

Charity Number: 1001127
Company Number: 2517018

UNIVERSITIES UK

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2013

WEDNESDAY



A2Z45O2B

A04

08/01/2014

#235

COMPANIES HOUSE

Section	Page
Reference and administrative information	1
Trustees' report	3
Independent auditors' report to the members of Universities UK	14
Consolidated statement of financial activities	16
Balance sheets	17
Consolidated cash flow statement	18
Notes to the financial statements	19

Reference and administrative information

Trustees

The members of the UK Board (directors and trustees of the company) appointed for the year from 1 August 2012 to 31 July 2013 were as follows

Professor Sir Eric Thomas	President
Professor Janet Beer	
Professor Dame Glynis Breakwell	
Professor Chris Brink	
Professor Joy Carter*	
Professor Julian Crampton	
Professor Sir Ian Diamond	
Professor Pete Downes	Convenor, Universities Scotland & Vice President
Professor David Eastwood	
Professor Michael Farthing	
Professor Simon Gaskell	Treasurer
Professor Dame Julia Goodfellow	
Professor Michael Gunn	Appointed 4 March 2013
Professor Graham Henderson	
Professor John Hughes*	Chair, Higher Education Wales & Vice President
Professor Barry Ife*	
Professor Dame Julia King	
Professor Patrick McGhee	Resigned 23 January 2013
Professor Anton Muscatelli	
Professor Paul O'Prey	
Professor Nick Petford	
Professor Colin Riordan	
Professor Sir Steve Smith*	
Professor Sir Christopher Snowden	Chair, England and Northern Ireland & Vice President
Professor Mary Stuart	
Professor Steven West	

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

Sir David Bell

Professor Chris Husbands

Professor David Latchman

* Term of office ended 31 July 2013

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

Reference and administrative information

Chief Executive: Nicola Dandridge

Registered Office

Woburn House
20 Tavistock Square
London
WC1H 9HQ

Solicitors

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 2013

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

Organisation

Universities UK (UUK) is the representative organisation for the United Kingdom's universities

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

The Chief Executive leads a management team comprising the Chief Operating Officer and the Directors of Policy, Communications, Member Services and the Higher Education International Unit. The Directors of Higher Education Wales, Universities Scotland, Medical Schools Council, Council of Deans of Health, Higher Education International Unit and Higher Education Better Regulation Group report both to their own councils and to the UUK Board.

Our Mission

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

Strategic Aims

UUK's strategic plan for the period 2010-13 had the following overarching aims:

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

The following sections of this report summarise UUK's key activities and achievements during 2012-13 in line with these aims. A new Strategic Plan has been developed for the period 2013-18, building on the achievements of 2012-13.

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

Sector Funding and Economics

- We made a comprehensive submission to the Spending Round 2013, supported by extensive briefing of, and dialogue with, officials in HM Treasury and the Department for Business, Innovation and Skills (BIS), and a parliamentary briefing session hosted by the Chair of the BIS Select Committee. In tight financial circumstances higher education received a relatively good outcome, with many of UUK's recommendations supported.
- We were closely involved with the Witty Review on university engagement with Local Enterprise Partnerships (LEPs). UUK led on the analysis of university responses and highlighted the range of ways universities can engage with LEPs to support economic growth. We held a special meeting for UUK members to meet Sir Andrew Witty and worked with the review team on the drafting of the report.

Trustees' report

Research

- We helped to shape the new Horizon 2020 programme and its EU funding, resulting in an informal political agreement which includes a higher funding rate for universities. We also influenced the new Erasmus+ programme for education, training, youth and sport, and the guidance issued to LEPs on the connection between universities' innovation and the European Structural and Investment Funds
- We contributed to the Triennial Review of the Research Councils and made submissions to numerous inquiries into the role and future of open access publishing for research
- We secured a government amendment to the Freedom of Information Act which will create a new exemption for pre-publication research. We also secured a more favourable framework of copyright legislation via the Enterprise and Regulatory Reform Bill

Student Finance and Participation

- Together with UCAS we coordinated the Independent Taskforce on Student Finance Information. Student Finance Week in September featured in the *Daily Telegraph*, *Sunday Mirror*, Radio 4's Money Box programme, Radio 5 Live, and ITV's Daybreak, and achieved extensive regional coverage. Student finance guides and 'key facts' posters were sent to every school, college and university in England. We had 90,000 downloads of the guides online, 370,000 views of '20 key things to know about student finance in England' and 116,000 uses of the Student Finance Calculator. The video guides on our YouTube playlist were watched more than 140,000 times
- We led on the Student Loans Company Stakeholder Forum to facilitate feedback from the sector and support the improvement of service delivery to students
- We initiated a review of part-time and mature higher education to examine the reasons behind the recent decline in enrolments (particularly in England), the impact of the decline and what action should be taken to address it

Media and Reports

- During the year UUK's Chief Executive was interviewed by BBC's Radio 4 Today programme, BBC Breakfast, BBC One O'clock News and the *Guardian*. Opinion pieces were published in the *Sunday Times University Guide* and *Times Higher Education* and our spokespeople were quoted over 200 times in national, international, broadcast and trade media
- Our use of social media continued to develop with the UUK Twitter account securing 28,000 followers. Our blog also grew in popularity, enabling us to respond quickly to news stories and to add value through more considered analysis and the use of guest bloggers including vice-chancellors
- We published several major reports including *A picture of health and education*, *Massive open online courses: higher education's digital moment?*, *The funding environment for universities*, *Patterns and trends in higher education* and *Facts and figures*

Trustees' report

2. To promote the international competitiveness of UK universities

Immigration

- We continued to make the case in Westminster, Whitehall and the media for international students to come to the UK. This generated significant political debate including five select committee recommendations supportive of UUK's position, debates in both Houses with cross-party support, and high profile media coverage including front-page stories in the *Daily Telegraph*, the *Sunday Times* and the *Financial Times*.
- We supported the activities of the HEFCE-led London Metropolitan University taskforce to enable international students to transfer courses and worked with the Home Office and Metropolitan Police to address the administrative problems at the London Overseas Visitor Registration Office. We also held briefings for international journalists to emphasise that the UK remains open and welcoming to international students.

