

**Charity Number: 1001127**

**Company Number: 2517018**

**UNIVERSITIES UK**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED 31 JULY 2015**

**SATURDAY**



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## Reference and administrative information

### Trustees

The members of the UK Board (directors and trustees of the company) appointed for the year to 31 July 2015 were as follows:

Professor Sir Christopher Snowden	President to 31 July 2015
Professor Janet Beer	Chair, England and Northern Ireland & Vice President
Sir David Bell	
Professor Dame Glynis Breakwell DBE	
Professor Chris Brink*	
Professor Julia Buckingham	
Professor Julian Crampton*	
Professor Sir Ian Diamond	
Professor Sir Pete Downes	Convenor, Universities Scotland & Vice President
Professor Sir David Eastwood	
Professor Simon Gaskell	Treasurer
Professor Dame Julia Goodfellow DBE	President from 1 August 2015
Professor Michael Gunn*	
Professor Graham Henderson CBE**	
Professor Barry Ife*	
Professor Dame Julia King DBE	
Professor David Latchman CBE	
Professor Anton Muscatelli	
Professor Paul O'Prey	
Professor Nick Petford*	
Professor Colin Riordan	Chair, Universities Wales & Vice President
Professor Sir Steve Smith	
Professor Sir Eric Thomas*	
Professor Steve West	

The following were also members of the UK Board on the date this report was approved:

Professor Cliff Allan  
Mr Nigel Carrington  
Professor Sir David Greenaway  
Professor Julie Lydon OBE  
Professor Quintin McKellar CBE  
Professor David Phoenix OBE

\* Term of office ended 31 July 2015

\*\* Term of office ended 30 April 2015

No member of the UK Board had a beneficial interest in any contract with the company. Board members are elected by the vice-chancellors of the member universities or appointed by the President.

## Reference and administrative information

**Chief Executive:** Nicola Dandridge

### **Registered Office**

Woburn House  
20 Tavistock Square  
London  
WC1H 9HQ

### **Solicitors**

Eversheds LLP  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5QT

### **Bankers**

National Westminster Bank plc  
PO Box 83  
Tavistock House  
Tavistock Square  
London  
WC1H 9XA

### **Auditors**

Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

## Trustees' report

The trustees, who are also the directors of the charity for the purposes of the Companies Act, submit their report and financial statements for Universities UK for the year ended 31 July 2015.

The administrative information on pages 1 to 2 forms part of this report, which is also the directors' report and the strategic report for the purposes of the Companies Act.

### Organisation

Universities UK is the representative organisation for the United Kingdom's universities.

Founded in 1918, Universities UK is a charity and company limited by guarantee representing 133 members, each being a vice-chancellor or executive head of a university or higher education institution in the UK. Membership is voluntary and members are represented both at the UK level and through Universities Scotland and Universities Wales.

The Chief Executive leads a Senior Leadership Team comprising the Chief Operating Officer and the Directors of Policy, Communications & External Relations, Member Services, the Higher Education International Unit, Universities Scotland, Universities Wales, and the Council of Deans of Health. The Chairs of Universities Scotland and Universities Wales are members of the Universities UK Board.

### Corporate Governance

The Board of Trustees comprises 24 members and meets five times per year. The President, elected by the members, serves a term of two years. Member input and support to the work of Universities UK is on a non-remunerated basis.

Universities UK has three standing committees: the Executive Committee, the Treasurer's Committee and the Remuneration Committee. Seven Policy Networks cover the key policy issues of the UK higher education agenda in line with the organisation's strategic priorities.

New trustees receive information supporting their induction which includes relevant Charity Commission documents on the role of a trustee, a copy of the Universities UK Articles of Association, and the Strategic and Operational Plans. It is the aim of the organisation to update trustees and members on any new legislation that may affect the governance of the charity and to offer on-going support through additional training when required.

### Universities UK's mission

Universities UK is the definitive voice of universities in the UK. It provides high quality leadership and support to its members to promote a successful and diverse higher education sector. In all its work, Universities UK will support the strength of higher education throughout the UK, whilst fostering national and regional differences in Scotland, Wales, Northern Ireland and England. As a fundamental principle, Universities UK acknowledges that the diversity and autonomy of the UK's higher education sector are critical to its success.

### Strategic Report

#### Strategic Aims

2014-15 represented the second year of Universities UK's strategic plan for the period 2013-18 which has the following aims:

1. To inform and influence the future agenda for the UK university sector
2. To support universities in their primary aims of educating students, carrying out research and innovation, and strengthening civic society
3. To provide excellent services for Universities UK members and for the UK university sector as a whole
4. To be an effective and efficient organisation

## Trustees' report

The following sections of this report summarise Universities UK's key activities and achievements during 2014-15 in line with these aims.

- **To inform and influence the future agenda for the UK university sector**
  - Making the case for the university sector in Westminster, Whitehall and media continued to be a priority, involving high profile interventions to defend and promote the interests of the sector.
  - The *Back Universities* campaign promoted the value of universities to individuals, society and the economy and provided a platform to engage with existing and prospective members of parliament ahead of the May 2015 General Election.
  - In preparation for the autumn 2015 Comprehensive Spending Review, Universities UK made the case for why government should invest in universities, engaging with policymakers and ministers and communicating strong, positive message through the media, including social media. In June 2015, an animated video was launched, *The value of UK universities*, illustrating the powerful and positive contribution universities make to society, the economy and individuals.
  - Immigration continued to be a priority throughout 2014-15, involving lobbying throughout government, engaging third party advocates and using media channels whenever appropriate.
  - In 2014-15, Universities UK became an increasingly influential voice in Brussels and in the debate on the UK's membership of the European Union.
  - By working with BIS, the Home Office and members of the House of Lords, Universities UK helped to shape amendments to the Counter Terrorism and Security Act 2015, and substantial revisions to the accompanying draft statutory guidance, including explicit references to the need for institutions to have particular regard to securing freedom of speech in exercise of the new Prevent statutory duty.
  - The Student Funding Panel reported in June 2015, providing a comprehensive analysis of the recent student funding reforms and made recommendations for changes that would ensure a stable and sustainable system of funding for students, institutions and government. This work was influential in informing decisions made by the new government following the 2015 General Election.
  - By having a UK-wide remit, Universities UK continued to influence policy from a UK-wide perspective for the benefit of universities in both the English and the devolved administrations.
- **To support universities in their primary aims of educating students, carrying out research and innovation, and strengthening civic society**
  - Throughout 2014-15, Universities UK continued to develop the evidence base to inform Universities UK's policy positions, advocacy work and campaigns. Its publications included *The Funding environment for universities*, and *Higher education in facts and figures* and *Patterns and trends in UK higher education*.
  - Universities UK developed a programme of work to shape the regulatory environment for the sector, both in the short term and by developing longer-term thinking. In February 2015 the report of the Universities UK regulation task and finish group was published, which set out the rationale for reforming higher education regulation and clear proposals on how this should be achieved.
  - Universities UK worked with its members to support students and the student experience. This involved work with the Competition and Market Authority in relation to their guidance, and continued work with the International Unit to promote outward student mobility. Its Disability Student Allowance joint working group was established to influence government policy on the reform of the Disability Student Allowance.
  - Universities UK's Political Affairs Network expanded its membership and now has 187 members working in policy, strategy, communications and political affairs in member institutions. The Network provides a channel for sharing information, intelligence and advice and for coordinating local lobbying on issues such as international student visas, public spending, economic impact and freedom of information legislation.

