

Charity Number: 1001127
Company Number: 2517018

UNIVERSITIES UK

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2010

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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 2009 to 31 July 2010 were as follows

Professor Steve Smith	(President)
Professor Michael Arthur	
Professor Janet Beer	
Professor Glynis Breakwell	
Professor Patricia Broadfoot*	
Professor John Brooks*	
Professor Julian Crampton	(Treasurer)
Professor John Craven	
Professor Geoffrey Crossick	
Professor David Eastwood	
Professor Les Ebdon	
Professor Michael Farthing	
Professor Dame Janet Finch*	
Professor Caroline Gipps	
Professor Sir Andrew Haines*	
Professor Bernard King	
Professor Noel Lloyd	(Chair, Higher Education Wales & Vice President)
Professor Anton Muscatelli	(Convener, Universities Scotland & Vice President to 31 July 2010)
Professor Alison Richard*	
Professor Colin Riordan	
Professor Chris Snowden	
Professor Eric Thomas	(Chair, England and Northern Ireland Council & Vice President)
Professor Rick Trainor	
Professor Paul Wellings	

* Term of office ended 31 July 2010

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

Professor Joy Carter
Professor Julia Goodfellow
Professor Graham Henderson
Professor Barry Ife
Professor Paul O'Prey

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 2010. 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.

Our Mission is to be the definitive voice for universities in the UK. We provide high quality leadership and support to our members, to promote a successful and diverse university education sector.

In all its work Universities UK will support the collective 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.

Organisation

Founded in 1918 initially as the Committee of Vice Chancellors and Principals of the Universities of the United Kingdom, Universities UK now represents 133 universities and higher education institutions in the UK.

The charity is administered by its board of 24 trustees, who are also members of Universities UK. The Board meets five times a year with operational responsibility delegated to the chief executive. The members are the executive heads of UK universities and meet collectively four times each year. Within Universities UK are the England and Northern Ireland Council, Universities Scotland and Higher Education Wales.

Management

Nicola Dandridge, Chief Executive, leads a management team of directors of Policy, Communications, Resources, Member Services, Higher Education Wales and Universities Scotland.

Public Benefit to the United Kingdom

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 general guidance on public benefit. In addressing the key challenges of the past year and, in line with the longer term aims through its work, Universities UK has supported its members, assisting them to achieve their goals.

Collectively the institutional members of Universities UK demonstrate their quality and strengths through the delivery of research, teaching, skills, expertise and training. The range of focus or concentration on delivery targets differs according to the type of institution and particular areas of specialism but all seek to maintain and to develop teaching and research capabilities of the highest quality in an increasingly global marketplace. The benefits to the United Kingdom are, in return, considerable.

- **Benefiting society**

Through our members work on widening participation and continuing education, institutions play a major role in raising aspirations and awareness and in transmitting the values of a common culture across all segments of society.

Through their libraries, museums and galleries our member institutions provide vital elements in the cultural life of the United Kingdom.

The institutions play an essential role in training professionals of all types to serve society – such as architects, health professionals, civil servants, lawyers, town planners, teachers and social workers. The institutions are very often one of the larger employers of staff in their cities and regions.

Trustees' report

Public Benefit to the United Kingdom (continued)

- The health of the nation

Universities lie at the heart of medical education and the training of doctors, dentists, optometrists and nurses. They also conduct medical research and through close collaboration with the NHS and the allied medical professions can provide the means to apply this research in a clinical setting undertaken to the highest international standards.

- Economic innovation and competitiveness

University research and development is a key element in driving economic innovation in the UK. Universities are at the forefront of business spin off and intellectual property rights licensing and they also house most of the country's best schools of Business and Management, responsible for the training of the entrepreneurial talent of the future.

- International relations

Universities are at the forefront of important international higher education alliances, have a rich diversity of contacts with overseas governments and institutions, and train the most able of the international students coming to the United Kingdom. The long-term benefits of such relations are highly valued both diplomatically and economically.

Challenge and Achievements in 2009 – 2010

The following section details the performance of the organisation in 2009 – 2010 in terms of addressing the key strategic challenges.

1 Shaping the UK higher education policy agenda

Publications and Submissions

Publications form a significant output of the policy team and the year under review was no exception. Two key policy issues dominated the year and the higher education agenda. Universities UK's submission to the Browne Review - the Independent Review of Higher Education Funding and Student Finance, launched on the 9 November 2009. The review is tasked with making recommendations to Government on the future of fees policy and financial support for full and part-time undergraduate and postgraduate students. We made our response after significant consultation with the sector in May 2010. The report is due to be published in October 2010.

The other key submission was in regard to the future of quality assurance arrangements in England and Northern Ireland. Our submission was made in December 2009 after extensive consultation with over 200 delegates. An announcement on a new institutional quality audit method is expected shortly with an implementation date of 2011/12.

Other publications released during the year

"Securing World Class Research", published jointly with Higher Education Funding Council for England (HEFCE) demonstrates, using a number of case studies from member universities, the importance of quality-related funding for university research, providing the flexibility to respond to emerging societal challenges, and supporting the next generation of researchers.

"Promoting the UK doctorate", was published in July 2009 supported by a parliamentary debate in October 2009.

"Higher Education and the Creative Economy" developed with partners RCUK, GuildHE, Skillset, UKADIA, and CHEAD.

"The Future of Research", July 2010, a report to consider the future of the UK university research base as the sector faces the most dramatic cuts in public expenditure (including within the science and research base) for a generation. The report will form a key part of our influencing strategy for future research funding.