Brazil and Indonesia Programmes

- Science without Borders, administered by the Higher Education International Unit on behalf of UUK and worth over £200 million to the UK higher education sector, was successfully launched with 90 UK universities offering places for Brazilian students to study science, technology, engineering and mathematics subjects and subjects supporting the creative industries.
- The Indonesia-UK DIKTI Scholarship Programme, also administered by the International Unit and worth over £50 million to the UK higher education sector, was agreed in February 2013. All academic disciplines and research areas are funded under the programme and there will be 750 scholarships available to Indonesian students over the next five years.

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

Political Engagement

- We organised round table meetings with ministers and key stakeholders on immigration issues and student numbers, a symposium on education technology, and a high level reception for university chancellors, as well as numerous bilateral meetings with politicians and government officials.
- We hosted several well-attended events during the political party conference season including three fringe meetings in partnership with the Social Market Foundation on the future shape of the higher education sector.
- Our proposal to provide back-office support to the UK All Party Parliamentary University Group was successful and began during the year. The group, which includes over 80 universities, provides regular opportunities for members to meet MPs, peers and ministers, and is an important new mechanism for UUK to inform political debates about universities.

Research

- The concordat to support research integrity, led by UUK, became a condition of grant for HEFCE funding. Working closely with signatories to the concordat we established a light touch and proportionate assurance and monitoring process.
- We worked with the security services and BIS to assess the cyber security threat posed to the sector and explore how appropriate and proportionate responses can be developed by individual universities. UUK members were briefed on the nature of the threat, we published guidance on the storage of security sensitive material and in April our work on this issue secured the whole of page 3 in the *Financial Times*.

Trustees' report

Teacher Training

- We worked with the Department for Education, the Teaching Agency and Ofsted to ensure that the value of higher education to initial teacher training is recognised. The Teacher Education Advisory Group met with ministers and submitted evidence to the Education Select Committee.

Healthcare

- We carried out an extensive programme of activity in relation to health education and research, including influencing the design of the future funding structures for healthcare education and training in England, working with UUK members to support the development of the Academic Health Science Networks, and promoting the role of universities in developing the future healthcare workforce.
- We took over responsibility of running the Health Services Research Network (HSRN) and the CLAHRC Support Programme from the NHS Confederation, which also involved a transfer of staff and funding.
- Through the team working for the Medical Schools Council (MSC) we took on secretariat responsibility for two new organisations working at the interface of higher education and health: the Council of Healthcare Science in Higher Education and the Pharmacy Schools Council. The MSC team also continued to serve the Dental Schools Council and the Association of UK University Hospitals.
- The Council of Deans of Health became a restricted fund of UUK in August 2012.

Regulation

- The Higher Education Better Regulation Group continued to shape the regulatory environment for the sector, through both the Regulatory Partnership Group and UUK's Longer Term Strategy Network, and to ensure that higher education regulation can adapt to meet new challenges.

4. To provide high quality services to members

Immigration

- Through our links with the Home Office, we ran twelve immigration compliance seminars in London, Sheffield and Edinburgh, with almost two-thirds of UUK members sending a representative to at least one seminar. These have informed work to improve the compliance regime for higher education institutions, particularly through establishment of the UK Border Agency Higher Education Assurance Team. The seminars also supported discussions with the Home Office on improving the audit process for institutions.

Efficiency

- We established the Efficiency Monitoring and Oversight Panel to take forward the recommendations of the Diamond Review, published by UUK in 2011. Supported by a grant from the Innovation and Transformation Fund, and in collaboration with Jisc, we developed the Efficiency Exchange, a sector-owned website that supports the sharing of good practice on efficiency.
- We established Procurement UK as a high-level group to provide strategic oversight of procurement in UK higher education. The work overseen by Procurement UK also strengthened UUK's Spending Round submission.

Trustees' report

Other Sector Issues

- We continued to work closely with the higher education sector agencies, and during the year we became more involved in the governance of Jisc, enabling us to engage closely in support of our members' interests
- We continued to represent member interests to the Universities Superannuation Scheme and other sector pension schemes, to negotiate on sector-wide issues such as copyright and the Statement of Recommended Practice (SORP), and to engage with others on issues of governance

Events

- We ran several major conferences for members and others on a wide range of topics including
 - 'Access to Higher Education Summit' (addressed by Alan Milburn following his report on universities and social mobility published a few days earlier in October)
 - 'Across Continents and Cultures – promoting international students' mental health and wellbeing'
 - The second 'Efficiency in Higher Education' conference
 - 'Evidence-based Access Agreements'
 - The first 'International Higher Education Forum'
 - 'Open and online learning massive open online courses' (timed to coincide with the publication of our report on MOOCs in May)
 - 'Safer Campus Communities'
 - 'Europe At the heart of internationalisation'
- We hosted the final module of the Entrepreneurial University Leaders Programme
- We held round tables on cyber security with sector stakeholders and university representatives to help assess how cyber security can be appropriately and proportionately translated into higher education

5 To be an effective and responsive organisation

Membership

- Responding to wider changes in the higher education landscape, a General Meeting of members in May approved revised Articles of Association for UUK. These included a new set of eligibility criteria for membership, in three categories relating to members' institutions
 - Primary purpose of teaching, scholarship and research
 - Financial accountability and independence
 - Accountability to students and the wider public

Meetings and Briefings

- We ran four full members' meetings during the year including a successful Annual Conference at Keele University. We also took forward the findings of the member survey conducted earlier in 2012 to ensure our work was in line with members' needs
- We published nineteen Policy and seven Analytical Briefings for members during the year as well as numerous guidance notes and reports, many in collaboration with other stakeholders in higher education

