

UNIVERSITIES UK
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2003



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Universities UK
Report and financial statements
For the year ended 31 July 2003

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Universities UK

Legal and administrative details

For the year ended 31 July 2003

Legal and administrative information

The members of the UK Board (Directors and Trustees of the company) appointed for the year from 1 August 2002 to 31 July 2003 were as follows:

Professor Roderick Floud	(President)
Professor Antony Chapman	(Vice-President) (Appointed 1 August 2002)
Professor Ivor Crewe	(Vice-President)
Professor Bill Stevely	(Vice-President) (Appointed 1 August 2002)
Professor John Tarrant	(Treasurer)
Professor Robert Boucher	(Appointed 1 August 2002)
Dame Sandra Burslem	
Professor Sir Kenneth Calman	
Dr Geoffrey Copland	
Professor Sir Graeme Davies	
Professor Patrick Dowling	
Professor Michael Driscoll	
Professor Janet Finch	
Professor Diana Green	
Professor Sir Martin Harris*	
Dr Peter Knight	
Sir Colin Lucas	
Professor Tim O'Shea	
Professor Gillian Slater *	
Professor Richard Trainor	(Appointed 1 August 2002)
Professor Sir Alan Wilson*	

* Term of office ended 31 July 2003

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.

Company Secretary: John Tuck

Chief Executive: Diana Warwick

Registered Office

Woburn House
20 Tavistock Square
London WC1H 9HQ

Solicitors

DLA
India Buildings
Water Street
Liverpool L2 0NH

Bankers

National Westminster Bank PLC
PO Box 83
Tavistock House
Tavistock Square
London WC1H 9HQ

Auditors

Horwath Clark Whitehill
25 New Street Square
London EC4A 3LN

Universities UK

Report of the Trustees

For the year ended 31 July 2003

The Trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the audited financial statements for the year ended 31 July 2003. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* issued in October 2000 in preparing the annual report and financial statements of the charity.

Organisation

Universities UK is incorporated as a private company limited by guarantee (company number 2517018) and was set up in 1918. It is a registered charity (number 1001127) and is governed by a memorandum and articles of association which was last amended in October 2000 to reflect the name change from Committee of Vice-Chancellors and Principals of the Universities of the United Kingdom.

Universities UK comprises the executive heads of all UK universities. There are currently 121 full and associate member institutions. Universities UK exists to promote, encourage and develop the university sector of higher education in the United Kingdom, thereby ensuring a bright future for all our universities, and the public that benefit from them.

Universities UK was restructured with effect from 1 August 1999 with Universities Scotland and Higher Education Wales becoming recognised as National Councils of Universities UK. Universities UK took over the administration of Universities Scotland with effect from 1 August 1999 and the administration of Higher Education Wales from 1 August 2000.

The work of Universities UK is guided by the membership, which meets four times a year and through the supervision of the UK Board, as well as the England and Northern Ireland Council, and the Boards of Universities Scotland and Higher Education Wales. Universities UK operates a number of Strategy Groups that focus on specific issues which guide the development of Universities UK policy and work collaboratively with external contacts to promote universities' interests to a wider audience.

There is also a Longer Term Strategy Group, which provides a forum to involve Universities UK members in developing longer term policy by identifying and debating new issues of potential significance. This strengthens Universities UK's capacity to set the national agenda for higher education.

A number of organisations operate within the framework of Universities UK. The most prominent are: *The Equality Challenge Unit*, which incorporates the Athena project. Equality Challenge Unit staff hold their contracts through Universities UK and the Unit's accounts are administered as a Universities UK restricted fund. The unit is sponsored by HEFCE, HEFCW, SHEFC, DELNI, Universities UK and SCOP.

Council of Heads of Medical Schools staff also hold their contracts through Universities UK and the Council's accounts are administered as a Universities UK restricted fund.

Universities UK owns 100% of the share capital in Woburn House Conference Centre Limited (formerly CVCP Property Management Limited). The financial position of Woburn House Conference Centre Limited is shown in note 16 to the financial statements.

The organisation works closely with a number of specialist agencies within the sector. These include: the Higher Education Staff Development Agency (HESDA); the Universities and Colleges Employers Association (UCEA); the Universities and Colleges Admissions Service (UCAS); the Higher Education Statistics Agency (HESA); the Higher Education Careers Services Unit (CSU); close links are also maintained with the Quality Assurance Agency (QAA) and the Institute of Learning and Teaching (ILT).

Universities UK

Report of the Trustees (continued)

For the year ended 31 July 2003

Review of activities and future developments

The statement of financial activities for the year is set out on page 7 of the financial statements. A summary of the financial results, together with the main activities which Universities UK undertook during the year and its future plans, are set out below:

Financial results

Income and expenditure for the year ended 31 July 2003, together with comparative figures for 2002, are summarised in the table below.

	Unrestricted Activities 2003 £000	Restricted Activities 2003 £000	Total 2003 £000	Total 2002 £000
Income	4,488	1,434	5,922	6,647
Expenditure	4,297	1,283	5,580	5,981
Surplus	191	151	342	666

Total Income fell by 10.9% compared to the previous year. This fall reflects the supplementary subscription from Members, which was levied during 2001/2 to cover the legal costs of the Copyright Tribunal.

Total Expenditure fell by 6.7%. This was partly due to the fall in legal costs and also to underspending in the policy development department due to the deferral of a number of planned projects as a result of focusing on work related to the White Paper and Higher Education Bill.

Review of activities

The main activities undertaken by Universities UK during the financial year are outlined below. This report should be read in conjunction with the organisation's *Annual Review*, which gives a more detailed report of the main activities. Copies can be obtained from Universities UK head office.

In keeping with previous years, Universities UK hosted two residential conferences for members. The autumn conference was held in Aberystwyth. Despite the eventful travel arrangements, the conference proved quite successful. A groundbreaking report *The Internal Economy of UK Higher Education Institutions 1994-2000* was launched. This looked at the major areas of income and expenditure for HEI's and the ratio between their income and their activities.

The spring 2003 conference was held in Birmingham. The discussion focused on the White Paper *The Future of Higher Education* which the DfES published in January. The conference also launched *Fair Enough? Wider access to university by identifying potential to succeed*.

Other main activities are summarised below.

- Universities Scotland held a fringe meeting with Association of University Teachers (AUT) and National Union of Students (NUS) on the future of higher education in Scotland at the Scottish National Party conference in Inverness.
- Higher Education Wales, in conjunction with the Welsh funding council, ran a series of working groups on e-learning, third mission, research and widening participation producing reports from each and recommending future action in the light of *Reaching Higher*, the Higher Education Strategy for Wales.
- Interim findings of the Lambert Review acknowledged universities as 'major economic forces' in their regions.
- A number of conferences were held during the year including *Research Assessment and Funding: Proposals for the future*.

Universities UK

Report of the Trustees (continued)

For the year ended 31 July 2003

- Universities UK continues to produce publications on current issues. Copies of these publications can be purchased from Universities UK and a full list of publications available can be found on Universities UK website – www.universitiesuk.ac.uk/bookshop.
- Finally, Universities UK launched an Extranet for members, which gives them on-line access to critical papers and information notes.

Future Developments

During 2003/04 Universities UK will lobby actively on the HE Bill due to be debated in Parliament this session as well as on other aspects of the White Paper, 'The Future of Higher Education'. We will also be making a submission to the Government's 2004 Spending Review on the financial needs of the university sector in all four national territories of the UK.

Universities UK will continue to host national policy conferences and seminars on key issues for higher education, as well as further develop its campaigning activities and profile-raising work on behalf of the sector. It will also continue to lobby the national executives and the institutions of the European Union to promote and support the work of Universities UK's members.

A comprehensive programme of focused research is planned and this will be used to inform all the activities mentioned above. A wide range of member-exclusive services will continue to be provided in an efficient and cost-effective way.

Risk management

The Trustees are responsible for management of the risks faced by the charity, assisted by senior staff. Risks have been identified, assessed and controls established. A formal review of risk management processes will in future be undertaken on a regular basis. 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.

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

Reserves policy

Universities UK's current reserves policy is to maintain reserves of some six months running costs (excluding restricted funds). Universities UK unrestricted funds were £2,649,773 at 31 July 2003 and unrestricted expenditure for the financial year 2002/3 was £4,297,147.

Universities UK believes that six months is an appropriate level of reserves for the following reasons:

- To ensure sufficient funds are available to meet current commitments when income streams are erratic.
- To ensure services can be maintained in the event of an unexpected loss of income or exceptional expenditure.
- To provide sufficient funds for an orderly winding up in the event that the organisation should cease operations.

Political and charitable donations

The company made no political or charitable donations in 2002/3.

Universities UK
Report of the Trustees (continued)
For the year ended 31 July 2003

Statement of Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for the period. In preparing those accounts the directors are required to:

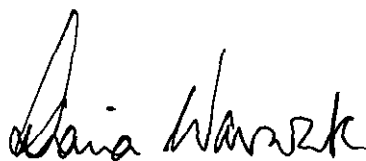
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- Prepare the accounts on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

Auditors

A resolution to reappoint Horwath Clark Whitehill will be tabled at the Annual General Meeting.

Approved by the UK Board and signed on behalf of the UK Board on 2 April 2004.



Diana Warwick
Chief Executive



John Tarrant
Honorary 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 2003 which comprise the Statement of financial activities, the Balance sheet, Cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters 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 anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of the directors and auditors

The responsibilities of the directors, who are also the charity trustees for the purposes of charity law, for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Annual Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Directors' Annual 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 mis-statements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

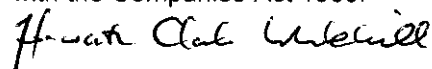
Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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.

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company as at 31 July 2003 and of its incoming resources and application of resources, including the income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Horwath Clark Whitehill

2 April 2004

Chartered Accountants and Registered Auditors

25 New Street Square
London
EC4A 3LN

Universities UK
Statement of financial activities
For the year ended 31 July 2003

Income and expenditure

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2003 £	<i>Total 2002 £</i>
Incoming resources					
Covenanted income – from subsidiaries	2	76,000	-	76,000	<i>68,000</i>
Covenanted income – other	2	687,000	-	687,000	<i>400,000</i>
Other donations		27,698	-	27,698	<i>28,376</i>
Activities in furtherance of the objects					
Subscriptions from membership	3	3,391,325	184,200	3,575,525	<i>4,505,121</i>
Grants and donations from funding bodies	4	10,131	1,216,681	1,226,812	<i>1,390,456</i>
Conference income		169,830	1,440	171,270	<i>126,322</i>
Investment income	5	106,684	2,562	109,246	<i>100,571</i>
Other income		19,500	29,636	49,136	<i>28,129</i>
Total incoming resources		<u>4,488,168</u>	<u>1,434,519</u>	<u>5,922,687</u>	<i>6,646,975</i>
Charitable expenditure					
In furtherance of the objects					
Provision of policy analysis		1,690,601	420,218	2,110,819	<i>2,288,455</i>
Influencing stakeholders and Co-ordinating agencies		1,181,067	-	1,181,067	<i>995,058</i>
Providing services for members		221,154	-	221,154	<i>596,395</i>
<i>Promoting equality and diversity</i>					
for higher education staff		-	518,716	518,716	<i>566,493</i>
International postgraduate services		-	107,193	107,193	<i>115,312</i>
Support for medical schools		-	236,897	236,897	<i>178,942</i>
Support costs		981,058	-	981,058	<i>955,820</i>
Management and administration		223,267	-	223,267	<i>284,723</i>
Total resources expended	6	<u>4,297,147</u>	<u>1,283,024</u>	<u>5,580,171</u>	<i>5,981,198</i>
Net movements in funds		191,021	151,495	342,516	<i>665,777</i>
Total funds brought forward		<u>2,458,752</u>	<u>548,336</u>	<u>3,007,088</u>	<i>2,341,311</i>
Total funds at 31 July 2003	15	<u>2,649,773</u>	<u>699,831</u>	<u>3,349,604</u>	<i>3,007,088</i>

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

The notes on pages 10 to 19 form part of these financial statements.

Universities UK
Balance sheet
As at 31 July 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible fixed assets	10	174,228	294,270
Investments	11	600,000	600,000
		<u>774,228</u>	<u>894,270</u>
Current assets			
Debtors	12	1,042,627	873,442
Investments – short term deposits		1,810,000	1,310,000
Cash at bank and in hand		491,392	256,990
		<u>3,344,019</u>	<u>2,440,432</u>
Creditors:			
Amounts falling due within one year	13	(768,643)	(327,614)
Net current assets		<u>2,575,376</u>	<u>2,112,818</u>
Net assets		<u>3,349,604</u>	<u>3,007,088</u>
FUNDS:			
Restricted funds		699,831	548,336
Unrestricted funds		2,649,773	2,458,752
	15	<u>3,349,604</u>	<u>3,007,088</u>

Approved by the Board of Directors and signed on their behalf on 2 April 2004



Diana Warwick
Chief Executive



John Tarrant
Honorary Treasurer

The notes on pages 10 to 19 form part of these financial statements.

Universities UK
Cash flow statement
For the year ended 31 July 2003

	2003 £	2002 £
Reconciliation of net incoming resources to net cash inflow from operating activities		
Net incoming resources	342,516	665,777
Depreciation charges	148,841	171,542
Increase in debtors	(169,185)	(251,856)
Increase/(Decrease) in creditors	441,029	(429,290)
Net cash inflow from operating activities	763,201	156,173

CASH FLOW STATEMENT

Net cash inflow from operating activities	763,201	156,173
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(28,799)	(317,412)
Management of liquid resources		
(Increase)/ Decrease in short term investments	(500,000)	190,000
Increase in cash	234,402	28,761

	2002 £	Cash Flow £	2003 £
Analysis of changes in cash			
Cash at bank and in hand	256,990	234,402	491,392

Statement of changes in resources applied for fixed assets

	Unrestricted £	Restricted £	Total 2003 £	Total 2002 £
Net movement in funds for the year	191,021	151,495	342,516	665,777
Resources used for the acquisition of tangible fixed assets	(24,179)	(4,620)	(28,799)	(317,412)
Net movement in funds available for future activities	166,842	146,875	313,717	348,365

The notes on pages 10 to 19 form part of these financial statements

Universities UK

Notes to the financial statements

For the year ended 31 July 2003

1. Principal accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The Directors have adopted the recommendations contained within the Statement of Recommended Practice *Accounting and Reporting by Charities* (SORP) issued by the Charity Commission in October 2000.

The company owns the whole of the share capital of Woburn House Conference Centre Limited (formerly CVCP Property Management Limited) which owns 100% of the share capital of CVCP Services Limited, which was dormant in the year ended 31 July 2003. In the opinion of the Directors, the activities of these companies are immaterial and therefore consolidated accounts are not prepared. The results of Woburn House Conference Centre Limited and its net asset position at the balance sheet date are set out in note 17 to the financial statements.

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. Premises overheads are allocated on the basis of head count.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Management and administration costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

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	- over three years

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

d) Investments

Investments held as fixed assets are stated at the Trustees' best estimate of their value at the year end.

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.

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 accounted for as if they were defined contribution schemes.

Universities UK

Notes to the financial statements (continued)

For the year ended 31 July 2003

1. Principal accounting policies (continued)

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 Inland Revenue. 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

Universities UK receives covenanted income from two sources.

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: £687,000 was received in 2003 (2002: £400,000).

Woburn House Conference Centre Limited (formerly CVCP Property Management Limited) is a wholly owned subsidiary of Universities UK, whose business is the operation of the conference facilities at Woburn House. It covenanted £76,000 to Universities UK in 2003 (2002: £68,000).

3. Subscriptions from membership

	Unrestricted	Restricted	Total 2003	Total 2002
	£	£	£	£
Universities UK	3,041,323	-	3,041,323	4,014,101
Universities Scotland	295,000	-	295,000	261,344
Higher Education Wales	55,002	-	55,002	55,000
Council of Heads of Medical Schools	-	184,200	184,200	174,676
	<u>3,391,325</u>	<u>184,200</u>	<u>3,575,525</u>	<u>4,505,121</u>

4. Grants and donations

Higher Education Funding Council for England		795,263	795,263	901,216
Scottish Higher Education Funding Council		81,663	81,663	103,082
Higher Education Funding Council for Wales	7,000	22,547	29,547	22,549
Department for Employment and Learning	-	11,027	11,027	14,151
Department for Education and Skills	3,131	88,250	91,381	-
Other agencies	-	217,931	217,931	349,458
	<u>10,131</u>	<u>1,216,681</u>	<u>1,226,812</u>	<u>1,390,456</u>

