

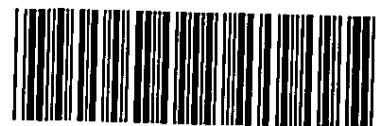
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Company Number: 2517018

UNIVERSITIES UK

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2012

THURSDAY



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Reference and administrative information

Trustees

The members of the UK Board (directors and trustees of the company) appointed for the year from 1 August 2011 to 31 July 2012 were as follows

Professor Eric Thomas	(President)
Professor Michael Arthur*	
Professor Janet Beer	
Professor Dame Glynis Breakwell	
Professor Joy Carter	
Professor Julian Crampton	(Treasurer, to 31 July 2012)
Professor John Craven*	
Professor Geoffrey Crossick*	
Professor Ian Diamond	
Professor David Eastwood	
Professor Les Ebdon	(resigned 21 February 2012)
Professor Michael Farthing	(appointed 1 October 2011)
Professor Dame Julia Goodfellow	
Professor Graham Henderson	
Professor John Hughes	(Chair, Higher Education Wales & Vice President)
Professor Barry Ife	
Professor Dame Julia King	
Professor Seamus McDaid*	(Convener, Universities Scotland & Vice President)
Professor Patrick McGhee	(appointed 1 May 2012)
Professor Anton Muscatelli	
Professor Paul O'Prey	
Professor Colin Riordan	
Professor Sir Steve Smith	
Professor Sir Christopher Snowden	(Chair, England and Northern Ireland Council & Vice President)
Professor Mary Stuart	
Professor Paul Wellings	(resigned 1 October 2011)
Professor Steve West	

* Term of office ended 31 July 2012

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

Professor Simon Gaskell	(Treasurer)
Professor Chris Brink	
Professor Pete Downes	(Convenor, Universities Scotland & Vice President)
Professor Nick Petford	

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

Reference and administrative information

Chief Executive Nicola Dandridge

Company Secretary: Jeremy Holmes

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 2012

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 134 members, each being a vice-chancellor or executive head of a university or higher education institution in the UK. Membership is voluntary and representation is delivered 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 Resources. The Directors of Higher Education Wales, Universities Scotland, the Higher Education International Unit, Medical Schools Council 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 all universities in the UK, providing high quality leadership and support to our members to promote a successful and diverse higher education sector. With offices in London, Cardiff and Edinburgh, we promote the strength and success of UK universities.

Highlights of the Year

- Significant influence on government higher education policy associated with the Browne Review, the comprehensive spending review and reforms to student funding
- Sustained lobbying and advocacy on the government's proposed changes to immigration policy, promoting the importance of international students and higher education staff to UK higher education and the UK economy
- Promoted opportunities for further efficiencies across the sector, building on the "Efficiency and Effectiveness in Higher Education" report, and management of the ratings revaluation which secured sector-wide savings of £20 million in England and Wales
- Successfully argued to secure agreement with HMRC that VAT does not apply to the sharing of services between universities
- Delivered the "Universities Week" public campaign focussing on the significant contribution made by the higher education sector to the London 2012 Olympics
- Promoted the value of UK Universities in their role as providers of healthcare training and education, with institutions recognised as integral to the new system and the process of reform
- Launched the HE Global initiative, with significant government support, informing and supporting universities on transnational education
- Contracted with the Brazilian government, through the HE International Unit, to deliver the "Science without Borders" scholarship programme, involving the placement of up to 10,000 Brazilian students in UK institutions over four years

Trustees' report

Our charitable activities during the year were

- Information – providing a comprehensive research and information service in response to over 1,750 enquiries from members, the higher education community and the public
- Influencing, advocacy and lobbying – using informed research to influence government, the media and other stakeholders and decision-makers on key policy issues affecting higher education
- Research and policy – delivering a range of informed policy briefings including advanced data analysis on critical themes
- Conferences – hosting the UUK annual conference, the Chancellors' reception, themed conferences and workshops, and a wide range of sector events

Strategic Aims 2010 to 2013

UUK's strategic plan for the period 2010-2013 has 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 objectives and achievements during 2011-2012 in line with these aims. The organisation will continue its activities in pursuit of the same objectives in 2012-13, while developing a new strategic plan for the period from August 2013 onwards.

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

Objectives

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

Achievements

Across the UK our lobbying activity successfully protected funding for the higher education sector, including the ring-fencing of science and research funding, during a period of significant policy change.

Efforts were made throughout the year to influence government policy on the immigration of international students and international staff employed by member institutions. A joint conference with the UK Border Agency (UKBA) was held in October 2011 to foster collaboration between the UKBA and the higher education sector with over 120 representatives attending. The conference resulted in a number of practically focused outcomes designed to assist institutions in managing their compliance responsibilities under Tier 4 and enhance the UKBA's understanding of the higher education sector.

Trustees' report

UUK made a substantive response to the Home Office consultation on proposed criteria for Highly Trusted Sponsor status (HTS) and continued to undertake detailed work on the implications of changes to the student visa system. To maintain momentum in this campaign UUK hosted a debate on "Impact of government immigration policies on UK universities" in February 2012, with a keynote address given by Dr Vince Cable MP.

Evidence was provided to the House of Lords Science and Technology inquiry in March 2012 on the impact of the visa policy changes on the recruitment of international students and staff, and further events in Westminster promoted the removal of international students from the net migration statistics for policy purposes. UUK gave evidence to the Select Committee in June 2012 on the issue of students as migrants and UUK continues to promote the positive value of international students to the higher education sector and the wider economy.