## Trustees' report

- Universities UK continued to coordinate the work of the All Party Parliamentary University Group, which creates regular opportunities for members to meet MPs, peers and ministers to discuss topical issues with them.
  - The Efficiency Monitoring and Oversight Panel was established in 2014 to take forward projects to address the Diamond review's recommendations on efficiency and modernisation in the sector.
  - Representing universities in relation to their work in health and social care involved close liaison with major stakeholders such as the Department of Health, Health Education England, and professional bodies and regulators. In 2014, Universities UK led on negotiations of the national price/contract for undergraduate education for nurses, midwives and allied health professionals.
  - Universities UK represented member interests to the Universities Superannuation Scheme and other sector pension schemes through board and sub-committee membership, analysis, and negotiations and in particular led substantial reforms to the USS scheme on behalf of all USS employers to ensure the scheme was placed on a more secure financial footing.
  - With the International Unit, Universities UK represented UK universities internationally to help them to meet their international aims. This involved actively promoting UK universities abroad, providing trusted information for and about them, and creating new opportunities through acting at national level.
  - *Science without Borders*, administered by the International Unit, is worth over £200 million to the UK higher education sector and has secured 11,000 scholarships awarded to Brazilian students and researchers of science, technology, engineering and mathematics and subjects supporting the creative industries in over 90 UK universities. The scheme continued to be a priority for the International Unit in 2014-15, and involved discussions with the Brazilian funding agencies to secure substantial UK participation in this next phase of the programme.
- **To provide excellent services for Universities UK members and for the UK university sector as a whole**
    - Universities UK offers high quality and timely information and advice to members by way of briefings, reports and newsletters across the full range of issues affecting higher education and on specific fiscal announcements (such as the Budget and Autumn Statement), and technical and legal issues.
    - 2014-15 saw Universities UK hosting three Members' Meetings and the Universities UK Members' Annual Conference, addressing strategic issues in higher education across the UK, giving access to high quality speakers and providing networking opportunities for members.
    - The New Vice-Chancellors' Group provides opportunities for new members to network and to engage with the challenges of new in post as a vice-chancellor or principal.
    - The Specialist Institutions' Forum continued to respond to the needs and interests of small and specialist institutions to inform analysis, policy development and advocacy work.
    - The Teacher Education Advisory Group supported those members with a particular interest in teacher education, and engaged closely to influence policy-makers in the area.
    - In 2014/15, Universities UK organised 13 conferences which attracted some 1500 sector delegates. Topics included access agreements; international higher education; efficiency in higher education; universities, cities and innovation; student experience; digital innovation in marketing and communications; European partnerships; Prevent and strategic partnerships.
  - **To be an effective and efficient organisation**
    - The operational focus in 2014-15 has been on continuing to promote and enhance effective human resources, finance and IT support for the organisation's operations, including investment in staff training, learning and development.
    - Woburn House continues to provide a hub for higher education activities, allowing for higher education related tenancies and a full programme of conferences, managed through Woburn House Conference Centre and CVCP Properties plc.
    - Refurbishment works were carried out to the fabric of Woburn House.
    - During 2014-15 reviews were undertaken of communications with members and IT provision, as well as a Business Improvement Programme focusing on operational effectiveness.

# Trustees' report

## Universities Wales

In 2014-15, Higher Education Wales changed its name to Universities Wales and focussed on three main themes

- Enhancing the reputation of universities in Wales, the UK and internationally
- Addressing the funding needs of universities in Wales
- Completing current work on the regulatory environment for higher education

Particular priorities included:

- Study in Wales is a partnership between British Council Wales, Welsh Government, Visit Wales and Universities Wales to promote the Welsh higher education sector internationally. The 'Study in Wales' brand was officially launched at the NAFSA conference in Boston on 25 May 2015 and the new website [www.studyinwales.ac.uk](http://www.studyinwales.ac.uk) is now live.
- Universities Wales led the Global Wales partnership approach to international higher education in Wales involving the Welsh universities, British Council Wales, the Welsh Government (including Visit Wales and Trade & Invest), and the Higher Education Funding Council for Wales, with a view to delivering a consistent message about the quality and diversity of the Welsh offer in terms of research, knowledge exchange, and international student experience.
- The Independent Review of Higher Education Funding and Student Finance Arrangements in Wales resulted in a comprehensive funding submission, providing an important sector-level complement to the submissions of individual universities. The submission incorporated extensive original material as well as consolidating previous work in this area and has provided a solid platform for further sector-level work including the development of a communications/lobbying strategy.
- Work on the HE (Wales) Bill led to significant improvements to the regulatory framework for Welsh higher education averting potential.
- In relation to other legislative developments involving or potentially involving higher education in Wales in 2014-15, Universities Wales continued to be successful in ensuring that HE was not treated as a public service body, and appropriately moderated plans for inclusion in the legislation. In the Violence against Women Bill, this meant significantly moderating initial plans to place universities under direct powers of the Welsh Government.

## Universities Scotland

Universities Scotland's work in 2014-15 concentrated on the following areas:

- The constitutional debate, positioning Universities Scotland as a neutral and influential party with substantial impact on the detailed policy positions of the proponents of both the union and independence.
- Re-framing debate on widening access to university as part of a wider debate about increasing attainment levels among socio-economically challenged groups.
- Taking ownership of the policy agenda on innovation and knowledge exchange.
- Presenting the positive case for effective and transparent university governance, and challenging Scottish Government proposals that run contrary to this.
- Positioning the sector leadership as a 'progressive' force committed to Fair Work.
- Building cross-party and cross-stakeholder support for the sector and its values, with intensified work with NUS, the trade union side and Scottish Labour to secure recognition of common values.



# Trustees' report

## Restricted Funds

The restricted funds managed by Universities UK included the Higher Education International Unit, Medical Schools Council, and the Council of Deans of Health. Further details on the restricted funds are given in note 16.

## Relationship with Higher Education sector agencies

Universities UK is the original subscribing member of various UK higher education sector agencies including the Equality Challenge Unit, Higher Education Academy, Higher Education Careers Service Unit, Higher Education Statistics Agency, Leadership Foundation for Higher Education, Office of the Independent Adjudicator, Quality Assurance Agency, UCAS, the Universities and Colleges Employers Association and Jisc. Members of Universities UK contribute to governance oversight of these bodies through Board membership and other involvement, alongside interaction between Universities UK staff and staff of the bodies concerned.

Woburn House is a widely used hub for higher education activity. Tenants are associated with the higher education sector, including the Association of Commonwealth Universities, GuildHE, Jisc, and the Universities and Colleges Employers Association.

## Risk Management

The UK Board, supported by the Treasurer's Committee which carries responsibility for risk management, keeps under review the strategic and operational risks facing the organisation together with the programmes and activities which help manage those risks effectively. As a membership organisation, a failure by Universities UK to respond adequately to external developments or to its members' needs would risk damage to its reputation and a possible loss of membership, resulting in a loss of subscription revenue. Horizon scanning and member feedback mechanisms are in place to minimise this.

Potential policy divisions within the membership, and Universities UK's response to those, are monitored via the Board, members' meetings and the Policy Networks. Operational risks include IT systems and the infrastructure of Woburn House, and strategies are in place to mitigate those risks. The risk register is reviewed regularly by the Strategic Leadership Team, comprising the directors of the organisation, and the overall risk management strategy is reviewed by the Treasurer's Committee annually.

## Public Benefit

The trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit. In the delivery of its services and activities Universities UK has fully supported its members, and in so doing assisted them to achieve their goals. Services delivered include research and policy development, lobbying of government and influential stakeholders, dissemination of information to both members and the wider public using all forms of media, conferences and events, and national and international networking activity.

Collectively, the institutions led by the members of Universities UK demonstrate their wide social and economic contribution through the delivery of research, teaching, expertise and training. Higher education is available to all with the ability to benefit, regardless of their economic circumstances. The benefits of this activity to the UK are considerable.

# Trustees' report

## Financial Results

The statement of financial activities for the year is set out on page 14 of the financial statements.

Consolidated income and expenditure for the year ended 31 July 2015, together with comparative figures for 2014, are summarised in the table below.

	Unrestricted Activities £'000	Restricted Activities £'000	Total 2015 £'000	Total 2014 £'000
Income	7,001	5,505	<b>12,506</b>	12,514
Expenditure	(6,798)	(4,420)	<b>(11,218)</b>	(11,640)
Surplus	203	1,085	<b>1,288</b>	874
Transfers	(50)	50	—	—
	<b>153</b>	<b>1,135</b>	<b>1,288</b>	<b>874</b>

Unrestricted income in 2015 was up £324,000 year on year at £7,001,000 (2014: £6,677,000), £187,000 related to increased Universities UK conference activity, £65,000 to an increase in the covenant from CVCP Properties plc and £47,000 in increased subscriptions.

Restricted income of £5,505,000 was down on 2014 by £332,000 reflecting the variable nature of this income stream.

Total income of £12,506,000 was consistent with 2014 levels (2014: £12,514,000).

Universities UK performed in line with its financial objectives and reports a surplus on unrestricted funds of £153,000 after transfers.

The organisation's net assets increased by £1,288,000 to £9,280,000 (2014: £7,991,000).

## Plans for 2015-16

Universities UK's plans for 2015-16 are driven by the aims of its five-year strategic plan. Priority areas of work will include research; growth and innovation; funding and finance; internationalisation and immigration; Europe and the referendum on membership; and continuing to provide excellent services to members.

Priority work programmes include influencing the outcomes of the government's autumn Comprehensive Spending Review; influencing immigration policy; ensuring an effective and proportionate regulatory system and Teaching Excellence Framework through shaping the government's forthcoming higher education Green Paper; and initiatives to promote efficiency and modernisation within the sector.

CVCP Properties plc is currently carrying out substantial refurbishment works to Woburn House. The impact on taxable profits of this expenditure will, in the short term, reduce the profit covenant made by CVCP to Universities UK. Universities UK will fund the shortfall out of its free reserves.

In 2015-16, the areas of priority for Universities Wales will be:

- Future funding and student support
- Regulatory Framework including quality matters
- International
- Economic Growth
- Capacity retained to react to external events

## Trustees' report

Priorities for Universities Scotland for 2015-16 reflect the distinctive political environment and include:

- Getting the best possible outcome from the 2015 Spending Review.
- Securing extensive change to the Higher Education Governance Bill.
- Securing evidence-based outcomes from the Widening Access Commission.
- Securing Scottish Government and SFC policy-making that promotes universities' contribution to inclusive economic growth.
- Building cross-party consensus about the value of higher education in preparation Scottish Parliamentary elections.
- Positioning Universities Scotland as a creative force in policy development.

### Investment Policy

Universities UK receives income on an annual basis through membership subscriptions, conference income, grants, covenants from Woburn House Conference Centre Limited and CVCP Properties plc and other sources. It plans activities over a three year time horizon and budgets annually to expend all anticipated income, retaining a prudent amount in reserves. It has no permanent endowment and provides for capital expenditure within the budget or from reserve funds.

The Board of Trustees does not consider that it is prudent to invest income for the longer term. Its policy for investment is therefore to retain funds as cash and place them on bank deposit and treasury reserve at the best rate obtainable. As a result it considers that it is not appropriate for the organisation to adopt an ethical investment policy.

### Reserves Policy

The trustees have examined the requirements for free reserves in the light of the predominant risks to the organisation. Accordingly, the current target of four to six months of unrestricted expenditure is deemed appropriate as this would ensure sufficient funds are available to meet current commitments if income streams were erratic or exceptional expenditure was incurred.

Total unrestricted funds of the charity at 31 July 2015 were £3,961,000 (2014: £3,807,000) of which £442,000 (2014: £395,000) was committed to fixed assets and £600,000 invested in CVCP Properties plc. Free reserves at 31 July 2015 are £2,919,000 (2014: £2,813,000) which is equal to 5.2 months of unrestricted expenditure (2014: 5.4 months).

Given the planned reduction in the CVCP Properties plc covenant to Universities UK in 2015-16 due to the necessary refurbishment of Woburn House, free reserves have been maintained at the upper end of the 4-6 months' target in 2014-15.

From July 2016, Universities UK will report its results under the new Charity SORP, based on revised UK GAAP: Financial Reporting Standard 102. This will have a significant impact on reserves as Universities UK will be required to provide for the present value of employer contributions to past service deficits in multi-employer defined benefit pension schemes currently accounted for as defined contribution schemes, and the cost of untaken staff leave. Preliminary calculations indicate that the impact on total reserves of the new reporting regime will be in the order of £850,000.

### Political and Charitable Donations

The company made no political or charitable donations in the year (2014: nil).

### Tangible Fixed Assets

The changes to the tangible fixed assets during the year are shown in note 11 to the financial statements.

# Trustees' report

## Subsidiary Companies

Universities UK owns 100% of the share capital of Woburn House Conference Centre Limited (company number 3031467) whose business is the operation of the conference facilities at Woburn House. Income generated from the activity of the Centre is covenanted to Universities UK. The financial position of Woburn House Conference Centre Limited is shown in note 18 to the financial statements.

Universities UK is also the holding member of the Medical Schools Council, a company limited by guarantee (company number 8817383) and registered with the Charity Commission (number 1155370) which was incorporated on 17th December 2013, having previously been a restricted fund within Universities UK. The objects of the Medical Schools Council are to promote, encourage and develop medical schools in the UK and thereby advance education for the public benefit, in particular (but without limitation) medical education, research and training. The financial position of the Medical Schools Council is shown in note 18 to the financial statements.

The Medical Schools Council is the parent of MSC Assessment, a company limited by guarantee (company number 8578576) and registered with the Charity Commission (number 1153045). The objects of MSC Assessment are to advance medical education for the benefit of the public including, without limitation, by the preparation, validation, accreditation, conduct and administration of any tests, examinations or other systems of assessing, evaluating and recording any aspect of medical education and training. The financial position of MSC Assessment is shown in note 18 to the financial statements.

The results and financial position of Woburn House Conference Centre Limited, the Medical Schools Council and MSC Assessment are consolidated with those of Universities UK in preparing the consolidated accounts.

## Other Interests

The long leasehold interest in Woburn House is owned by CVCP Properties plc, a business set up by the membership in 1995 for the purpose of acquiring the building. CVCP Properties also owns a central London residential flat which is either used by the President or let out at commercial rates with the revenue contributing to the CVCP Properties annual covenant to Universities UK.

## Funding Sources

Membership subscriptions provides 69% of the unrestricted income, covenant income 12% and the balance comes from conference receipts, sales of publications, investment income and donations.

## Statement of Trustees' Responsibilities

The trustees (who are also directors of Universities UK for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

## Trustees' report

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Audit Information

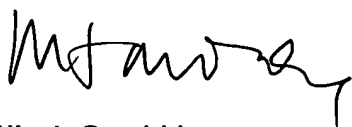
So far as each of the trustees at the time the Trustees' Report is approved is aware:

- there is no relevant information of which the auditors are unaware; and
- they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

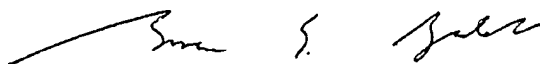
### Auditor

Kingston Smith LLP has indicated its willingness to continue as auditor, subject to re-appointment at the next annual general meeting.

The Trustees' Annual Report is approved by the Trustees of the charity. The Strategic Report, which forms part of the Annual Report, is approved by the Trustees in their capacity as Directors in company law of the Charity.



**Nicola Dandridge**  
Chief Executive  
6 November 2015



**Professor Simon Gaskell**  
Treasurer

# Independent auditors' report to the members of Universities UK

We have audited the financial statements of Universities UK for the year ended 31 July 2015 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 July 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Independent auditors' report to the members of Universities UK

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Kingston Smith LLP

James Cross, Senior Statutory Auditor  
For and on behalf of Kingston Smith LLP, Statutory Auditor

17 November 2015

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

# Consolidated Statement of financial activities for the year ended 31 July 2015

		Unrestricted Funds £	Restricted Funds £	Total Funds 2015 £	Total Funds 2014 £
Income and expenditure	Notes				
<b>Incoming resources</b>					
<b>Incoming resources from generated funds:</b>					
. Voluntary income					
.. Covenanted income	2	870,622	—	<b>870,622</b>	806,697
. Sale of goods and services		697,780	33,695	<b>731,475</b>	734,109
. Investment income		38,397	2,550	<b>40,947</b>	40,677
<b>Incoming resources from charitable activities:</b>					
. Subscriptions from membership	3	4,846,381	1,412,532	<b>6,258,913</b>	6,219,344
. Grants and contracts	4	33,426	3,750,957	<b>3,784,383</b>	4,191,968
. Conference income		508,397	273,691	<b>782,088</b>	486,486
. Other income		5,905	31,162	<b>37,067</b>	35,064
<b>Total incoming resources</b>		<b>7,000,908</b>	<b>5,504,587</b>	<b>12,505,495</b>	<b>12,514,345</b>
<b>Resources expended</b>					
<b>Costs of generating funds</b>					
. Costs of generating voluntary income		63,571	—	<b>63,571</b>	81,239
. Trading activities: cost of sales		524,476	—	<b>524,476</b>	611,008
<b>Charitable activities</b>					
. Information		1,402,405	1,009,092	<b>2,411,497</b>	2,529,875
. Influencing, advocacy and lobbying		1,999,473	756,114	<b>2,755,587</b>	3,163,403
. Research and policy		2,267,157	1,746,648	<b>4,013,805</b>	4,674,128
. Conferences		380,112	186,218	<b>566,330</b>	215,756
. MSC Assessment activities	5	—	700,949	<b>700,949</b>	196,337
<b>Governance costs</b>		160,803	20,537	<b>181,340</b>	168,084
<b>Total resources expended</b>	6	<b>6,797,997</b>	<b>4,419,558</b>	<b>11,217,555</b>	<b>11,639,830</b>
<b>Net incoming resources before transfers [net income for the year]</b>		202,911	1,085,029	<b>1,287,940</b>	874,515
Gross transfers between funds	16	(49,889)	49,889	—	—
<b>Net movements in funds</b>		153,022	1,134,918	<b>1,287,940</b>	874,515
<b>Total funds brought forward</b>		3,818,303	4,173,406	<b>7,991,709</b>	7,117,194
<b>Total funds at 31 July 2015</b>	16	<b>3,971,325</b>	<b>5,308,324</b>	<b>9,279,649</b>	<b>7,991,709</b>

All activities are continuing. There are no gains or losses other than those disclosed in the consolidated statement of financial activities.

The notes on pages 17 to 35 form part of these financial statements.



## Balance Sheets – 31 July 2015

	Notes	The Group		Universities UK	
		2015 £	2014 £	2015 £	2014 £
<b>Fixed assets</b>					
Tangible fixed assets	11	449,089	601,020	413,262	519,355
Investments	12	600,000	600,000	600,000	600,000
		<b>1,049,089</b>	<b>1,201,020</b>	<b>1,013,262</b>	<b>1,119,355</b>
<b>Current assets</b>					
Debtors	13	3,009,957	2,890,118	2,287,538	2,018,346
Investments – short term deposits		3,150,000	2,500,000	3,150,000	2,500,000
Cash at bank and in hand		5,060,251	4,073,255	2,289,101	1,821,123
		<b>11,220,208</b>	<b>9,463,373</b>	<b>7,726,639</b>	<b>6,339,469</b>
<b>Creditors:</b>					
Amounts falling due within one year	14	(2,989,648)	(2,672,684)	(2,896,124)	(2,316,932)
<b>Net current assets</b>		<b>8,230,560</b>	<b>6,790,689</b>	<b>4,830,515</b>	<b>4,022,537</b>
<b>Net assets</b>		<b>9,279,649</b>	<b>7,991,709</b>	<b>5,843,777</b>	<b>5,141,892</b>
<b>Funds and reserves</b>					
Restricted funds		5,308,324	4,173,406	1,883,209	1,334,346
Unrestricted funds		3,960,568	3,807,546	3,960,568	3,807,546
Non-charitable trading funds		10,757	10,757	—	—
	16	<b>9,279,649</b>	<b>7,991,709</b>	<b>5,843,777</b>	<b>5,141,892</b>

Approved by the Board of Directors and authorised for issue on 6 November 2015.

Signed on their behalf:



**Nicola Dandridge**

Chief Executive



**Simon Gaskell**

Treasurer

Company Number: 2517018

The notes on pages 17 to 35 form part of these financial statements.

## Consolidated cash flow statement for the year ended 31 July 2015

	2015 £	2014 £
<b>Reconciliation of net incoming resources to net cash flow from operating activities</b>		
Net incoming resources	1,287,940	874,515
Investment income	(40,947)	(40,677)
Depreciation charges	192,424	216,560
Increase in debtors	(119,839)	(794,187)
Increase/(Decrease) in creditors	316,964	(146,776)
<b>Net cash inflow from operating activities</b>	<b>1,636,542</b>	<b>109,435</b>
<b>Cash flow statement</b>		
Net cash inflow from operating activities	1,636,542	109,435
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(40,493)	(467,654)
<b>Returns on investments</b>		
Bank interest received	40,947	40,677
<b>Management of liquid resources</b>		
(Increase)/Decrease in short term investments	(650,000)	150,000
<b>Increase/(Decrease) in cash</b>	<b>986,996</b>	<b>(167,542)</b>
<b>Analysis of changes in cash</b>	2014 £	Cash Flow £
Cash at bank and in hand	4,073,255	5,060,251

# Notes to the financial statements – year ended 31 July 2015

## 1. Principal accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The Financial Statements are also prepared in accordance with the recommendations contained within the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* published in March 2005 and The Companies Act 2006.

The consolidated financial statements incorporate the results of Universities UK and its subsidiaries, Woburn House Conference Centre Limited, Medical Schools Council and MSC Assessment. No separate Universities UK statement of financial activities has been prepared, as permitted by paragraph 397 of the SORP and section 408 of the Companies Act 2006.

### a. Incoming resources

All income is included in the statement of financial activities when the conditions for receipt have been met and when there is reasonable assurance of receipt.

### b. Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to that category. Where costs cannot be directly attributable to a particular heading, they have been allocated to activities on a basis consistent with the use of the resource.

Direct costs, including directly attributable salaries, are allocated on the basis of time to the key strategic areas of activity.

Overheads and other salaries are allocated between activities on the bases of usage, ie the same basis as expenditure incurred directly in undertaking the activity.

Governance costs are those incurred in connection with the management of Universities UK's assets, the organisation's administration and compliance with constitutional and statutory requirements.

Unconditional grants payable are charged to the statement of financial activities in the year in which they are communicated to the recipient as at that time a valid expectation has been created that the grants will be paid. Conditional grants are charged on a similar basis when conditions fall outside the control of the charity. Any unpaid amounts are shown as liabilities at the balance sheet date.

### c. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

Leasehold improvements assets are stated at cost less depreciation. A full year's depreciation is charged in the year the asset is brought into use and none in the year of disposal.

Depreciation has been calculated at the following annual rates, in order to write off each asset over its estimated useful life.

Furniture and equipment	- over four years
Office technology (including website development)	- over three years
Leasehold improvements	- over the life of the lease

Universities UK capitalisation policy is to capitalise individual assets costing over £2,500.

# Notes to the financial statements – year ended 31 July 2015

## d. Investments

Investments held as fixed assets are stated at cost, as permitted by SORP 2005 paragraph 297b. In the opinion of the trustees the estimated market value of the investment is not materially different from the cost.

## e. Liquid resources

Surplus cash funds are held on deposit for up to a year in order to achieve a better rate of interest.

## f. Operating leases

Rental costs under operating leases are charged to the statement of financial activities in equal amounts over the period of the lease.

## g. Pensions

Universities UK participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). Both are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme. The funds are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years the actuary reviews the progress of the scheme.

Both schemes are multi-employer defined benefit schemes and it is not possible to identify the assets and liabilities attributable to the company. In accordance with FRS 17, the schemes are, therefore, accounted for as if they were defined contribution schemes.

## h. Universities Scotland and Universities Wales

The funds of these National Councils are included within the designated unrestricted funds of Universities UK. Universities Scotland retains its own legal identity as a recognised body in Scotland and separate accounts for it are prepared and filed with the Office of the Scottish Charity Regulator. For accounting purposes, it is treated as a branch of Universities UK, in accordance with its legal status. Universities Wales does not retain its own legal identity.

## 2. Covenanted income

CVCP Properties plc is a company owned by 100 higher education institutions, whose executive heads are members of Universities UK. The company owns two leasehold properties and the net profits from its activities are covenanted annually to Universities UK.

Covenanted income receivable during the year from CVCP Properties plc was £870,622 (2014: £806,697). Other transactions with CVCP Properties plc are included in note 22.

## 3. Subscriptions from membership

	Unrestricted Funds	Restricted Funds	Total 2015	Total 2014
	£	£	£	£
Universities UK	3,899,944	172,145	4,072,089	4,010,558
Universities Scotland	553,880	—	553,880	582,857
Universities Wales	392,557	—	392,557	322,352
Medical Schools Council	—	949,149	949,149	1,015,964
Council of Deans of Health	—	291,238	291,238	287,613
	<u>4,846,381</u>	<u>1,412,532</u>	<u>6,258,913</u>	<u>6,219,344</u>

# Notes to the financial statements – year ended 31 July 2015

## 4. Grants and contracts

	Unrestricted Funds £	Restricted Funds £	<b>Total 2015 £</b>	<i>Total 2014 £</i>
Health Education England	—	1,146,000	<b>1,146,000</b>	880,000
Higher Education Funding Council for England	—	1,032,477	<b>1,032,477</b>	1,174,171
CNPq Brazil	—	313,375	<b>313,375</b>	263,182
Scottish Funding Council	—	261,610	<b>261,610</b>	194,192
British Council	—	189,510	<b>189,510</b>	41,000
Leadership Foundation for Higher Education	—	144,250	<b>144,250</b>	69,000
Higher Education Funding Council for Wales	—	98,296	<b>98,296</b>	148,296
Department for Business Innovation & Skills	—	90,488	<b>90,488</b>	72,642
Health Foundation	—	83,203	<b>83,203</b>	20,000
All Party Parliamentary University Group	20,726	37,778	<b>58,504</b>	—
Research Councils UK	—	56,000	<b>56,000</b>	50,000
Conservatoires UK	12,700	25,400	<b>38,100</b>	37,500
Welsh Government	—	30,000	<b>30,000</b>	30,000
Jisc	—	30,000	<b>30,000</b>	—
Office for Fair Access	—	27,500	<b>27,500</b>	—
NIHR CLAHRC	—	25,900	<b>25,900</b>	144,250
Higher Education Academy	—	20,000	<b>20,000</b>	72,250
Quality Assurance Agency	—	20,000	<b>20,000</b>	20,000
UPP Group Ltd	—	19,000	<b>19,000</b>	—
Department for Employment & Learning	—	18,519	<b>18,519</b>	19,949
Medical Research Council	—	15,000	<b>15,000</b>	—
Department of Health	—	—	—	600,000
Health Education North West	—	—	—	130,000
CAPES Brazil	—	—	—	83,333
NHS Elect	—	—	—	82,000
UK Commission for Employment & Skills	—	—	—	35,000
Colleges Scotland	—	—	—	10,000
Other organisations (less than £15,000)	—	66,651	<b>66,651</b>	15,203
	<b>33,426</b>	<b>3,750,957</b>	<b>3,784,383</b>	<b>4,191,968</b>

# Notes to the financial statements – year ended 31 July 2015

## 5. MSC Assessment activities

	<b>Total 2015 £</b>	<b>Total 2014 £</b>
Examination services	<b>700,949</b>	<b>196,337</b>

## 6. Analysis of total resources expended

	<b>Staff costs £</b>	<b>Other direct costs £</b>	<b>Support costs £</b>	<b>Total 2015 £</b>	<b>Total 2014 £</b>
<b>Cost of generating funds</b>					
Costs of generating voluntary income	39,943	13,957	9,671	<b>63,571</b>	81,239
Trading activities: costs of goods sold and other costs	227,855	278,488	18,133	<b>524,476</b>	611,008
<b>Charitable activities</b>					
Information	1,414,916	582,367	414,214	<b>2,411,497</b>	2,529,875
Influencing, advocacy and lobbying	1,679,736	613,409	462,442	<b>2,755,587</b>	3,163,403
Research and policy	1,751,497	1,578,240	684,068	<b>4,013,805</b>	4,674,128
Conferences	133,499	328,458	104,373	<b>566,330</b>	215,756
MSC Assessment activities	171,159	510,023	19,767	<b>700,949</b>	196,337
<b>Governance</b>	<b>90,916</b>	<b>61,635</b>	<b>28,789</b>	<b>181,340</b>	<b>168,084</b>
<b>Total resources expended</b>	<b>5,509,521</b>	<b>3,966,577</b>	<b>1,741,457</b>	<b>11,217,555</b>	<b>11,639,830</b>

## 7. Support costs allocations

	<b>Staff related costs £</b>	<b>Premises costs £</b>	<b>Office admin £</b>	<b>IT costs £</b>	<b>Travel £</b>	<b>Dep'n £</b>	<b>Total 2015 £</b>	<b>Total 2014 £</b>
<b>Cost of generating funds</b>								
Costs of generating voluntary income	2,978	5,442	518	516	11	206	<b>9,671</b>	22,697
Trading activities: costs of goods sold and other costs	6,374	9,397	935	892	95	440	<b>18,133</b>	10,188
<b>Charitable activities</b>								
Information	144,367	207,539	28,979	21,267	3,527	8,535	<b>414,214</b>	463,680
Influencing, advocacy & lobbying	163,218	238,560	25,497	22,543	2,535	10,089	<b>462,442</b>	538,564
Research and policy	239,934	346,922	43,327	34,516	4,841	14,528	<b>684,068</b>	777,300
Conferences	41,502	48,681	6,849	4,413	1,152	1,776	<b>104,373</b>	117,890
MSC Assessment	10,011	1,784	2,394	4,702	876	—	<b>19,767</b>	7,561
<b>Governance</b>	<b>9,344</b>	<b>15,411</b>	<b>1,702</b>	<b>1,576</b>	<b>123</b>	<b>633</b>	<b>28,789</b>	<b>29,113</b>
<b>Total resources</b>	<b>617,728</b>	<b>873,736</b>	<b>110,201</b>	<b>90,425</b>	<b>13,160</b>	<b>36,207</b>	<b>1,741,457</b>	<b>1,966,993</b>

# Notes to the financial statements – year ended 31 July 2015

## 7. Support costs allocations (continued)

	<b>Total 2015 £</b>	<b>Total 2014 £</b>
Governance costs are made up of the following:		
External audit and other professional fees	<b>26,099</b>	19,842
Apportionment of committee officer's costs (based on time spent)	<b>14,533</b>	14,344
Apportionment of directors' costs (based on time spent)	<b>76,383</b>	77,837
Apportionment of establishment costs (based on usage)	<b>15,411</b>	14,660
Other allocated costs	<b>48,914</b>	41,401
	<b>181,340</b>	168,084

	<b>Total 2015 £</b>	<b>Total 2014 £</b>
Other direct costs include:		
Auditors' remuneration:		
. For audit services	<b>18,428</b>	17,259
. For other services	<b>4,187</b>	3,043
. Prior year fees: other services	<b>7,490</b>	1,591
Operating lease rentals:		
. Land and buildings	<b>887,992</b>	868,836
. Office and equipment	<b>40,567</b>	35,142

## 8. Analysis of staff costs

	<b>Total 2015 £</b>	<b>Total 2014 £</b>
Total staff costs including full and part-time employees were:		
Salaries and wages	<b>4,950,359</b>	4,975,482
Social security costs	<b>414,789</b>	412,106
Pensions	<b>701,172</b>	690,513
	<b>6,066,320</b>	6,078,101

	<b>2015 No.</b>	<b>2014 No.</b>
The average number of employees throughout the year was:		
Generating funds	<b>1.0</b>	1.0
Generating voluntary income	<b>0.5</b>	0.5
Information	<b>27.0</b>	27.5
Influencing, advocacy and lobbying	<b>30.0</b>	33.0
Research and policy	<b>33.0</b>	32.0
Conferences	<b>2.0</b>	1.0
MSC Assessment Activities	<b>3.0</b>	2.0
Governance	<b>1.0</b>	1.0
Support staff	<b>12.0</b>	13.0
Trading activities – Woburn House Conference Centre Limited	<b>3.0</b>	3.0
	<b>112.5</b>	114.0

## Notes to the financial statements – year ended 31 July 2015

### 8. Analysis of staff costs (continued)

The number of employees whose emoluments exceeded £60,000 (excluding employer's pension contributions) was 14 (2014: 13).

	2015 No.	2014 No.
£60,001 - £70,000	8	8
£80,001 - £90,000	3	2
£110,001 - £120,000	2	2
£120,001 - £130,000	—	1
£130,001 - £140,000	1	—

The total employer pension contributions for these staff were £173,811 (2014: £159,322).

### 9. Trustees' emoluments

No trustees received any remuneration for their services.

During the year, travel and accommodation expenses were reimbursed to two trustees amounting to £1,194 (2014: two trustees - £3,066).

### 10. Taxation

The charity is exempt from corporation tax under sections 466-497 of the Corporation Taxes Act 2010 as all its income is applied to charitable purposes.



# Notes to the financial statements – year ended 31 July 2015

## 11. Fixed assets

	Leasehold Improvements £	Furniture & Equipment £	Office Technology £	Total £
<b>Group Cost</b>				
At 1 August 2014	458,056	732,687	919,726	<b>2,110,469</b>
Additions	—	5,774	34,719	<b>40,493</b>
Written off	—	(19,430)	(50,322)	<b>(69,752)</b>
At 31 July 2015	<u>458,056</u>	<u>719,031</u>	<u>904,123</u>	<u><b>2,081,210</b></u>
<b>Depreciation</b>				
At 1 August 2014	49,453	660,117	799,879	<b>1,509,449</b>
Charge for year	37,901	40,379	114,144	<b>192,424</b>
Written off	—	(19,430)	(50,322)	<b>(69,752)</b>
At 31 July 2015	<u>87,354</u>	<u>681,066</u>	<u>863,701</u>	<u><b>1,632,121</b></u>
<b>Net book value</b>				
At 31 July 2015	<u>370,702</u>	<u>37,965</u>	<u>40,422</u>	<u><b>449,089</b></u>
At 31 July 2014	<u>408,603</u>	<u>72,570</u>	<u>119,847</u>	<u><b>601,020</b></u>

	Leasehold Improvements £	Furniture & Equipment £	Office Technology £	Total £
<b>Universities UK Cost</b>				
At 1 August 2014	458,056	409,582	775,376	<b>1,643,014</b>
Additions	—	—	34,719	<b>34,719</b>
Written off	—	(4,192)	(35,212)	<b>(39,404)</b>
At 31 July 2015	<u>458,056</u>	<u>405,390</u>	<u>774,883</u>	<u><b>1,638,329</b></u>
<b>Depreciation</b>				
At 1 August 2014	49,453	393,914	680,292	<b>1,123,659</b>
Charge for year	37,901	7,834	95,077	<b>140,812</b>
Written off	—	(4,192)	(35,212)	<b>(39,404)</b>
At 31 July 2015	<u>87,354</u>	<u>397,556</u>	<u>740,157</u>	<u><b>1,225,067</b></u>
<b>Net book value</b>				
At 31 July 2015	<u>370,702</u>	<u>7,834</u>	<u>34,726</u>	<u><b>413,262</b></u>
At 31 July 2014	<u>408,603</u>	<u>15,668</u>	<u>95,084</u>	<u><b>519,355</b></u>

# Notes to the financial statements – year ended 31 July 2015

## 12. Investments held as fixed assets

	<b>Total 2015 £</b>	<b>Total 2014 £</b>
<b>Group and Universities UK</b>		
CVCP Properties plc ordinary shares of £1 each	<b>50,000</b>	<b>50,000</b>
CVCP Properties plc preference shares of £1 each	<b>550,000</b>	<b>550,000</b>
	<b><u>600,000</u></b>	<b><u>600,000</u></b>

CVCP Properties plc is an unquoted company and the shares are stated at cost. In the trustees' opinion, the market value of the investment is not materially different from the cost at the balance sheet date.

## 13. Debtors

	<b>Group</b>		<b>Universities UK</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>1,424,701</b>	<b>1,419,187</b>	<b>385,431</b>	<b>263,099</b>
Amounts due from subsidiary undertakings	<b>—</b>	<b>—</b>	<b>347,339</b>	<b>320,534</b>
Other debtors	<b>895,788</b>	<b>826,585</b>	<b>895,788</b>	<b>826,585</b>
Prepayments and accrued income	<b>314,468</b>	<b>269,346</b>	<b>283,980</b>	<b>233,128</b>
Loan (repayable after more than one year)	<b>375,000</b>	<b>375,000</b>	<b>375,000</b>	<b>375,000</b>
	<b><u>3,009,957</u></b>	<b><u>2,890,118</u></b>	<b><u>2,287,538</u></b>	<b><u>2,018,346</u></b>

## 14. Creditors: amounts falling due within one year

	<b>Group</b>		<b>Universities UK</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	<b>429,187</b>	<b>647,223</b>	<b>391,306</b>	<b>295,741</b>
Amounts due to subsidiary undertakings	<b>—</b>	<b>—</b>	<b>12,482</b>	<b>5,646</b>
Taxation and social security	<b>200,931</b>	<b>129,018</b>	<b>176,618</b>	<b>129,018</b>
Other creditors	<b>95,813</b>	<b>92,995</b>	<b>95,813</b>	<b>92,995</b>
Accruals and deferred income	<b>2,263,717</b>	<b>1,803,448</b>	<b>2,219,905</b>	<b>1,793,532</b>
	<b><u>2,989,648</u></b>	<b><u>2,672,684</u></b>	<b><u>2,896,124</u></b>	<b><u>2,316,932</u></b>

At the year end outstanding pension contributions amounted to £95,813 (2014: £92,995).

# Notes to the financial statements – year ended 31 July 2015

## 15. Operating lease commitments

	Total 2015 £	Total 2014 £
<b>Group and Universities UK</b>		
Expiring within two to five years:		
· Office equipment	41,572	41,935
· Land and buildings	813,215	779,124
Expiring after five years:		
· Land and buildings	73,203	69,882
	<b>927,990</b>	<b>890,941</b>

## 16. Movement in funds

	At 1 August 2014 £	Incoming resources £	Resources expended £	Transfers £	At 31 July 2015 £
<b>Unrestricted funds</b>					
Investment fund	600,000	—	—	—	600,000
Universities Scotland / Universities Wales	386,645	986,740	(1,434,633)	407,714	346,466
General funds	2,820,901	5,415,278	(4,764,474)	(457,603)	3,014,102
	<b>3,807,546</b>	<b>6,402,018</b>	<b>(6,199,107)</b>	<b>(49,889)</b>	<b>3,960,568</b>
<b>Restricted funds</b>					
Medical Schools Council	1,027,729	422,022	(282,277)	216,410	1,383,884
MSC Assessment	649,890	850,000	(710,448)	8,324	797,766
MSC Assessment Alliance	583,260	291,970	(282,591)	(14,324)	578,315
Foundation Programme	221,254	—	(844)	(220,410)	—
Selecting for Excellence	(6,051)	323,500	(35,146)	—	282,303
Assoc of UK University Hospitals	116,487	149,625	(102,842)	—	163,270
Dental Schools Council	85,306	72,000	(64,919)	—	92,387
Pharmacy Schools Council	71,415	56,000	(44,757)	—	82,658
Council of H'care Science in HE	85,746	—	(45,236)	—	40,510
Council of Deans of Health	321,409	388,923	(422,225)	(7,677)	280,430
Health Services Research N'work	151,819	115,245	(150,057)	(16,333)	100,674
CLAHRC	133,078	105,206	(121,663)	(8,818)	107,803
UK HE International Unit	22,954	1,158,226	(876,796)	27,252	331,636
Outward Mobility	179,243	206,233	(184,918)	44,000	244,558
Science Without Borders	117,005	313,375	(175,406)	—	254,974
Newton	—	101,453	(49,390)	—	52,063
UK HE IU – other programmes	42,228	69,245	(44,721)	—	66,752
Universities Wales International	—	59,500	(75,386)	29,068	13,182
Universities Wales OER/P	45,000	40,000	(85,000)	—	—
US International	63,855	100,577	(63,402)	—	101,030
US Commonwealth	21,819	—	—	—	21,819
Employers Pensions Forum	49,693	—	(39,871)	—	9,822
USS Benefit Review	—	155,000	(147,133)	—	7,867
Efficiency and innovation hub	(57,597)	129,250	(39,927)	—	31,726
Efficiency benchmarking	54,314	—	(24,373)	—	29,941
Open Data	—	75,000	(35,369)	—	39,631
Open Access	—	103,000	(32,741)	—	70,259
PREVENT	60,314	16,488	(71,842)	—	4,960
Regional growth	1,585	41,667	(43,252)	—	—
APPUG	(15,160)	37,778	(17,425)	—	5,193
Philanthropy	46,282	38,909	(71,496)	(4,134)	9,561
Other	100,529	84,395	(78,105)	(3,469)	103,350
	<b>4,173,406</b>	<b>5,504,587</b>	<b>(4,419,558)</b>	<b>49,889</b>	<b>5,308,324</b>
Non-charitable trading funds	10,757	598,890	(598,890)	—	10,757
<b>Group – total funds</b>	<b>7,991,709</b>	<b>12,505,495</b>	<b>(11,217,555)</b>	<b>—</b>	<b>9,279,649</b>

# Notes to the financial statements – year ended 31 July 2015

## 16. Movement in funds (continued)

Transfers during the year between funds relate to contributions made from unrestricted monies to restricted funds for specific projects, where there are insufficient restricted funds available to meet expenditure or where the charity is committed to contributing towards projects from its own resources.

Background information on each of the restricted funds is set out below:

The **Medical Schools Council** represents the interests and ambitions of UK Medical Schools as they relate to the generation of national health, wealth and knowledge through biomedical research and the profession of medicine.

**MSC Assessment** is a subsidiary of the medical Schools Council set up to run the annual Foundation Programme, starting with FP 2014 from April 2014 to March 2015.

