5m. This was largely the result of disposals of fixed assets and mortgage loans acquired for investment in the estate.

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 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 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.

ACCOUNTING POLICIES

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

PAYMENT OF CREDITORS

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

¹ Source : HEFCE Financial Management Statistics 2003/04. At the date of publication of these Financial Statements there were no sector figures available for 2004/05.

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

MISSION

The University of Huddersfield will offer high quality learning, enriched by research and engagement with our business and cultural communities, to all who can benefit.

The University is a teaching and learning led institution that places students' needs first. Teaching is within the distinctive context of excellent facilities where students are taught by academic staff who are active scholars and add value to the learning process through their links with industry, business and the community. Those links may involve research or reach-out. The former is concerned with generating knowledge whilst the latter is focused on the transfer of knowledge and technology, contributing to cultural richness and supporting the maintenance of professional standards.

By widening access the University intends to make a significant contribution to achievement of the government's target of fifty per cent of young people between 18 and 30 participating in higher education by the end of the decade. Access will be increased by providing opportunities within areas where participation is low. Taking education to students will become as important as bringing students to education.

High Quality Teaching and Learning

The University's prime focus is on teaching and learning. Implementation of the teaching and learning strategy will ensure students become competent in their chosen discipline, develop their intellectual capabilities and personal aspirations, are encouraged to be responsible and questioning members of society and develop a commitment to lifelong learning. Alongside discipline-based learning the emphasis in all programmes will be to develop a portfolio of skills for employment.

Research and Reach-out - the Essential Vitalisers of Teaching

Research and reach-out activities will be encouraged to develop and sustain a committed and dynamic university community, primarily focused on excellence in teaching. Involvement in research and reach-out will attract and retain the best staff, provide opportunities for them to remain professionally engaged and up to date, create opportunities for graduate study, disseminate knowledge for the benefit of society, produce case study material for the undergraduate curriculum and provide project and placement opportunities for students. Collaboration with universities and other organisations will be encouraged where it assists the University in achieving its objectives. Research and reach-out will be school and service specific and reflect their aims, objectives and expertise.

Financial Security - a Pre-requisite for Teaching Excellence

A secure financial position is essential for the University's continued academic excellence. All aspects of the financial strategy will be directed at maximising the investment of human and physical resources devoted to teaching and learning. The University's success in recruiting and retaining students depends on this investment. To enrich teaching and learning, in addition to providing funds for investment, the University will diversify its sources of income and its student population.

The Estates Strategy - Providing High Quality Accommodation for Teaching and Learning

The aim of the estates strategy is to develop and maintain the best possible teaching and learning environment for students and staff. The University will complete the process of concentration of its current teaching and learning facilities on the single campus at Queensgate. Future success in widening access to higher education depends on providing opportunities within areas where participation is low. Taking education to students will become as important as bringing students to education. In partnership with further education colleges and with employers, the University will implement policies to provide higher education close to the students' homes.

Human Resources - the Key to Success

As with financial and physical resources the University's human capital will be focused on providing an excellent student learning experience. This will be the priority in recruitment, professional development, promotion and reward schemes for all staff. Where staff are engaged in research and reach-out activity the human resources emphasis will be on establishing and taking advantage of the links between that activity and the student learning experience.

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 2005 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 (e.g. for strategic planning, financial and resource management) 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

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

- decisions, the risks associated with them and the proposed management approach. Systems have been established to more explicitly report risk to Council 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 2004 which was reported on 21 April 2005 (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.

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

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 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.

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

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 15 December 2005.

MR C J BROWN
Chairman
15 December 2005

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

We have audited the financial statements on pages 12 to 39, which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out on pages 12 to 14.

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 University Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University Council for our audit work, for this report or for the opinions we have formed.

Respective Responsibilities of the University Council and Auditors

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

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

We also report to you if, 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, the accounting records do not agree with the financial statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Report of the University Council (including the corporate governance statement), and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

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

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

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

Opinion

In our opinion:

- a. the financial statements give a true and fair view of the state of affairs of the University and the Group at 31 July 2005 and of the surplus of income over expenditure and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions;
- b. in all material respects income for the year ended 31 July 2005 from the Higher Education Funding Council for England, the Learning and Skills Council and the Teacher Training Agency, grants and income for specific purposes and from other restricted funds administered by the University have been applied for the purposes for which they were received;
- c. in all material respects income for the year ended 31 July 2005 has been applied in accordance with the University's Instrument and Articles of Government, Financial Regulations and, where appropriate, with the Financial Memoranda dated August 2000 and October 2003 with the Higher Education Funding Council for England and the Terms and Conditions of Funding with the Learning and Skills Council and the Teacher Training Agency.