Trustees' report

1 Shaping the UK higher education policy agenda (continued)

"The economic impact of Universities", published November 2009, promoted the work undertaken by institutions to support local and regional economies through the recession,

"From Recession to Recovery" described examples of the direct support institutions have provided to businesses, the unemployed and to students preparing to enter the labour market, making the case to Government of the value attained from strong universities,

"Variable tuition fees in England", October 2009, this was the fourth in an annual series which examines the effects of the variable fees arrangements introduced in England in 2006,

"Higher Education Pay and Prices Index", December 2009, gave a broad indication of how the prices of goods and services institutions buy are changing on a national level,

"Active ageing and universities, engaging older learners", February 2010, a research report which reviewed the engagement of older learners in education and training with particular reference to their involvement in higher education, and

"The growth of private and for-profit higher education providers in the UK", March 2010 examined private and for profit providers' role in the UK and to inform further discussions on this issue

Other documents included "Patterns of higher education institutions in the UK", and two management guidance reports on "Appointing senior staff in HE institutions" and "Appointing heads of HE institutions". A collaborative publication "Living together, Working together" was produced with the NUS and GuildHE its aim was to illustrate the many creative initiatives across the UK that address issues relating to students in the community

In other areas Universities UK engaged with over 30 institutions in a pilot scheme in the development of the Higher Education Achievement Report and in July 2010 released a consultation paper on the review of the external examiner system. Recommendations are expected in December 2010. Continued support was provided to the higher education regional associations to promote the role universities play in regional economic development, innovation and skills

The public funding environment overall has been exceptionally challenging over the course of this year, and we have sought to respond quickly to the various announcements and assess their implications for the higher education budgets and institutions. This has included an assessment of reduced HEFCE funding for 2010/11, of the implications of the main parties' spending plans, and of the budget outcomes from March and June. We have alerted members to the key features of the budgets in relation to investment in higher education and research, and in relation to the public finances more generally

We responded to HEFCE's revised Financial Memorandum and represented the interests of Universities UK's membership in the subsequent negotiations with HEFCE which were extremely successful being able to move to a position where members felt the interests of the sector were being protected. The revised Financial Memorandum has now been published

In terms of research, the development of the Research Excellence Framework and associated impact proposals have been a major policy issue for us. In December 2009, Universities UK made a full response to the HEFCE consultation highlighting the need for a unified system supported by the sector. Working with research funders and institutions we continue to support work to fully embed the *Research Careers Concordat* and made a significant contribution to the Government review of Post Graduates

On the health agenda we worked with colleagues from the Department of Health, HEFCE and DBIS to establish a national forum – the higher education national strategic exchange – to discuss health, medical education and research and with the Department of Health to support education commissioning. In October 2009 we were present at a summit for the three government ministers concerned with issues on education and training for social workers and are influencing the continuing debate about the future direction of the social work profession

Trustees' report

1 Shaping the UK higher education policy agenda (continued)

Proposed changes in government policy on immigration was a significant issue this year and our policy team worked closely with the UK Border Agency to influence and secure improvements in the admissions process for international students and to ensure that the route to member institutions remains open and accessible. Discussions were also held with DBIS and the Home Office to raise the profile of the admissions process and ensure that the value and importance of the international student community in higher education was fully appreciated. Work on this key issue continues with government departments.

Working in collaboration with sector body agencies AHUA, ARC, BUFDG, HRA and AUDE have been a hallmark of the past year. Together we have tackled issues such as Rating Revaluation as it applies to the sector and on the issue of managing the potential impact of industrial action on the student population.

Universities Scotland

A key outcome at Universities Scotland was the delivery of a protected funding package for the sector in 2010/11, the case continues to be made for continued investment ahead of the Spending Review in October based on the importance of Scottish institutions as a net contributor to the Scottish economy and as a key industry.

The Universities Scotland team were also involved in UK wide reviews on Learning and Teaching, on the review of the external examiner system, the review of academic infrastructure and the review of public information.

Universities Scotland's international focus continued to grow with closer links forged between Scotland and Rwanda, India and Denmark. They hosted a significant delegation of Principals from India in May to build on the Memorandum of Understanding signed last year.

A big focus this year has been working up the case about how Scottish universities contribute to economic resilience and success as one of the seven key industry sectors recognised by the Scottish Government. This is predicated on university's production of 'knowledge services' which creates research hubs, stimulates the growth of new industries and attracts inward investment into Scotland. Universities Scotland's role on the Curriculum for Excellence (CfE) Management Board has been an important way for the sector to stay closely informed of this major overhaul of school level education.

Higher Education Wales

Higher Education Wales coordinated an EU project whereby £115m of funding was allocated to 11,000 students, injecting targeted investment into Welsh institutions. The team promoted the role of Welsh Universities at the Welsh Assembly, describing their opportunity as a key contributor supporting the economic renewal. A partnership arrangement gave Higher Education Wales a key role working alongside HEFCW, QAA, HEA and NUS on the initiative for student engagement.

The International Unit

The International Unit produced a research report – "A guide to enhancing the international student experience", continued to provide members with timely intelligence on developments in regions such as India, China and the US and liaised with delegates from the Far East, Middle East and South America. The newsletter *International Focus* continued to attract a significant online audience.

The Europe Unit

The Europe Unit were closely involved in the Ministerial summit that launched European higher education which took place in Vienna and Budapest in March 2010, attended by delegates from 47 countries. The Europe Unit continued to promote and voice the views of the UK HE sector in both the Bologna process and at EU education and research debates, informing the sector in its monthly newsletter and briefing notes.

A new strategic plan based on a merger of the International Unit and Europe Unit was approved with continued funding secured from the four national funding bodies, GuildHE and QAA, effective from August 2010.

Trustees' report

1 Shaping the UK higher education policy agenda (continued)

HE Better Regulation Group

The HE Better Regulation Group was launched in June 2010 to address the agenda developed initially by the Higher Education Regulatory Reform Group. Its aim is to work with the sector and regulators to promote a proportionate and risk-based approach to regulation.

