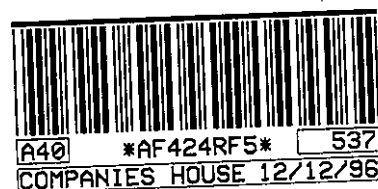


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*Report and Financial Statements*

*31 July 1996*

C V C P



# REPORT AND FINANCIAL STATEMENTS 1995-96

COMMITTEE OF VICE-CHANCELLORS AND PRINCIPALS  
OF THE UNIVERSITIES OF THE UNITED KINGDOM

Company Registration No. 2517018

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## OFFICERS AND PROFESSIONAL ADVISERS

The members of the Council and Directors of the Company appointed for the year from 1 August 1995 to 31 July 1996 were as follows:

Professor G G Roberts (Chairman)  
Professor M B Harris (Vice-Chairman)  
Professor D Melville (Vice-Chairman)  
Professor H J Newby (Vice-Chairman)  
Professor R J Bull (Treasurer)  
The Baroness Blackstone  
Dr C Booth  
Professor Sir Colin Campbell  
Dr K J R Edwards  
Dr M R Fitzgerald  
Professor T M Husband  
Professor J M Irvine  
Dr P C Knight  
Dr P M North  
Professor K G Robbins  
Mr J M Stoddart  
Professor Sir Stewart Sutherland  
Professor Sir Michael Thompson  
Professor L Wagner  
Professor A G Wilson  
Professor G J Zellick

No member of the Council had a beneficial interest in any contract with the Company.

### *Registered Office*

29 Tavistock Square,  
London WC1H 9EZ  
Registered in England and Wales No. 2517018

### *Bankers*

National Westminster Bank Plc,  
P O Box No 83,  
Tavistock House,  
Tavistock Square,  
London WC1H 9XA

### *Solicitors*

Dibb Lupton Wilkinson,  
India Buildings,  
Liverpool L2 0NH

### *Auditors*

Deloitte & Touche Chartered Accountants,  
Hill House,  
1 Little New Street,  
London, EC4A 3TR

## DIRECTORS' REPORT

1. The Directors present their annual report and the audited financial statements for the year ended 31 July 1996.
2. The Directors propose that the operating deficit of £153,116 for the year be charged to the reserves.

Following the Council meeting on 27 October 1995 a decision was taken to dispose or transfer the commercial activities of Higher Education Business Enterprises (HEBE), where appropriate to other CVCP executive agencies. A provision of £100,000 for the financial year 1996/97 is to be made available to HEBE for the restructuring of the HEBE companies.

The deficit stated above has arisen due to:

- 1) A write-off of HEBE's debts to CVCP totalling £65,000.
- 2) The need to provide for premature retirement compensation totalling £93,000, following internal reorganisation of CVCP.

Without these exceptional items CVCP would have made a small surplus.

### *Status*

3. The Committee is incorporated as a private Company limited by guarantee and not having a share capital.

The CVCP is entered in the Central Register of Charities as a charity (No. 1001127).

The Statement of Recommended Practice ("SORP") Accounting by Charities has been published. Changes will need to be made to the CVCP's accounts to comply with this revised SORP and the directors intend that these will be made in the accounts for the financial year ending 31 July 1997.

### *Principal Activities*

4. The CVCP exists to promote, encourage and develop the University sector of higher education in the United Kingdom thereby advancing education for the public benefit. The Committee's aims are: to improve the funding, regulatory and marketing environment within which United Kingdom universities pursue their diverse missions; to promote public understanding of the roles, achievements, needs and objectives of UK universities; and to assist in developing good practice in all spheres of university activity by sharing ideas and experience.
5. The Committee works by formulating common views on a wide range of matters affecting UK universities collectively and by making representations on behalf of the universities to Parliament, to the Government, at ministerial and departmental level, and also to local, national and international organisations, authorities and agencies. There is close consultation in particular with the Funding Councils (for England, for Scotland and for Wales), the Research Councils, the British Council, and agencies of the European Union.
6. The CVCP publishes a detailed report on its activities under the title CVCP Annual Review. This publication is a selective summary of the year's main activities, giving an indication of the scope, scale and quality of the work of the CVCP. It also lists the members of the CVCP Council, its committees and working groups, CVCP staff, and main publications produced during the year. The Annual Review for 1995-96 was published in July 1996. The CVCP has also recently published its first three year Corporate Plan covering the period 1996/9.

7. During 1995-96 the Committee continued to develop its plans for the purchase of Woburn House in Tavistock Square as the new premises in London for the CVCP office. In July 1995 the CVCP established a new Company, CVCP Properties plc, in which CVCP member institutions hold the shares. The new Company owns the new CVCP premises.

#### *Other Activities*

8. The CVCP has continued to develop its links with the Standing Conference of Principals (SCOP), the organisation representative of the non-university sector of higher education, to discuss matters of common concern.
9. Close links have also been maintained with the Committee of Scottish Higher Education Principals (COSHEP). With the aim of strengthening those links the CVCP provides the funding for an administrative post on secondment to the COSHEP office in Glasgow for an initial period of two years from the beginning of the session 1995-96. The responsibilities for this post of Assistant Secretary of COSHEP specifically include liaison with the CVCP office in London.
10. The Committee has assigned a number of functions to seven specialist higher education agencies, and has established formal relationships with these agencies on the basis of Framework Agreements. These cover the Universities and Colleges Admissions Service (UCAS), the Higher Education Quality Council (HEQC), the Higher Education Statistics Agency (HESA), the Higher Education Central Services Unit (CSU) for careers services, the Higher Education Business Enterprises Limited (HEBE), the Universities and Colleges Staff Development Agency (UCoSDA), and the Universities and Colleges Employers' Association (UCEA). The governing boards of these agencies include representatives of one or more of the following: CVCP, SCOP, the Committee of Principals of the Scottish Centrally Funded Colleges (CSCFC) and the Committee of University Chairmen (CUC).
11. The CVCP continues to operate, on an agency basis, the payroll for both UCoSDA and UCEA. It also operates an accounting service for UCEA.

#### *Statement of Directors' Responsibilities*

12. Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Income and Expenditure of the Company for that year. In preparing those financial statements, 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 financial statements;
  - prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for the prevention and detection of fraud and other irregularities.

#### *Political and Charitable Donations*

13. The Company made no political or charitable donations in 1995-96.

# INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 JULY 1996

	Notes	1996 1.8.95/31.7.96 £	1995 1.8.94/31.7.95 £
<i>Income</i>			
Continuing operations	2	2,900,101	2,752,000
Discontinued operations	3	-	148,717
<b>TOTAL INCOME</b>		<b>2,900,101</b>	<b>2,900,717</b>
<i>Expenditure</i>			
Staff costs	4	(1,551,000)	(1,548,415)
Depreciation		(70,823)	(88,047)
Other operating charges		(1,553,798)	(1,539,815)
<b>TOTAL EXPENDITURE</b>		<b>(3,175,621)</b>	<b>(3,176,277)</b>
<i>Operating Deficit</i>			
Continuing operations		(275,520)	(261,485)
Discontinued operations		-	(14,075)
<b>Deficit on ordinary activities before interest</b>		<b>(275,520)</b>	<b>(275,560)</b>
Investment income		122,404	133,468
<b>Deficit on ordinary activities before taxation</b>		<b>(153,116)</b>	<b>(142,092)</b>
Tax on deficit on ordinary activities		-	-
<b>Deficit for the Financial Year</b>		<b>(153,116)</b>	<b>(142,092)</b>

There are no recognised gains or losses for the current and preceding accounting periods other than as stated above.

# BALANCE SHEET AS AT 31 JULY 1996

	Notes	1996 1,895/31.7.96 £	1995 1,894/31.7.95 £
<i>Fixed Assets</i>			
Tangible assets	9	50,263	88,553
Investments	11	661,000	78,875
		<u>711,263</u>	<u>167,428</u>
<i>Current Assets</i>			
Debtors	12	309,100	457,207
Investments	13	595,000	1,104,000
Cash at bank and in hand		12,924	357,868
		<u>917,024</u>	<u>1,919,075</u>
<i>Creditors</i>			
Amounts falling due within one year	14	<u>(301,131)</u>	<u>(410,565)</u>
<b>NET CURRENT ASSETS</b>		<b>615,893</b>	<b>1,508,510</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,327,156</b>	<b>1,675,938</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	<b>(59,006)</b>	<b>(254,673)</b>
		<u>1,268,150</u>	<u>1,421,265</u>
<b>CAPITAL AND RESERVES</b>		<b>1,268,150</b>	<b>1,421,265</b>

These financial statements were approved by the Council on 27 November 1996.  
Signed on behalf of the Council.