KPMG LLP
Chartered Accountants
and Registered Auditors
Leeds

15 December 2005

The maintenance and integrity of the University of Huddersfield web site is the responsibility of the Council; the work carried out by KPMG in relation to the Financial Statements does not involve consideration of these matters and, accordingly, KPMG accept no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on this web site.

THE UNIVERSITY OF HUDDERSFIELD
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

Basis of accounting

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

Basis of consolidation

The consolidated financial statements 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.

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 schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. Variations from regular costs are spread over the expected average remaining working lifetime of members of the schemes after making allowances for further withdrawals. The contributions are determined by qualified actuaries using the aggregate method on the basis of triennial valuations for the WYPF and on the basis of quinquennial valuations for the TPS.

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

Tangible fixed assets

a. Land and buildings

The University's land and buildings are stated at cost or valuation. The University adopts a revaluation policy in relation to freehold and long leasehold land and buildings 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 £5,000 (2004: £4,000) 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.

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

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

Stocks

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

Taxation

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

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

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

Liquid resources

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

Provisions

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

THE UNIVERSITY OF HUDDERSFIELD
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the Year ended 31 July 2005

	<u>Note</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>
INCOME			
Funding council grants	1	41,301	38,876
Tuition fees and education contracts	2	18,353	17,868
Research grants and contracts	3	1,793	1,908
Other income	4	18,174	20,207
Endowment and investment income	5	1,854	1,456
		<hr/>	<hr/>
Total Income		81,475	80,315
EXPENDITURE			
Staff costs	6	46,013	45,593
Staff restructuring	6	380	1,002
Other operating expenses	7	26,705	25,200
Depreciation	11	3,684	3,883
Interest and finance charges payable	8	3,116	2,797
		<hr/>	<hr/>
Total Expenditure	9	79,898	78,475
Surplus after depreciation of tangible fixed assets at valuation and before taxation		1,577	1,840
Profit on disposal of fixed assets		1,466	-
		<hr/>	<hr/>
Surplus after depreciation of tangible fixed assets at valuation and disposal of assets but before taxation	10	3,043	1,840
Taxation		-	-
		<hr/>	<hr/>
Surplus after depreciation of tangible fixed assets at valuation, disposal of assets and taxation	10	3,043	1,840

The income and expenditure account for the year ended 31 July 2005 is in respect of continuing activities.

THE UNIVERSITY OF HUDDERSFIELD
CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
For the Year ended 31 July 2005

	<u>Note</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>
Surplus before and after taxation		3,043	1,840
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	24	556	894
Realisation of property revaluation gains of previous years	24	3,032	-
Historical cost surplus for the period before and after taxation		<u>6,631</u>	<u>2,734</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2005

	<u>Note</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>
Surplus after depreciation of assets at valuation, disposal of assets and taxation		3,043	1,840
Unrealised surplus on revaluation of fixed assets	11	15,587	-
Movement on endowments	22	11	4
Total recognised gains and losses relating to the year		<u>18,641</u>	<u>1,844</u>

RECONCILIATION OF MOVEMENTS ON RESERVES AND ENDOWMENTS

		<u>2005</u> <u>£'000</u>	<u>2004</u> <u>£'000</u>
Reserves and endowments at 1 August	13	72,609	70,765
Total recognised gains and losses for the year		<u>18,641</u>	<u>1,844</u>
Reserves and endowments at 31 July		<u>91,250</u>	<u>72,609</u>

THE UNIVERSITY OF HUDDERSFIELD
BALANCE SHEETS
As at 31 July 2005

	Note	Group 2005 £'000	University 2005 £'000	Group 2004 £'000	University 2004 £'000
FIXED ASSETS					
Tangible assets	11	92,505	92,505	73,755	73,752
Investments	12	32	82	32	82
		<u>92,537</u>	<u>92,587</u>	<u>73,787</u>	<u>73,834</u>
ENDOWMENT ASSET INVESTMENTS	13	<u>265</u>	<u>265</u>	<u>254</u>	<u>254</u>
CURRENT ASSETS					
Stocks and stores in hand		115	109	121	115
Debtors	14	16,051	13,892	13,731	12,891
Investments	15	2,317	2,317	2,018	2,018
Cash at bank and in hand	16	33,510	33,485	27,985	27,979
		<u>51,993</u>	<u>49,803</u>	<u>43,855</u>	<u>43,003</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	17	<u>(18,754)</u>	<u>(16,400)</u>	<u>(17,132)</u>	<u>(16,221)</u>
NET CURRENT ASSETS		<u>33,239</u>	<u>33,403</u>	<u>26,723</u>	<u>26,782</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>126,041</u>	<u>126,255</u>	<u>100,764</u>	<u>100,870</u>
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	18	<u>(24,218)</u>	<u>(24,218)</u>	<u>(19,284)</u>	<u>(19,284)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	20	<u>(314)</u>	<u>(314)</u>	<u>(300)</u>	<u>(300)</u>
NET ASSETS		<u>101,509</u>	<u>101,723</u>	<u>81,180</u>	<u>81,286</u>
Represented by:					
DEFERRED CAPITAL GRANTS	21	<u>10,259</u>	<u>10,259</u>	<u>8,571</u>	<u>8,571</u>
SPECIFIC ENDOWMENTS	22	<u>265</u>	<u>265</u>	<u>254</u>	<u>254</u>
RESERVES					
Revaluation reserve	23	43,519	43,519	31,520	31,520
Income and expenditure account	24	47,466	47,680	40,835	40,941
TOTAL RESERVES		<u>90,985</u>	<u>91,199</u>	<u>72,355</u>	<u>72,461</u>
TOTAL FUNDS		<u>101,509</u>	<u>101,723</u>	<u>81,180</u>	<u>81,286</u>

