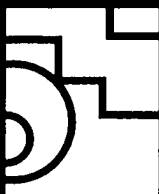


# Annual report and consolidated financial statements

Year ended 31 July 2020



Universities UK

Charity Number: 1001127  
Company Number: 2517018

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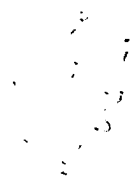
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## Trustees' report

The trustees present their report and the financial statements for Universities UK for the year ended 31 July 2020.

### **Name and membership**

The name of the charity and company is Universities UK. Universities UK is the representative organisation for the UK's universities. Its members are the executive heads of UK university institutions who have met the criteria for membership agreed by the Board of the company. It currently has 140 members. Membership is voluntary and members are represented both at the UK level and through Universities Scotland and Universities Wales.

The objectives of Universities UK as set out in its Articles of Association are:

- To promote and provide facilities for discussion and consultation between representatives of university institutions in the UK, on any matters affecting or relevant to the university sector of higher education in the UK.
- To formulate policies on any matters affecting or relevant to the university sector of higher education in the UK.
- To represent the university sector of higher education in the UK and to conduct dealings and to liaise with the government, any local, national or other institutions, authorities, agencies, bodies or persons, wheresoever in the world situated.
- To provide information, advice and assistance to universities within the UK, or any of their representatives, on any aspect of educational affairs, including administrative and financial matters relating to or connected with education.
- To take any steps (including without prejudice to the generality of the foregoing the issue, maintenance, financing and enforcement of legal proceedings) for the purpose of protecting the interest, reputation or good standing of the universities or the university sector of higher education in the UK or the integrity of any degree, diploma or other awards issued by universities in the UK.

### **Mission and main activities**

The mission of Universities UK is to create the conditions for UK universities to be the best in the world, maximising their positive impact locally, nationally and globally. Services and activities include research and policy development, lobbying of government and influential stakeholders, dissemination of information to members and the wider public using all forms of media, conferences and events, and national and international networking activity.

### **Public benefit**

All of Universities UK's activities are ultimately carried out for the wider public benefit of creating and maintaining a world-class higher education sector that benefits students, the UK economy, the UK's educational and research standing in the world and the wider social good. Collectively, the institutions led by the members of Universities UK 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. UK Universities played a significant role in the research, medical and civic response to the Covid-19 pandemic.

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 delivery of its services and activities, Universities UK has fully supported its members, and assisted them to achieve their public benefit goals.

## Trustees' report (continued)

### Trustees

The Board comprises up to 24 (reduced to 22 in the year) directors of the company and trustees of the charity, elected or appointed from among its members. Those appointed for the year to 31 July 2020 were as follows:

|                                                                                                                                     |                                                                    |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| Professor Julia Buckingham CBE                                                                                                      | President                                                          |
| Baroness Valerie Amos CH*                                                                                                           |                                                                    |
| Professor Colin Bailey **                                                                                                           |                                                                    |
| Professor Dame Janet Beer DBE                                                                                                       |                                                                    |
| Professor Paul Boyle CBE                                                                                                            |                                                                    |
| Mr Nigel Carrington*                                                                                                                |                                                                    |
| Professor Chris Day                                                                                                                 |                                                                    |
| Professor Alistair Fitt *                                                                                                           |                                                                    |
| Professor Graham Galbraith                                                                                                          |                                                                    |
| Professor Jenny Higham                                                                                                              |                                                                    |
| Professor Debra Humphris                                                                                                            |                                                                    |
| Professor Sir Chris Husbands                                                                                                        |                                                                    |
| Professor Paul Layzell                                                                                                              | Treasurer                                                          |
| Professor Julie Lydon OBE                                                                                                           | Chair, Universities Wales & Vice-President Wales                   |
| Professor Sally Mapstone                                                                                                            |                                                                    |
| Professor Quintin McKellar CBE                                                                                                      | Vice-President England and Northern Ireland from 1 March 2020      |
| Professor Patrick Nixon ****                                                                                                        | Vice-President England and Northern Ireland until 29 February 2020 |
| Professor Andrea Nolan OBE *                                                                                                        | Convener, Universities Scotland & Vice-President Scotland          |
| Professor Edward Peck                                                                                                               |                                                                    |
| Professor David Phoenix OBE                                                                                                         |                                                                    |
| Mr Bill Rammell ***                                                                                                                 |                                                                    |
| Professor Sir Steve Smith *                                                                                                         |                                                                    |
| Professor Rama Thirunamachandran                                                                                                    |                                                                    |
| Professor Adam Tickell                                                                                                              |                                                                    |
| Professor Shearer West                                                                                                              |                                                                    |
| * Term of office ended 31 July 2020<br>** Appointed 1 April 2020<br>*** Resigned 31 December 2019<br>**** Resigned 29 February 2020 |                                                                    |
| The following were also members of the UK Board on the date this report was approved:                                               |                                                                    |
| Professor Liz Barnes CBE                                                                                                            | Appointed 1 August 2020                                            |
| Professor Gerry McCormac                                                                                                            | Appointed 1 August 2020                                            |
| Dr Paul Thompson                                                                                                                    | Appointed 1 August 2020                                            |
| Professor Wendy Thomson CBE                                                                                                         | Appointed 1 August 2020                                            |