Trustees' report

Systems and Facilities

- We re-launched the UUK website, completed the implementation of a CRM system to ensure efficient contact with members and others, and developed plans for the enhancement of Woburn House to enable more varied meetings and exhibitions to take place
- Woburn House Conference Centre hosted over 50,000 visitors at events in 2012–13, with the surplus revenue providing valuable covenanted income for UUK

Universities Scotland

Universities Scotland's principal focus in 2012-13 was on action to maintain universities' 'responsible autonomy' in the face of several challenges to this, and to demonstrate a return on the Scottish Government's investment in higher education

Particular strands of work included

- ensuring the sector retains its capacity to regulate its own governance, through taking sector-led action to develop a new Scottish code of higher education governance in response to the challenges set by the Von Prondzynski Review of higher education governance
- securing major change to the Post-16 Education (Scotland) Bill so that autonomous governance was protected, widening access responsibilities were defined in terms acceptable to the sector, and the government/ Scottish Funding Council did not take new powers to direct academic provision
- securing change to the Scottish Funding Council's Outcome Agreements framework to make it more consistent with responsible autonomy, and presenting the outcome of successive rounds of Outcome Agreements as part of a sustained campaign to demonstrate the delivery of 'something for something' in preparation for the 2013 Scottish Government Spending Round
- presenting the sector as an informed and politically neutral party in the development of constitutional options, based on the detailed analysis published by Universities Scotland in November 2012 and followed by detailed discussions with all political parties and with the Scottish and UK governments

Universities Scotland also managed a substantial programme of business below the level of these priorities, including the development of a graduate employability strategy (demonstrating universities' engagement in the politically high-profile issue of youth employment), and enhanced support (coordinated with the International Unit) for the sector's international outreach

During 2012-13 Universities Scotland also conducted a review of its own governance, and streamlined arrangements for ensuring that member-led development of its policies have been put in place for 2013-14

Higher Education Wales

Higher Education Wales (HEW) continued to build on its positive dialogue with the Welsh Government over the year, and was able to influence, at an early stage, the new Higher Education Policy Statement for Wales, published in June 2013. The Statement, receiving cross-party support in the Senedd, plots a course for government and universities in Wales to work in partnership up until 2020.

HEW appeared before National Assembly for Wales committees several times during the year, providing evidence on matters such as youth entrepreneurship and the consultation on the Further and Higher Education (Governance and Information) (Wales) Bill. HEW also provided advice to government through a range of policy consultation responses, the most significant being the proposed Higher Education (Wales) Bill 2013 Technical Consultation. This proposes changes in the legal framework to support the exercise of current functions that HEW feels may have a long-term impact on the sector.

Trustees' report

HEW held its first week-long higher education event at the Senedd, sponsored by the Presiding Officer of the National Assembly for Wales. The 'Welsh Universities – Driving Growth' campaign celebrated and showcased the contribution the higher education sector makes in Wales. This highlighted key ways universities contribute to delivering jobs, award-winning research and growth, as well as drawing public attention to the way universities benefit Wales as a whole. The week was underpinned by independent research into the economic value of higher education to Wales which showed a positive impact of almost £2.6bn on the nation's economy, with this figure reaching £3.6bn once total off-campus spending by students is taken into account.

HEW made a major contribution to the Welsh Funding Council's (HEFCW) high level proposals for fee planning from 2014-15 as well as responding to HEFCE's consultation on performance indicators. Building on the concordat between HEW, HEFCW, the CBI and NUS signed the previous year, HEW worked closely with the National Centre for Universities and Business (NCUB) and offered it a platform from which to launch NCUB in Wales. The joint Confederation of British Industry Wales / Higher Education Wales Strategic Forum marked NCUB's first ever event in Wales, and showcased its work in developing and supporting world-class collaboration between universities and businesses.

HEW has been active in monitoring collective student application data to assess the potential impact of changes in cross-border flows on its members and has continued discussions with the Funding Council and government on matters such as funding for part-time and opportunities for postgraduate student support.

Restricted Funds

The restricted funds managed by UUK included the Higher Education International Unit, Medical Schools Council, Council of Deans of Health (which became part of UUK in August 2012), and the Higher Education Better Regulation Group. Further details on the restricted funds are given in note 17.

Relationship with Higher Education sector agencies

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

During 2012-13 UUK also played an increasing role in the development of Jisc, the sector's digital infrastructure and services body, as one of its three new owners (along with GuildHE and the Association of Colleges).

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

UUK Corporate Governance and Risk Management

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

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

Trustees' report

The UK Board, supported by the Treasurer's Committee which carries responsibility for risk management, keeps under review the strategic and operational risks facing the organisation together with the programmes and activities which help manage those risks effectively. As a membership organisation, a failure by UUK to respond adequately to its members' needs would risk damage to its reputation in the sector and a possible loss of membership, resulting in a loss of subscription revenue. Potential policy divisions within the membership, and UUK's response to those, are monitored via the Board, members' meetings and the Policy Networks. Operational risks include IT systems and the development of Woburn House, and strategies are in place to mitigate those risks. The risk register is reviewed regularly by the Strategic Leadership Team, comprising the directors of the organisation, and the overall risk management strategy is reviewed by the Treasurer's Committee annually.

Public Benefit

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

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

Plans for 2013/14

2013/14 represents the start of UUK's new five-year Strategic Plan. Our vision for 2018 is of a thriving and diverse university sector whose teaching, scholarship and research are at the heart of the UK's economic growth, its cultural and social life, and its global reach and influence.

The specific aims of the five-year plan are

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

The activities to be pursued in the period 2013-2018 are all directed towards these aims. We will continue to shape policy, connect our members with each other and with key decision-makers, support our members in practical ways with information, events and sector-wide agreements, and advance thinking and debate on the higher education sector in general. This mission is described in more detail in our statement of member benefits.