UUK hosted fringe meetings at each of the main party political conferences in Autumn 2011. The three topics debated were "Success by Degrees", "Widening Participation in HE" and "A market in higher education".

UUK launched the landmark report on "Efficiency and Effectiveness in Higher Education" in September 2011, and helped to secure a change to the VAT policy on shared services, providing a mechanism for reducing the tax burden currently incurred when VAT exempt businesses seek to share services.

The Memorandum of Agreement on the valuation of non-domestic rating of higher education institutions in England and Wales agreed during the year by UUK, GuildHE and the Valuation Office Agency will save institutions in England and Wales £20 million across the five years of the 2010 rating revaluation.

A new series of UUK publications looking at the shape and impact of the university system included "Driving Economic Growth". Launched in December 2011 this report highlighted the critical role UK universities will continue to play in reviving and sustaining economic growth across the country. A report by UUK and the Institute of Public Policy Research on the impact of universities on regional economic development was also launched at the University of Manchester in February 2012.

UUK supported the Independent Taskforce on Student Finance in its explanation of the new fees system in England to potential students and parents, and hosted a student finance seminar for university marketing and communications staff. The first-ever National Student Finance Day on 14 November 2011 provided a focal point in the campaign with 63 institutions participating. In December the Taskforce issued materials to every secondary school in England.

The "Universities Week" campaign in April 2012 took the London 2012 Olympics as its theme. Working with the British University College Sports and Podium, the campaign focused on the world class specialist facilities and sports-related research at higher education institutions.

UUK responded to the government's Initial Teacher Training strategy and submitted a response to the Education Select Committee inquiry into attracting, training and retaining the best teachers. Working with the sector agencies UUK campaigned to ensure that the value of universities to Initial Teacher Training is recognised and that universities engage in the government's proposed reforms.

Trustees' report

UUK submitted a report to government highlighting the effective practice demonstrated by institutions in taking forward the social mobility agenda. A joint conference with the National Union of Students and the National Council for Voluntary Organisations was held at Woburn House in March 2012 on "Working Together: how higher education and charities can deliver social impact."

UUK has continued to make the case to amend the Freedom of Information Act in England, Northern Ireland and Wales to create a limited exemption for pre-publication research, similar to that already in place in Scotland. With support from peers we continue to press the case to government for change.

2. To promote the international competitiveness of UK universities

Objectives

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

Achievements

In December 2011 UUK signed a contract with the Brazilian Federal Agency for Support and Evaluation of Graduate Training (CAPES) and the Brazilian National Council for Scientific and Technological Development (CNPq) to administer the "Science without Borders" scholarship scheme. This scheme, worth £190 million to UK institutions, will provide up to 10,000 scholarships over four years to Brazilian students to support their study at UK universities in both science and arts based subjects.

The HE Global Integrated Advisory Service was launched in January 2012 as a new information gateway for UK higher education institutions. Comprising a website, email and telephone helpline HE Global brings together international education advice and services from UK government departments and partners into one central resource.

In June 2012 a scoping visit to Mexico was undertaken by the International Unit to develop a greater understanding of the opportunities for engagement with the UK higher education sector, including potential work on joint degrees, student mobility and research collaboration.

The Unit also signed a Memorandum of Understanding with the Institute of International Education in the United States. The MOU identifies areas of mutually beneficial collaboration including research projects, degrees and the sharing of resources and best practice in international education.

The UUK Chief Executive was appointed Chair of the Secretaries General meetings of the European Universities Association for 2012, cementing closer relations between UUK and this pan-European membership organisation representing 47 countries.

3 To inform and shape the future agenda for higher education

Objectives

- Promote the role of UK higher education in the national and international knowledge economy

Trustees' report

- Support constructive engagement between universities and business, employers, schools and communities, the NHS and other key stakeholders
- Support universities in promoting widening participation, sustainable development and other objectives identified by members

Achievements

A comprehensive policy research programme included topics on efficiency in higher education, the social value of higher education, the future of research and the role of the creative industries in knowledge dissemination. Dissemination was by briefings, publications, conferences, and workshops.

UUK reports, particularly "Driving Economic Growth" and "Futures for Higher Education", generated wide media coverage and public interest. These two reports highlighted how UK universities play a critical role in driving the UK innovation agenda and supporting a competitive response to global competition.

The report on "Efficiency and Effectiveness in Higher Education" also received comprehensive media coverage. Further funding for UUK to take forward key recommendations from the report was subsequently agreed with the Higher Education Funding Council for England and the Leadership Foundation for Higher Education.

The Higher Education Better Regulation Group conference in November 2011 on "Deregulating Higher Education: risks and responsibilities" discussed the implications and impact of increasing competition, transparency of information and the potential scope of the new regulatory landscape.

The UUK scenarios project toolkit, launched in January 2012, enabled member institutions to improve their own scenario planning, and UUK worked with the sector, the Council for Industry & Higher Education and Research Councils UK on university-business collaboration, following the publication of the Wilson Review.

4. To provide high quality services to members

Objectives

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

Achievements

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

The UUK website attracted over 390,000 visitors, 929,000 page views and 331,000 downloads and an international audience with visits from 208 countries. The featured downloads included the Burgess Group final report "Beyond the Honours Degree Classification", the report on the impact of universities on the UK economy, the "Efficiency & Effectiveness" report, and patterns and trends in UK higher education. Reflecting the international dimension, the website had a significant number of visits from India, USA, Pakistan, Brazil and Canada. A new initiative - the UUK Twitter feed - has already gained over 12,000 followers.