The UK Research Integrity Office (UKRIO)

The UK Research Integrity Office (UKRIO) continued to provide independent, confidential and expert advice to universities, other research organisations, researchers and the public about the conduct of health and biomedical research. The *Code of Practice for Research* was adopted by universities and endorsed by funding bodies.

Medical Schools Council

In May 2010, the Medical Schools Council published its 8th "Survey of Staffing Levels of Medical Clinical Academics in UK Medical Schools". It also established an Assessment Alliance (MSC AA) involving all UK medical schools with undergraduate programmes which aims to benefit the sector by improving medical school assessment practice through collaboration and sharing and developing expertise in assessment development and delivery. The Medical Schools Council ran a training workshop, with input from the General Medical Council, for university staff who handle student fitness to practise cases concerning medical students. Its publication "The Guiding Principles for the Admission of Medical Students" revised in collaboration with the admission deans from the UK's undergraduate medical schools was well received. As part of its admissions work, the Medical Schools Council ran its annual meeting of medical and dental admission deans in April 2010. Work on the Department of Health funded steering group option appraisal on selection into foundation training was ongoing.

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 deliberation the trustees have approved some significant changes to USS and subject to a forthcoming consultation exercise with scheme members the revised scheme will be introduced in April 2011.

2 Developing closer links with members

Over the past year the Chief Executive has met many of the Vice Chancellors and senior staff during visits to member institutions.

Members continued to receive a regular flow of published information including the Chief Executive's News, information notes, Extranet news bulletins, and research papers and reports. The members' special interest forum met twice during the year, proving a successful forum for debate among those members with specific subject or policy agenda. Latterly an internal project group has been set up to review our present approach to member engagement and make recommendations that would enhance the service to members and member institutions.

A successful members' conference, hosted by the University of Edinburgh took place in September 2009 attended by over 100 members and numerous delegates. The Rt Hon David Lammy MP, Minister for Higher Education, DBIS, gave the keynote address.

Trustees' report

3 Investment in staff

A major review of the Woburn House staff structure culminated in a revised staff structure, better aligning resources to the organisation's strategic priorities. The research and analytic capacity was enhanced within the policy team and a re-shaping of the communications group improved media contact and delivery.

The staff training programme focused on two specific areas, developing line management skills and improving applied IT skills. This programme will continue into the current year.

A project group with a change agenda has been established to review and improve knowledge sharing.

4 Using lobbying and campaigns to influence government policy

Campaigns

Universities UK's two significant campaigns this year have been in reference to the submission to the Independent Review of Funding and Student Finance (the Browne Review) and the review on future arrangements for Quality Assurance in England and Northern Ireland. Both campaigns involved members and Universities UK staff throughout the year and continue to attract sustained media interest as activity surrounding these reviews develops.

The Universities Scotland team has similarly monitored all new Scottish legislation and circulated guidance to the sector whilst lobbying the Scottish Parliament on matters relating to the charitable status of higher education institutions.

Events and Conferences

In a full programme of events the conference team managed eighteen events in the year on topics ranging from "the HE contribution to the creative economy", "Universities and active ageing", "The changing academic profession", "HE admissions", "Part time and distance learning" and "Promoting excellence in health research". Universities UK also supported the HE Summit conference. These events form part of the wider service to member institutions and the stakeholder community providing access to key speakers on these topics, encouraging networking and debate. The programme also provides opportunities for dissemination and sharing of good practice as well as providing networking opportunities for staff in the HE sector and generates income both from the delegate fees and sponsorship which supplements the overall income of the organisation.

In developing the programme, the team worked variously with GuildHE, UCEA, UK Research Integrity Office, Medical Schools Council, Council of Deans of Health, HEFCE, CHERI, NIACE, JISC and the National Apprenticeship Service.

5 External promotion

Led by Universities UK, the launch of "What's the Big Idea" campaign in June 2010 was a major pilot initiative to raise public awareness of the value and diversity of universities. The campaign incorporated marketing, PR activity, social media and online activity. 110 universities and organisations such as the CBI and Cancer Research UK supported the event and were involved in the delivery of over 400 events. The campaign gained widespread media coverage.

The Universities UK website attracted over 400,000 visitors from 215 countries seeking information about UK institutions, guided by our clear access pathways. 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.

The Universities UK public enquiries service received over 1,400 enquiries over the year, with over 400 coming from member institutions and 500 from members of the public. The enquiry service has aided industry and business in making contact with universities, leading to research or knowledge transfer links. An interactive map has been placed on the website with the contact details for the 'front-door-for-business' in every university.

Trustees' report

5 External promotion (continued)

The press unit supported the President and Chief Executive as they addressed the key policy issues through the print and broadcast media. Reference to Universities UK was found in articles in all the major broadsheets on key policy issues such as the Browne Review, the forthcoming Comprehensive Spending Review (CSR), the Immigration Policy as it affects the international student market, the Economic Impact report published in November 2009 and the debate about extremism on campus.

Strategic Aims 2010 – 2013

Universities UK developed its Strategic Plan 2010 – 2013 taking account of the potential implications and developments emerging from the present political and economic climate plus the forthcoming CSR and release of the recommendations from the Browne Review. We will respond to the impact of these various factors and support our membership. The strategic aims set out below are broadly generic, with sufficient flexibility to be adaptable to change and responsive to a shift in political demand and tension. The objectives underpin the aims, the indicators reflect the success of the achievement.

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, and
- Communicate the benefits of higher education to decision makers and the wider public

Indicators

- Secure a positive outcome for universities from the comprehensive spending review, the Browne review and other key points in the national funding cycle,
- Secure a positive impact on the funding and policy environment in relation to science, research, and innovation, allowing the UK's university science base to flourish,
- Successful development and implementation of the new quality assurance system, and
- Demonstrable influence on government policy in relation to UK higher education

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, and
- Foster and support European and international partnerships

Indicators

- Successful development and execution of campaigns to raise and promote the profile of UK universities,
- Demonstrable influence on government policy in relation to the development of UK higher education as an export industry,
- Successful outcomes in relation to the Bologna Process and the future of European research policy, and
- Sustained flow to the UK HE sector of reliable and informed data on European and international issues including market intelligence, political insight and policy support

Trustees' report

Strategic Aims 2010 – 2013 (continued)

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, and
- Support universities in promoting widening participation, sustainable development and other objectives identified by members

Indicators

- Successful completion and delivery of the relevant Universities UK policy projects,
- Demonstrable influence on government policy in relation to higher education and economic recovery, and
- Positive feedback on working relations from key stakeholders

4 To provide high quality services to members

Objectives

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

Indicators

- Develop innovative ways to maintain infrastructure and service support,
- Increased sponsorship for the Annual conference, and
- Positive feedback from members on the form and content of the Universities UK conferences

5 To be an effective and responsive organisation

Objectives

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

Indicators

- Positive feedback on range and content of communication channels with members,
- All activities delivered within the planned budget 2010 – 2011,
- Effective implementation of a staff training programme which supports personal and professional development, and
- Demonstrable promotion of equal opportunities

Trustees' report

Financial Review

The statement of financial activities for the year is set out on page 18 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.

Financial Results

Consolidated income and expenditure for the year ended 31 July 2010, together with comparative figures for 2009, are summarised in the table below.

	Unrestricted Activities £'000	Restricted Activities £'000	Total 2010 £'000	Total 2009 £'000
Income	6,186	3,253	9,439	9,458
Expenditure	(6,092)	(2,404)	(8,496)	(9,337)
Surplus	94	849	943	121
Transfers	(126)	126	—	—
	(32)	975	943	121

Total income in 2010 was in line with 2009 at £9,439,140 (2009 £9,457,937). Unrestricted income generated also held at 2009 levels at £6,185,901 (2009 £6,316,731).

In a busy and challenging year Universities UK performed well against its financial objectives and the £32k deficit on unrestricted funds was smaller than anticipated. The covenant income from CVCP Properties plc was above budget at £800,914 (2009 £883,171).

The organisation's net assets increased from £4,367k to £5,310k.

Total expenditure in 2010 decreased by 9% to £8,495,963 (2009 £9,336,708) which was due to variations in restricted activity. Costs of the unrestricted activities were held down in the year. Tight control was maintained in the delivery of core services and a major review of the Woburn House staff structure was completed which resulted in a revised structure, improving the alignment of resources to the organisation's strategic priorities.

Investment Policy

Universities UK receives income on an annual basis through membership subscriptions, conference income, grants (as restricted funds), 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.

Trustees' report

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 recent internal restructuring is designed to promote closer links 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 2010 were £3,446,996 (2009 £3,485,999) of which £108,954 was committed to fixed assets and £600,000 invested in CVCP Properties plc. Free reserves at 31 July 2010 are £2,738,042 (2009 £2,743,731) which is equal to approximately 5½ months of unrestricted expenditure.

Grant Making Policy

During 2009, Universities UK made grants totalling £1,205,737 under the DIUS Matched Funding Scheme. The cost of these grants was funded by DIUS.

This was a capacity-building scheme designed to help higher education establishments to develop their own fundraising capability and expertise.

Universities UK also made a grant 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 grants in addition to those described here 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. Continuing on the progress made in 2009, developments in the year included:

- Further expansion of the materials recycling operation,
- Introduction of a cycle storage facility and tax efficient bike purchase scheme, and
- Further uptake by staff of Oyster travel cards for business travel throughout London.

Structure, Governance and Management

Universities UK is incorporated as a private company limited by guarantee. It is a registered charity, governed by its Memorandum and Articles of Association which were amended in December 2006 to reflect the changes made to the Board and Committee structure of the organisation. Members of the Board of Trustees are the directors of the company. The membership comprises Vice Chancellors and Principals from universities within the United Kingdom. Membership is voluntary.

The work of Universities UK is guided by the full membership, which meets four times each year at its member meetings. Two of the meetings are residential meetings which occur in the spring and autumn. The Autumn Conference normally takes place at one of the member institutions. The other two member meetings are of shorter duration and take place in London, at Universities UK offices.

The membership delegates responsibility for the governance of Universities UK to the UK Board, to the National Councils of England and Northern Ireland, and to the Boards of Universities Scotland and Higher Education Wales.

Trustees' report

The Board of Trustees

The directors of the company are also its trustees. The Board comprises twenty four trustees appointed from across the membership. The President is elected by the members to serve for a term of two academic years. Trustees serve for a term of two years and may stand for a further term. The National Councils of England and Northern Ireland and of Higher Education Wales each has a Chair, Universities Scotland has a Convenor. Each appointee is eligible for re-election or re-nomination from amongst its members. The Treasurer is elected from amongst the membership for a term of two academic years.

The remaining members of the Board comprise up to six members nominated by the President, six persons elected to the role from among the membership, and six Policy Committee Chairs. In the event that an election is required this would be conducted by postal ballot.

New trustees to the Board will have already had experience of the organisation, either as a member, as a member of a Policy Committee or possibly as a Chair of one of the various Groups or working groups.

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 organisation's aim 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 directors at the time the Trustees' Report is approved is aware

- a) there is no relevant information of which the auditors are unaware, and
- b) 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.

Risk Management

The Treasurer's Committee reviews the risk register annually. 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, and
- Hierarchical authorisation and approval levels.

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.

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.

Trustees' report

Political and Charitable Donations

The company made no political or charitable donations in 2009/10 (2008/09 nil)

Auditor

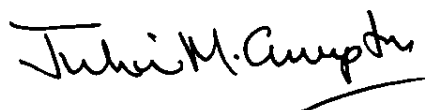
Kingston Smith LLP has indicated its willingness to continue as auditor, subject to re-appointment at the next annual general meeting

BY ORDER OF THE BOARD



Nicola Dandridge
Chief Executive

5 November 2010



Julian Crampton
Treasurer

Independent auditors' report to the Members of Universities UK

We have audited the group and parent company financial statements of Universities UK for the year ended 31 July 2010 which comprise the Consolidated Statement of Financial Activities, the Consolidated and parent company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

The report is made solely to the charitable company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditor's report addressed to them. 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 Auditors

The trustees' (who are also the directors of the company for the purpose of company law) responsibilities 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) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the charitable parent company's circumstances, consistently applied and adequately disclosed.

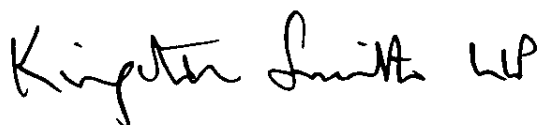
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Independent auditors' report to the Members of Universities UK

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2010 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Report is consistent with the financial statements



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

Date 15 November 2010

Devonshire House
60 Goswell Road
London
EC1M 7AD

Statement of financial activities for the year ended 31 July 2010

		Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Income and expenditure	Notes				
Incoming resources					
Incoming resources from generated funds:					
Voluntary income					
Donations		4,454	—	4,454	8,017
Covenanted income	2	800,914	—	800,914	883,171
Sale of goods and services		616,045	66,594	682,639	704,043
Investment income		30,582	1,009	31,591	192,115
Incoming resources from charitable activities:					
Subscriptions from membership	3	4,439,861	270,648	4,710,509	4,600,635
Grants and contracts from funding bodies	4	32,700	2,899,825	2,932,525	2,755,414
Conference income		223,019	7,357	230,376	309,300
Publications and other small sales		343	7,806	8,149	5,242
Other income		37,983	—	37,983	—
Total incoming resources		6,185,901	3,253,239	9,439,140	9,457,937
Resources expended					
Costs of generating funds					
Costs of generating voluntary income		55,164	—	55,164	51,835
Fundraising trading cost of goods		612,222	24,532	636,754	655,391
Fundraising trading allocated costs		65,749	1,029	66,778	62,350
Charitable activities					
Lobbying		607,799	218,232	826,031	1,067,125
Information		1,007,870	434,881	1,442,751	1,335,602
Influencing and advocacy		1,108,631	314,449	1,423,080	1,302,784
Research and policy		2,247,774	1,404,338	3,652,112	3,351,595
Conferences		181,161	6,628	187,789	173,269
Funding grants	5	77,892	—	77,892	1,205,727
Governance costs		127,612	—	127,612	131,030
Total resources expended	6	6,091,874	2,404,089	8,495,963	9,336,708
Net incoming resources before transfers [net income]		94,027	849,150	943,177	121,229
Gross transfers between funds	15	(125,985)	125,985	—	—
Net movements in funds		(31,958)	975,135	943,177	121,229
Total funds brought forward		3,509,109	857,650	4,366,759	4,245,530
Total funds at 31 July 2010	15	3,477,151	1,832,785	5,309,936	4,366,759

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

The notes on pages 20 to 35 form part of these financial statements.

Balance sheets – 31 July 2010


		The Group		Universities UK	
		2010	2009	2010	2009
	Notes	£	£	£	£
Fixed assets					
Tangible fixed assets	10	114,965	154,307	83,920	121,233
Investments	11	600,000	600,000	600,000	600,000
		<u>714,965</u>	<u>754,307</u>	<u>683,920</u>	<u>721,233</u>
Current assets					
Debtors	12	1,240,899	1,704,948	1,306,078	1,831,241
Investments – short term deposits		1,240,000	2,140,000	1,240,000	2,140,000
Cash at bank and in hand		3,631,128	1,040,283	3,521,147	861,390
		<u>6,112,027</u>	<u>4,885,231</u>	<u>6,067,225</u>	<u>4,832,631</u>
Creditors*					
Amounts falling due within one year	13	(1,517,056)	(1,272,779)	(1,471,364)	(1,210,215)
Net current assets		<u>4,594,971</u>	<u>3,612,452</u>	<u>4,595,861</u>	<u>3,622,416</u>
Net assets		<u>5,309,936</u>	<u>4,366,759</u>	<u>5,279,781</u>	<u>4,343,649</u>
Funds and reserves					
Restricted funds		1,832,785	857,650	1,832,785	857,650
Unrestricted funds		3,446,996	3,485,999	3,446,996	3,485,999
Non-charitable trading funds		30,155	23,110	—	—
	15	<u>5,309,936</u>	<u>4,366,759</u>	<u>5,279,781</u>	<u>4,343,649</u>

Approved by the Board of Directors and authorised for issue on 5 November 2010

Signed on their behalf



Nicola Dandridge
Chief Executive



Julian Crampton
Treasurer

Company Number 2517018

The notes on pages 20 to 35 form part of these financial statements

Consolidated cash flow statement for the year ended 31 July 2010

	2010 £	2009 £
Reconciliation of net incoming resources to net cash flow from operating activities		
Net incoming resources	943,177	121,229
Investment income	(31,591)	(192,115)
Depreciation charges	138,318	166,354
Decrease / (increase) in debtors	373,816	(389,421)
Increase in creditors	244,277	10,067
Net cash inflow from operating activities	1,667,997	(283,886)
Cash flow statement		
Net cash inflow from operating activities	1,667,997	(283,886)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(98,976)	(119,188)
Returns on investments		
Bank interest received	121,824	122,297
Management of liquid resources		
Decrease in short term investments	900,000	250,000
Increase / (decrease) in cash	2,590,845	(30,777)

	2009 £	Cash Flow £	2010 £
Analysis of changes in cash			
Cash at bank and in hand	1,040,283	2,590,845	3,631,128

Statement of changes in resources applied for fixed assets

	Unrestricted £	Restricted £	Total 2010 £	Total 2009 £
Net movement in funds for the year	95,027	849,150	944,177	121,229
Resources used for the acquisition of tangible fixed assets	(98,976)	—	(98,976)	(119,188)
Net movement in funds available for future activities	(3,949)	849,150	845,201	2,041

Notes to the financial statements – year ended 31 July 2010

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 basis 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 2010

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 received during the year from CVCP Properties plc was £800,914 (2009: £883,171).