Trustees' report

Financial Results

The statement of financial activities for the year is set out on page 16 of the financial statements. A summary of the financial results is given below.

Consolidated income and expenditure for the year ended 31 July 2013, together with comparative figures for 2012, are summarised in the table below.

	Unrestricted Activities £'000	Restricted Activities £'000	Total 2013 £'000	Total 2012 £'000
Income	6,567	5,651	12,218	9,217
Expenditure	(6,649)	(4,495)	(11,144)	(8,971)
Surplus	(82)	1,156	1,074	246
Transfers	(57)	57	—	—
	(139)	1,213	1,074	246

Unrestricted income in 2013 was up £195,000 year on year at £6,567,000 (2012 £6,372,000) with significant additional income from UUK conference activity (up £133,000).

Restricted income of £5,651,000 was up on 2012 by £2,806,000 reflecting expansion of the International Unit and Medical School Council's activities and the introduction of new restricted funds including the Council Deans of Health (£740,000), the Association of UK University Hospitals (£233,000) and the Health Services Research Network (£203,000).

Total income of £12,218,000 was up £3m (33%) on 2012 (£9,217,000) reflecting the range of activity undertaken across the organisation.

Consistent with an increase in income, total expenditure in 2013 at £11,144,000 was up 24% (2012 £8,971,000).

UUK performed in line with its financial objectives and reports a deficit on unrestricted funds after transfers of £139,000, taking into account organisational restructuring costs and Higher Education Wales' planned utilisation of reserves. The covenant income from CVCP Properties plc was above budget at £846,000 (2012 £814,000).

The organisation's net assets increased by £1,074,000 to £7,117,000 (2012 £6,043,000).

Investment Policy

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

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

Trustees' report

Reserves Policy

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

Total unrestricted funds at 31 July 2013 were £3,638,000 (2012 £3,768,000) of which £161,000 was committed to fixed assets and £600,000 invested in CVCP Properties plc. Free reserves at 31 July 2013 are £2,877,000 (2012 £3,125,000) which is equal to 5.2 months of unrestricted expenditure.

Grant-Making Policy

UUK made a grant of £90,874 to the Equality Challenge Unit, an organisation which works to further and support equality and diversity for staff and students in higher education. Our annual contribution is £77,892 and £12,982 of the balance reported relates to the 2011/12 financial year.

UUK has not made any other grants and does not have a formalised grant-making programme in place.

Political and Charitable Donations

The company made no political or charitable donations in 2012-13 (2011-12 nil).

Tangible Fixed Assets

The changes to the tangible fixed assets during the year are shown in note 12 to the financial statements.

Wholly Owned Subsidiary

UUK owns 100% of the share capital of Woburn House Conference Centre Limited (company number 3031467) whose business is the operation of the conference facilities at Woburn House. Income generated from the activity of the Centre is covenanted to UUK. The financial position of Woburn House Conference Centre Limited is shown in note 19 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. CVCP Properties also owns a central London residential flat which is either used by the President or let out at commercial rates with the revenue contributing to the CVCP Properties annual covenant to UUK.

Funding Sources

Membership subscriptions provides 70% of the unrestricted income, covenant income 13% and the balance comes from conference receipts, sales of publications, investment income and donations.

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

Trustees' report

Statement of Trustees' Responsibilities

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

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

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

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

Audit Information

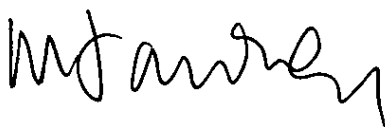
So far as each of the trustees at the time the Trustees' Report is approved is aware

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

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

8 November 2013



Simon Gaskell
Treasurer

Independent auditors' report to the members of Universities UK

We have audited the financial statements of Universities UK for the year ended 31 July 2013 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 July 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Universities UK

Matters on which we are required to report by exception

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

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

Kingston Smith LLP

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

Date 18 November 2013

Devonshire House
60 Goswell Road
London
EC1M 7AD

Consolidated Statement of financial activities for the year ended 31 July 2013

		Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Income and expenditure	Notes				
Incoming resources					
Incoming resources from generated funds:					
Voluntary income					
Covenanted income	2	846,288	—	846,288	814,265
Funds transferred in	3	—	683,814	683,814	—
Sale of goods and services		790,183	25,878	816,061	872,033
Investment income		38,151	2,042	40,193	63,858
Incoming resources from charitable activities:					
Subscriptions from membership	4	4,571,704	1,433,341	6,005,045	5,194,671
Grants and contracts	5	—	3,355,139	3,355,139	2,068,471
Conference income		317,582	121,748	439,330	184,033
Other income		2,821	29,025	31,846	19,706
Total incoming resources		6,566,729	5,650,987	12,217,716	9,217,037
Resources expended					
Costs of generating funds					
Costs of generating voluntary income		63,502	—	63,502	57,906
Trading activities cost of sales		681,590	—	681,590	674,944
Trading activities allocated costs		20,026	—	20,026	32,035
Charitable activities					
Information		1,313,699	1,114,493	2,428,192	1,872,286
Influencing, advocacy and lobbying		1,818,607	1,124,115	2,942,722	2,374,115
Research and policy		2,354,385	2,246,016	4,600,401	3,603,440
Conferences		133,033	10,315	143,348	133,938
Funding grants	6	90,874	—	90,874	64,910
Governance costs		172,988	—	172,988	157,073
Total resources expended	7	6,648,704	4,494,939	11,143,643	8,970,647
Net incoming resources before transfers [net income]		(81,975)	1,156,048	1,074,073	246,390
Gross transfers between funds	17	(56,648)	56,648	—	—
Net movements in funds		(138,623)	1,212,696	1,074,073	246,390
Total funds brought forward		3,804,523	2,238,598	6,043,121	5,796,731
Total funds at 31 July 2013	17	3,665,900	3,451,294	7,117,194	6,043,121

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

The notes on pages 19 to 35 form part of these financial statements

Balance Sheets – 31 July 2013

	Notes	The Group		Universities UK	
		2013 £	2012 £	2013 £	2012 £
Fixed assets					
Tangible fixed assets	12	349,926	255,395	309,896	199,701
Investments	13	600,000	600,000	600,000	600,000
		<u>949,926</u>	<u>855,395</u>	<u>909,896</u>	<u>799,701</u>
Current assets					
Debtors	14	2,095,931	1,316,811	2,282,239	1,427,333
Investments – short term deposits		2,650,000	3,650,000	2,650,000	3,650,000
Cash at bank and in hand		4,240,797	2,613,273	3,999,733	2,460,376
		<u>8,986,728</u>	<u>7,580,084</u>	<u>8,931,972</u>	<u>7,537,709</u>
Creditors:					
Amounts falling due within one year	15	(2,819,460)	(2,392,358)	(2,752,262)	(2,330,479)
Net current assets		<u>6,167,268</u>	<u>5,187,726</u>	<u>6,179,710</u>	<u>5,207,230</u>
Net assets		<u>7,117,194</u>	<u>6,043,121</u>	<u>7,089,606</u>	<u>6,006,931</u>
Funds and reserves					
Restricted funds		3,451,294	2,238,598	3,451,294	2,238,598
Unrestricted funds		3,638,312	3,768,333	3,638,312	3,768,333
Non-charitable trading funds		27,588	36,190	—	—
	17	<u>7,117,194</u>	<u>6,043,121</u>	<u>7,089,606</u>	<u>6,006,931</u>

Approved by the Board of Directors and authorised for issue on 8 November 2013

Signed on their behalf



Nicola Dandridge
Chief Executive



Simon Gaskell
Treasurer

Company Number 2517018

The notes on pages 19 to 35 form part of these financial statements

Consolidated cash flow statement for the year ended 31 July 2013

	2013 £	2012 £	
Reconciliation of net incoming resources to net cash flow from operating activities			
Net incoming resources	1,074,073	246,390	
Investment income	(40,193)	(63,858)	
Depreciation charges	210,211	135,005	
Increase in debtors	(404,120)	(17,678)	
Increase in creditors	427,102	368,886	
Net cash inflow from operating activities	1,267,073	668,745	
Cash flow statement			
Net cash inflow from operating activities	1,267,073	668,745	
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(304,742)	(249,366)	
Loan made	(375,000)	—	
Returns on investments			
Bank interest received	40,193	63,858	
Management of liquid resources			
Decrease / (Increase) in short term investments	1,000,000	(700,000)	
Increase /(Decrease) in cash	1,627,524	(216,763)	
Analysis of changes in cash	2012 £	Cash Flow £	2013 £
Cash at bank and in hand	2,613,273	1,627,524	4,240,797

Statement of changes in resources applied for fixed assets

	Unrestricted £	Restricted £	Total 2013 £	Total 2012 £
Net movement in funds for the year	(138,623)	1,212,696	1,074,073	246,390
Resources used for the acquisition of tangible fixed assets	(125,874)	(178,868)	(304,742)	(249,366)
Net movement in funds available for future activities	(264,497)	1,033,828	769,331	(2,976)

Notes to the financial statements – year ended 31 July 2013

1. Principal accounting policies

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

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

a. Incoming resources

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

b. Resources expended

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

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

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

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

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

c. Tangible fixed assets and depreciation

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

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

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

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

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

d. Investments

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

e. Liquid resources

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

Notes to the financial statements – year ended 31 July 2013

f. Operating leases

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

g. Pensions

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.

h. Universities Scotland and Higher Education Wales

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

2. Covenanted income

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

Covenanted income receivable during the year from CVCP Properties plc was £846,288 (2012 £814,265). Other transactions with CVCP Properties plc are included in note 24.

3. Funds transferred in

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Council of Deans of Health	—	336,200	336,200	—
The Association of UK University Hospitals	—	97,620	97,620	—
Dental Schools Council	—	58,142	58,142	—
Health Services Research Network*	—	124,705	124,705	—
CLAHRC Partnership Programme*	—	67,147	67,147	—
	—	683,814	683,814	—

Unincorporated or restricted funds transferred into Universities UK during the year

* funds received from the NHS Confederation

Notes to the financial statements – year ended 31 July 2013

4. Subscriptions from membership

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	<i>Total 2012 £</i>
Universities UK	3,741,710	17,100	3,758,810	3,728,049
Universities Scotland	519,075	42,750	561,825	481,070
Higher Education Wales	310,919	42,118	353,037	310,919
Medical Schools Council	—	1,043,760	1,043,760	674,633
Council of Deans of Health	—	287,613	287,613	—
	4,571,704	1,433,341	6,005,045	5,194,671

5. Grants and contracts

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	<i>Total 2012 £</i>
Department of Health	—	1,013,144	1,013,144	458,656
Higher Education Funding Council for England	—	673,814	673,814	730,979
Department for Business Innovation & Skills	—	397,933	397,933	—
CAPES Brazil	—	300,000	300,000	250,000
CNPq Brazil	—	300,000	300,000	250,000
Scottish Funding Council	—	186,870	186,870	142,690
Leadership Foundation for Higher Education	—	145,500	145,500	10,000
Higher Education Funding Council for Wales	—	87,922	87,922	32,942
Higher Education Academy	—	65,000	65,000	11,667
UK Trade & Investment	—	42,453	42,453	35,500
British Council	—	30,000	30,000	—
Quality Assurance Agency	—	20,000	20,000	20,000
Health Foundation	—	20,000	20,000	—
Welsh Government	—	15,853	15,853	—
Department for Employment & Learning	—	15,485	15,485	15,101
GuildHE	—	6,438	6,438	23,300
HE European Funding Services	—	—	—	63,636
Other organisations (less than £15,000)	—	34,727	34,727	24,000
	—	3,355,139	3,355,139	2,068,471

6. Funding grants

	Total 2013 £	<i>Total 2012 £</i>
Equality Challenge Unit	90,874	64,910

Notes to the financial statements – year ended 31 July 2013

7. Analysis of total resources expended

	Staff costs £	Other direct costs £	Support costs £	Total 2013 £	Total 2012 £
Cost of generating funds					
Costs of generating voluntary income	46,923	7,453	9,126	63,502	57,906
Trading activities costs of goods sold and other costs	194,363	487,227	20,026	701,616	706,979
Charitable activities					
Information	1,305,803	704,157	418,232	2,428,192	1,872,286
Influencing, advocacy and lobbying	1,723,500	734,307	484,915	2,942,722	2,374,115
Research and policy	1,497,892	2,314,341	788,168	4,600,401	3,603,440
Conferences	67,116	55,631	20,601	143,348	133,938
Grants paid	—	90,874	—	90,874	64,910
Governance	98,843	48,254	25,891	172,988	157,073
Total resources expended	4,934,440	4,442,244	1,766,959	11,143,643	8,970,647

8 Support costs allocations

Cost of generating funds	Staff related costs £	Premises costs £	Office admin £	IT costs £	Travel £	Dep'n £	Total 2013 £	Total 2012 £
Costs of generating voluntary income	7,899	10,204	769	634	108	412	20,026	32,035
Trading activities costs of goods sold and other costs	3,209	5,092	318	328	14	165	9,126	9,988
Charitable activities								
Information	159,122	196,417	32,675	15,819	6,483	7,716	418,232	357,557
Influencing, advocacy & lobbying	190,419	240,432	23,787	15,493	6,028	8,756	484,915	457,622
Research and policy	302,141	373,720	57,740	29,468	9,995	15,104	788,168	705,915
Conferences	7,244	11,494	717	741	32	373	20,601	23,178
Governance	9,616	13,867	944	879	86	499	25,891	28,552
Total resources	679,650	851,226	116,950	63,362	22,746	33,025	1,766,959	1,614,847

Notes to the financial statements – year ended 31 July 2013

	Total 2013 £	Total 2012 £
Governance costs are made up of the following		
External audit and other professional fees	24,641	22,685
Apportionment of committee officer's costs (based on time spent)	14,068	13,814
Apportionment of directors' costs (based on time spent)	84,774	70,638
Apportionment of establishment costs (based on usage)	14,164	15,190
Other allocated costs	35,341	34,746
	172,988	157,073

	Total 2013 £	Total 2012 £
Other direct costs include		
Payments to auditors		
For audit services	13,583	14,863
For other services	5,709	885
Prior year fees	9,708	—
Operating lease rentals		
Land and buildings	860,803	840,538
Office and equipment	20,983	46,993

9 Analysis of staff costs

	Total 2013 £	Total 2012 £
Total staff costs including full and part-time employees were		
Salaries and wages	4,572,616	3,659,337
Social security costs	373,571	270,452
Pensions	628,906	574,692
	5,575,093	4,504,481

Notes to the financial statements – year ended 31 July 2013

	2013 No.	2012 No
The average number of employees throughout the year was		
Generating funds	1.0	1.0
Generating voluntary income	0.5	0.5
Information	25.5	20.5
Influencing, advocacy and lobbying	29.5	24.0
Research and policy	29.0	27.5
Conferences	1.0	1.0
Governance	1.0	1.0
Support staff	13.0	11.0
Trading activities – Woburn House Conference Centre Ltd	3.0	3.0
	103.50	89.5

The number of employees whose emoluments exceeded £60,000 (excluding employer's pension contributions) was 9 (2012: 9)

	2013 No.	2012 No
£60,001 - £70,000	2	1
£70,001 - £80,000	2	6
£80,001 - £90,000	3	1
£100,001 - £110,000	1	—
£120,001 - £130,000	1	1

The total employer pension contributions for these staff were £118,100 (2012: £140,514)

10. Trustees' emoluments

No trustees received any remuneration for their services

During the year travel and accommodation expenses reimbursed to two trustees amounted to £4,614 (2012: one trustee - £8,658)

11. Taxation

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

Notes to the financial statements – year ended 31 July 2013

12. Fixed assets

Group	Leasehold Improvements £	Furniture & Equipment £	Office Technology £	Total £
Cost				
At 1 August 2012	59,994	689,521	671,672	1,421,187
Additions	55,526	31,337	217,879	304,742
At 31 July 2013	<u>115,520</u>	<u>720,858</u>	<u>889,551</u>	<u>1,725,929</u>
Depreciation				
At 1 August 2012	—	611,054	554,738	1,165,792
Charge for year	11,552	42,508	156,151	210,211
At 31 July 2013	<u>11,552</u>	<u>653,562</u>	<u>710,889</u>	<u>1,376,003</u>
Net book value				
At 31 July 2013	<u>103,968</u>	<u>67,296</u>	<u>178,662</u>	<u>349,926</u>
At 31 July 2012	<u>59,994</u>	<u>78,467</u>	<u>116,934</u>	<u>255,395</u>

Universities UK	Leasehold Improvements £	Furniture & Equipment £	Office Technology £	Total £
Cost				
At 1 August 2012	59,994	436,436	671,672	1,168,102
Additions	55,526	31,337	203,193	290,056
At 31 July 2013	<u>115,520</u>	<u>467,773</u>	<u>874,865</u>	<u>1,458,158</u>
Depreciation				
At 1 August 2012	—	413,663	554,738	968,401
Charge for year	11,552	22,063	146,246	179,861
At 31 July 2013	<u>11,552</u>	<u>435,726</u>	<u>700,984</u>	<u>1,148,262</u>
Net book value				
At 31 July 2013	<u>103,968</u>	<u>32,047</u>	<u>173,881</u>	<u>309,896</u>
At 31 July 2012	<u>59,994</u>	<u>22,773</u>	<u>116,934</u>	<u>199,701</u>

Notes to the financial statements – year ended 31 July 2013

13. Investments held as fixed assets

Group and Universities UK	Total 2013 £	Total 2012 £
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.

14 Debtors

	Group		Universities UK	
	2013 £	2012 £	2013 £	2012 £
Trade debtors	501,505	229,438	443,591	159,773
Amounts due from subsidiary undertakings	—	—	249,534	182,842
Other debtors	867,791	828,309	867,791	825,671
Prepayments and accrued income	351,635	259,064	346,323	259,047
Loan (repayable after more than one year)	375,000	—	375,000	—
	2,095,931	1,316,811	2,282,239	1,427,333

15. Creditors: amounts falling due within one year

	Group		Universities UK	
	2013 £	2012 £	2013 £	2012 £
Trade creditors	496,874	223,934	428,695	204,714
Amounts due to subsidiary undertakings	—	—	15,255	3,296
Taxation and social security	188,155	175,522	177,166	134,537
Other creditors	81,972	79,582	81,972	74,612
Accruals and deferred income	2,052,459	1,913,320	2,049,174	1,913,320
	2,819,460	2,392,358	2,752,262	2,330,479

At the year end outstanding pension contributions amounted to £81,792 (2012 £74,612)

Notes to the financial statements – year ended 31 July 2013

16. Operating lease commitments

	Total 2013 £	<i>Total 2012 £</i>
Group and Universities UK		
Leases which expire within one year		
Office equipment	9,083	—
Land and buildings	—	7,041
Expiring within two to five years		
Office equipment	27,840	39,774
Land and buildings	777,259	739,957
Expiring after five years		
Land and buildings	37,815	—
	851,997	786,772

Notes to the financial statements – year ended 31 July 2013

17. Movement in funds

	At 1 August 2012 £	Incoming resources £	Resources expended £	Transfers £	At 31 July 2013 £
Unrestricted funds					
Investment fund	600,000	—	—	—	600,000
Universities Scotland / Higher Education Wales	374,219	905,568	(1,379,686)	407,862	307,963
General funds	2,794,114	5,661,161	(5,260,416)	(464,510)	2,730,349
	<u>3,768,333</u>	<u>6,566,729</u>	<u>(6,640,102)</u>	<u>(56,648)</u>	<u>3,638,312</u>
Restricted funds					
Medical Schools Council	819,174	268,678	(113,324)	(14,772)	959,756
MSC Assessment Alliance	257,687	417,375	(268,022)	(274)	406,766
Foundation Programme	505,928	996,306	(1,098,798)	(453)	402,983
Association of UK University Hospitals	—	233,201	(134,723)	(13,436)	85,042
Dental Schools Council	—	130,173	(57,756)	(688)	71,729
Pharmacy Schools Council	—	109,861	(40,010)	(2,697)	67,154
Council of Healthcare Science in HE	—	45,000	(37,994)	(1,023)	5,983
Council of Deans of Health	—	740,311	(351,832)	(13,287)	375,192
Health Services Research Network	—	202,961	(29,786)	(480)	172,695
CLAHRC	—	73,564	(22,634)	(2,075)	48,855
UK HE International Unit	37,893	758,424	(944,483)	123,439	(24,727)
DIKTI Programme	—	27,000	(33,990)	(3,247)	(10,237)
Outward Mobility	—	200,000	(38,443)	(8,799)	152,758
Science Without Borders	231,902	571,442	(636,443)	(1,235)	165,666
UK HE IU – other programmes	67,633	—	(24,877)	—	42,756
HEW International	—	126,618	(42,431)	(29,856)	54,331
US International	21,106	51,103	(46,936)	—	25,273
US Journals Procurement	27,270	—	(26,186)	—	1,084
US Shared Services	—	50,000	—	—	50,000
US British Council	—	30,000	(23,742)	—	6,258
US Governance	—	42,750	(42,511)	—	239
Employers Pensions Forum	113,717	—	(36,978)	(385)	76,354
HE Better Regulation Group	51,110	148,713	(158,480)	11,139	52,482
Efficiency and innovation hub	—	83,500	(72,111)	(875)	10,514
Efficiency benchmarking	—	54,500	(152)	—	54,348
SORP	—	61,241	(32,441)	—	28,800
PREVENT	—	138,933	(69,316)	—	69,617
Employability	—	32,000	(30,579)	—	1,421
Mental Health Committee	24,803	6,167	(948)	(124)	29,898
Other	80,375	51,166	(79,013)	15,776	68,304
Universities UK – total funds	<u>2,238,598</u>	<u>5,650,987</u>	<u>(4,494,939)</u>	<u>56,648</u>	<u>3,451,294</u>
Non-charitable trading funds	36,190	—	(8,602)	—	27,588
Group – total funds	<u>6,043,121</u>	<u>12,217,716</u>	<u>(11,143,643)</u>	<u>—</u>	<u>7,117,194</u>

Notes to the financial statements – year ended 31 July 2013

Movement in funds (continued)

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

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

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

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

Foundation Programme is a project to deliver the Situational Judgement Tests to all UK Medical Schools for the Foundation Programme, develop new items for future tests and provide analysis of the results

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

The **Dental Schools Council** represents the interests and ambitions of the UK's 16 Dental Schools as they relate to the generation of national health, wealth and knowledge acquisition through research and the profession of dentistry

October 2012 saw the transition from CUHOP (Council of University Heads of Pharmacy) to the Pharmacy Schools Council (**PhSC**). The PhSC will build on the work of CUHOP and has benefited from being able to access increased resources through being hosted by a secretariat which also supports equivalent groups for other healthcare professionals

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

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

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

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

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

The **Indonesia-UK DIKTI Scholarship Programme** will fund up to 750 lecturers in Indonesia to come to study for their doctorate in the UK over the next five years at many leading universities in the United Kingdom