Trustees' report

Over the year UUK achieved a monthly average of 26 press articles, 32 press mentions, 24 spokespeople quotes and 2 broadcast appearances in the national media. In November 2011 this increased to 49 mentions in 40 articles prompted by the Home Office visa crackdown announcement. In May 2012 UUK was cited 59 times in 38 articles largely due to the UUK student immigration campaign.

The Members' Annual Conference at Royal Holloway, University of London, attracted over 150 members and delegates. The theme 'Beyond the current debate: the contribution of UK universities to our society' focused on the contribution universities should play as an integral contributor in society, producing research that has real impact and equipping students with life and subject skills supporting the economy and society.

The annual reception for university Chancellors, held in London in April, provided an opportunity to brief Chancellors on current issues including immigration policy and Universities Week 2012, and led to 77 Chancellors signing a joint letter to the Prime Minister to ask for international students to be taken out of net migration statistics for policy-making purposes.

5. To be an effective and responsive organisation

Objectives

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

Achievements

Member engagement was delivered through a broad range of activity including members' meetings, the annual conference, other conferences and events, and dissemination of research and policy briefings via email, the extranet and in hard copy. Members also contributed to shaping policy through the seven policy networks and various task and finish groups.

Management's focus on operational efficiency included a change to office accommodation to improve team-working and communication, and the implementation of a new CRM system in June 2012. Member subscription rates were held at their current level for a further year.

New members were inducted into the organisation through a series of meetings held during the year chaired by a senior member and attended by the chief executive and senior officers. Detailed information packs on UUK and its activities were provided to each member. Dedicated support for members from visual and performing arts institutions was also developed.

An Operational Needs Assessment conducted in early 2012 by the new Chief Operating Officer identified opportunities in our approach to IT and knowledge-sharing, conference and services development, business and project planning and space management. Action plans addressing these themes were built into the Operational Plan for 2012/13.

Trustees' report

The annual staff survey found that 83% of staff were positive about their job, with an increase in the proportion who would recommend UUK as a place to work. Staff development continues to put an emphasis on responsiveness to members' needs and effective communication between the various groups within UUK.

Universities Scotland

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

Under the banner of "Ambitious for Scotland" Universities Scotland held a successful parliamentary reception to showcase a range of Scottish universities' achievements, and presented to the Education and Culture Committee in October 2011 in support of the positive funding settlement proposed by the Scottish Government.

Research activity focused on the development of sector-led proposals for modernisation of university governance and detailed consideration of the issues raised by the range of proposals for constitutional change.

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

Higher Education Wales

Higher Education Wales (HEW) built its dialogue with the Welsh Government considerably over the year, extending its involvement in key fora taking forward future higher education policy. Part time and qualifications review groups are two examples, giving HEW a voice in key areas of impact for universities in Wales. It has also appeared before National Assembly for Wales committees several during the year.

HEW provided advice to government through a range of policy consultation responses on topics including part time students, funding, sector reconfiguration, future European Structural funding, an innovation strategy for Wales, a science strategy for Wales, and the BIS White Paper and Technical Consultation. It also supported UUK on various sectoral issues such as risk-based quality assurance.

HEW successfully supported the introduction of student charters in Wales and secured cross-sector agreement on future funding of student unions. The Welsh Initiative for Student Engagement (WISE) was re-launched, to include further education and to sharpen the focus of its activities. HEW made a major contribution to shaping the Welsh Funding Council (HEFCW) new strategy for employment and skills, resulting in the signing of a concordat between HEW, HEFCW, the CBI and NUS.

Trustees' report

The organisation has been active in monitoring student application data, to assess the potential impact of changes in cross-border flows on its members. It has continued discussions with the funding council on its model for the reallocation of student numbers and about ways of mitigating the associated risks. HEW also completed the preparation of an inventory of significant research facilities in Welsh universities.

HEW extended its services to members through the establishment of a group for senior communications officers which enabled the sector to work successfully with Welsh Government on Student Finance Day in November, and to increase coverage of the Universities Week campaign in Wales. The group has also developed a best practice role, with a successful workshop on crisis management held in May.

Other Restricted Funds

The restricted funds managed by UUK included the Medical Schools Council (MSC), the Higher Education Better Regulation Group (HEBRG) and the International & Europe Unit (which has now been integrated into a single International Unit). Further details on the restricted funds are given on page 29.

Relationship with UK 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, Universities and Colleges Admissions Service and 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.

UUK Corporate Governance & Risk Management

The Board of Trustees of UUK comprises 25 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 UUK higher education agenda in line with the organisation's strategic priorities.

The Board, supported by a risk management framework and advised by the Treasurer's Committee and other committees, keeps under review the strategic and operational risks facing the organisation together with the programmes and activities which help manage those risks effectively. The management framework includes regular reviews of the risk register by the Strategic Leadership Team which comprises the directors of the organisation.

UUK's overall risk management strategy is reviewed by the Treasurer's Committee annually. The principal strategic risk relates to UUK's ability to continue to speak for the whole higher education sector on important issues of policy. Continued follow-through of the organisation's strategic plan is the key mechanism to manage this risk effectively. In relation to financial risk the trustees believe that maintaining UUK's readily realisable reserves at the levels stated will provide sufficient resources in the event of unplanned events or adverse circumstances.

Trustees' report

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

Financial Results

The statement of financial activities for the year is set out on page 17 of the financial statements. A summary of the financial results is given below.

Consolidated income and expenditure for the year ended 31 July 2012, together with comparative figures for 2011, are summarised in the table below.

	Unrestricted Activities £'000	Restricted Activities £'000	Total 2012 £'000	Total 2011 £'000
Income	6,372	2,845	9,217	9,096
Expenditure	(6,247)	(2,724)	(8,971)	(8,609)
Surplus	125	121	246	487
Transfers	(25)	25	-	-
	100	146	246	487

Unrestricted income in 2012 was up £131,000 year on year at £6,372,000 (2011 £6,241,000) with additional income from new subscriptions, better returns on investment and additional sponsorship income supporting the student finance campaign. Restricted income of £2,845,000 was down slightly on 2011 reflecting variations in the nature of this income stream (2011 £2,855,000).

Total income of £9,217,000 was up £121,000 (1.3%) on 2011 results (£9,096,000) reflecting the range of activity undertaken across the organisation.

Consistent with an increase in income total expenditure in 2012 at £8,971,000 was also up (2011 £8,609,000).

In a challenging year UUK performed well against its financial objectives and achieved a surplus on unrestricted funds after transfers of £100,000 which has been allocated for further investment in the IT

Trustees' report

and facilities infrastructure of the organisation. The covenant income from CVCP Properties plc was above budget at £814,265 (2011 £819,000)

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

The organisation's net assets increased by £246,000 to £6,043,000 (£5,797,000)

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.

Reserves Policy

The trustees have examined the requirements for free reserves in the light of the predominant risks to the organisation. 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 potential loss of membership, resulting in a loss of subscription revenue. 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 2012 were £3,768,333 (2011 £3,669,000) of which £80,000 was committed to fixed assets and £600,000 invested in CVCP Properties plc. Free reserves at 31 July 2012 are £3,124,523 (2011 £2,989,000) which is equal to approximately 6 months of unrestricted expenditure.

Grant-Making Policy

UUK made a grant of £64,910 to the Equality Challenge Unit, an organisation which works to further and support equality and diversity for staff and students in higher education. This grant was part of an agreed annual commitment to the Unit of £77,892.

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 2011/12 (2010/11 nil).

Tangible Fixed Assets

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

Trustees' report

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 17 to the financial statements.

The results and financial position of Woburn House Conference Centre Limited are consolidated with those of Universities UK in preparing the consolidated accounts.

Other Interests

The long leasehold interest in Woburn House is owned by CVCP Properties plc, a business set up by the membership in 1995 for the purpose of acquiring the building. CVCP Properties also acquired 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 71% of the unrestricted income, covenant income 13% and the balance comes from sales of goods and services, investment income, conference receipts, and sales of publications.

Sustainability

UUK has continued its commitment to the environmental sustainability agenda by introducing additional energy-saving lighting and expanding the organisation's recycling operation during the year.

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.

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.

Trustees' report

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



Professor Simon Gaskell
Treasurer

9 November 2011

Independent auditors' report to the members of Universities UK

We have audited the financial statements of Universities UK for the year ended 31 July 2012 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 2012 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

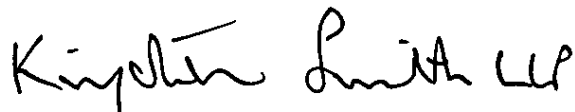
In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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



James Cross, Senior Statutory Auditor

For and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House

60 Goswell Road

London

EC1M 7AD

Date 20th November 2012

Consolidated statement of financial activities – year ended 31 July 2012

		Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Income and expenditure	Notes				
Incoming resources					
Incoming resources from generated funds:					
Voluntary income					
Covenanted income	2	814,265	—	814,265	819,091
					-
Sale of goods and services		782,370	89,663	872,033	735,109
Investment income		62,081	1,777	63,858	52,294
Incoming resources from charitable activities:					
Subscriptions from membership	3	4,520,038	674,633	5,194,671	5,225,185
Grants and contracts from funding bodies	4	—	2,068,471	2,068,471	2,093,331
Conference income		184,033	—	184,033	165,541
Publications and other small sales		9,288	10,418	19,706	5,794
Total incoming resources		6,372,075	2,844,962	9,217,037	9,096,345
Resources expended					
Costs of generating funds					
Costs of generating voluntary income		57,906	—	57,906	48,490
Fundraising trading cost of sales		633,935	41,009	674,944	595,145
Fundraising trading allocated costs		30,431	1,604	32,035	26,053
Charitable activities					
Information		1,220,329	651,957	1,872,286	1,698,360
Influencing , Advocacy & Lobbying		1,819,434	554,681	2,374,115	2,065,985
Research & Policy		2,132,028	1,471,412	3,603,440	3,832,427
Conferences		130,884	3,054	133,938	148,688
Funding grants	5	64,910	—	64,910	77,892
Governance costs		157,073	—	157,073	116,510
Total resources expended	6	6,246,930	2,723,717	8,970,647	8,609,550
Net incoming resources before transfers [net income]		125,145	121,245	246,390	486,795
Gross transfers between funds	15	(24,530)	24,530	—	—
Net movements in funds		100,615	145,775	246,390	486,795
Total funds brought forward		3,703,909	2,092,822	5,796,731	5,309,936
Total funds at 31 July 2012	15	3,804,524	2,238,597	6,043,121	5,796,731

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

The notes on pages 20 to 34 form part of these financial statements.

Balance sheets – 31 July 2011

	Notes	The Group		Universities UK	
		2012 £	2011 £	2012 £	2011 £
Fixed assets					
Tangible fixed assets	10	255,395	141,034	199,701	112,304
Investments	11	600,000	600,000	600,000	600,000
		855,395	741,034	799,701	712,304
Current assets					
Debtors	12	1,316,811	1,299,133	1,427,333	1,413,093
Investments – short term deposits		3,650,000	2,950,000	3,650,000	2,950,000
Cash at bank and in hand		2,613,273	2,830,036	2,460,376	2,680,409
		7,580,084	7,079,169	7,537,709	7,043,502
Creditors:					
Amounts falling due within one year	13	(2,392,358)	(2,023,472)	(2,330,479)	(1,994,173)
Net current assets		5,187,726	5,055,697	5,207,230	5,049,329
Net assets		6,043,121	5,796,731	6,006,931	5,761,633
Funds and reserves					
Restricted funds		2,238,598	2,092,822	2,238,598	2,092,822
Unrestricted funds		3,768,333	3,668,811	3,768,333	3,668,811
Non-charitable trading funds		36,190	35,098	—	—
	15	6,043,121	5,796,731	6,006,931	5,761,633

Approved by the Board of Directors and authorised for issue on 9 November 2012

Signed on their behalf



Nicola Dandridge
Chief Executive



Professor Simon Gaskell
Treasurer

Company Number 2517018

The notes on pages 20 to 34 form part of these financial statements.

Consolidated cash flow statement – year ended 31 July 2012

	2012 £	2011 £
Reconciliation of net incoming resources to net cash flow from operating activities		
Net incoming resources	246,390	486,795
Investment income	(63,858)	(52,294)
Depreciation charges	135,005	116,151
Increase in debtors	(17,678)	(33,139)
Increase in creditors	368,886	506,416
Net cash inflow from operating activities	668,745	1,023,929
Cash flow statement		
Net cash inflow from operating activities	668,745	1,023,929
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(249,366)	(142,220)
Returns on investments		
Bank interest received	63,858	27,199
Management of liquid resources		
Increase in short term investments	(700,000)	(1,710,000)
Decrease in cash	(216,763)	(801,092)

	2011 £	Cash Flow £	2012 £
Analysis of changes in cash			
Cash at bank and in hand	2,830,036	(216,763)	2,613,273

Statement of changes in resources applied for fixed assets

	Unrestricted £	Restricted £	Total 2012 £	Total 2011 £
Net movement in funds for the year	100,614	145,776	246,390	486,795
Resources used for the acquisition of tangible fixed assets	(121,246)	(68,126)	(249,366)	(142,220)
Net movement in funds available for future activities	(80,626)	77,650	(2,976)	344,575

Notes to the financial statements – year ended 31 July 2012

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 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

UUK's capitalisation policy is to capitalise individual assets costing over £2,500.

d. Investments

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

e. Operating leases

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

Notes to the financial statements – year ended 31 July 2012

f. Pensions

UUK 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 UUK. In accordance with FRS 17, the schemes are, therefore, accounted for as if they were defined contribution schemes.

g. Universities Scotland and Higher Education Wales

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

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

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

2. Covenanted income

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

Covenanted income receivable during the year from CVCP Properties plc was £814,265 (2011 £819,091).

3. Subscriptions from membership

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Universities UK	3,728,049	—	3,728,049	3,714,631
Universities Scotland	481,070	—	481,070	481,233
Higher Education Wales	310,919	—	310,919	351,728
Medical Schools Council	—	674,633	674,633	677,593
	<u>4,520,038</u>	<u>674,633</u>	<u>5,194,671</u>	<u>5,225,185</u>

Notes to the financial statements – year ended 31 July 2012

4. Grants and contracts

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Higher Education Funding Council for England	---	730,979	730,979	880,475
Department of Health	---	458,656	458,656	829,613
Scottish Funding Council	---	142,690	142,690	122,798
Higher Education Funding Council for Wales	---	32,942	32,942	109,933
Research Funding Councils	---	---	---	50,451
Quality Assurance Agency	---	20,000	20,000	20,000
Department for Employment & Learning	---	15,101	15,101	17,678
GuildHE	---	23,300	23,300	15,300
Council of University Heads of Medical Schools	---	---	---	14,583
Leadership Foundation	---	10,000	10,000	10,000
Higher Education Academy	---	11,667	11,667	---
CAPES Brazil	---	250,000	250,000	---
CNPq Brazil	---	250,000	250,000	---
HE European Funding Services	---	63,636	63,636	---
Conservatoires UK	---	12,500	12,500	---
UK Trade & Investment	---	35,500	35,500	---
Other organizations (less than £10,000)		11,500	11,500	22,500
		2,068,471	2,068,471	2,093,331

5. Funding grants

	Total 2012 £	Total 2011 £
Equality Challenge Unit	64,910	77,892

6. Analysis of total resources expended

	Staff costs £	Other direct costs £	Support costs £	Total 2012 £	Total 2011 £
Cost of generating funds					
Costs of generating voluntary income	37,275	10,643	9,988	57,906	48,490
Fundraising trading costs of goods sold and other costs	184,980	489,964	32,035	706,979	621,198
Charitable activities					
Information	1,079,546	435,181	357,557	1,872,286	1,698,360
Influencing, Advocacy & Lobbying	1,325,038	591,455	457,622	2,374,115	2,065,985
Research and policy	1,351,176	1,546,351	705,915	3,603,440	3,832,427
Conferences	62,559	48,201	23,178	133,938	148,688
Grants paid	---	64,910	---	64,910	77,892
Governance	84,183	44,338	28,552	157,073	116,510
Total resources expended	4,124,757	3,231,043	1,614,847	8,970,647	8,609,550

Notes to the financial statements – year ended 31 July 2012

6. Resources expended (continued)

Support cost allocations

Cost of generating funds	Staff related costs £	Premises costs £	Office admin £	IT costs £	Travel £	Dep'n £	Total 2012 £	Total 2011 £
Costs of generating voluntary income	11,476	16,345	2,155	1,149	259	651	32,035	8,062
Fundraising trading costs of goods sold and other costs	3,303	5,674	506	302	13	190	9,988	26,053
Charitable activities								
Information	124,537	189,056	22,166	12,450	2,193	7,155	357,557	306,720
Influencing, Advocacy & Lobbying	167,106	240,059	26,246	13,336	2,261	8,614	457,622	379,526
Research and policy	251,023	363,832	46,047	25,344	5,393	14,276	705,915	708,403
Conferences	7,666	13,168	1,174	699	30	441	23,178	24,803
Governance	10,052	15,508	1,551	817	88	536	28,552	20,439
Total resources	575,163	843,642	99,845	54,097	10,237	31,863	1,614,847	1,474,006

	Total 2012 £	Total 2011 £
Governance costs are made up of the following		
External audit and other professional fees	22,685	18,856
Apportionment of committee officer's costs (based on time spent)	13,814	13,576
Apportionment of directors' costs (based on time spent)	70,638	47,410
Apportionment of establishment costs (based on usage)	15,190	13,437
Other allocated costs	34,746	23,231
	157,073	116,510

	Total 2012 £	Total 2011 £
Other direct costs include		
Payments to auditors		
For audit services	14,863	13,436
For other services	885	855
Operating lease rentals		
Land and buildings	840,538	809,718
Office and equipment	46,993	37,304

Notes to the financial statements – year ended 31 July 2012

7. Analysis of staff costs

	Total 2012 £	Total 2011 £
Total staff costs including full and part-time employees were		
Salaries and wages	3,659,337	3,468,765
Social security costs	270,452	255,549
Pensions	574,692	442,682
	<u>4,504,481</u>	<u>4,166,996</u>

	2012 No.	2011 No
The average number of employees throughout the year was		
Generating funds	1.0	1.0
Generating voluntary income	0.5	0.5
Information	17.5	17.0
Influencing, advocacy and lobbying	20.0	19.0
Research and policy	23.0	24.5
Conferences	1.0	1.0
Governance	1.0	1.0
Support staff	11.0	11.0
Trading activities – Woburn House Conference Centre Ltd	3.0	3.0
	<u>78.0</u>	<u>78.0</u>

The number of employees whose emoluments exceeded £60,000 (excluding employer's pension contributions) was 9 (2011: 8)

The total employer pension contributions for these staff were £140,514 (2011: £88,189)

	2012 No.	2011 No
£60,001 - £70,000	1	2
£70,001 - £80,000	6	4
£80,001 - £90,000	1	1
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-

8. Trustees' emoluments

No trustees received any remuneration for their services

During the year travel and accommodation expenses reimbursed to one trustee amounted to £8,658 (2011: two trustees - £23,207)

Notes to the financial statements – year ended 31 July 2012

9. 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

10. Fixed assets

Group	Leasehold Improvements £	Furniture & Equipment £	Office Technology £	Total £
Cost				
At 1 August 2011	-	621,782	555,336	1,177,118
Additions	59,994	73,036	116,336	249,366
Disposals	-	(5,297)	-	(5,297)
At 31 July 2012	<u>59,994</u>	<u>689,521</u>	<u>671,672</u>	<u>1,421,187</u>
Depreciation				
At 1 August 2011	-	570,766	465,318	1,036,084
Charge for year	-	45,585	89,420	135,005
Disposals	-	(5,297)	-	(5,297)
At 31 July 2012	<u>-</u>	<u>611,054</u>	<u>554,738</u>	<u>1,165,792</u>
Net book value				
At 31 July 2012	<u>59,994</u>	<u>78,467</u>	<u>116,934</u>	<u>255,395</u>
At 31 July 2011	<u>-</u>	<u>38,136</u>	<u>102,898</u>	<u>141,034</u>

Universities UK	Leasehold Improvements £	Furniture & Equipment £	Office Technology £	Total £
Cost				
At 1 August 2011	-	421,720	555,336	977,056
Additions	59,994	14,716	116,336	191,046
Disposals	-	-	-	-
At 31 July 2012	<u>59,21994</u>	<u>436,436</u>	<u>671,672</u>	<u>1,168,102</u>
Depreciation				
At 1 August 2011	-	399,434	465,318	864,752
Charge for year	-	14,229	89,420	103,649
Disposals	-	-	-	-
At 31 July 2012	<u>-</u>	<u>413,663</u>	<u>554,738</u>	<u>968,401</u>
Net book value				
At 31 July 2012	<u>59,994</u>	<u>22,773</u>	<u>116,934</u>	<u>199,701</u>
At 31 July 2011	<u>-</u>	<u>22,286</u>	<u>90,018</u>	<u>112,304</u>

Notes to the financial statements – year ended 31 July 2012

11 Investments held as fixed assets

	Total 2012 £	Total 2011 £
Group and Universities UK		
CVCP Properties plc ordinary shares of £1 each	50,000	50,000
CVCP Properties plc preference shares of £1 each	550,000	550,000
	600,000	600,000

CVCP Properties plc is an unquoted company and the shares are stated at cost. In the trustees' opinion, the market value of the investment is not materially different from the cost at the balance sheet date.

12 Debtors

	Group		Universities UK	
	2012 £	2011 £	2012 £	2011 £
Trade debtors	229,438	125,354	159,773	73,889
Amounts due from subsidiary undertakings	—	—	182,842	180,931
Other debtors	828,309	838,697	825,671	838,680
Prepayments and accrued income	259,064	335,082	259,047	319,593
	1,316,811	1,299,133	1,427,333	1,413,093

13 Creditors: amounts falling due within one year

	Group		Universities UK	
	2012 £	2011 £	2012 £	2011 £
Trade creditors	223,934	585,637	204,714	559,618
Amounts due to subsidiary undertakings	—	—	3,296	13,883
Taxation and social security	175,522	155,546	134,537	143,415
Other creditors	79,582	74,829	74,612	74,829
Accruals and deferred income	1,913,320	1,207,460	1,913,320	1,202,428
	2,392,358	2,023,472	2,330,479	1,994,173

At the year end outstanding pension contributions amounted to £74,612 (2011: £55,674).

Notes to the financial statements – year ended 31 July 2012

14 Operating lease commitments

	Total 2012 £	Total 2011 £
Group and Universities UK		
Leases which expire within one year		
Office equipment	-	-
Land and buildings	7,041	61,949
Expiring within two to five years		
Office equipment	39,774	39,774
Land and buildings	739,957	20,786
Expiring after five years		
Land and buildings	-	719,171
	786,772	841,680

Notes to the financial statements – year ended 31 July 2012

15. Movement in funds

	At 1 August 2011 £	Incoming resources £	Resources expended £	Transfers £	At 31 July 2012 £
Unrestricted funds					
Investment fund	600,000	—	—	—	600,000
Universities Scotland / Higher Education Wales	371,300	889,485	(843,742)	—	417,043
General funds	2,697,511	5,481,498	(5,403,189)	(24,530)	2,751,289
	<u>3,668,811</u>	<u>6,370,983</u>	<u>(6,246,931)</u>	<u>(24,530)</u>	<u>3,768,333</u>
Restricted funds					
Medical Schools Council	692,232	337,470	(210,528)	-	819,174
MSC Assessment Alliance	170,153	411,750	(324,214)	-	257,689
Foundation Programme (FP)	897,721	-	(657,030)	-	240,691
FP 2013	-	458,656	(193,421)	-	265,235
UK HE International Unit	65,500	742,253	(736,740)	30,530	101,543
Science Without Borders	-	500,500	(267,582)	-	232,918
Universities Scotland (US)					
International Activities	24,083	50,000	(52,977)	-	21,106
US Student Retention	26,873	(14,988)	(11,821)	-	64
Measuring and recording student achievement	22,051	61,728	(70,488)	-	13,291
StLaR Foresight Project	12,211	-	(2,360)	-	9,851
Employers Pension Forum	16,144	117,025	(18,050)	-	115,119
HE Better Regulation Group	85,475	96,179	(124,544)	(6,000)	51,110
Property Ratings	18,947	-	(18,947)	-	-
Mental Health Committee	25,017	-	(36)	-	24,981
BIS Matched Funding	14,497	-	(69)	-	14,428
Universities Week	12,867	7,000	(6,433)	-	13,434
Conservatoires UK	-	12,500	(357)	-	12,143
Curriculum for Excellence	-	28,119	(28,119)	-	-
Journals Procurement	-	27,270	-	-	27,270
Policy	-	9,500	-	-	9,500
Other	9,051	-	-	-	9,051
Universities UK – total funds	<u>2,092,822</u>	<u>2,844,962</u>	<u>(2,723,716)</u>	<u>24,530</u>	<u>2,238,598</u>
Non-charitable trading funds	35,098	1,092	-	-	36,190
Group – total funds	<u>5,796,731</u>	<u>9,217,037</u>	<u>(8,970,647)</u>	<u>-</u>	<u>6,043,121</u>

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 overleaf

Notes to the financial statements – year ended 31 July 2012

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

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

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

FP2013 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 **UK Higher Education International and Europe Unit** is an observatory and intelligence unit for the UK higher education sector. It represents the sector at Governmental and EU policy forums and enhances the UK higher education sector's ability to compete in a global market by providing intelligence on internationalisation and European policy development

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

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

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

Measuring and Recording Student Achievement is a HEFCE funded project to implement the recommendations in the Burgess Group final report including the Higher Education Achievement Report

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

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

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

Property Ratings funding supports the development of a Memorandum of Agreement between the Valuation Office Agency and the higher education sector

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

The **BIS Matched Funding Scheme** was jointly set up with the Department for Business, Innovation and Skills (formerly DIUS) to develop fundraising capacity in selected institutions

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

Conservatoires UK is the umbrella organisation that represents the collective views of, and lobbies on behalf of, music education and training institutions, and now part-funds a support post at UUK

The **Curriculum for Excellence** project was set up to enable the development of a collective university sector response to the challenges and opportunities presented by the introduction of a new secondary curriculum in Scotland

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

Policy funding comprises research into an innovation voucher scheme in universities

Notes to the financial statements – year ended 31 July 2012

16. Allocation of net assets between funds

The net assets held for various funds are as follows

	Tangible assets £	Investments £	Net current assets £	Total
Restricted funds	83,631	-	2,154,967	2,238,598
Unrestricted funds	116,070	600,000	3,052,263	3,768,333
Charity total	199,701	600,000	5,207,230	6,006,931
Non-charitable trading funds	55,694	-	(19,504)	36,190
Group total	255,395	600,000	5,187,726	6,043,121

17. Subsidiary

The charity owns 100% of the share capital of Woburn House Conference Centre Ltd. The £2 cost of the investment has been written down to zero in the accounts of the parent company. The trading activity of Woburn House Conference Centre Limited is the management of the conference centre and meeting rooms at Woburn House. The results and financial position of Woburn House Conference Centre Limited are consolidated with those of Universities UK in preparing the consolidated accounts.