Professor R J Bull  
TREASURER



Diana Warwick  
CHIEF EXECUTIVE AND COMPANY SECRETARY

# CASH FLOW STATEMENT YEAR ENDED 31 JULY 1996

	Notes	1996 1.8.95/31.7.96 £	1995 1.8.94/31.7.95 £
<i>Net cash inflow from operating activities</i>	19	(361,690)	161,059
<i>Returns on investments and servicing of finance</i>			
Interest received		122,404	145,818
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>122,404</b>	<b>145,818</b>
<i>Investing activities</i>			
Payments to acquire tangible fixed assets		(32,533)	(80,674)
Transferred USDU		-	(498,210)
Purchase of Investments		(582,125)	(12,500)
<b>Net cash outflow from investing activities</b>		<b>(614,658)</b>	<b>(591,384)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(853,944)</b>	<b>(284,507)</b>

## COMBINED STATEMENT OF MOVEMENTS IN GUARANTORS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES YEAR ENDED 31 JULY 1996

	At start of year	Retained Deficit for year	Inter Reserve Transfer	Transfer to USDU	At end of year
Central CVCP reserve	393,106	(180,740)	95,378	-	307,744
Public relations reserve	107,877	-	(107,877)	-	-
Operational reserve	16,751	4,305	-	-	21,056
Relocation fund	832,462	18,289	(587,501)	-	263,250
Share Valuation Fund	-	-	600,000	-	600,000
Dilapidation fund	44,626	3,656	-	-	48,282
Staff benefit fund	26,443	1,374	-	-	27,817
<b>Total 1996</b>	<b>1,421,265</b>	<b>(153,116)</b>	<b>-</b>	<b>-</b>	<b>1,268,150</b>
<b>Total 1995</b>	<b>1,862,826</b>	<b>(142,092)</b>	<b>-</b>	<b>(299,469)</b>	<b>1,421,265</b>



## NOTES TO THE ACCOUNTS YEAR ENDED 31 JULY 1996

### 1. Accounting Policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Fixed assets

Fixed assets are depreciated on a straight line basis with a view to writing off the cost over their estimated useful lives.

A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

The depreciation rates are as follows:

Office technology - over 3 years

Furniture and equipment - over 4 years

#### Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Profits, less losses, on the disposal of investments are credited/(debited) to investment income.

#### Leases

The rental payable under an operating lease in respect of land and buildings is charged to the income and expenditure account on a straight line basis.

#### Pensions

Retirement benefits are funded by contributions by the Company and its employees to pension schemes which are financially separate from the Company. Pension costs are assessed in accordance with the advice of the actuary based on the latest actuarial valuation of the schemes, and are accounted for on the basis of charging the cost of providing pensions over the period during which the Company benefits from the employee's services.

1996	1995
1.8.95/31.7.96	1.8.94/31.7.95
£	£

### 2. Analysis of Turnover - Continuing Operations

Contributions from Universities	2,619,000	2,541,000
Income from publications/project	110,861	106,848
Income for funding campaign	66,287	-
Overseas Research Students Awards Scheme	103,953	104,152
	<hr/>	<hr/>
	2,900,101	2,752,000

### 3. Analysis of Turnover - Discontinued operations

Contributions from Universities	-	91,638
Income from publications/projects	-	57,079
	<hr/>	<hr/>
	-	148,717

1996	1995
1.8.95/31.7.96	1.8.94/31.7.95
£	£

#### 4. Analysis of Staff Costs - Continuing Operations

Salaries and wages	1,259,671	1,200,858
Social security costs	109,082	104,595
Pensions	182,247	163,545
	<b>1,551,000</b>	<b>1,468,998</b>

#### Analysis of Staff Costs - Discontinued Operations

Salaries and wages	-	64,379
Social security costs	-	6,665
Pensions	-	8,373
	-	<b>79,417</b>
	<b>1,551,000</b>	<b>1,548,415</b>

The average monthly number of persons employed by the Company during the year (excluding Directors) was:

	Number	Number
CVCP (including Central Purchasing Co-ordinator)	52	55
ORS	3	3
USDU	-	12
	<b>55</b>	<b>70</b>

#### 5. Operating Deficit

	£	£
The operating deficit is stated after charging:		
Rentals under other operating leases	163,021	125,548
Auditors' remuneration - Audit Fees	7,768	7,500
Depreciation charged	70,823	88,047

#### 6. Directors' Emoluments

No Directors receive any emoluments for their services to the Company.

#### 7. Investment Income

Income from fixed asset investments	2,920	(4,278)
Other interest receivable	119,484	137,746
	<b>122,404</b>	<b>133,468</b>

#### 8. Taxation

The Company is a charity and has no trading activities and thus under the Income and Corporation Taxes Act ss 505 and 506 is not liable for any corporation or income tax.

## 9. Tangible Fixed Assets

	Furniture and equipment £	Office technology £	Total £
<i>Cost</i>			
At 1 August 1995	55,497	257,937	313,434
Additions	1,468	31,065	32,533
Disposals	-	-	-
<b>At 31 July 1996</b>	<b>56,965</b>	<b>289,002</b>	<b>345,967</b>
<i>Accumulated depreciation</i>			
At 1 August 1995	42,226	182,655	224,881
Charge for the year	8,528	62,295	70,823
Disposals	-	-	-
<b>At 31 July 1996</b>	<b>50,754</b>	<b>244,950</b>	<b>295,704</b>
<i>Net book value</i>			
<b>At 31 July 1996</b>	<b>6,211</b>	<b>44,052</b>	<b>50,263</b>
<b>At 31 July 1995</b>	<b>13,271</b>	<b>75,282</b>	<b>88,553</b>

## 10. Capital Commitments

The Company has no capital commitments for the immediate future.

## 11. Fixed Asset Investments

	Cost		Market Value	
	1996 £	1995 £	1996 £	1995 £
United Kingdom Government stocks (£1 each)	61,000	66,375	63,135	66,375
CVCP Properties Plc Ordinary Shares (£1 each)	50,000	12,500	50,000	12,500
CVCP Properties Plc Preference Shares (£1 each)	550,000	-	550,000	-
	<b>661,000</b>	<b>78,875</b>	<b>663,135</b>	<b>78,875</b>

Fixed asset investments are held at cost.

	1996 £	1995 £
<i>12. Debtors</i>		
Trade debtors	35,184	36,145
Overseas Research Students Awards Scheme	111,552	114,251
Amounts owed by CVCP Agencies	41,112	5,444
Other debtors	36,960	76,885
Prepayments	84,292	224,482
	<b>309,100</b>	<b>457,207</b>

1996	1995
1.8.95/31.7.96	1.8.94/31.7.95
£	£

### 13. Current Asset Investments

Short term deposits	595,000	1,104,000
	<b>595,000</b>	<b>1,104,000</b>

### 14. Creditors

Trade creditors	79,682	85,633
Taxation and Social Security	37,388	41,383
Other creditors	59,183	209,595
Accruals and deferred income	124,878	73,954
	<b>301,131</b>	<b>410,565</b>

### 15. Consolidation

Although companies limited by guarantee not having a capital share, the Universities Colleges Staff Development Training Agency (UCoSDA), Higher Education Quality Council (HEQC) and Higher Education Business Enterprises Limited (HEBE) are effectively subsidiaries of the CVCP by virtue of the CVCP commanding a majority of the voting rights at a general meeting. However, these Subsidiaries have not been consolidated as exemption from this is granted on the ground that the combined group qualifies as a medium sized group.

### 16. Provisions for Liabilities and Charges

	SAUL Pensions provision £	HEBE provision £	Total £
Balance at 1 August 1995	54,673	200,000	254,673
Refinancing payment in year to HEBE	-	(190,199)	(190,199)
Office accommodation expenses	-	(10,000)	(10,000)
Loan write off	-	(55,000)	(55,000)
Income and expenditure charge/(credit)	(5,468)	65,000	59,532
Balance at 31 July 1996	<b>49,205</b>	<b>9,801</b>	<b>59,006</b>

### 17. Operating Lease Commitments

At 31 July 1996 the company was committed to making the following payments during the next year in respect of operating leases.

	Land and buildings £	Other £	Total £
Leases which expire:			
Within one year	110,000	-	110,000
Within two to five years	-	55,572	55,572
	<b>110,000</b>	<b>55,572</b>	<b>165,572</b>

## 18. Pensions

### *i. Universities Superannuation Scheme (USS)*

The Company participates in the Universities Superannuation Scheme, a pension scheme which provides benefits based on final pensionable salary. The assets of the Scheme are held in a separate trustee-administered fund.

The total pension cost for the institution was £163,071 (1995 £152,289)

The pension cost is assessed using the projected unit method

The latest actuarial valuation of the Scheme was at 31 March 1993. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments and the rates of increase in salary and pensions. It was assumed that the investment return would be 8.5% per annum, that salary scale increases would be 6.5% per annum and that pensions would increase by 5% per annum.

At the date of the latest actuarial valuation, which was carried out using the projected unit method, the market value of the assets of the Scheme was £7,838 million and the actuarial value of the assets was sufficient to cover 97% of the benefits which had accrued to members after allowing for expected future increases in earnings. The level of contributions paid by the employing institutions takes into account this actuarial deficiency.

### *ii. Superannuation Arrangements of the University of London (SAUL)*

The Company participates in the Superannuation Arrangements of the University of London, a pension scheme which provides benefits based on final salary for non-academic employees of the University of London and a number of other Academic Institutions. The assets of the Scheme are held in a separate trustee-administered fund. The pension cost charged to the profit and loss account is calculated by the actuary so as to spread the cost of pensions over the employees' working lives with the Institution. The pensions costs are based on the most recent actuarial valuation which was completed with an effective date of 31 March 1993.

The actuarial method used was the Projected Unit Method. The most significant assumptions for their effect on the pension costs are those relating to the rate of return of the investments of the Scheme and the rate of increase in salaries and pensions. The investment return used was 9% per annum. The rate of earnings increase used was 7% per annum and pensions were assumed to increase at the rate of 5½% per annum in payment. The Scheme is funded using the same assumptions and actuarial method as described above for the expensing of the Scheme.

The pension cost charged to the Income and Expenditure account for the year was £19,176 (1995 - £19,629). This cost was after a reduction of £5,468 (1995 - £7,644 (4%)) in respect of the amortisation of past over funding. This amortisation is over a period of 12 years, the average remaining service lives of the pensioned employees.

The actuarial valuation at 31 March 1993 showed that the market value of the Scheme's assets was £381.5 million and the actuarial value of those assets represented 117% of the liability for benefits under the valuation method, for service to the valuation date and based on salaries projected to retirement or earlier exit.

1996	1995
1.8.95/31.7.96	1.8.94/31.7.95
£	£

## 19. Notes to Cashflow Statements

### i. Reconciliation of operating deficit for year to net cash inflow from operating activities

Operating deficit for year	(275,520)	(275,560)
Increase in provisions	(195,666)	219,626
Depreciation charges	70,623	88,047
Decrease/(increase) in debtors	148,107	(107,261)
(Decrease)/Increase in creditors	(109,434)	236,207
	<b>(361,690)</b>	<b>161,059</b>

### ii. Analysis of the changes in Cash and Cash Equivalents during the year

Balance at 1 August	1,461,868	1,746,375
Net cash outflow	(853,944)	(284,507)
<b>Balance at 31 July</b>	<b>607,924</b>	<b>1,461,868</b>

### iii. Analysis of the Balances of Cash and Cash Equivalents as shown in the Balance Sheet

Cash at bank and in hand	12,924	357,868
Short term deposits	595,000	1,104,000
	<b>607,924</b>	<b>1,461,868</b>

### iv. Transfer out of USDU Assets

Fixed assets	-	12,552
Cash	-	498,210
Debtors	-	74,234
Creditors	-	(285,527)
Reserves	-	(299,469)
	-	-
<b>Cash outflow</b>	<b>-</b>	<b>(498,210)</b>