3. Subscriptions from membership

	Unrestricted Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Universities UK	3,713,000	—	3,713,000	3,605,377
Universities Scotland	424,998	—	424,998	450,001
Higher Education Wales	301,863	—	301,863	284,841
Medical Schools Council	—	270,648	270,648	260,416
	<u>4,439,861</u>	<u>270,648</u>	<u>4,710,509</u>	<u>4,600,635</u>

Notes to the financial statements – year ended 31 July 2010

4. Grants and contracts

	Unrestricted Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Higher Education Funding Council for England	—	1,095,851	1,095,851	1,203,905
Scottish Funding Council	—	185,701	185,701	128,470
Higher Education Funding Council for Wales	30,000	38,548	68,548	30,956
Department of Health	—	1,353,727	1,353,727	161,961
Department for Business, Innovation & Skills	—	50,000	50,000	1,158,606
GuildHE	2,700	20,905	23,605	5,150
Research Funding Councils	—	23,000	23,000	—
Quality Assurance Agency	—	20,000	20,000	20,000
British Council	—	14,000	14,000	—
The Higher Education Academy	—	11,000	11,000	—
Leadership Foundation	—	10,000	10,000	—
VisitScotland	—	—	—	30,000
Other organisations (less than £10,000)	—	77,093	77,093	16,366
	32,700	2,899,825	2,932,525	2,755,414

Notes to the financial statements – year ended 31 July 2010

5. Funding grants

	Total 2010	<i>Total 2009</i>
	£	£
Matched funding agreement grants		
The University of Bath	—	56,250
Birkbeck College	—	37,350
Bournemouth University	—	40,500
Brunel University	—	37,000
Coventry University	—	36,000
Cranfield University	—	66,250
De Montfort University	—	54,000
The University of East Anglia	—	22,500
The University of Essex	—	27,000
The University of Greenwich	—	100,542
The Institute of Education	—	13,050
The University of Kent	—	41,850
Kingston University	—	53,550
The University of Lancaster	—	45,000
The University of Leicester	—	49,275
London South Bank University	—	49,500
Middlesex University	—	47,250
The Nottingham Trent University	—	66,250
Oxford Brookes University	—	36,000
Ravensbourne College of Design and Communication	—	24,750
Royal Northern College of Music	—	30,713
The University of Salford	—	36,000
The University of Sheffield	—	15,075
The University of Sunderland	—	47,680
The University of Surrey	—	47,250
The University of Sussex	—	31,500
York St John College	—	15,750
	—	1,127,835
Equality Challenge Unit Limited	77,892	77,892
	77,892	1,205,727

The Matched Funding Scheme was jointly set up with the Department for Industry, Universities and Skills to administer a scheme to develop fundraising capacity in selected institutions. Final grants were paid in March 2009.

Certain trustees are Vice Chancellors of institutions in receipt of matched funding grants. None of these trustees had influence over or were involved in the grant-making process.

Notes to the financial statements – year ended 31 July 2010

6. Analysis of total resources expended

	Staff costs £	Other direct costs £	Support costs £	Total 2010 £	Total 2009 £
Cost of generating funds					
Costs of generating voluntary income	32,583	13,175	9,406	55,164	51,835
Fundraising trading costs of goods sold and other costs	208,758	456,838	37,936	703,532	717,741
Charitable activities					
Lobbying	464,200	208,448	153,383	826,031	1,067,125
Information	839,866	341,993	260,892	1,442,751	1,335,602
Influencing and advocacy	854,903	309,472	258,705	1,423,080	1,302,784
Research and policy	1,251,182	1,721,365	679,565	3,652,112	3,351,595
Conferences	96,587	59,137	32,065	187,789	173,269
Grants paid	—	77,892	—	77,892	1,205,727
Governance	56,908	48,855	21,849	127,612	131,030
Total resources expended	3,804,987	3,237,175	1,453,801	8,495,963	9,336,708

Support costs allocations

	Staff related costs £	Premises costs £	Office admin £	IT costs £	Travel £	Dep'n £	Total 2010 £	Total 2009 £
Cost of generating funds								
Costs of generating voluntary income	2,670	5,332	499	463	10	432	9,406	8,946
Fundraising trading costs of goods sold and other costs	12,123	19,920	2,322	1,759	166	1,646	37,936	39,796
Charitable activities								
Lobbying	49,388	80,672	8,711	7,200	692	6,720	153,383	197,775
Information	80,469	140,365	15,250	12,407	842	11,559	260,892	248,480
Influencing and advocacy	80,997	138,669	14,394	12,261	930	11,454	258,705	240,210
Research and policy	219,400	355,751	40,578	31,655	2,707	29,474	679,565	623,305
Conferences	9,141	18,144	1,698	1,576	35	1,471	32,065	29,904
Governance	6,390	12,192	1,175	1,061	39	992	21,849	22,624
Total resources	460,578	771,045	84,627	68,382	5,421	63,748	1,453,801	1,411,040