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 nominated by the Governance and Nominations Committee.

### Chief Executive

Alistair Jarvis

## **Structure, governance and management**

### ***Organisational structure of the company***

#### Universities UK

Universities UK is a company limited by guarantee with the registered number 2517018, governed by its Articles of Association adopted in May 2013. It is a charity with the registered number 1001127. Its principal offices are in Bloomsbury, London.

#### Universities Scotland

In Scotland (where it operates from its Edinburgh office under the name Universities Scotland), Universities UK is registered as a charity with the registered number SC029163.

#### Universities Wales

In Wales (where it operates from its Cardiff office under the name Universities Wales), Universities UK is part of the charity with the registered number 1001127.

### ***Structure of subsidiary companies***

#### Woburn House Conference Centre Ltd

Universities UK 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 Universities UK.

#### Medical Schools Council

Universities UK is the holding member of the Medical Schools Council, a company limited by guarantee (company number 8817383) and registered with the Charity Commission (number 1155370). The objects of the Medical Schools Council are to promote, encourage and develop medical schools in the UK and thereby advance education for the public benefit, in particular medical education, research and training. Its Board of Directors is elected from its own members.

#### MSC Assessment

The Medical Schools Council is the holding member of MSC Assessment, a company limited by guarantee (company number 8578576) and registered with the Charity Commission (number 1153045). The objects of MSC Assessment are to advance medical education for the benefit of the public including by the preparation, validation, accreditation, conduct and administration of any tests, examinations or other systems of assessing, evaluating and recording any aspect of medical education and training. Its Board of Directors is elected from members of the Medical Schools Council.

The results and financial position of Woburn House Conference Centre Limited, the Medical Schools Council and MSC Assessment are consolidated with those of Universities UK in preparing its consolidated financial statements. Separate results are shown in note 22 to the financial statements.

#### CVCP Properties plc

CVCP Properties plc is not a subsidiary of Universities UK but is considered to be a related party. Universities UK owns all 550,000 preference shares in CVCP Properties plc and 50,000 (1%) of its ordinary shares. Universities UK is a major tenant of CVCP Properties plc in Woburn House.

## Trustees' report (continued)

### Governance and decision-making

#### ***Non-executive directors/trustees***

The Board of Trustees comprises up to 24 (reduced to 22 in the year following a governance review) members and meets five times a year as a minimum. The President, elected by the members, serves a term of two years. The Chairs of Universities Scotland and Universities Wales are members of the Universities UK Board, serving as Vice-Presidents alongside an elected Vice-President for England and Northern Ireland.

Universities UK has six standing committees: Board Advisory, Resources, Audit and Risk, Governance and Nominations, Membership and Remuneration. Seven (reduced to five in the year) Policy Networks cover the key policy issues of the UK higher education agenda in line with the organisation's strategic priorities. Following a governance review, the seven Policy Networks are going to be retired as Board terms come to an end, replaced with four Policy Leads resulting in a reduction to Board size.

#### ***Induction and training of trustees***

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 Plan. 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 when required.

#### ***Charity Governance Code***

Our governance has been reviewed against the Charity Governance Code. Universities UK is committed to applying good practice where possible and explaining where it is not aligned, and the reasons for this or changes that are being planned. The Code is applied in the context of Universities UK being a relatively small membership organisation of 140 members, with most of the Board elected by and from its membership. This prompts challenges in achieving the full recommendations of principle 6 (diversity) and the composition recommendations in principle 5 (Board effectiveness).