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2003

5. Investment income

Interest receivable	<u>106,684</u>	<u>2,562</u>	<u>109,246</u>	<u>100,571</u>
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6. Analysis of resources Expended

	Staff Costs £	Other Direct Costs £	Other Allocated Costs £	Total 2003 £	Total 2002 £
Provision of policy analysis	1,011,231	768,527	331,061	2,110,819	2,288,455
Influencing stakeholders and coordinating agencies	608,059	368,066	204,942	1,181,067	995,058
Providing services for members	98,191	122,963	-	221,154	596,395
Promoting equality and diversity for higher education staff	279,226	239,490	-	518,716	566,493
International postgraduate Services	66,503	40,690	-	107,193	115,312
Support for medical schools	112,413	124,484	-	236,897	178,942
Support costs	466,069	310,047	204,942	981,058	955,820
Management and administration	96,719	79,254	47,294	223,267	284,723
	<u>2,738,411</u>	<u>2,053,521</u>	<u>788,239</u>	<u>5,580,171</u>	<u>5,981,198</u>

Other direct costs include	2003	2002
	£	£
Payments to auditors		
For audit services	11,350	13,446
For other services	6,955	6,783
Operating lease rentals - Land and buildings	698,136	499,189
- Office and equipment	25,543	36,975

7. Analysis of staff costs

Total staff costs including full and part-time employees were:

Salaries and wages	2,296,493	2,306,425
Social security costs	181,043	174,962
Pensions	260,875	245,373
	<u>2,738,411</u>	<u>2,726,760</u>

The average number of employees throughout the year was:

	No.	No.
Charitable activities	57	56
Management and administration	15	13
	<u>72</u>	<u>69</u>

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2003

7. Analysis of staff costs (continued)

The number of employees whose emoluments exceeded £50,000 (excluding employer's pension contribution) were:

	2003	2002
£50,000 - £60,000	3	1
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1
£100,000 - £110,000	1	1

The total emoluments paid to the chief executive were £104,673 (2002: £99,879). The total employer pension contributions for higher paid staff were £66,688.

8. Trustees' emoluments

No trustees received any remuneration for their services.

During the year total expenses reimbursed to one director amounted to £3,630 (2002: £2,822).

9. Taxation

Universities UK is a charity and has no trading activities and thus, under the Income and Corporation Taxes Act SS505 and 506, is not liable for any corporation or income tax.

10. Fixed assets

	Furniture And Equipment £	Office Technology £	Total £
Cost			
At 1 August 2002	351,051	442,270	793,321
Additions	4,347	24,452	28,799
Disposals	-	(69,425)	(69,425)
At 31 July 2003	355,398	397,297	752,695
Depreciation			
At 1 August 2002	113,572	385,479	499,051
Charge for year	81,377	67,464	148,841
Released on disposals	-	(69,425)	(69,425)
At 31 July 2003	194,949	383,518	578,467
Net book value			
At 31 July 2003	160,449	13,779	174,228
At 31 July 2002	237,479	56,791	294,270

11. Investments held as fixed assets

	2003 £	2002 £
CVCP Properties plc ordinary shares of £1 each	50,000	50,000
CVCP Properties plc preference shares of £1 each	550,000	550,000
	<u>600,000</u>	<u>600,000</u>

Investments held as fixed assets are stated at the Trustees' best estimate of their value at the year end.

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2003

12. Debtors	2003	2002
	£	£
Trade debtors	88,982	246,467
Amounts due from subsidiary undertakings	86,674	68,000
Other debtors	745,868	440,989
Prepayments	121,103	117,986
	<u>1,042,627</u>	<u>873,442</u>

13. Creditors: Amounts falling due within one year	2003	2002
	£	£
Trade creditors	132,183	190,862
Taxation and social security	50,799	-
Other creditors	23,633	30,588
Accruals and deferred income	562,028	106,164
	<u>768,643</u>	<u>327,614</u>

14. Operating lease commitments

At the year end the company was committed to making the following payments during the next financial year in respect of operating leases.

Leases which expire		
Within two to five years		
Office equipment	25,543	25,543
Land and buildings	72,279	68,756
After five years		
Land and buildings	657,882	432,428
	<u>755,704</u>	<u>526,727</u>

15. Movement in funds	At start of year	Incoming Resources	Resources Expended	At end of year
	£	£	£	£
Unrestricted funds				
Share valuation fund	600,000	-	-	600,000
Universities UK designated fund – Universities Scotland/Higher Education Wales	70,800	57,377	-	128,177
Universities UK designated fund – Role Evaluation implementation	-	275,165	-	275,165
Universities UK general reserve	1,787,952	4,155,626	4,297,147	1,646,431
	<u>2,458,752</u>	<u>4,488,168</u>	<u>4,297,147</u>	<u>2,649,773</u>

Universities UK designated fund – Role Evaluation implementation

Universities UK undertook a comprehensive Role Evaluation exercise in 2002/03, covering all staff in post at September 2002. The implications for the organisation's Reward Strategy were reviewed by the Remuneration Committee and a revised reward structure adopted. In order to mitigate the annual financial impact of the changes, a Designated Fund has been created from Unrestricted Reserves to meet a proportion of the implementation costs in the period 2003/04 to 2005/06.

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2003

15. Movement in funds (continued)	At start of year £	Incoming Resources £	Resources Expended £	At end of year £
Restricted funds				
Council of Heads of Medical Schools	71,579	216,398	236,897	51,080
Overseas Research Students Awards Scheme	41,483	119,253	107,193	53,543
Equality Challenge Unit	243,323	562,224	518,716	286,831
Access advisory project	120,500	14,267	107,455	27,312
Funding options (Fair enough)	11,427	41,136	47,422	5,141
Modern HE services	10,389	-	2,367	8,022
Student services and snapshot survey	5,241	1,374	3,074	3,541
Leadership and management project	41,296	22,572	62,315	1,553
Mentoring project	431	15,375	15,375	431
Social inclusion and pathfinders	2,470	39,420	38,937	2,953
Teaching quality enhancement committee	197	-	197	-
Independent adjudicator	-	50,000	53,160	(3,160)
Leadership foundation	-	300,000	67,045	232,955
Progress files project	-	10,000	9,000	1,000
Student services review	-	8,500	2,799	5,701
Senior appointments project	-	15,000	10,512	4,488
Widening participation	-	19,000	560	18,440
	<u>548,336</u>	<u>1,434,519</u>	<u>1,283,024</u>	<u>699,831</u>
Total funds	<u>3,007,088</u>	<u>5,922,687</u>	<u>5,580,171</u>	<u>3,349,604</u>

The purposes of the restricted funds are as follows.

The Council of Heads of Medical Schools acts as the authoritative voice for Heads/Deans of University Faculties of Medicine and Medical Schools.

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

The Equality Challenge Unit, which incorporates the Athena project, exists to promote equality of opportunity for all who work or seek to work in UK higher education.

The access advisory project assists higher education institutions to develop their approach to widening participation.

The funding options project (Fair enough) was established to explore university admission decision-making and developing staff to make admission decisions.

Modern HE careers services, Student services and Snapshot survey all provide services to students.

Leadership and management and mentoring projects deal with higher education staff development.

The social inclusion project was set up to increase participation in Scottish Higher Education. The pathfinder project was a seminar aimed at secretarial staff who wished to develop a career in higher education.

Teaching quality enhancement committee refers to the cost of focus groups which were set up to inform the Committee's review of the external learning and teaching enhancement agencies.

The office of independent adjudicator is currently being established and will deal with student complaints. The deficit in this fund is due to timing differences on receipt of funds.

The leadership foundation was set up to promote leadership and management in Higher Education Institutions.

Universities UK

Notes to the financial statements (continued)

For the year ended 31 July 2003

15. Movement in funds (continued)

The progress files project was set up to review the use made of transcripts and personal development planning in higher education institutions.

Students services review income relates to funds received for the production of the report on the outcome of the student services review.

Senior appointments project deals with the method of appointing Vice-Chancellors.

The widening participation funding relates to a conference, which will take place on the need to widen participation and access in the health care professions.

16. Allocation of net assets between funds

The net assets held for various funds are as follows:

	Fixed Assets £	Investments £	Net Current Assets £	Total £
Restricted funds	4,290	-	695,541	699,831
Unrestricted funds	169,938	600,000	1,879,835	2,649,773
Total	174,228	600,000	2,575,376	3,349,604

17. Subsidiaries

The charity owns 100% of the share capital of Woburn House Conference Centre Ltd (formerly CVCP Property Management Ltd), which owns 100% of the share capital of CVCP Services Ltd.

Subsidiary undertakings	Activity	Investment at cost
Woburn House Conference Centre Ltd	Meetings and conferences	£2
CVCP Services Ltd	No trading activities in the year	£2

Both investments have 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.

Consolidated accounts have not been prepared as, in the opinion of the directors, the affairs of the subsidiary undertaking are not material in relation to the affairs of Universities UK.

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2003

17. Subsidiaries (continued)

Summary trading results for the year ended 31 July 2003 and 2002 are shown below. Audited accounts have been filed with the Registrar of Companies.

	2003 £	2002 £
SALES	374,953	316,878
Cost of sales	<u>(207,082)</u>	<u>(130,978)</u>
GROSS PROFIT	167,871	185,900
Administration costs	(27,021)	(23,574)
Staff costs	(60,810)	(91,408)
OPERATING PROFIT	80,040	70,918
Interest receivable	<u>993</u>	<u>507</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	81,033	71,425
Tax on ordinary activities	<u>-</u>	<u>(350)</u>
OPERATING PROFIT AFTER TAXATION	81,033	71,075
Payment under deed of covenant	(76,000)	(68,000)
Profit brought forward	<u>15,875</u>	<u>12,800</u>
PROFIT CARRIED FORWARD	20,908	15,875

18. Pensions

a) Universities Superannuation Scheme (USS)

The company participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify each entity's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme, the cost recognised within the statement of financial activities being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31 March 2002. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie, the valuation rate of interest) and the rates of increase in salary and pensions. In relation to past service liabilities the financial assumptions were derived from market yields prevailing at valuation date. It was assumed that the valuation rate of interest would be 5% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to future service liabilities it was assumed that the valuation rate of interest would be 6.0% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £19,938 million and the value of the past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The

Universities UK

Notes to the financial statements (continued)

For the year ended 31 July 2003

18. Pensions (continued)

assets therefore were sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increase in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5million of the surplus. This left a past service surplus of £79.5million (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on the company's future contribution commitment. The next formal actuarial valuation is due as at 31 March 2005 when the above rates will be reviewed.

The total pension cost for the company was £208,253 (2002: £197,493). The contribution rate payable by the company was 14% of pensionable salaries.

b) Superannuation arrangements of the University of London (SAUL)

Universities UK participates in a centralised defined benefit scheme for all qualified employees with assets held in a separate trustee-administered fund. The company has now adopted FRS17 for accounting for pension costs. It is not possible to identify Universities UK's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (ie, cash amounts) in accordance with paragraphs 8 to 12 of FRS 17.

The total cost of pension contributions for the employer was £52,622 (2002: £47,880).

The scheme is subject to triennial valuation by professionally qualified and independent actuaries. The last available valuation was carried out at 31 March 2002 using the projected unit credit method in which the actuarial liability makes allowances for projected earnings. The following assumptions were used to assess the past service funding position and future service liabilities:

Valuation method	Projected unit	
	Past service	Future service
Investment return on Liabilities		
before retirement	6.0%p.a	7.0%p.a.
after retirement	5.0%p.a	5.0%p.a.
Salary growth*	4.2%p.a	4.2%p.a.
Pension increases	2.7%p.a	2.7%p.a.

*excluding an allowance for promotional increases.

The actuarial valuation applies to the scheme as a whole and does not identify surpluses or deficits applicable to individual Employers. As a whole, the market value of the schemes assets was £941million representing 121% of the liability for benefits after allowing for expected future increase in salaries.

The contribution rate required for future service benefits alone at the date of valuation was 17.4% of salaries per annum.

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2003

18. Pensions (continued)

Employers who have recently joined SAUL ("New Employers") and certain employee groups (as agreed by the Trustee of SAUL), pay 17.4% of salaries per annum until the second actuarial valuation after entry (or some other period as agreed with the Trustee). The past service surplus allows all other employers to pay contributions at the rate of 10.5% of pensionable salaries per annum subject to the review at future valuations. The surplus also supports the continuation of the employee contribution rate of 5% of salaries per annum, again subject to review.

The next formal actuarial valuation is due at 31 March 2005 when the above rates will be reviewed.

19. 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 2003 there were 121 members.