Governance costs are made up of the following

	Total 2010 £	Total 2009 £
External audit and other professional fees	24,407	15,659
Apportionment of committee officer's costs (based on time spent)	13,324	35,515
Apportionment of directors' costs (based on time spent)	43,585	42,155
Apportionment of establishment costs (based on usage)	12,605	12,768
Other allocated costs	33,691	24,933
	127,612	131,030

Notes to the financial statements – year ended 31 July 2010

6. Resources expended (continued)

	Total 2010 £	Total 2009 £
Other direct costs include		
Payments to auditors		
For audit services – current year	12,953	12,507
For audit services – prior year (irrecoverable VAT)	12	2,322
For other services	845	830
Operating lease rentals		
Land and buildings	787,297	784,003
Office and equipment	28,482	25,705

7. Analysis of staff costs

	Total 2010 £	Total 2009 £
Total staff costs including full and part-time employees were		
Salaries and wages	3,346,683	3,379,497
Social security costs	260,404	279,097
Pensions	627,415	437,287
	4,234,502	4,095,881

	2010 No	2009 No
The average number of employees throughout the year was		
Generating funds	2.0	2.0
Generating voluntary income	0.5	0.5
Lobbying	6.0	9.0
Information	15.0	14.0
Influencing and advocacy	14.0	14.0
Research and policy	24.0	26.0
Conferences	2.0	2.0
Governance	1.0	1.5
Support staff	10.0	10.0
Trading activities – Woburn House Conference Centre Ltd	3.0	3.0
	77.5	82.0

	2010 No	2009 No
The number of employees whose emoluments exceeded £60,000 (excluding employer's pension contributions) were		
£60,001 - £70,000	1	2
£70,001 - £80,000	6	2
£80,001 - £90,000	—	2
£90,001 - £100,000	—	1
£110,001 - £120,000	1	—
£140,001 - £150,000	—	1

The total emoluments paid to the chief executive were £110,000 (2009 £149,777). The total employer pension contributions for higher paid staff as shown above were £141,992 (2009 £73,262).

Notes to the financial statements – year ended 31 July 2010

8. Trustees' emoluments

No trustees received any remuneration for their services

During the year travel and accommodation expenses reimbursed to one trustee amounted to £10,923 (2009 one trustee - £2,003)

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

10. Fixed assets

Group	Furniture & Equipment £	Office Technology £	Total £
Cost			
At 1 August 2009	501,291	656,563	1,157,854
Additions	56,599	42,377	98,976
Disposals	(19,830)	(190,286)	(210,116)
At 31 July 2010	538,060	508,654	1,046,714
Depreciation			
At 1 August 2009	473,302	530,245	1,003,547
Charge for year	33,549	104,769	138,318
Disposals	(19,830)	(190,286)	(210,116)
At 31 July 2010	487,021	444,728	931,749
Net book value			
At 31 July 2010	51,039	63,926	114,965
At 31 July 2009	27,989	126,318	154,307

Notes to the financial statements – year ended 31 July 2010

10. Fixed assets (continued)

	Furniture & Equipment £	Office Technology £	Total £
Universities UK			
Cost			
At 1 August 2009	400,147	593,697	993,844
Additions	37,459	33,795	71,254
Disposals	(13,611)	(190,286)	(203,897)
At 31 July 2010	423,995	437,206	861,201
Depreciation			
At 1 August 2009	389,090	483,521	872,611
Charge for year	17,913	90,654	108,567
Disposals	(13,611)	(190,286)	(203,897)
At 31 July 2010	393,392	383,889	777,281
Net book value			
At 31 July 2010	30,603	53,317	83,920
At 31 July 2009	11,057	110,176	121,233

11. Investments held as fixed assets

	Total 2010 £	Total 2009 £
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	
	2010 £	2009 £	2010 £	2009 £
Trade debtors	142,591	117,939	86,824	80,038
Amounts due from subsidiary undertakings	—	—	124,626	166,669
Other debtors	822,131	899,559	822,122	899,545
Prepayments and accrued income	276,177	687,450	272,506	684,989
	1,240,899	1,704,948	1,306,078	1,831,241

Notes to the financial statements – year ended 31 July 2010

13 Creditors, amounts falling due within one year

	Group		Universities UK	
	2010	2009	2010	2009
	£	£	£	£
Trade creditors	362,138	353,635	330,267	298,214
Amounts due to subsidiary undertakings	—	—	6,014	8,699
Taxation and social security	140,363	101,203	127,271	88,840
Other creditors	62,147	63,059	62,147	63,059
Accruals and deferred income	952,408	754,882	945,665	751,403
	<u>1,517,056</u>	<u>1,272,779</u>	<u>1,471,364</u>	<u>1,210,215</u>

At the year end outstanding pension contributions amounted to £52,014 (2009 £55,593)

14. Operating lease commitments

	Total 2010 £	Total 2009 £
Group and Universities UK		
Leases which expire within one year		
Office equipment	14,278	13,369
Land and buildings	1,875	56,681
Expiring within two to five years		
Office equipment	15,808	14,751
Land and buildings	80,429	20,173
Expiring after five years		
Land and buildings	747,737	714,886
	<u>860,127</u>	<u>819,860</u>

Notes to the financial statements – year ended 31 July 2010

15. Movement in funds

	At 1 August 2009 £	Incoming resources £	Resources expended £	Transfers £	At 31 July 2010 £
Unrestricted funds					
Investment fund	600,000	—	—	—	600,000
Universities Scotland / Higher Education Wales	274,534	64,061	—	—	338,595
General funds	2,611,465	6,114,795	(6,091,874)	(125,985)	2,508,401
	<u>3,485,999</u>	<u>6,178,856</u>	<u>(6,091,874)</u>	<u>(125,985)</u>	<u>3,446,996</u>
Restricted funds					
Medical Schools Council	339,850	340,765	(209,624)	(11,177)	459,814
Role of the Doctor	5,025	—	(521)	—	4,504
Foundation Programme	27,709	1,270,000	(513,433)	(3,000)	781,276
Overseas Research Students Awards Scheme	24,535	—	—	—	24,535
Europe Unit	37,769	183,072	(343,665)	141,705	18,881
International Unit	21,218	424,818	(381,882)	(34,401)	29,753
Universities Scotland (US)					
International Activities	24,145	50,000	(50,940)	(1,869)	21,336
US Student Retention	12,155	37,500	(5,618)	—	44,037
US Race Equality Toolkit	—	11,000	(7,520)	—	3,480
US Process Innovation	10,000	—	(10,000)	—	—
US Homecoming Project	5,393	7,183	(18,238)	5,662	—
Measuring and recording student achievement	184,088	262,323	(277,769)	(507)	168,135
StLaR Foresight Project	20,211	—	—	—	20,211
Pension Strategy	24,081	129,800	(178,111)	(1,700)	(25,930)
UKRIO	13,403	114,710	(84,278)	(5,710)	38,125
HEBRG	(103)	182,554	(107,491)	(1,737)	73,223
Ratings	—	61,100	—	—	61,100
Recession Project	750	52,313	(23,170)	—	29,893
Creative Economy	—	26,000	(18,755)	—	7,245
Mental Health Committee	27,714	—	(57)	(336)	27,321
Procurement Project	30,000	—	(22,325)	—	7,675
Senior Appointments	4,596	1,748	(4,523)	—	1,821
Research Concordat	12,246	69,852	(64,265)	(11,072)	6,761
Matched Funding agreement	30,411	—	(3,277)	—	27,134
Universities Week	—	28,500	(78,628)	50,128	—
Other	2,454	1	1	(1)	2,455
	<u>857,650</u>	<u>3,253,239</u>	<u>(2,404,089)</u>	<u>125,985</u>	<u>1,832,785</u>
Universities UK – total funds					
Non-charitable trading funds	23,110	7,045	—	—	30,155
Group – total funds	<u>4,366,759</u>	<u>9,439,140</u>	<u>(8,495,963)</u>	<u>—</u>	<u>5,309,936</u>

Notes to the financial statements – year ended 31 July 2010

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 **Role of the Doctor** fund was set up to fund a conference in October 2008 on the role of the doctor. Its work is on-going.

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** provides scholarships for international postgraduate students.

The **UK HE Europe Unit**, seeks to raise HEI's awareness of and engagement in key European HE initiatives and promote UK HE in European decision-making forums.

The **International Unit** aims to exert influence through enabling individual higher education institutions to sharpen the focus of their thinking about international and global issues.

The **Universities Scotland International Unit** was set up to develop and implement policy and carry out 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.

Toolkit – funding for the production of a Race Equality Toolkit.

Process Innovation is a programme to improve connections between the business sector and universities.

Homecoming Scotland 2009 was a programme of activities organised by VisitScotland to promote Scotland on the international stage. Universities Scotland participated in the activities with a touring exhibition called "Where Tomorrow Begins", highlighting the innovations of Scottish universities.

Measuring and Recording Student Achievement - a HEFCE funded project to implement the recommendations in "Beyond the honour degree classification – The Burgess Group final 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 **Pension Strategy** fund was set up to develop and embed a comprehensive pensions strategy for the higher education sector.

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 **HE and the Creative Economy** - funding for research into the wide ranging contribution of the higher education sector to the UK's creative industries.

Notes to the financial statements – year ended 31 July 2010

15 Movement in funds (continued)

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

Procurement - funding towards the cost of producing "Procurement Best Practice Guide" for universities

Senior Appointments project deals with the method of appointing Vice-Chancellors and other senior university staff

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: What's the big idea? aimed 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	6,020	—	1,826,765	1,832,785
Unrestricted funds	77,900	600,000	2,769,096	3,446,996
Charity total	83,920	600,000	4,595,861	5,279,781
Non-charitable trading funds	31,045	—	(890)	30,155
Group total	114,965	600,000	4,594,971	5,309,936

Notes to the financial statements – year ended 31 July 2010

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 2010 and 2009, 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 2010 £	Total 2009 £
Profit and loss account		
Turnover	624,062	676,906
Cost of sales	(352,983)	(364,809)
Gross profit	271,079	312,097
Administration costs	(45,792)	(48,551)
Staff costs	(113,065)	(111,018)
Operating profit	112,222	152,528
Interest receivable	155	1,496
Gift aid payment to Universities UK	(105,332)	(145,661)
Profit on ordinary activities before taxation	7,045	8,363
Taxation	—	—
Profit on ordinary activities after taxation	7,045	8,363

	Total 2010 £	Total 2009 £
Balance sheet		
Fixed assets	31,045	33,074
Current assets	175,442	227,968
Creditors: amounts falling due within one year	(176,332)	(237,932)
Net current liabilities	(890)	(9,964)
Total assets less current liabilities	30,155	23,110
Represented by		
Share capital	2	2
Profit and loss account	30,153	23,108
	30,155	23,110

Notes to the financial statements – year ended 31 July 2010

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
Mortality tables	PA92 Medium Cohort rated down 1 year for males	PA92 Medium Cohort plus 1 year
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 2010	£455,414	£91,554
<i>Group contributions for the year ended 31 July 2009</i>	<i>£344,538</i>	<i>£92,810</i>

Notes to the financial statements – year ended 31 July 2010

18 Pensions (continued)

USS additional notes.

Since 31 March 2008, global investment markets have continued to fall and at 31 March 2010, the scheme actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 91% (a deficit of £3,065 million). Compared to the previous 12 months, the funding has improved from 74% (at 31 March 2009) to 91%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (which affect the various assumptions).

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 £9,027,000 and gross expenditure was £8,091,000, resulting in a surplus of £936,000. 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 2010 there were 133 members (31 July 2009: 133).