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

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

Notes to the financial statements – year ended 31 July 2013

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

HEW International covers funding for Higher Education Wales' international and European activities

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

US Journals Procurement is a study to scope out the potential for joint procurement of electronic journals by Scottish universities and NHS Scotland

US Shared Services covers a review of shared services in higher education including analysis of cost sharing models and collaborations in Scotland

US British Council is a joint funded post focussed on adding value to the international aspirations of the Scottish sector

US Governance is a project by the Committee of Scottish Chairs to develop a new code of higher education governance

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

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

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

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

SORP refers to a project to take forward the development of a new HE/FE **Statement of Recommended Practice** for institutional accounting

PREVENT work related to helping universities mitigate the risks of radicalisation and extremism on their campuses

A review of aspects of postgraduate skills and **employability**

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

Notes to the financial statements – year ended 31 July 2013

18. 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	148,953	—	3,302,341	3,451,294
Unrestricted funds	160,943	600,000	2,877,369	3,638,312
Charity total	309,896	600,000	6,179,710	7,089,606
Non-charitable trading funds	40,030	—	(12,442)	27,588
Group total	349,926	600,000	6,167,268	7,117,194

19. 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 2013 and 2012, 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 2013 £	Total 2012 £
<i>Profit and loss account</i>		
Turnover	806,778	709,099
Cost of sales	(416,930)	(385,523)
Gross profit	389,848	323,576
Administration costs	(46,832)	(45,144)
Staff costs	(126,142)	(113,653)
Operating profit	216,874	164,779
Interest receivable	244	188
Gift aid payment to Universities UK	(225,720)	(163,875)
(Loss) / profit on ordinary activities before taxation	(8,602)	1,092
Taxation	—	—
(Loss) / profit on ordinary activities after taxation	(8,602)	1,092

Notes to the financial statements – year ended 31 July 2013

	Total 2013 £	Total 2012 £
<i>Balance sheet</i>		
Fixed assets	40,030	55,694
Current assets	319,545	228,515
Creditors amounts falling due within one year	(331,987)	(248,019)
Net current liabilities	(12,442)	(19,504)
Total net assets	27,588	36,190
Represented by		
Share capital	2	2
Profit and loss account	27,586	36,188
	27,588	36,190

20. Conduit funding

	2013 £	2012 £
Amount received	16,764,444	—
Amount paid out	16,648,486	—
Funds received in advance	115,958	—

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

Certain trustees are Vice Chancellors of institutions in receipt of grants

21. Capital commitments

<i>Group</i>	2013 £	2012 £
Contracted	200,570	—
<i>Universities UK</i>	2013 £	2012 £
Contracted	158,467	—

Notes to the financial statements – year ended 31 July 2013

22. Pension

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

Both these pension schemes are of the defined benefit type and are multi-employer schemes with the assets held in separate trustee-administered funds. UUK has adopted FRS 17 "Retirement benefits". Because of the mutual nature of the schemes, the schemes' assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. UUK is therefore exposed to actuarial risks associated with members employed at other participating employers in the schemes and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to income and expenditure through the Statement of Financial Activities represents the contributions payable to the schemes in respect of the accounting period.

Universities Superannuation Scheme

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

USS carries out triennial valuations by professionally qualified and independent actuaries. At the valuation date, the value of the assets of the scheme was £32.4 billion, and the value of the scheme's technical provisions £35.3 billion, indicating a shortfall of £2.9 billion, or a funding level of 92%.

As part of this valuation, the trustees have determined a recovery plan to pay off the shortfall by 31 March 2021, after consultation with the participating employers. The next formal triennial actuarial valuation is at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The scheme actuary has carried out a review of the funding level at 31 March 2013. At this date, the actuary has estimated that the funding level had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are cited as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2013 estimation.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

At 31 March 2013, USS had over 148,000 active members in the scheme. UUK has 68 active members participating in the scheme at 31 July 2013.

Superannuation Scheme of the University of London (SAUL)

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

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

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

Notes to the financial statements – year ended 31 July 2013

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
Latest actuarial valuation	31 March 2011	31 March 2011
Valuation frequency	Triennial	Triennial
Method	Projected unit	Projected unit
Discount rates		
Pre-retirement	N/A	6.8%
Post-retirement	N/A	4.7%
General	6.1%	N/A
Salary increases		
General	4.40% per annum	
To 31 March 2014	N/A	3.75% per annum
After 31 March 2014	N/A	4.50% per annum
Pension increases in payment		2.80% per annum
Inflation		
Retail Prices Index (RPI)	3.5%	3.5%
Consumer Prices Index (CPI)	2.8%	2.8%
Mortality		
Base table	S1NA "light" (year of birth) tables with no age rating for males and -1.0 years for females	SAPS Normal (year of birth) tables with an age rating of +0.5 years for males and -0.4 years for females
Future improvements	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% per annum	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% per annum
Group contributions for the year ended 31 July 2013	£523,925	£104,981
<i>Group contributions for the year ended 31 July 2012</i>	<i>£460,580</i>	<i>£92,099</i>

Notes to the financial statements – year ended 31 July 2013

23. 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 £11,794,104 and gross expenditure was £10,711,429, resulting in a surplus of £1,082,675. 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.

24. Related Party Transactions

The financial statements include transactions with CVCP Properties plc as follows

	2013 £	2012 £
Included in income and debtors		
Covenanted income	<u>846,288</u>	<u>814,265</u>
Sale of goods and services	<u>23,211</u>	<u>21,900</u>
Included in expenditure		
Rental and service charges	<u>664,854</u>	<u>597,457</u>
Included in trade debtors		
Other recharges	<u>35,805</u>	<u>30,024</u>
Loan	<u>375,000</u>	<u>-</u>

25. 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 2013 there were 133 members (31 July 2012: 134).