The financial statements on pages 12 to 39 were approved by the University Council on 15 December 2005 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 2005

		<u>Year Ended</u> <u>31 July</u> <u>2005</u>	<u>Year Ended</u> <u>31 July</u> <u>2004</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
Cash flow from operating activities	25	3,493	(138)
Returns on investments and servicing of finance	26	(904)	(983)
Capital expenditure and financial investment	27	(1,980)	(4,032)
Financing	28	4,927	1,791
		<hr/>	<hr/>
Increase/(decrease) in cash in the year	29	5,536	(3,362)
		<hr/> <hr/>	<hr/> <hr/>

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

		<u>Year Ended</u> <u>31 July</u> <u>2005</u>	<u>Year Ended</u> <u>31 July</u> <u>2004</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
Increase/(decrease) in cash in the year	29	5,536	(3,362)
Increase in liquid resources		299	94
Increase in debt		(4,927)	(1,791)
		<hr/>	<hr/>
Movement in net funds in the year		908	(5,059)
Net funds at 1 August		10,599	15,658
		<hr/>	<hr/>
Net funds at 31 July	29	11,507	10,599
		<hr/> <hr/>	<hr/> <hr/>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

1. FUNDING COUNCIL GRANTS

	<u>Year Ended 31 July 2005</u>				<u>Year</u>
	<u>HEFCE</u>	<u>TTA</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>2004</u>
					<u>£'000</u>
Recurrent grant	36,002	989	40	37,031	33,249
Adjustment relating to previous years	833	-	-	833	-
	36,835	989	40	37,864	33,249
Specific grants:					
Rewarding and developing staff	455	-	-	455	1,270
HEROBC/HEIF Funding	415	-	-	415	503
Learning and Teaching Strategy	270	-	-	270	186
Development of teaching and learning	115	-	-	115	50
Widening Disabled Access	82	-	-	82	38
Restructuring and collaboration funds	80	-	-	80	319
Active community funding	78	-	-	78	117
INSET	-	31	-	31	36
Teachers' pensions	-	-	-	-	899
Foundation for success	-	-	-	-	95
Other	171	51	130	352	541
Deferred capital grants released in the year:					
Buildings (Note 21)	143	-	-	143	132
Equipment (Note 21)	1,416	-	-	1,416	1,441
	40,060	1,071	170	41,301	38,876

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>2005</u>	<u>2004</u>
	<u>£'000</u>	<u>£'000</u>
UK and EU Higher Education Students	12,377	12,058
Non-EU Students	4,027	3,366
Total fees paid by or on behalf of individual students	16,404	15,424
Short Course Fees	52	205
Registration and Examination Fees	86	103
Education contracts	1,811	2,136
	18,353	17,868

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

3. RESEARCH GRANTS AND CONTRACTS

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2004</u> <u>£'000</u>
Research councils	517	781
UK based charities	210	203
European commission	205	186
Other grants and contracts	819	678
Release from deferred capital grants (Note 21)	42	60
	<hr/> 1,793	<hr/> 1,908

4. OTHER INCOME

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2004</u> <u>£'000</u>
Health authorities	10,651	9,952
Catering and conferences	678	599
Other income-generating activities	1,666	3,004
Other grant income	2,803	2,241
Discretionary Trust income		
- accrued service charges	(79)	765
- over provision of VAT	-	709
Release of performance bond	-	841
Release from deferred capital grants (Note 21)	101	74
Other income	2,354	2,022
	<hr/> 18,174	<hr/> 20,207

5. ENDOWMENT AND INVESTMENT INCOME

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2004</u> <u>£'000</u>
Transferred from specific endowments (Note 22)	4	3
Other interest receivable	1,850	1,453
	<hr/> 1,854	<hr/> 1,456

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

6. STAFF COSTS

Average number of persons employed by the Group

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>Number</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2004</u> <u>Number</u>
Teaching departments	891	902
Teaching support services	135	130
Administration and central services	160	156
Premises	131	138
Other	51	65
	<hr/> <u>1,368</u>	<hr/> <u>1,391</u>