Our recent review of our Governance Effectiveness found that "... Universities UK is considered to be operating effectively in challenging circumstances given the headwinds facing higher education". Through the 2019–20 period several recommendations from the review have been implemented including:

- Re-formatting of the Executive Committee to the Board Advisory Committee
- Retiring the Treasurer's Committee and creating a Resources Committee and Audit and Risk Committee, including the appointment of independent members to these
- Creation of a Governance and Nominations Committee
- Review and amendments as appropriate to the Articles
- Start of the plan to reduce Board size from 24 to 21 with the retirement of the Policy Lead roles as they come to the end of their term

#### **Principle 1 – organisational purpose**

2019–20 was the second year of the strategic plan for 2018–23: World Leading Impact. The review of Governance Effectiveness concluded that Universities UK's objects as set out in its Articles of Association are fit for purpose and are consistent with the mission, vision and strategy. Board has oversight of the management of resources ensuring that the allocation is linked to operational plans in pursuit of strategic objectives and therefore overall organisational purpose.

#### **Principle 2 – leadership**

The Board is led by the President, supported by a Board Advisory Committee. Across the Board and Committee there are robust debates leading to an agreed direction for the officers and staff to follow. 2019–20 was the first year of the President's two-year term, and elections took place in the year for vacant Board posts as members come to the end of their terms. The President has oversight of CEO performance.

### **Principle 3 - integrity**

Board and Board Advisory Committee members declare all conflicts of interest at every meeting and will absent themselves from discussions as required. Through its sub-committee structures the Board has oversight of issues such as finances, HR practices, procurement, data security and integrity, safeguarding and remuneration to make sure that the charity operates responsibly in line with its own ethics and values.

### **Principle 4 – decision making, risk and control**

The Board have oversight of finance, performance and risk through its sub-committee structure and Board meeting agendas. The Resources and Audit and Risk Committees consider risk at each meeting. The Board are presented with the strategic risk registers at every meeting and have a full discussion on risk once a year, or more often if significant changes occur. All sub-committees have Terms of Reference established which are approved by the Board. The Audit and Risk Committee is presented with an annual safeguarding report in line with the Universities UK Safeguarding Policy. As a result of the Covid-19 crisis, the Board has met more frequently through the year as required and established several subgroups to work on specific issues.

### **Principle 5 – Board effectiveness**

Most Board members are elected from the membership by the membership. There are agreed lengths of time for Board members to serve, and they are subject to re-election when those terms expire. It is unusual for terms to exceed nine years, but possible if members are elected to different roles on the Board or they have specific expertise or responsibilities relevant to the Board's deliberations and the organisation's strategic priorities.

At 31 July 2020, Professor Dame Janet Beer (President and chair of the Board from 2017-19) had served 11 years in a number of different elected roles and has been selected by the Governance and Nominations Committee to serve a further term as a nominated member and during the year the membership elected Professor Beer for a further 3-year term starting 1 August 2020 as Policy Lead for International.

In the year the Board has reduced from 24 to 22 members as part of a plan to reduce the size of the Board through retiring the elected Policy Lead Board member role as they come to the end of the term. The Innovation Policy and Health lead roles were removed in this year. The Board is considered large under the Code, however the Governance Effectiveness review found that "... in general they consider the Board to work well and would be concerned if a reduction in size led to less diversity or a less representative Board".

### **Principle 6 – diversity**

Much of the Board (16 members) are elected from and by the membership, therefore there is a limit to the number and diversity of potential candidates. The Governance Effectiveness review found that "... as far as it can within the constraints of an elected Board, Universities UK takes reasonable steps to ensure that diversity in its widest sense is prioritised and implemented".

### **Arrangements for setting pay and remuneration**

Member input and support to the work of Universities UK is on a non-remunerated basis.

The pay and remuneration of executive management is set by a Remuneration Committee, which comprises Universities UK members chaired by the Treasurer. The pay and remuneration levels for all other grades is negotiated with the recognised union, Prospect, as part of the recognition agreement.

Benchmarking reports are used as a measure for the Directors' pay, comparing ourselves to similar size organisations in terms of headcount or income in not-for-profit and membership organisations.