The **MSC Assessment Alliance** was set up to help ensure the confidence of the public, employers and the regulator in the quality of UK medical school graduates by developing the highest quality assessments for undergraduate medical students and by seeking to demonstrate the equivalency of passing standards.

The **Foundation Programme Application Process** is a project to deliver the Situational Judgement Tests to all applicants for the Foundation Programme, to develop new items for future tests and provide analysis of the results.

**Selecting for Excellence** is a project to collect and analyse medical degree selection methods and share best practice.

The **Association of UK University Hospitals** promotes the unique interests of university hospitals across the UK. Its role is to represent the unique tripartite – service, teaching and research – interests of UK University Hospital Trusts in partnership with other national bodies.

The **Dental Schools Council** represents the interests and ambitions of the UK's Dental Schools as they relate to the generation of national health, wealth and knowledge acquisition through research and the profession of dentistry.

The **Pharmacy Schools Council** is building on the work of the Council of UK Head of Pharmacy and has benefited from being able to access increased resources through being hosted by a secretariat which also supports equivalent groups for other healthcare professionals.

The **Council of Healthcare Science in Higher Education** brings together the collective interests of the sector to increase awareness of healthcare science.

The **Council of Deans of Health** is the representative voice of UK university health faculties providing education and research for healthcare professionals. The Council plays an influential role in developing an expert health professional workforce and utilises its collective expertise to inform innovative educational practice and translational research.

The **Health Services Research Network** is a membership network that connects and represents the producers and users of health services research.

The **CLAHRC Partnership Programme** is the national network of the NIHR Collaborations for Leadership in Applied Health and Care which supports and enables the CLAHRC mission to deliver world class applied research and to translate health research into practice for the benefit of patients and populations (CLAHRC: Collaboration for Research in Applied Health Research and Care).

# Notes to the financial statements – year ended 31 July 2015

## 16. Movement in funds (continued)

The **UK HE International Unit** is a delivery and intelligence unit for the UK higher education sector. It represents the sector at Governmental and EU policy forums and enhances the UK higher education sector's ability to compete in a global market by providing intelligence on internationalisation and European policy development.

The **Outward Mobility Programme** is a programme to develop and implement a strategy for outward mobility of students and researchers being led by the International Unit on behalf of the sector. The programme aims to increase and widen participation by addressing barriers to entry.

The **Science without Borders** programme is a scholarship scheme funded by the Brazilian agencies CAPES and CNPq and administered by the International Unit enabling up to 10,000 Brazilian students to study at UK higher education institutions.

The **Newton** programme aims to foster research and institutional partnerships between UK universities and 15 emerging-market countries. The International Unit is a co-partner with the British Council for the delivery of some strands of the programme.

The **UK HE International Unit – other programmes** includes the HE Global programme (a web based resource to support the development of transnational education) and the EU Advice funding service (formerly the Higher Education European Funding Service).

**Universities Wales International** covers funding for Universities Wales' international and European activities.

The **Universities Wales OER/P** (Open Educational Resources/Practice) project is funded by the Higher Education Funding Council for Wales to deliver a series of workshops and conferences, an online portal and a 'champions' network.

The **Universities Scotland International Unit** develops and implements policy and research on international issues on behalf of the Scottish higher education sector.

The **US Commonwealth Games** programme supported events highlighting the sector's contribution to the success of the Glasgow 2014 Commonwealth Games, and the educational legacy from the Games.

The **Employers Pensions Forum** was set up to develop and embed a comprehensive pensions strategy for the higher education sector. It has also established two subgroups to consider issues relating to the Universities Superannuation Scheme (USS) and to the sector's public schemes.

**USS Benefit Review** - review and reform of member benefits in the USS Scheme, Universities UK acting as the representative of the participating employers, supported by actuarial and other specialist advice.

The **Efficiency and innovation hub** provides a dynamic multi-media platform that can support institutions in their efforts to embed innovation and efficiencies.

**Efficiency benchmarking** is a review of effective benchmarking via an accessible tool that will provide all universities with the facility to evaluate their operational costs in certain areas.

**Open Data** explores the potential of open data within the higher education sector, particularly the potential benefits of open and linked data for the student experience.

**Open Access** – Universities UK's work in this area is to monitor and oversee the coordination and implementation of open access publishing in UK universities

# Notes to the financial statements – year ended 31 July 2015

## 16. Movement in funds (continued)

**PREVENT** work relates to helping universities mitigate the risks of radicalisation and extremism on their campuses.

**Regional growth** provides policy support and advice to maximise the contribution of UK universities to local and regional economic growth, including supporting improved access to EU funding.

Universities UK provides administrative support to the **All Party Parliamentary University Group (APPUG)**. The Group exists to be the main avenue of communication between parliamentarians and vice-chancellors of the UK's universities; and to provide an opportunity to examine issues affecting the country's university sector and university research which is influencing public policy and higher level skills.

**Philanthropy** was a project funded by the Higher Education Funding Council for England, building on the recommendations of the Pearce Review into philanthropic giving at universities. The aim of the work was to raise awareness about the strategic importance of philanthropy for university leaders, and to provide practical guidance on good practice in the sector.

## 17. Allocation of net assets between funds

The net assets held for various funds are as follows:

	Tangible assets £	Investments £	Net current assets £	Total
Restricted funds	6,816	—	5,301,508	<b>5,308,324</b>
Unrestricted funds	406,446	600,000	2,954,122	<b>3,960,568</b>
<b>Charity total</b>	<b>413,262</b>	<b>600,000</b>	<b>8,255,630</b>	<b>9,268,892</b>
Non-charitable trading funds	35,827	—	(25,070)	<b>10,757</b>
<b>Group total</b>	<b>449,089</b>	<b>600,000</b>	<b>8,230,560</b>	<b>9,279,649</b>

## 18. Subsidiaries

### Woburn House Conference Centre Limited

The charity owns 100% of the share capital of Woburn House Conference Centre Limited. The £2 cost of the investment has been written down to zero in the accounts of the parent company. The trading activity of Woburn House Conference Centre Limited is the management of the conference centre and meeting rooms at Woburn House. The results and financial position of Woburn House Conference Centre Limited are consolidated with those of Universities UK in preparing the consolidated accounts.

A summary of the trading results for the year ended 31 July 2015 and 2014, and the aggregate amount of the assets, liabilities, share capital and reserves as at 31 July of each year is shown. Audited accounts have been filed with the Registrar of Companies.

# Notes to the financial statements – year ended 31 July 2015

## 18. Subsidiaries (continued)

	<b>Total 2015</b>	<b>Total 2014</b>
	<b>£</b>	<b>£</b>
<i>Profit and loss account:</i>		
Turnover	802,876	677,330
Cost of sales	(405,380)	(372,365)
<b>Gross profit</b>	<b>397,496</b>	<b>304,965</b>
Administration costs	(57,586)	(53,164)
Staff costs	(170,070)	(120,345)
<b>Operating profit</b>	<b>169,840</b>	<b>131,456</b>
Interest receivable	169	222
Gift aid payment to Universities UK	(170,009)	(148,509)
<b>(Loss) / profit on ordinary activities before taxation</b>	<b>—</b>	<b>(16,831)</b>
Taxation	—	—
<b>(Loss) / profit on ordinary activities after taxation</b>	<b>—</b>	<b>(16,831)</b>

	<b>Total 2015</b>	<b>Total 2014</b>
	<b>£</b>	<b>£</b>
<i>Balance sheet:</i>		
Fixed assets	35,827	69,626
Current assets	309,644	211,324
Creditors: amounts falling due within one year	(334,714)	(270,193)
Net current liabilities	(25,070)	(58,869)
Total net assets	10,757	10,757
Represented by:		
Share capital	2	2
Profit and loss account	10,755	10,755
	10,757	10,757

### Medical Schools Council

Universities UK is also the holding member of the Medical Schools Council, a company limited by guarantee (company number 8817383) and registered with the Charity Commission (number 1155370) which was incorporated on 17th December 2013, having previously been a restricted fund within Universities UK until 31 January 2014. The activities and net assets of the restricted fund were acquired by the Medical Schools Council as a going concern on 31 January 2014. The objects of the Medical Schools Council are to promote, encourage and develop medical schools in the UK and thereby advance education for the public benefit, in particular (but without limitation) medical education, research and training.

A summary of income and expenditure for the year to 31 July 2015 (comparatives are 6 months to 31 July 2014), and the aggregate amount of the assets, liabilities, share capital and reserves as at 31 July is shown below. Audited accounts have been filed with the Registrar of Companies.