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2004</u> <u>£'000</u>
Staff costs for the above persons:		
Wages and salaries	38,565	38,349
Social security costs	3,131	3,041
Other pension costs (Note 30)	4,317	4,203
	<hr/> 46,013	<hr/> 45,593
Exceptional restructuring costs	380	1,002
	<hr/> <u>46,393</u>	<hr/> <u>46,595</u>

Emoluments of the Vice-Chancellor, Professor J R Tarrant

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2004</u> <u>£'000</u>
Salary	151	147
Benefits	13	12
Pension	14	14
	<hr/> 178	<hr/> 173

Senior post-holder emoluments

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

	<u>2005</u> <u>Number</u>	<u>2004</u> <u>Number</u>
£70,000 - £79,999	5	4
£80,000 - £89,999	3	5
£90,000 - £99,999	2	1

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

7. OTHER OPERATING EXPENSES

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2004</u> <u>£'000</u>
Consumables and laboratory expenditure	5,123	5,038
Repairs and general maintenance	2,752	2,006
Franchise centre payments	2,357	2,060
Hired lecturers and consultancy payments	1,753	1,893
Strategic maintenance	1,297	714
Publicity	1,125	955
Books and periodicals	1,042	1,004
Student related expenses	975	925
Transport	931	921
Heat, light, water and power	851	688
Grants to University of Huddersfield Student Union	813	631
Student bursaries	763	708
Staff development	720	860
Subscriptions	646	525
Professional charges	622	478
Other property costs	513	615
Hired services	447	229
Catering and conferences	336	261
Staff recruitment	332	328
Hire of plant and machinery - operating leases	328	305
Insurance	305	272
Examination and registration fees	264	302
Rents	255	1,251
Telephones	253	295
Bad debts provision	153	(42)
Recharged servicing costs	143	430
External temporary staff	119	218
Internal auditors remuneration	86	83
External auditors remuneration	32	33
External auditors remuneration in respect of non-audit services	32	112
Other expenses	1,337	1,102
	<u>26,705</u>	<u>25,200</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

8. INTEREST AND FINANCE CHARGES PAYABLE

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2004</u> <u>£'000</u>
On bank loans, overdrafts and other loans:		
Repayable within five years not by instalments	36	40
Repayable within five years by instalments	2,600	2,451
Repayable wholly or partly in more than five years	480	306
	<hr/>	<hr/>
	3,116	2,797
	<hr/> <hr/>	<hr/> <hr/>

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

	<u>Staff</u> <u>Costs</u> <u>£'000</u>	<u>Other</u> <u>Operating</u> <u>Expenses</u> <u>£'000</u>	<u>Dep'n</u> <u>£'000</u>	<u>Interest</u> <u>and</u> <u>Finance</u> <u>Charges</u> <u>Payable</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>Total</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2004</u> <u>Total</u> <u>£'000</u>
Academic departments	32,397	9,407	1,183	-	42,987	41,968
Academic services	3,154	2,565	601	-	6,320	6,057
Research grants and contracts	561	936	103	-	1,600	1,532
Catering and conferences	312	384	41	-	737	626
Premises	2,772	5,990	1,531	3,116	13,409	12,752
Administration and Central Services	5,848	4,722	222	-	10,792	10,544
Other expenses	969	2,701	3	-	3,673	3,994
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	46,013	26,705	3,684	3,116	79,518	77,473
Staff restructuring	380	-	-	-	380	1,002
Total per income and expenditure account	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	46,393	26,705	3,684	3,116	79,898	78,475
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

10. SURPLUS FOR THE PERIOD

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2004</u> <u>£'000</u>
University's surplus before gift aid payments from subsidiaries	3,065	1,817
(Loss)/profit in subsidiary undertakings	(22)	23
	<hr/>	<hr/>
	3,043	1,840
	<hr/> <hr/>	<hr/> <hr/>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (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 2004	73,953	523	44	14,924	89,444
Additions	7,747	-	-	2,494	10,241
Revaluation	9,161	477	-	-	9,638
Disposals	(3,742)	-	-	(1,497)	(5,239)
At 31 July 2005	87,119	1,000	44	15,921	104,084
Depreciation					
At 1 August 2004	4,832	29	11	10,817	15,689
Charge for year	1,436	8	1	2,239	3,684
Revaluation	(5,912)	(37)	-	-	(5,949)
Eliminated in respect of disposals	(356)	-	-	(1,489)	(1,845)
At 31 July 2005	-	-	12	11,567	11,579
Net book value					
At 31 July 2005	87,119	1,000	32	4,354	92,505
Net book value At 1 August 2004	<u>69,121</u>	<u>494</u>	<u>33</u>	<u>4,107</u>	<u>73,755</u>
Financed by capital grant	7,738	-	-	2,521	10,259
Other	79,381	1,000	32	1,833	82,246
	<u>87,119</u>	<u>1,000</u>	<u>32</u>	<u>4,354</u>	<u>92,505</u>

Buildings with a cost or valuation of £48,460,000 and a net book value of £48,460,000 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 £604,000 (2004 : £4,725,000) 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 2005 (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 2004	73,953	523	44	14,880	89,400
Additions	7,747	-	-	2,494	10,241
Revaluation	9,161	477	-	-	9,638
Disposals	(3,742)	-	-	(1,481)	(5,223)
At 31 July 2005	87,119	1,000	44	15,893	104,056
Depreciation					
At 1 August 2004	4,832	29	11	10,776	15,648
Charge for year	1,436	8	1	2,236	3,681
Revaluation	(5,912)	(37)	-	-	(5,949)
Eliminated in Respect of Disposals	(356)	-	-	(1,473)	(1,829)
At 31 July 2005	-	-	12	11,539	11,551
Net book value					
At 31 July 2005	87,119	1,000	32	4,354	92,505
Net Book Value					
At 1 August 2004	69,121	494	33	4,104	73,752
Financed by capital grant	7,738	-	-	2,521	10,259
Other	79,381	1,000	32	1,833	82,246
	87,119	1,000	32	4,354	92,505

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 2005 £'000	University 2005 £'000	Group 2004 £'000	University 2004 £'000
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 2005 (continued)

Subsidiary Companies

At 31 July 2005 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). The University owned 51% of BioScrubb Limited. All the companies are registered in England and Wales. UHEL operates in the UK and its primary purpose is providing higher education courses for nurses and midwives. BioScrubb Limited, UHPL and WNRDL are dormant. An application has been made to dissolve BioScrubb Limited.

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>2005</u> <u>£'000</u>
Balance at 1 August 2004	254
Additions	11
	<u>265</u>
Balance at 31 July 2005	<u>265</u>
Represented by:	
Cash balances	<u>265</u>

14. DEBTORS

	Group <u>2005</u> <u>£'000</u>	University <u>2005</u> <u>£'000</u>	Group <u>2004</u> <u>£'000</u>	University <u>2004</u> <u>£'000</u>
Amounts falling due within one year:				
Debtors	3,787	1,115	3,119	1,217
Amounts owed by subsidiary undertakings	-	1,431	-	1,871
Prepayments and accrued income	11,764	10,846	9,912	9,103
	<u>15,551</u>	<u>13,392</u>	<u>13,031</u>	<u>12,191</u>
Amounts falling due after more than one year:				
Debtors	500	500	700	700
	<u>16,051</u>	<u>13,892</u>	<u>13,731</u>	<u>12,891</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

15. CURRENT ASSET INVESTMENTS

In 2002 the University invested £2m in a portfolio of fixed interest bonds and stocks, investment trusts and unit trusts. The portfolio had a current market value of £2.317m at 31 July 2005 (2004 : £2.018m).

16. CASH AT BANK AND IN HAND

Group

Cash balances are made up as follows:

	<u>2005</u>	<u>2004</u>
	<u>£'000</u>	<u>£'000</u>
Bank deposit account held as security for Deutsche Bank loan (see Note 18)	16,432	16,432
Current and investment accounts	17,078	11,553
	<u>33,510</u>	<u>27,985</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Group</u>	<u>University</u>	<u>Group</u>	<u>University</u>
	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2004</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Bank loans and overdrafts	367	367	374	367
Payments received in advance	5,827	4,538	4,464	4,363
Trade creditors	2,312	2,277	1,458	1,458
Other taxation and social security	669	522	245	245
Accruals	9,409	8,526	10,382	9,577
Other creditors	170	170	209	211
	<u>18,754</u>	<u>16,400</u>	<u>17,132</u>	<u>16,221</u>

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

Group and University

	<u>2005</u>	<u>2004</u>
	<u>£'000</u>	<u>£'000</u>
<u>Deutsche Bank loan</u>		
Liability to Deutsche Bank at 1 August	14,892	13,742
Provision for repayment of Deutsche Bank loan for year to 31 July	1,301	1,150
Deutsche Bank loan	16,193	14,892
Mortgages secured on property	8,025	4,392
	<u>24,218</u>	<u>19,284</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (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 16). 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 2005 at £16.2m (2004 : £14.9m). 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.

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

19. BORROWINGS
Group and University

	<u>2005</u> <u>£'000</u>	<u>2004</u> <u>£'000</u>
Bank loans and overdrafts are repayable:		
In one year or less	367	374
Between one and two years	367	367
Between two and five years	17,626	15,259
In five years or more	6,223	3,658
	<u>24,585</u>	<u>19,658</u>

Bank loans of £8.392m are repayable by instalments falling due between 1 August 2005 and 30 April 2030.

A fixed term loan of £16.193m (see Note 18) is repayable on maturity in 2008.

20. PROVISIONS FOR LIABILITIES AND CHARGES
Group and University

	<u>Enhanced</u> <u>Pensions</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
At 1 August 2004	300	300
Transferred from income and expenditure account	14	14
	<u>314</u>	<u>314</u>
At 31 July 2005	<u>314</u>	<u>314</u>

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

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

21. DEFERRED CAPITAL GRANTS
Group and University

	<u>HEFCE</u>	<u>Other</u>	<u>Total</u>
	<u>£'000</u>	<u>Grants</u>	<u>£'000</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1 August 2004			
Land and buildings	5,971	152	6,123
Equipment	2,134	314	2,448
	<hr/>	<hr/>	<hr/>
	8,105	466	8,571
Cash received			
Land and buildings	585	1,200	1,785
Equipment	1,586	19	1,605
Released to income and expenditure account			
Land and buildings (Notes 1 and 4)	(143)	(27)	(170)
Equipment (Notes 1 and 3)	(1,416)	(116)	(1,532)
	<hr/>	<hr/>	<hr/>
At 31 July 2005			
Land and buildings	6,413	1,325	7,738
Equipment	2,304	217	2,521
	<hr/>	<hr/>	<hr/>
Total	8,717	1,542	10,259
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

22. SPECIFIC ENDOWMENTS
Group and University

	<u>£'000</u>
At 1 August 2004	254
Additions	6
Income for year	9
Transferred to income and expenditure account (Note 5)	(4)
	<hr/>
At 31 July 2005	265
	<hr/> <hr/>
Representing:	
Prize funds	210
Chemical sciences special fund	55
	<hr/>
	265
	<hr/> <hr/>

23. REVALUATION RESERVE
Group and University

	<u>2005</u>	<u>2004</u>
	<u>£'000</u>	<u>£'000</u>
At 1 August		
Revaluation in the year	31,520	32,414
Transfer from revaluation reserve to general reserve in respect of:		
Disposals	(3,032)	-
Depreciation of revalued assets	(556)	(894)
	<hr/>	<hr/>
At 31 July	43,519	31,520
	<hr/> <hr/>	<hr/> <hr/>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

24. MOVEMENT ON GENERAL RESERVES

	<u>Group</u> <u>2005</u> <u>£'000</u>	<u>University</u> <u>2005</u> <u>£'000</u>	<u>Group</u> <u>2004</u> <u>£'000</u>	<u>University</u> <u>2004</u> <u>£'000</u>
Income and Expenditure Account Reserve				
At 1 August	40,835	40,941	38,101	38,267
Surplus on continuing operations before transfer from revaluation reserve	3,043	3,151	1,840	1,780
Transfer from revaluation reserve	556	556	894	894
Realised revaluation gain on disposal of property	3,032	3,032	-	-
At 31 July	<u>47,466</u>	<u>47,680</u>	<u>40,835</u>	<u>40,941</u>

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

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2004</u> <u>£'000</u>
Surplus after depreciation of assets at valuation	3,043	1,840
Depreciation	3,684	3,883
Deferred capital grants released to income (Notes 1, 3 & 4)	(1,702)	(1,707)
Profit on disposal of tangible assets	(1,466)	-
Interest payable (Note 8)	3,116	2,797
Decrease in stocks	6	8
Increase in debtors	(1,545)	(3,098)
Increase/(decrease) in creditors	496	(2,336)
Increase in provisions	14	25
Increase in current asset investments	(299)	(94)
Interest receivable (Note 5)	(1,854)	(1,456)
Net cash inflow/(outflow) from operating activities	<u>3,493</u>	<u>(138)</u>

26. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2004</u> <u>£'000</u>
Income from endowments	4	3
Other interest received	1,075	678
Interest paid	(1,983)	(1,664)
Net cash outflow from returns on investments and servicing of finance	<u>(904)</u>	<u>(983)</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

27. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2004</u> <u>£'000</u>
Purchase of tangible fixed assets	(10,241)	(7,848)
Sales of tangible fixed assets	4,860	-
Deferred capital grants received	3,390	3,812
Movement on endowments	11	4
Net cash outflow from capital expenditure and financial investment	<u>(1,980)</u>	<u>(4,032)</u>

28. FINANCING

	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2005</u> <u>£'000</u>	<u>Year</u> <u>Ended</u> <u>31 July</u> <u>2004</u> <u>£'000</u>
Additions to new and existing loans	5,301	2,158
Repayment of amounts borrowed	(374)	(367)
Net cash inflow from financing	<u>4,927</u>	<u>1,791</u>

29. ANALYSIS OF CHANGES IN NET FUNDS/DEBT

	<u>At 1 August 2004</u> <u>£'000</u>	<u>Cashflows</u> <u>£'000</u>	<u>Other</u> <u>Changes</u> <u>£'000</u>	<u>At 31 July 2005</u> <u>£'000</u>
Cash in hand and at bank	27,985	5,525	-	33,510
Endowment asset investments	254	11	-	265
	28,239	5,536	-	33,775
Current asset investments	2,018	-	299	2,317
Debt due within 1 year	(374)	374	(367)	(367)
Debt due after 1 year	(19,284)	(5,301)	367	(24,218)
	<u>10,599</u>	<u>609</u>	<u>299</u>	<u>11,507</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

30. 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 £4,317,000 (2004 : £4,203,000).

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.

SSAP24

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 contributions payable by the University throughout the year were equal to 13.5% of total pensionable salaries.

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 2002
Actuarial method	Projected unit
Investment return per annum	5.5%
Salary scale increases per annum	3.5%
Pension increases per annum	2.5%

THE UNIVERSITY OF HUDDERSFIELD
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Notional value of assets at last date of valuation £18.9 billion

Proportion of members' accrued benefits covered by the notional value of the assets 108%

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.

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 2005 was £2,373,000 of which employer's contributions totalled £1,581,000 and employees' contributions totalled £792,000. The latest agreed contribution rates for future years are 11.9% rising in stages to 12.9% in April 2007 for employers and 6% for employees.

SSAP24

The pensions cost is assessed every three years in accordance with the advice of a qualified independent 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	Projected unit
Investment return per annum	5.6% to 6.6%
Pension increases per annum	2.5% to 2.8%
Salary scale increases per annum	4.2% to 4.5%
Market value of assets at date of last valuation	£4.6 billion
Proportion of members' accrued benefits covered by the actuarial value of the assets	82%

FRS 17

This information is based upon a full actuarial valuation of the Fund at 31 March 2004 updated to 31 July 2005 by a qualified independent actuary.

	<u>Year Ended</u> <u>31 July 2005</u>	<u>Year Ended</u> <u>31 July 2004</u>	<u>Year Ended</u> <u>31 July 2003</u>
Actuarial assumptions			
Rate of inflation	2.7%	2.8%	2.5%
Rate of increase in salaries	4.5%	4.3%	4.0%
Rate of increase for pensions	2.7%	2.8%	2.5%
Discount rate for liabilities	5.0%	5.7%	5.5%

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

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

	<u>2005</u>	<u>Value at</u>	<u>2004</u>	<u>Value at</u>
	<u>Long term rate</u>	<u>31 July</u>	<u>Long term rate</u>	<u>31 July</u>
	<u>of return</u>	<u>2005</u>	<u>of return</u>	<u>2004</u>
	<u>expected at</u>	<u>£m</u>	<u>expected at</u>	<u>£m</u>
	<u>31 July 2005</u>		<u>31 July 2004</u>	
Equities	7.5%	4,061	7.5%	3,452
Government Bonds	4.4%	539	5.0%	520
Other Bonds	5.0%	148	5.7%	102
Property	6.5%	291	6.5%	242
Cash	4.7%	390	4.5%	330
Other	7.5%	66	n/a	-
Total market value of assets		<u>5,495</u>		<u>4,646</u>

	<u>Year Ended</u>	<u>Year Ended</u>	<u>Year Ended</u>
	<u>31 July 2005</u>	<u>31 July 2004</u>	<u>31 July 2003</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
University's estimated asset share	47,989	38,793	34,067
Present value of scheme liabilities	(63,989)	(50,415)	(45,059)
Deficit in scheme	<u>(16,000)</u>	<u>(11,622)</u>	<u>(10,992)</u>

Under the transitional arrangements of FRS17, no provision has been made by the University for the institution's share of the deficit in the scheme. If provision were made, the following entries would be necessary:

Balance Sheet presentation
Group

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Net assets excluding FRS17 pension liability	101,509	81,180	77,231
Net pension liability	(16,000)	(11,622)	(10,992)
Net assets including FRS17 pension liability	<u>85,509</u>	<u>69,558</u>	<u>66,239</u>

Reserves note

Income and expenditure account excluding FRS17 liability	47,466	40,493	38,101
Pension deficit	(16,000)	(11,622)	(10,992)
Income and expenditure account including FRS17 pension liability	<u>31,466</u>	<u>28,871</u>	<u>27,109</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

University

	<u>2005</u> <u>£'000</u>	<u>2004</u> <u>£'000</u>	<u>2003</u> <u>£'000</u>
Net assets excluding FRS17 pension liability	101,723	81,286	77,397
Net pension liability	<u>(16,000)</u>	<u>(11,622)</u>	<u>(10,992)</u>
Net assets including FRS17 pension liability	<u>85,723</u>	<u>69,664</u>	<u>66,405</u>

Reserves note

Income and expenditure account excluding FRS17 liability	47,680	40,941	38,267
Pension deficit	<u>(16,000)</u>	<u>(11,622)</u>	<u>(10,992)</u>
Income and expenditure account including FRS17 pension liability	<u>31,680</u>	<u>29,319</u>	<u>27,275</u>

Under the transitional arrangements of FRS17, the University's pension charge for the year calculated under FRS17 assumptions is not included in the financial statements (as this is currently calculated on a SSAP24 basis). If the charge had been included on an FRS17 basis, the following entries would be made:

	<u>Year Ended</u> <u>31 July 2005</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2004</u> <u>£'000</u>
Analysis of the amount charged to the income and expenditure account		
Current service cost	2,146	2,008
Curtailement cost	<u>224</u>	<u>259</u>
Total operating charge	<u>2,370</u>	<u>2,267</u>
Analysis of net return on pension scheme		
Expected return on pension scheme assets	2,732	2,333
Interest on pension liabilities	<u>(2,925)</u>	<u>(2,523)</u>
Net loss	<u>(193)</u>	<u>(190)</u>
Amount recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	4,717	1,034
Changes in assumptions	<u>(8,291)</u>	<u>(947)</u>
Actuarial (loss)/gain recognised in STRGL	<u>(3,574)</u>	<u>87</u>

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

	<u>Year Ended</u> <u>31 July 2005</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2004</u> <u>£'000</u>
Movement in deficit in the year		
Deficit in scheme at 1 August	(11,622)	(10,992)
Movement in year:		
Current service charge	(2,146)	(2,008)
Contributions	1,759	1,740
Past service curtailment cost	(224)	(259)
Net return on assets	(193)	(190)
Actuarial (loss)/gain	(3,574)	87
	<hr/>	<hr/>
Deficit in scheme at 31 July	(16,000)	(11,622)

History of experience gains and losses

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Difference between the expected and actual return on assets:				
Amount £000	4,717	1,034	(678)	(7,653)
% of scheme assets	10	3	2	25
Experience gains and losses on scheme liabilities:				
Amount £000	(8,291)	(947)	(4,073)	-
% of scheme liabilities	13	2	9	-
Total amount recognised in STRGL:				
Amount £000	(3,574)	87	(4,751)	(7,653)
% of scheme liabilities	6	0	11	21

Total pension cost for the Group

	<u>Year Ended</u> <u>31 July 2005</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2004</u> <u>£'000</u>
Contributions to TPS	2,672	2,675
Contributions to WYPF	1,581	1,506
Contributions to USS	64	22
	<hr/>	<hr/>
Total pension cost (Note 6)	4,317	4,203

31. POST BALANCE SHEET EVENTS

There have been no post balance sheet events.

32. CAPITAL COMMITMENTS

Group and University

	<u>2005</u> <u>£'000</u>	<u>2004</u> <u>£'000</u>
Commitments contracted for at 31 July	<hr/>	<hr/>
	2,020	5,155

THE UNIVERSITY OF HUDDERSFIELD
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

33. FINANCIAL COMMITMENTS
Group and University

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

	<u>2005</u>	<u>2004</u>
	<u>£'000</u>	<u>£'000</u>
Fixtures, fittings and general equipment		
Expiring within one year	-	-
Expiring between two and five years inclusive	258	257
Expiring in more than five years	-	-
	<hr/>	<hr/>
	258	257
	<hr/>	<hr/>

34. CONTINGENT LIABILITIES
Group and University

As a result of a ruling by the European Court of Justice (ECJ) in the Preston case relating to indirect sex discrimination, the employer has an obligation to provide pension scheme benefits for part-time employees. There is a potential liability to provide additional benefits for service before the pension scheme rules were changed to allow access for part-time employees.

The extent of the liability will depend on the service completed by those part-time employees who have registered a valid claim for benefits within the necessary timescales. It is not currently known with certainty how many part-time employees have registered and whether any financial impact that may materialise will be significant. No provision has been made, but the accounts include this disclosure as a prudent approach to the potential liability.

35. 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.

36. ACCESS FUNDS

	<u>31 July 2005</u>	<u>31 July 2004</u>
	<u>£'000</u>	<u>£'000</u>
Balance at 1 August	80	23
HEFCE grants	806	800
Interest earned	18	14
	<hr/>	<hr/>
	904	837
Disbursed to students	(838)	(742)
Refundable to HEFCE	-	(15)
	<hr/>	<hr/>
Balance unspent at 31 July	66	80
	<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
NOTES TO THE FINANCIAL STATEMENTS
For the Year ended 31 July 2005 (continued)

37. TRAINING BURSARIES

	<u>Year Ended</u> <u>31 July 2005</u> <u>£'000</u>	<u>Year Ended</u> <u>31 July 2004</u> <u>£'000</u>
HEFCE, Teacher Training Agency and Yorkshire Forward grants	2,469	2,700
Disbursed to students	<u>(2,469)</u>	<u>(2,700)</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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