A summary of the trading results for the year ended 31 July 2012 and 2011, 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 2012 £	Total 2011 £
Profit and loss account		
Turnover	709,099	659,308
Cost of sales	(385,523)	(349,525)
Gross profit	323,576	309,783
Administration costs	(45,144)	(39,761)
Staff costs	(113,653)	(106,510)
Operating profit	164,779	163,512
Interest receivable	188	170
Gift aid payment to Universities UK	(163,875)	(158,739)
Profit on ordinary activities before taxation	1,092	4,943
Taxation	—	—
Profit on ordinary activities after taxation	1,092	4,943
	Total 2012 £	Total 2011 £
Balance sheet		
Fixed assets	55,694	28,730
Current assets	228,515	230,481
Creditors amounts falling due within one year	(248,019)	(224,113)
Net current assets (liabilities)	(19,504)	6,368
Total net assets	36,190	35,098
Represented by		
Share capital	2	2
Profit and loss account	36,188	35,096
	36,190	35,098

Notes to the financial statements – year ended 31 July 2012

18. Pensions

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". However, as it is not possible to identify each participating employer's share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis, contributions to the schemes were of the defined contribution type, in accordance with FRS 17. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Universities Superannuation Scheme (USS)

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.

Latest actuarial valuation date for which information is available	31 March 2011
Valuation frequency	Triennial
Valuation method	Projected unit
Inflation	RPI /CPI 2.75% / 2.0%
Valuation rate of interest	6.1% per annum
Salary increases	4.4% per annum
Short-term general pay growth	3.65% per annum
Value of notional assets	£32,433.5 million
Value of the scheme's technical provisions	£35,343.7 million
Net pension deficit	£2,910.2 million

The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

An additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used	
Life expectancy on retirement at 65 (Male / female)	
Members currently aged 65 (years)	23.7 (25.6) years
Members currently aged 45 (years)	25.5 (27.6) years

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%.

Funding of Scheme	
Pension Protection Fund basis	93% funded

On a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company, and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021.

Next formal triennial actuarial valuation	at 31 March 2014
Employer contribution rate (at 31 March 2011)	16% of pensionable salary

Notes to the financial statements – year ended 31 July 2012

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011

These include

New entrants

Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis

Normal pension age

The Normal pension age was increased for future service and new entrants, to age 65

Flexible retirement

Flexible retirement options were introduced

Member contributions

Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively

Cost sharing

If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions

Pension increase cap

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime 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 sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below.

<i>Assumption</i>	<i>Change in assumption</i>	<i>Impact on shortfall</i>
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and PI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by 0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, 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.

Notes to the financial statements – year ended 31 July 2012

At 31 March 2012, USS had over 145,000 active members and Universities UK had 55 active members participating in the scheme

Group contributions for the year ended 31 July 2012	£460,580	£92,099
<i>Group contributions for the year ended 31 July 2011</i>	<i>£365,870</i>	<i>£76,856</i>

Superannuation Scheme of the University of London (SAUL)

Contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (i.e. cash amounts)

Date of most recent actuarial valuation	31 March 2011
Valuation frequency	Triennial
Method	Projected unit credit method

The main assumptions used to assess the technical provisions were

	31 March 2011
Discount rate	
- pre-retirement	6.80% p.a.
- post-retirement	4.70% p.a.
General* Salaries Increase	3.75% p.a. until March 2014, 4.50% p.a. Thereafter
Retail Prices Index inflation("RPI")	3.50% p.a.
Consumer Price Index inflation ("CPI")	2.80% p.a.
Pension Increases in payment (excess over GMP)	2.80% p.a.
Mortality – base table	SAPS Normal (year of birth) tables with an age Rating of +0.5 years for males and 0.4 years for Females
Mortality – future improvements	Future improvements in line with CMI 2010 projections with a long term trend rate of 1.25% p.a.

*an additional allowance is made for promotional Salary increases

Assets of Scheme at valuation date	£1,506 million
Funding level	95%
Employer and Member contribution rates	13% / 6% of Salaries
Date of next review	After 31 March 2014

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS17 revealed SAUL to be in deficit at the last formal valuation date (31 March 2011). As part of this valuation, the trustee and Employer have agreed that no additional contributions will be required to eliminate the current shortfall.

Career Average Re-valued Earnings ("CARE", benefit 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 2012

19. Parent Charity

No separate statement of financial activities has been presented as permitted by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005. Gross income for the parent charity was £8,746,473 and gross expenditure was £8,501,175, resulting in a surplus of £246,390. Advantage has been taken of the exemption in FRS 8 from the requirement to disclose transactions with group companies on the grounds that consolidated accounts are being prepared.

20. Members

The charity is incorporated as a private company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 July 2012 there were 134 members (31 July 2011: 133).