Unrestricted funds and free reserves at 31 July 2015 were £1.4m (2014 free reserves: £1.0m) which is equal to 58 months of unrestricted expenditure (2014: 46 months). Medical Schools Council recognises that free reserves are larger than currently required and plans to support medical assessment activities by investing heavily in both electronic exam delivery and in the creation of larger numbers of exam questions over the next few years.

# Notes to the financial statements – year ended 31 July 2015

## 18. Subsidiaries (continued)

	Year ended 31 July 2015 £	6 months ended 31 July 2014 £
<i>Income and expenditure account:</i>		
Income	1,350,792	765,467
Expenditure	(912,611)	(772,051)
<b>Surplus/(deficit)</b>	<b>438,181</b>	<b>(6,584)</b>
	Total 2015 £	Total 2014 £
<i>Balance sheet:</i>		
Assets	2,724,147	2,355,213
Liabilities	(96,799)	(166,046)
<b>Net assets</b>	<b>2,627,348</b>	<b>2,189,167</b>

## MSC Assessment

The Medical Schools Council is the parent of MSC Assessment, a company limited by guarantee (company number 8578576) and registered with the Charity Commission (number 1153045). The objects of MSC Assessment are to advance medical education for the benefit of the public including, without limitation, by the preparation, validation, accreditation, conduct and administration of any tests, examinations or other systems of assessing, evaluating and recording any aspect of medical education and training. MSC Assessment started trading from 1 February 2014.

A summary of the income and expenditure for the year to 31 July 2015 (comparatives are 6 months to 31 July 2014), and the aggregate amount of the assets, liabilities, share capital and reserves as at 31 July of each year is shown below. Audited accounts have been filed with the Registrar of Companies.

	Year ended 31 July 2015 £	6 months ended 31 July 2014 £
<i>Income and expenditure account:</i>		
Income	900,000	850,000
Expenditure	(752,124)	(200,110)
<b>Surplus</b>	<b>147,876</b>	<b>649,890</b>
	Total 2015 £	Total 2014 £
<i>Balance sheet:</i>		
Assets	840,402	874,000
Liabilities	(42,636)	(224,110)
<b>Net assets</b>	<b>797,766</b>	<b>649,890</b>



# Notes to the financial statements – year ended 31 July 2015

## 19. Conduit funding

	2015 £	2014 £
Funds received in advance b/fwd	<u>51,479</u>	<u>115,958</u>
Amount received	59,658,553	49,661,930
Amount paid out	(58,464,999)	(49,726,409)
Funds received in advance c/fwd	<u>1,245,033</u>	<u>51,479</u>

Amounts received and dispersed to universities on behalf of the Brazilian Government for the scholarship programme Science without Borders.

Certain trustees are Vice Chancellors of institutions in receipt of grants.

## 20. Pension

Universities UK participates in two pension schemes: the Universities Superannuation Scheme (USS), and the Superannuation Arrangements of the University of London (SAUL).

Both these pension schemes are defined benefit, multi-employer schemes with the assets held in separate trustee-administered funds. Because of the mutual nature of the schemes, the schemes' assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. Universities UK is therefore exposed to actuarial risks associated with members employed at other participating employers in the schemes and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the schemes as if they were defined contribution schemes.

A contingent liability exists in relation to the pension valuation recovery plans since Universities UK is an employer of members within the schemes. The contingent liability relates to the amount generated by past service of current members and the associated proportion of deficits. Given that the schemes are multi-employer schemes and Universities UK is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the schemes in respect of the reimbursement of Universities UK's expenditure is similarly not recognised.

As a result, the amount charged to income and expenditure through the Statement of Financial Activities represents the contributions payable to the schemes in respect of the accounting period.

### Universities Superannuation Scheme

The appointment of directors to the board of USS is determined by USS's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of two and a maximum of five are independent directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

## Notes to the financial statements – year ended 31 July 2015

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 (“the valuation date”), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on the 2014 valuation it is expected that the employer contributions will increase to 18% from 1 April 2016. In 2015, the percentage was 16% (2014: 16%).

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion, and the value of the scheme’s technical provisions was £46.9 billion, indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which have accrued to members after allowing for future increases in earnings.

At 31 March 2015, USS had over 147,000 active members in the scheme. Universities UK has 72 active members participating in the scheme at 31 July 2015.

### **Superannuation Scheme of the University of London (SAUL)**

SAUL is subject to triennial valuations by professionally qualified and independent actuaries. The last available valuation was carried out as at 31 March 2011. The market value of SAUL’s assets at the valuation date was £1.5 billion, representing a funding level of 95%.

Based on the strength of the employer covenant and the scheme trustee’s long-term investment strategy, the trustee and the participating employers agreed to maintain employer and member contributions at 13% and 6% of salaries respectively following the valuation. The rates will be reviewed following the results of the next valuation, which was due at 31 March 2014 but is yet to be completed.

SAUL’s benefits are changing to introduce a Career Average Revalued Earnings (CARE) structure from 1 July 2012. As a consequence, the cost of benefit accrual is expected to fall as existing final salary members are replaced by new members joining the CARE structure. This will allow an increasing proportion of the expected asset return to be used to eliminate the funding shortfall. Based on conditions as at 31 March 2011, the shortfall is expected to be eliminated by 31 March 2021, which is 10 years from the valuation date.

## Notes to the financial statements – year ended 31 July 2015

A summary of information (including the most significant assumptions) relevant to the two schemes and Universities UK's participation in them is given below.

	<b>USS</b>	<b>SAUL</b>
Latest actuarial valuation	31 March 2014	31 March 2011
Valuation frequency Method	Triennial Projected unit	Triennial Projected unit
Discount rates:		
Pre-retirement	N/A	6.8%
Post-retirement	N/A	4.7%
General Salary increases:	3.3%	N/A
First year	3.50% per annum	
Thereafter	4.0%	3.75% per annum
After 31 March 2015 Pension increases in payment	N/A	4.50% per annum 2.80% per annum
Inflation:		
<i>Retail Prices Index (RPI)</i>	3.5%	3.5%
Consumer Prices Index (CPI)	2.2%	2.8%
Mortality:		
Base table	S1NA "light" (year of birth) tables with no age rating for males and -1.0 years for females	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females
Future improvements	Future improvements in line with CMI 2014 projections with a long term trend rate of 1.5% per annum; 98% weighting for males, 99% weighting for females	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% per annum
<b>Group contributions for the year ended 31 July 2015</b>	<b>£573,456</b>	<b>£129,075</b>
Group contributions for the year ended 31 July 2014	£550,869	£150,499

# Notes to the financial statements – year ended 31 July 2015

## 21. Parent Charity

No separate statement of financial activities has been presented as permitted by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005. Gross income for the parent charity was £9,931,746 and gross expenditure was £9,239,859, resulting in a surplus (before transfers) of £691,887 (2014: £248,040). Advantage has been taken of the exemption in FRS 8 from the requirement to disclose transactions with group companies on the grounds that consolidated accounts are being prepared.

## 22. Related Party Transactions

The financial statements include transactions with CVCP Properties plc as follows:

	2015 £	2014 £
<b>Included in income and debtors</b>		
Covenanted income	<u>870,622</u>	<u>806,697</u>
Sale of goods and services	<u>24,624</u>	<u>23,907</u>
<b>Included in expenditure</b>		
Rental and service charges	<u>679,091</u>	<u>662,848</u>
<b>Included in debtors</b>		
Other recharges	<u>35,010</u>	<u>33,147</u>
Loan	<u>375,000</u>	<u>375,000</u>
<b>Included in creditors</b>		
Other recharges	<u>—</u>	<u>43,218</u>

The financial statements include transactions with the Equality Challenge Unit, a charity which has trustees in common, as follows:

	2015	2014
<b>Included in expenditure and creditors</b>		
Grant paid	<u>57,476</u>	<u>77,892</u>
Trade creditors	<u>28,738</u>	<u>—</u>
<b>Included in income and debtors</b>		
Charges made	<u>6,498</u>	<u>7,771</u>
Trade debtors	<u>5,512</u>	<u>2,070</u>

Universities UK also made payments for services to the Higher Education Statistics Agency £199 (2014: £8,228) and UCAS £7,860 (2014: £11,860), both of which organisations have trustees in common with Universities UK.

## **Notes to the financial statements – year ended 31 July 2015**

### **23. Members**

The charity is incorporated as a private company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 July 2015 there were 133 members (2014: 133).