### **Executive management**

The Chief Executive leads a Senior Leadership Team comprising the Directors of Policy, Member Services, Universities UK International, Communications and External Affairs, Operations, Universities Scotland and Universities Wales.

## Trustees' report (continued)

### Strategic report

#### Strategic aims

2019–20 represented the second year of Universities UK's five-year-strategic plan for the period 2018–23, World Leading Impact. The long-term, strategic objectives are:

- **Opportunity:** Anyone with the will and potential to succeed, no matter their background, has the opportunity to transform their lives through accessing an outstanding academic experience at a UK university.
- **Impact:** UK universities are demonstrably world-leading in the production and application of knowledge and skills through research, teaching and innovation, evidencing significant economic, social, cultural and civic impact and contributing materially to society.
- **Trust:** Through demonstrating positive impact on students' lives, economic growth, public services and civil society, UK universities enjoy widespread public trust and political support.
- **Global universities:** UK universities are global leaders in international education and research, educating a significant proportion of globally mobile students, demonstrating increased levels of high impact international research collaboration; and achieving increases in outwardly mobile students and students registered on UK programmes overseas.
- **Autonomy:** UK universities are free to make autonomous decisions and adopt strategies according to their diverse missions and the needs of their students and communities, while taking collective responsibility for the quality of leadership and governance in higher education and benefiting from stable and sustainable funding that enables them to maximise their positive impact.
- We will continue to **develop our organisation capabilities** to ensure that we are making the most of our members, our people, our external profile, our resources and our work.

These aims are achieved through the delivery of activities to members in the UK, International, Scotland and Wales, medical and health and exam delivery. Our work is organised through annual programme plans, detailing our short-term objectives.

2019–20 has been a year of two distinctly different halves. From August until late February, Universities UK's focus was on securing and maximising the opportunities from visa reforms, developing policy priorities through the post-Augar review workstreams focused on post-18 educational reforms and funding, progressing our major review of fair admissions, beginning to shape the future international relationships in the post-Brexit context and establishing a new relationship with the Westminster government following the December 2019 general election.

As we entered the second half of the operational year, we had to adapt rapidly and substantially to re-focus and re-prioritise our activities to support members to respond to the Covid-19 crisis. New priorities included seeking to mitigate the impact on international student recruitment, home admissions, securing government financial support, progressing work to clarify regulatory requirements, ensuring testing capacity for university populations and providing guidance on operating a university under socially-distanced health restrictions.

#### Activities for members – England, Northern Ireland, UK wide and International

Our work includes policy research, analysis and development, relationship building, lobbying and advocacy, communications with the media, public and stakeholders and development and delivery of services to our members.

Members are at the heart of our work and keeping members informed, connected with their peers and stakeholders and to campaign and lobby on behalf of the sector are priorities. This year there were 320 attendees at the September annual conference, and 245 attendees across three members meetings in the year. In addition to the opportunities for all our members to come together, regional Vice-Chancellor dinner discussions were held across the UK until lockdown along with institutional visits by the CEO and other members of staff.



Engagement with members stepped up significantly to support them with the implications of Covid-19. This included daily emails from the CEO to members, emails to senior institutional teams with a roundup of developments and over 60 group calls (via Microsoft Teams) led by the CEO with Vice-Chancellors (typically in groups of c20) to update and seek feedback on developing issues. On an individual basis we matched Vice-Chancellors in mentoring relationships and supported mid-term and new Vice-Chancellors coming into role during the year through peer-to-peer learning and support.

Following the Governance Review in 2018–19, the recommendations from the review have been implemented. Change to the Articles will be considered at the December AGM, otherwise the new subcommittee structure and other governance effectiveness enhancements are in place. Throughout the Covid-19 crisis the Board and Board Advisory Committee has met more frequently to respond effectively to the volatile situation. The senior Executive team has also met more frequently to consider rapidly developing issues.

The work supporting the small and specialist institutions continues with the Specialist Institutions Forum and Conservatoires UK continuing to meet and tailoring policy responses and the Covid-19 response to their specific needs.

It has been an unusual year in terms of engagement and parliamentarians as there were 45 fewer sitting days in parliament due to the general election, prorogation of parliament and an overwhelming political focus on coping with the challenges of Covid-19. