

Charity Number: 1001127
Company Number: 2517018

UNIVERSITIES UK

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS**

YEAR ENDED 31 JULY 2011

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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 from 1 August 2010 to 31 July 2011 were as follows

Professor Sir Steve Smith	(President)
Professor Michael Arthur	
Professor Janet Beer	
Professor Glynis Breakwell	
Professor Joy Carter	
Professor Julian Crampton	(Treasurer)
Professor John Craven	
Professor Geoffrey Crossick	
Professor David Eastwood	
Professor Les Ebdon	
Professor Michael Farthing**	
Professor Caroline Gipps*	
Professor Dame Julia Goodfellow	
Professor Graham Henderson	
Professor Barry Ife	
Professor Bernard King (i)	(Convener, Universities Scotland & Vice President)
Professor Noel Lloyd*	(Chair, Higher Education Wales & Vice President)
Professor Anton Muscatelli	
Professor Paul O'Prey	
Professor Colin Riordan	
Professor Chris Snowden	
Professor Eric Thomas	(Chair, England and Northern Ireland Council & Vice President)
Professor Sir Richard Trainor*	
Professor Paul Wellings	

(i) Professor Timothy O'Shea deputised in the role of Convenor, Universities Scotland from February 2011 – July 2011 Professor Bernard King resigned on 30 June 2011

* Term of office ended 31 July 2011 ** Returned on 14 October 2011

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

Professor Ian Diamond
Professor John Hughes
Professor Julia King CBE
Professor Seamus McDaid
Professor Mary Stuart
Professor Steven West

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

Company Secretary: Christopher Lambert

Registered Office

Woburn House
20 Tavistock Square
London
WC1H 9HQ

Solicitors

DLA Piper UK LLP
India Buildings
Water Street
Liverpool
L2 0NH

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 2011

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

Organisation

Universities UK is the representative organisation for the UK's universities

Founded in 1918, we are 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. The members meet collectively four times each year. Regional representation is delivered through the England and Northern Ireland Council, Universities Scotland and Higher Education Wales. Membership is voluntary.

Our Mission

Our mission is to be the definitive voice for all universities in the UK, providing high quality leadership and support to our members to promote a successful and diverse higher education sector. With offices in London, Cardiff and Edinburgh, we promote the strength and success of UK universities nationally.

Management

Nicola Dandridge, Chief Executive, leads a management team comprising directors of Policy, Communications, Resources, Member Services, Higher Education Wales and Universities Scotland. The directors of the restricted fund units Medical Schools Council, the Higher Education International and Europe Unit and the Higher Education Better Regulation Group report to both their own Councils and the Universities UK CEO.

Highlights

- In a year of significant uncertainty and change within the higher education sector we provided direct, distinctive and proactive leadership and support to our members.
- We delivered a strong, robust, case to Government in response to Lord Browne's report on funding for higher education in England (Browne Review).
- We negotiated with the UK Border Agency on shaping the new English language requirement for international students, to reduce the potential adverse impact for institutions.
- We worked in collaboration with members on the issue of extremism on campus culminating in the launch in February 2011 of the publication *Freedom of Speech on campus*.
- A written submission was made in early 2011 to the Government's Comprehensive Spending Review.
- We were a partner to ministerial delegations to Europe, Brazil, China and Hong Kong to promote the UK higher education sector to the international community.
- We played host or co-host to over 20 conferences including the 'Higher Education Futures Forum', 'Student Retention and Progression in Higher Education', 'Regulating Higher Education after Browne' and 'Making the case for higher education in the creative economy'.
- We led the national campaign Universities Week in June 2011 involving 110 institutions. Over the week there were 9,000 hits on the website, 3,400 mentions on Twitter, 380 pieces of media coverage and the launch of the *Big Ideas for the Future* publication.

Trustees' report

Activities

Our activities during the year were

- Lobbying – of government, stakeholders and key decision makers key topics included the Browne Review, immigration, extremism on campus and quality assurance
- Information – providing a research and information service in response to over 1,750 enquiries from members, the higher education community and the public
- Influencing and advocacy – developing policy to support change on key sectoral issues such as fees and student funding and the proposed changes to criteria for international students
- Research and policy – policy development themes included social mobility, widening participation, quality assurance, research funding, health, immigration and visa controls.
- Conferences – with some 20 events including the Chancellors Reception, the admissions conference, the conference on effective marketing in higher education and higher education and economic growth

Strategic Aims: 2010 to 2013

- 1 To support and enhance the collective strength and success of universities in the UK
- 2 To promote the international competitiveness of UK universities
- 3 To inform and shape the future agenda for higher education
- 4 To provide high quality services to members
- 5 To be an effective and responsive organisation

Results

1. To support and enhance the collective strength and success of universities in the UK

Objectives

- Support the financial sustainability of universities
- Strengthen the quality of the student experience and research environment
- Communicate the benefits of higher education to decision makers and the wider public

Achievements

Universities UK made a significant contribution to the debate on the implications and options arising from the Browne Review on funding of higher education in England. Ultimately the support for the lift in the fee cap to £9,000 per annum was adopted by members having been thoroughly informed of all possible options and potential impacts.

An extensive media presence was developed leading to coverage on a number of high-profile TV and radio programmes and in the press.

A proactive campaign was launched opposing the proposed government policy on student immigration quotas. Campaigning against the changes, Universities UK successfully negotiated with the UK Border Agency to secure improvements in the admissions process for international students and to ensure that the route to member institutions remained open and accessible.

Universities UK led the campaign Universities Week in alliance with the Universities' Marketing Forum, the National Union of Students, Higher Education Funding Council for England (HEFCE), Research Councils UK, UCAS, the University Alliance and GuildHE. 110 institutions took part and over 250 events were held, marked by 159 broadcast items, 57 trade press pieces, 265 regional pieces and 58 national pieces.

An independent taskforce jointly funded by Universities UK and UCAS was launched in June 2011 to lead a public information campaign on student finance communications.

Trustees' report

Objectives for 2011/12

- **Public funding:** to undertake policy analysis and research on a range of key topics for the sector including teaching funding, research funding, and funding for the professions (health and teacher education) and social mobility
- **Regulation:** to review and recommend options in regard to the agenda on the student experience and the transition to more student centred frameworks, analysing and advising on a new regulatory framework, considering the regulatory issues around teaching policy and quality assurance, competition law and freedom of information

2. To promote the international competitiveness of UK universities

Objectives

- Communicate the strengths of UK higher education internationally, and support UK universities to develop their international activities
- Foster and support European and international partnerships

Achievements

The UK Higher Education International and Europe Unit raised the profile of and promoted UK universities internationally by leading delegations to India, the United States of America, Hong Kong and Brazil, organising delegations to Colombia and Indonesia and hosting delegations from Taiwan, China, the Netherlands and Japan

Twenty three international press outlets attended a press conference in London to counter the myths surrounding changes to the tuition fees in England and the visa system in the UK

Working with BIS and the British Council, the Unit was closely involved in developing the programme frameworks for the UK's higher education sector engagement in a number of country initiatives. It led on the higher education elements of the second phase of the UK-India Education and Research Initiative, the UK-China Partners in Education programme, the UK-US Policy Forum and the UK-Brazil Education Initiative

The Unit developed two submissions to the EU on the future of the Framework Programme for Research and Innovation and led three lobbying trips to make the case for increased investment for research and innovation in the next EU budget. They also developed sector-wide responses to consultations on modernisation, EU mobility programmes and international cooperation

The Unit's newsletters *International Focus* and *European HE Matters* had 5,000 and 1,500 subscribers respectively. Four research reports were published including *International Pricing Study: A snapshot of UK and key competitor country international student fees* and *A guide to offshore staffing strategies for UK universities*. UK higher education institutions received 13 information notes updating them on European initiatives and policy consultations

Objectives for 2011/12

- Promote the international competitiveness of UK universities
- Develop international policy on fostering and supporting European engagement and international partnerships and raising the profile of UK higher education overseas as a partner of choice
- Lobby government to influence UK immigration policy in order to support the flow of international students to the UK

Trustees' report

3. To inform and shape the future agenda for higher education

Objectives

- Promote the role of UK higher education in the national and international knowledge economy
- Support constructive engagement between universities and business, employers, schools and communities, the NHS and other key stakeholders
- Support universities in promoting widening participation, sustainable development and other objectives identified by members

Achievements

A comprehensive policy research programme ranged across topics such as efficiency in higher education, the social value of higher education, the future of research and the role of the creative industries with dissemination via publications, conferences, and workshops

The second annual debate on the theme of preventing a funding crisis in higher education was held on 25 November 2010, at the Queen Elizabeth II Conference Centre Lord Browne, David Willetts MP, Secretary of State, BIS and his counterpart in opposition John Denham MP plus several Universities UK members were on the platform

A series of debates were held on themes such as 'Can Widening Participation to HE survive a further fee rise?', 'Student experience – How can universities meet expectations of an increasingly demanding student body?', 'HE and Economic Growth', 'Effective Marketing in HE', 'The future of shared services in HE', 'Part-time study in HE, a new deal for part time students and distance students', 'Making the case for HE in the Creative economy', 'Enhancing Fundraising and Philanthropy' and the 'HE Futures Forum'

In December 2010 the HE Better Regulation Group considered the topic of 'Regulating higher education after Browne' and in March 2011 CASE and Universities UK co-hosted a debate on 'What is British Philanthropy?'

Objectives for 2011/12

- Undertake a programme of work in relation to research and innovation ecosystems
- Continue to support the role of UK higher education in terms of UK creative industries
- Analyse and promote the economic impact of UK universities at a national and regional level
- Respond to the Government's strategy on social mobility

4. To provide high quality services to members

Objectives

- Provide timely, relevant and authoritative information to members
- Provide conferences and networking facilities for members
- Where appropriate, represent the higher education sector

Achievements

Members were kept informed of activity through the extranet, the Universities UK website, the Chief Executive's newsletter, information notes and policy reports

The Universities UK website attracted over 500,000 visitors from 214 countries. The home page was most visited at over 106,000 hits. *Beyond the honours degree classification*. *The Burgess Group final report* had 5,500 downloads ahead of *Higher education in facts and figures* (5,225 downloads)

The UK provided the most visitors (270,000) with India (27,000) and the USA (22,000) following. The web team developed sites for the *Big Idea* campaign and the EU European Doctoral Policy forum, launched the Twitter channel in October, launched video streaming on the website and latterly launched the Universities UK Facebook site

Trustees' report

Achievements (continued)

The publications produced in 2010/11 included the *Universities UK Submission to the 2010 Spending Review*, *Why universities matter to the economy*, *HE the economy and the longer term*, *Change in student choices and graduate employment*, *Creating Prosperity the role of HE in driving the UK's creative economy* and *Freedom of Speech on Campus rights and responsibilities in UK universities*. Research papers were also produced on 'Universities and development global cooperation' and 'the supply of part-time higher education in the UK'.

The Members' Annual Conference at the University of Cranfield attracted over 150 members and delegates. The theme 'strategies for the new economy' focused on the future of higher education funding in the UK, and the impact of the Comprehensive Spending Review on the higher education economy.

Objectives for 2011/12

- Provide a professional and appropriate membership service supporting the diversity in our membership through the various fora
- Manage actively the business of the Executive Committee and the UK Board
- Deliver innovative and informed programmes for the Members' Meetings, particular in regard to the Members' Annual Conference and the Spring Members' Meeting
- Deliver guidance and information on a range of topics including competition law, immigration policy, national security, intellectual property, prices and pay in the UK higher education sector, fees, international student mobility and the efficiencies and modernisation programme

5. To be an effective and responsive organisation

Objectives

- Engage effectively and flexibly with members
- Work effectively and provide value for money
- Support staff to realise their potential and promote equal opportunities

Achievements

Policy networks and subject specific 'task and finish' groups were adopted by members which supported enhanced member networking and knowledge transfer at all member conferences.

Members were also nominated to sector body agencies listed on page 10 due to their association with Universities UK. These agencies addressed issues such as the future funding of higher education, the impact on the student community, immigration, efficiency and extremism on campus.

This year a successful internal office project at Woburn House was completed to improve and support closer collaboration between the policy, member services and communications teams.

A full programme of staff development activity was undertaken over the year with the emphasis on strategic management training for more senior staff and skills training for individual staff.

Objectives for 2011/12

- Deliver a cost effective managed resource service and to implement opportunities for improving efficiency and service provision
- Ensure that the governance arrangements are fit for purpose within the overall organisation structure
- Upgrade the IT infrastructure taking account of the increased demands on the service and facilities from internal and external users
- Develop the HR processes

Trustees' report

Universities Scotland

Lobbying was a core and intensive activity at Universities Scotland to ensure that a sustainable funding settlement for Scottish universities was delivered as an outcome of the Scottish Parliamentary election in May 2011. The policy agenda focused on describing how universities can best contribute to Scotland's success in a tough financial environment. A key element was defining how the 'learner journey' from school to graduation could be as efficient as possible including collaborative sector led re-shaping of provision. The team also made a significant impact in the development of policies on review of teaching process, of knowledge exchange reporting and the fees policy for rest of UK students.

Research activity focused primarily on modelling the anticipated funding gap between Scottish and English universities and on options for a Scottish graduate contribution model.

The Holyrood conference on higher education (October 2010) was well supported attracting wide political and media coverage, putting US at the forefront in promoting a 'Scottish solution' to the funding debate.

Restricted funds from Scottish Government and the Scottish Funding Council (SFC) has enabled the office to take an active role in the international promotion of Scotland and the further development of high level relations with India and China and to undertake research which helps universities understand student retention challenges.

Priorities for 2011/12 will be:

- To address the outcome of the 2011 Scottish Government spending review exercise which redresses the comparative funding gap facing Scotland's universities
- To develop policies which promote the international competitiveness and accessibility of Scotland's universities
- To lobby on the Higher Education Bill such that member's interests are protected
- To lobby for protection and promotion of both university autonomy and proportionality of universities' accountability
- To promote the concept of sectoral unity and to ensure that Universities Scotland retains its authoritative voice of the sector

Higher Education Wales

Higher Education Wales has supported its members throughout a year of intense political and media focus. A key area was to ensure that the outcome of the Browne Review was sustainable and robust in the medium and longer term for the Welsh higher education sector.

The efficiency agenda was a priority and the organisation led a project which helped benchmark the costs and configuration of support services at Welsh universities.

A report on the economic value of international and EU students to Wales received wide positive press coverage and political attention. This was supported by a focus towards attaining greater investment from the EU's Framework programme and other funding streams.

Governance in Welsh universities was another key topic and the Higher Education Wales review of governance arrangements led to the development of action plans within member institutions to implement the recommendations. Higher Education Wales also provided advice and evidence to the Independent Review of University Governance, established by the Welsh Government.

Higher Education Wales was a partner in the Wales Initiative for Student Engagement which was designed to facilitate greater engagement of students with their university. Coleg Cymraeg Cenedlaethol was established in March 2011 to increase opportunities for students to study their courses in the Welsh language.

The publication *Investing in the Upturn* helped build a greater understanding of the contribution that universities make to Wales.

Trustees' report

UK Higher Education International and Europe Unit

The Unit promoted the international competitiveness of UK universities, communicated the strength of UK higher education internationally and supported UK universities to develop their international activities as outlined on page 5

Higher Education Better Regulation Group

The Higher Education Better Regulation Group was established in early 2010 as a source of expert knowledge on the regulation of higher education by public sector regulatory bodies in collaboration with the Quality Assurance Agency and the Higher Education Statistical Agency. Priorities for 2011/12 include undertaking a review of legislation affecting higher education and make recommendations as to where de-regulation might be possible

UK Research Integrity Office (UKRIO)

In December 2010 this unit became UKRIO Limited and relocated to the University of Sussex. Until the date of transfer UKRIO provided independent, confidential and expert advice to universities, other research organisations, researchers and the public about the conduct of health and biomedical research

Medical Schools Council

The Medical Schools Council continued to focus on improving the transition from medical school to employment in the NHS, part of which was the development of a mechanism which would allow the pre-allocation of posts to UK graduates

Collaborations included work with the GMC and Foundation School Directors on educational issues and Fitness to Practice, and a joint publication with the BMA – a *Guide to Widening Access Schemes in Medical Schools*

Medical Schools Council worked closely with the Chief Executives of the UK's University Hospitals and were influential in shaping the response of the NHS Future Forum – the Education and Training section

The MSC Assessment Alliance was developed and additional funding gained for two projects – the situational judgement tests for selection into the Foundation Programme and the strand on Prescribing Skills Assessment

Employers Pension Forum

The Employers Pension Forum involving Universities UK, GuildHE and UCEA, supported by HEFCE and SFC, was commissioned to review higher education sector pension schemes with particular reference to the Universities Superannuation Scheme (USS) and the Local Government and Teaching pension schemes. After two years of debate and a sector wide consultation on the USS scheme, changes will be implemented from 1 October 2011, particularly affecting new entrants

Corporate Governance

The Board of Trustees comprises of 24 members of Universities UK, it meets five times a year. Member input and support to the work of Universities UK is on a non-remunerated basis. The Board is responsible for the management of the organisation and is required to present audited financial statements annually

The three standing committees are the Executive Committee, Treasurer's Committee and the Remuneration Committee. Each is formally constituted with terms of reference. The six policy networks prepare policy positions on key areas of the higher education agenda. Network composition is varied in form and membership, with a strong emphasis towards member participation

Trustees' report

Relationship with UK Higher Education sector agencies

Universities UK is the original subscribing member of various UK higher education sector agencies and has a long relationship with USS. As such we may nominate both trustees to the agency boards' and observers (typically being senior members of staff). The key relationships are with Higher Education Statistical Agency, Higher Education Careers Service Unit, the Office of the Independent Adjudicator, Universities and Colleges Admissions Service, Higher Education Authority, Leadership Foundation for HE, Universities and Colleges Employers Agency, Quality Assurance Agency and the Equality Challenge Unit.

Risk Management

An effective approach to risk management is seen by Universities UK as an essential element of corporate governance. The organisation has adopted a financially prudent approach but remains committed to pursuing strategic opportunities linked to its mission, provided that the potential benefits and risks are understood and that reasonable means to mitigate risks are put in place. Good progress has been made towards embedding risk management throughout the organisation.

The risk register is compiled by the senior leadership team which considers the key issues facing the organisation. Significant risks are identified and evaluated together with the controls in place to manage the risks.

External reviews were undertaken this year on IT infrastructure, VAT and governance to further support risk management process and ensure that the Treasurer's Committee and trustees can be satisfied that risks are systematically recognised, assessed and managed.

Control mechanisms are evaluated against agreed criteria and new controls introduced as required. The key controls used are:

- comprehensive strategic planning, budgeting and management accounting
- formal organisational and governance structure and lines of reporting
- formal written policies

This risk management strategy forms part of the planning process against which the trustees review progress formally every six months within the context of the Strategic Plan and annual operational plan.

In respect of financial risk the trustees believe that maintaining Universities UK's readily realisable reserves at the levels stated will provide sufficient resources in the event of unplanned or adverse conditions.

The trustees are satisfied that major risks identified during the review have been adequately mitigated. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

Public Benefit

The trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 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. The range of services include research and policy development, lobbying of governments and influential stakeholders, dissemination of information to both members and the wider public using all forms of media, campaigns, conferences and national and international networking activity.

Collectively the institutional members of Universities UK demonstrate their quality and strengths through the delivery of research, teaching, skills, expertise and training. Education is available to all with the ability to benefit, regardless of their economic circumstances. The benefits to the UK are, in return, considerable.

Financial Review

The statement of financial activities for the year is set out on page 16 of the financial statements. A summary of the financial results, together with the main activities which Universities UK undertook during the year are set out below.

Trustees' report

Financial Results

Consolidated income and expenditure for the year ended 31 July 2011, together with comparative figures for 2010, are summarised in the table below

	Unrestricted Activities £'000	Restricted Activities £'000	Total 2011 £'000	Total 2010 £'000
Income	6,241	2,855	9,096	9,439
Expenditure	(5,957)	(2,652)	(8,609)	(8,496)
Surplus	284	203	487	943
Transfers	(57)	57	—	—
	227	260	487	943

Unrestricted income in 2011 was in line with levels generated in 2010 at £6,241,000 (2010 £6,186,000) Restricted income of £2,856,000 was down on 2010 reflecting variations in the nature of this income stream (2010 £3,253,000)

In a challenging year Universities UK performed well against its financial objectives and achieved a surplus on unrestricted funds after transfers of £227,000 The covenant income from CVCP Properties plc was above budget at £819,000 (2010 £801,000)

The organisation's net assets increased from £5,310,000 to £5,797,000

Total expenditure in 2011 was also consistent with 2010 levels at £8,610,000 (2010 £8,496,000)

Costs of the unrestricted activities were held down in the year Tight control was maintained in the delivery of core services, which included an office move at Woburn House This was completed with minimum disruption, on time, to budget and has supported closer collaboration between the policy, member services and communications teams

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, of which a cancellation of membership, causing falling membership income and a loss of reputation would be the most damaging The development of the specialist institution forum, the new member forum and changes to the policy networks are all means designed to promote higher levels of involvement between the organisation and the membership

Accordingly, the current target of 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 incurred

Total unrestricted funds at 31 July 2011 were £3,669,000 (2010 £3,447,000) of which £80,000 was committed to fixed assets and £600,000 invested in CVCP Properties plc Free reserves at 31 July 2011 are £2,989,000 (2010 £2,738,000) which is equal to approximately 6 months of unrestricted expenditure

Trustees' report

Grant Making Policy

Universities UK made a grant of £78,000 to the Equality Challenge Unit, an organisation which exists to promote equality of opportunity for all who work or seek to work in UK higher education

Universities UK has not made any other grants and does not have a formalised grant making programme in place

Tangible Fixed Assets

The changes to the tangible fixed assets during the year are shown in note 10 to the financial statements

Sustainability

Universities UK has continued its commitment to the sustainability agenda. In the year we have introduced additional energy saving lighting and expanded our recycling operation

Trustee Training

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, the Strategic and Operational Plans. Online support is provided using the members' extranet. It is the aim of the organisation to update trustees on any new legislation that may affect the governance of the charity and to offer on-going support through additional training

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

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

Trustees' report

New Members

New members are inducted into the organisation through a series of meetings with peers held during the year chaired by a senior member attended by the chief executive and senior officers. Detailed information packs on Universities UK are provided to each member

Wholly Owned Subsidiary

Universities UK owns 100% of the share capital in 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 17 to the financial statements.

The results and financial position of Woburn House Conference Centre Limited 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. They also acquired a central London residential flat.

Funding Sources

Membership subscriptions provides 72% of the unrestricted income, covenant income 13% and the balance comes from investment income, conference receipts, sales of publications, and donations.

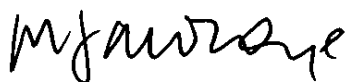
Political and Charitable Donations

The company made no political or charitable donations in 2010/11 (2009/10 nil).

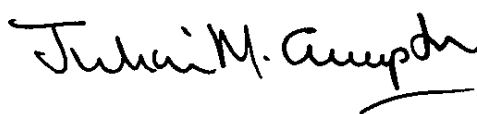
Auditor

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

BY ORDER OF THE BOARD



Nicola Dandridge
Chief Executive
4 November 2011



Julian Crampton
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 2011 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. 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 2011 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 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

Date *5 January 2012*

Devonshire House
60 Goswell Road
London
EC1M 7AD

Consolidated Statement of financial activities for the year ended 31 July 2011

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Income and expenditure					
Incoming resources					
Incoming resources from generated funds:					
Voluntary income					
Covenanted income	2	819,091	—	819,091	800,914
Donations		—	—	—	4,454
Sale of goods and services		674,567	60,542	735,109	682,639
Investment income		50,361	1,933	52,294	31,591
Incoming resources from charitable activities:					
Subscriptions from membership	3	4,506,782	718,403	5,225,185	4,710,509
Grants and contracts from funding bodies	4	30,000	2,063,331	2,093,331	2,932,525
Conference income		159,767	5,774	165,541	230,376
Publications and other small sales		265	5,529	5,794	8,149
Other income		—	—	—	37,983
Total incoming resources		6,240,833	2,855,512	9,096,345	9,439,140
Resources expended					
Costs of generating funds					
Costs of generating voluntary income		48,490	—	48,490	55,164
Fundraising trading cost of goods		563,288	31,857	595,145	636,754
Fundraising trading allocated costs		24,819	1,234	26,053	66,778
Charitable activities					
Lobbying		483,289	208,700	691,989	826,031
Information		1,109,597	588,763	1,698,360	1,442,751
Influencing and advocacy		1,063,635	310,361	1,373,996	1,423,080
Research and policy		2,337,820	1,494,607	3,832,427	3,652,112
Conferences		132,021	16,667	148,688	187,789
Funding grants	5	77,892	—	77,892	77,892
Governance costs		116,510	—	116,510	127,612
Total resources expended	6	5,957,361	2,652,189	8,609,550	8,495,963
Net incoming resources before transfers [net income]		283,472	203,323	486,795	943,177
Gross transfers between funds	15	(56,714)	56,714	—	—
Net movements in funds		226,758	260,037	486,795	943,177
Total funds brought forward		3,477,151	1,832,785	5,309,936	4,366,759
Total funds at 31 July 2011	15	3,703,909	2,092,822	5,796,731	5,309,936

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

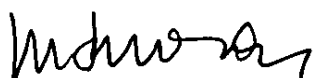
The notes on pages 19 to 32 form part of these financial statements.

Balance sheets – 31 July 2011

	Notes	The Group		Universities UK	
		2011 £	2010 £	2011 £	2010 £
Fixed assets					
Tangible fixed assets	10	141,034	114,965	112,304	83,920
Investments	11	600,000	600,000	600,000	600,000
		741,034	714,965	712,304	683,920
Current assets					
Debtors	12	1,299,133	1,240,899	1,413,093	1,306,078
Investments – short term deposits		2,950,000	1,240,000	2,950,000	1,240,000
Cash at bank and in hand		2,830,036	3,631,128	2,680,409	3,521,147
		7,079,169	6,112,027	7,043,502	6,067,225
Creditors:					
Amounts falling due within one year	13	(2,023,472)	(1,517,056)	(1,994,173)	(1,471,364)
Net current assets		5,055,697	4,594,971	5,049,329	4,595,861
Net assets		5,796,731	5,309,936	5,761,633	5,279,781
Funds and reserves					
Restricted funds		2,092,822	1,832,785	2,092,822	1,832,785
Unrestricted funds		3,668,811	3,446,996	3,668,811	3,446,996
Non-charitable trading funds		35,098	30,155	—	—
	15	5,796,731	5,309,936	5,761,633	5,279,781

Approved by the Board of Directors and authorised for issue on 4 November 2011

Signed on their behalf



Nicola Dandridge
Chief Executive



Julian Crampton
Treasurer

Company Number 2517018

The notes on pages 19 to 32 form part of these financial statements

Consolidated cash flow statement for the year ended 31 July 2011

	2011 £	2010 £
Reconciliation of net incoming resources to net cash flow from operating activities		
Net incoming resources	486,795	943,177
Investment income	(52,294)	(31,591)
Depreciation charges	116,151	138,318
(Increase) / decrease in debtors	(33,139)	373,816
Increase in creditors	506,416	244,277
Net cash inflow from operating activities	1,023,929	1,667,997
Cash flow statement		
Net cash inflow from operating activities	1,023,929	1,667,997
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(142,220)	(98,976)
Returns on investments		
Bank interest received	27,199	121,824
Management of liquid resources		
(Increase) / Decrease in short term investments	(1,710,000)	900,000
(Decrease) / increase in cash	(801,092)	2,590,845

	2010 £	Cash Flow £	2011 £
Analysis of changes in cash			
Cash at bank and in hand	3,631,128	(801,092)	2,830,036

Statement of changes in resources applied for fixed assets

	Unrestricted £	Restricted £	Total 2011 £	Total 2010 £
Net movement in funds for the year	283,472	203,323	486,795	943,177
Resources used for the acquisition of tangible fixed assets	(57,878)	(84,342)	(142,220)	(98,976)
Net movement in funds available for future activities	225,594	118,981	344,575	844,201

Notes to the financial statements – year ended 31 July 2011

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 subsidiary, Woburn House Conference Centre Limited. 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.

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

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

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. Operating leases

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

Notes to the financial statements – year ended 31 July 2011

f. Pensions

The company 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.

g. Universities Scotland and Higher Education Wales

On 1 August 1999, Universities UK amended its memorandum and articles of association, allowing for the formation of national bodies, a National Council for England and Northern Ireland, a National Body for Scotland (Universities Scotland), and a National Council for Wales (Higher Education Wales).

The funds of these National Councils comprise the 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 Scottish Charities Registrar. For accounting purposes, it is treated as a branch of Universities UK, in accordance with its legal status. Higher Education Wales does not retain its own legal identity.

Universities UK budgeted to support financially both Universities Scotland and Higher Education Wales throughout the year. Where the annual net expenditure of these organisations is less than budgeted, any consequent shortfall in the amount of support required from Universities UK in the financial year as a result of this reduction, will be transferred to a designated fund. These designated funds will be reviewed when the level of subsequent financial support from Universities UK is determined.

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 £819,091 (2010 £800,914).

3. Subscriptions from membership

	Unrestricted Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Universities UK	3,714,631	—	3,714,631	3,713,000
Universities Scotland	481,233	—	481,233	424,998
Higher Education Wales	310,918	40,810	351,728	301,863
Medical Schools Council	—	677,593	677,593	270,648
	<u>4,506,782</u>	<u>718,403</u>	<u>5,225,185</u>	<u>4,710,509</u>

Notes to the financial statements – year ended 31 July 2011

4 Grants and contracts

	Unrestricted Funds £	Restricted Funds £	Total 2011 £	<i>Total 2010 £</i>
Higher Education Funding Council for England	—	880,475	880,475	1,095,851
Department of Health	—	829,613	829,613	1,353,727
Scottish Funding Council	—	122,798	122,798	185,701
Higher Education Funding Council for Wales	30,000	79,933	109,933	68,548
Research Funding Councils	—	50,451	50,451	23,000
Quality Assurance Agency	—	20,000	20,000	20,000
Department for Employment & Learning	—	17,678	17,678	—
GuildHE	—	15,300	15,300	23,605
Council of University Heads of Medical Schools	—	14,583	14,583	—
Leadership Foundation	—	10,000	10,000	10,000
Department for Business, Innovation & Skills	—	—	—	50,000
British Council	—	—	—	14,000
The Higher Education Academy	—	—	—	11,000
Other organisations (less than £10,000)	—	22,500	22,500	77,093
	30,000	2,063,331	2,093,331	2,932,525

5 Funding grants

	Total 2011 £	<i>Total 2010 £</i>
Equality Challenge Unit	77,892	77,892

6. Analysis of total resources expended

	Staff costs £	Other direct costs £	Support costs £	Total 2011 £	<i>Total 2010 £</i>
Cost of generating funds					
Costs of generating voluntary income	33,407	7,021	8,062	48,490	55,164
Fundraising trading costs of goods sold and other costs	170,144	425,001	26,053	621,198	703,532
Charitable activities					
Lobbying	356,066	204,639	131,284	691,989	826,031
Information	967,162	424,478	306,720	1,698,360	1,442,751
Influencing and advocacy	765,232	360,522	248,242	1,373,996	1,423,080
Research and policy	1,279,353	1,844,671	708,403	3,832,427	3,652,112
Conferences	64,089	59,796	24,803	148,688	187,789
Grants paid	—	77,892	—	77,892	77,892
Governance	60,987	35,084	20,439	116,510	127,612
Total resources expended	3,696,440	3,439,104	1,474,006	8,609,550	8,495,963

Notes to the financial statements – year ended 31 July 2011

6. Resources expended (continued)

Support costs allocations

Cost of generating funds	Staff related costs £	Premises costs £	Office admin £	IT costs £	Travel £	Dep'n £	Total 2011 £	Total 2010 £
Costs of generating voluntary income	2,390	4,992	285	198	10	187	8,062	9,406
Fundraising trading costs of goods sold and other costs	8,926	14,296	1,350	673	161	647	26,053	37,936
Charitable activities								
Lobbying	46,324	72,356	5,578	3,147	795	3,084	131,284	153,383
Information	99,075	176,067	14,832	7,789	1,352	7,605	306,720	260,892
Influencing and advocacy	82,782	142,821	9,807	6,000	1,056	5,776	248,242	258,705
Research and policy	238,409	398,025	33,445	17,587	3,624	17,313	708,403	679,565
Conferences	7,423	15,296	875	607	29	573	24,803	32,065
Governance	6,719	11,917	762	499	75	467	20,439	21,849
Total resources	492,048	835,770	66,934	36,500	7,102	35,652	1,474,006	1,453,801

	Total 2011 £	Total 2010 £
Governance costs are made up of the following		
External audit and other professional fees	18,856	24,407
Apportionment of committee officer's costs (based on time spent)	13,576	13,324
Apportionment of directors' costs (based on time spent)	47,410	43,585
Apportionment of establishment costs (based on usage)	13,437	12,605
Other allocated costs	23,231	33,691
	116,510	127,612

	Total 2011 £	Total 2010 £
Other direct costs include		
Payments to auditors		
For audit services	13,436	12,965
For other services	855	845
Operating lease rentals		
Land and buildings	809,718	787,297
Office and equipment	37,304	28,482

Notes to the financial statements – year ended 31 July 2011

7. Analysis of staff costs

	Total 2011 £	Total 2010 £
Total staff costs including full and part-time employees were		
Salaries and wages	3,468,765	3,346,683
Social security costs	255,549	260,404
Pensions	442,682	627,415
	4,166,996	4,234,502

	2011 No	2010 No
The average number of employees throughout the year was		
Generating funds	1.0	2 0
Generating voluntary income	0.5	0 5
Lobbying	5.0	6 0
Information	17.0	15 0
Influencing and advocacy	14.0	14 0
Research and policy	24.5	24 0
Conferences	1.0	2 0
Governance	1.0	1 0
Support staff	11.0	10 0
Trading activities – Woburn House Conference Centre Ltd	3.0	3 0
	78.0	77 5

	2011 No.	2010 No
The number of employees whose emoluments exceeded £60,000 (excluding employer's pension contributions) were		
£60,001 - £70,000	2	1
£70,001 - £80,000	4	6
£80,001 - £90,000	1	—
£110,001 - £120,000	1	1

The total emoluments paid to the chief executive were £120,000 (2010 £110,000) The total employer pension contributions for higher paid staff as shown above were £88,189 (2010 £141,992)

8. Trustees' emoluments

No trustees received any remuneration for their services

During the year travel and accommodation expenses reimbursed to two trustees amounted to £23,207 (2010 one trustee - £10,923)

9. Taxation

Universities UK is a charity and thus, under the Income and Corporation Taxes Act 1988, SS505 and 506, is entitled to exemptions from corporation and income tax on its charitable activities

Notes to the financial statements – year ended 31 July 2011

10. Fixed assets

Group	Furniture & Equipment £	Office Technology £	Total £
Cost			
At 1 August 2010	538,060	508,654	1,046,714
Additions	9,062	133,158	142,220
Disposals	(11,817)	—	(11,817)
At 31 July 2011	535,305	641,812	1,177,117
Depreciation			
At 1 August 2010	487,021	444,728	931,749
Charge for year	21,965	94,186	116,151
Disposals	(11,817)	—	(11,817)
At 31 July 2011	497,169	538,914	1,036,083
Net book value			
At 31 July 2011	38,136	102,898	141,034
At 31 July 2010	51,039	63,926	114,965

Universities UK	Furniture & Equipment £	Office Technology £	Total £
Cost			
At 1 August 2010	423,995	437,206	861,201
Additions	4,742	118,130	122,872
Disposals	(7,017)	—	(7,017)
At 31 July 2011	421,720	555,336	977,056
Depreciation			
At 1 August 2010	393,392	383,889	777,281
Charge for year	13,059	81,429	94,488
Disposals	(7,017)	—	(7,017)
At 31 July 2011	399,434	465,318	864,752
Net book value			
At 31 July 2011	22,286	90,018	112,304
At 31 July 2010	30,603	53,317	83,920

Notes to the financial statements – year ended 31 July 2011

11 Investments held as fixed assets

	Total 2011 £	Total 2010 £
Group and Universities UK		
CVCP Properties plc ordinary shares of £1 each	50,000	50,000
CVCP Properties plc preference shares of £1 each	550,000	550,000
	600,000	600,000

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.

12. Debtors

	Group		Universities UK	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	125,354	142,591	73,889	86,824
Amounts due from subsidiary undertakings	—	—	180,931	124,626
Other debtors	838,697	822,131	838,680	822,122
Prepayments and accrued income	335,082	276,177	319,593	272,506
	1,299,133	1,240,899	1,413,093	1,306,078

13. Creditors: amounts falling due within one year

	Group		Universities UK	
	2011 £	2010 £	2011 £	2010 £
Trade creditors	585,637	362,138	559,618	330,267
Amounts due to subsidiary undertakings	—	—	13,883	6,014
Taxation and social security	155,546	140,363	143,415	127,271
Other creditors	74,829	62,147	74,829	62,147
Accruals and deferred income	1,207,460	952,408	1,202,428	945,665
	2,023,472	1,517,056	1,994,173	1,471,364

At the year end outstanding pension contributions amounted to £55,674 (2010 £52,014)

Notes to the financial statements – year ended 31 July 2011

14. Operating lease commitments

	Total 2011 £	Total 2010 £
Group and Universities UK		
Leases which expire within one year		
Office equipment	—	14,278
Land and buildings	61,949	1,875
Expiring within two to five years		
Office equipment	39,774	15,808
Land and buildings	20,786	80,429
Expiring after five years		
Land and buildings	719,171	747,737
	841,680	860,127

Notes to the financial statements – year ended 31 July 2011

15. Movement in funds

	At 1 August 2010 £	Incoming resources £	Resources expended £	Transfers £	At 31 July 2011 £
Unrestricted funds					
Investment fund	600,000	—	—	—	600,000
Universities Scotland / Higher Education Wales	338,595	39,541	—	(6,836)	371,300
General funds	2,508,401	6,196,349	(5,957,361)	(49,878)	2,697,511
	<u>3,446,996</u>	<u>6,235,890</u>	<u>(5,957,361)</u>	<u>(56,714)</u>	<u>3,668,811</u>
Restricted funds					
Medical Schools Council	459,814	347,878	(105,270)	(10,190)	692,232
MSC Assessment Alliance	—	411,750	(239,095)	(2,503)	170,152
Foundation Programme	781,276	833,000	(709,732)	(6,823)	897,721
ORS	24,535	(24,535)	—	—	—
UK HE International & Europe Unit	48,634	649,428	(733,000)	100,439	65,501
Universities Scotland (US)					
International Activities	21,336	50,006	(47,259)	—	24,083
US Student Retention	44,037	—	(17,164)	—	26,873
Measuring and recording student achievement	168,135	—	(145,115)	(969)	22,051
StLaR Foresight Project	20,211	—	(8,000)	—	12,211
Employers Pension Forum	(25,930)	204,050	(159,691)	(2,285)	16,144
UKRIO	38,125	(3,387)	(32,615)	(2,123)	—
HEBRG	73,223	154,415	(131,201)	(10,962)	85,475
Ratings	61,100	(3,500)	(38,653)	—	18,947
Recession Project	29,893	—	(29,893)	—	—
Mental Health Committee	27,321	—	(1,921)	(383)	25,017
Efficiencies	—	74,999	(74,999)	—	—
Shared Services	—	80,810	(80,810)	—	—
Research Concordat	6,761	58,097	(57,371)	(7,487)	—
Matched Funding agreement	27,134	—	(12,637)	—	14,497
Universities Week	—	20,500	(7,633)	—	12,867
Other	27,180	2,001	(20,130)	—	9,051
Universities UK – total funds	<u>1,832,785</u>	<u>2,855,512</u>	<u>(2,652,189)</u>	<u>56,714</u>	<u>2,092,822</u>
Non-charitable trading funds	30,155	4,943	—	—	35,098
Group – total funds	<u>5,309,936</u>	<u>9,096,345</u>	<u>(8,609,550)</u>	<u>—</u>	<u>5,796,731</u>

Notes to the financial statements – year ended 31 July 2011

15. 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. Transfers out of restricted funds relate to activity with Woburn House Conference Centre Ltd which is eliminated on consolidation and contributions made by the funder towards overhead and staff costs incurred by the charity to carry out the project.

Brief details of the objectives of each of the restricted funds are 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 acquisition through biomedical research and the profession of medicine.

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 equivalency of standards.

The Department of Health funded a steering group to carry out an option appraisal for the best approach for selection into **Foundation Training** in the UK.

The **Overseas Research Students Awards Scheme** provided scholarships for international postgraduate students.

The **UK Higher Education International and Europe Unit** is an observatory 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 sectors ability to compete in a global market by providing intelligence on internationalisation and European policy development.

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

The **Student Retention** project involves the collection and analysis of student retention data in Scottish universities with the aim of development of best practice in this area.

Measuring and Recording Student Achievement - a HEFCE funded project to implement the recommendations in *Beyond the honour degree classification – The Burgess Group final report* including the *Higher education achievement report*.

The **StLaR Foresight Project** relates to joint working with The Strategic Learning and Research Advisory Group for Health and Social Care (StLaR) on learning and research issues in health and social care at a central government level.

The **Employers Pension Forum (EPF)** 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 sectors public schemes.

UK Panel for Research Integrity in Health and Biomedical Sciences (UKRIO) is an initiative to support the HEI and NHS communities promote good research conduct and develop systems to handle research misconduct.

The **Higher Education Better Regulation Group (HEBRG)** promotes proportionate and risk-based regulation and supports the sector, its agencies and government in achieving better regulation for higher education.

Ratings – funding towards the development of a Memorandum of Agreement 2010 between the Valuation Office Agency and the higher education sector.

The **Recession** fund was set up to fund research into the consequences of the economic downturn and the role the HE sector can play in economic recovery.

The **Mental Health Committee** fund was set up to run conferences on mental health issues.

The **Efficiencies** project was established to review the operational functions in the HE sector and to identify opportunities for more effective working, including cost reductions through more efficient operation.

The **Shared Services** – a project to examine the scope and benefits of potential changes to the configuration of back office higher education services at Wales's universities.

Notes to the financial statements – year ended 31 July 2011

15. Movement in funds (continued)

The **Research Concordat** is a project to implement the *Concordat to Support the Career Development of Researchers*. The Concordat sets out the expectations and responsibilities of researchers, their managers, employers and funders.

The **Matched Funding Scheme** was jointly set up with the DIUS to administer a scheme to develop fundraising capacity in selected institutions.

Universities Week aims to engage with the public about higher education's often unsung and unheard success stories.

16 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	60,895	—	2,031,927	2,092,822
Unrestricted funds	51,409	600,000	3,017,402	3,668,811
Charity total	112,304	600,000	5,049,329	5,761,633
Non-charitable trading funds	28,730	—	6,368	35,098
Group total	141,034	600,000	5,055,697	5,796,731

Notes to the financial statements – year ended 31 July 2011

17. Subsidiary

The charity owns 100% of the share capital of Woburn House Conference Centre Ltd. 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 2011 and 2010, 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.

	Total 2011 £	Total 2010 £
Profit and loss account		
Turnover	659,308	624,062
Cost of sales	(349,525)	(352,983)
Gross profit	309,783	271,079
Administration costs	(39,761)	(45,792)
Staff costs	(106,510)	(113,065)
Operating profit	163,512	112,222
Interest receivable	170	155
Gift aid payment to Universities UK	(158,739)	(105,332)
Profit on ordinary activities before taxation	4,943	7,045
Taxation	—	—
Profit on ordinary activities after taxation	4,943	7,045

	Total 2011 £	Total 2010 £
Balance sheet		
Fixed assets	28,730	31,045
Current assets	230,481	175,442
Creditors: amounts falling due within one year	(224,113)	(176,332)
Net current assets (liabilities)	6,368	(890)
Total net assets	35,098	30,155
Represented by		
Share capital	2	2
Profit and loss account	35,096	30,153
	35,098	30,155

Notes to the financial statements – year ended 31 July 2011

18 Pensions

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

Both of these pension schemes are of the defined benefit type and are multi-employer schemes, with assets held in separate trustee-administered funds. Universities UK has adopted FRS 17 "Retirement Benefits". However, as it is not possible to identify each participating employer's share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis, contributions to the schemes are accounted for as if the schemes were of the defined contribution type, in accordance with FRS 17. This means that the cost recognised within the statement of financial activities is equal to the contributions payable to the schemes for the year.

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

	USS	SAUL
Date of most recent actuarial valuation	31 March 2008	31 March 2008
Valuation frequency	Triennial	Triennial
Assumptions used in valuation		
Discount rate	4.4%	4.3%
Inflation	3.6%	3.6%
Return on investments pre-retirement – past service	6.1%	6.9%
Return on investments pre-retirement – future service	6.1%	7.0%
Return on investments post-retirement – past service	4.4%	4.8%
Return on investments post-retirement – future service	4.4%	5.0%
Salary increases, per annum	4.3%	4.9%
Pension increases, per annum	3.3%	3.4%
Active members retirement age	62	62
	PA92 Medium Cohort rated down 1 year for males	PA92 Medium Cohort plus 1 year
Mortality tables		
Life expectancy on retirement at 65 (male / female)		
Members currently aged 65 (years)	22.8 / 24.8	-
Members currently aged 45 (years)	24.0 / 25.9	-
Assets of scheme at valuation date	£28,843m	£1,266m
Past service liabilities of scheme at valuation date	£28,136m	£1,265m
Net surplus in scheme at valuation date	£707m	£1m
Funding level	103%	100%
Valuation method	Projected unit	Projected unit
Pension Protection Fund funding level	107%	107%
Wind-up Basis funding level	79%	80%
Employer contribution rate (%age of pensionable salary)	14%, rising to 16% from 1 October 2009	13%
Group contributions for the year ended 31 July 2011	£365,870	£76,856
<i>Group contributions for the year ended 31 July 2010</i>	<i>£455,414</i>	<i>£91,554</i>

Notes to the financial statements – year ended 31 July 2011

18. Pensions (continued)

USS additional notes:

Since 31 March 2008 global investment markets have continued to fluctuate and as at 31 March 2011 the market's assessment of inflation has increased slightly. The actuary has taken this and government changes to inflation measures into account by reducing the assumption for pension increases from 3.3% pa to 2.9% pa. The actuary has estimated that the funding level as at 31 March 2011 under the scheme specific funding regime had fallen from 103% to 98% (a deficit of circa £700 million). Over the past twelve months, the funding level has improved from 91%, as at 31 March 2010 to 98%.

19. 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 £8,675,000 and gross expenditure was £8,193,000, resulting in a surplus of £482,000. 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.

20. 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 2011 there were 133 members (31 July 2010: 133).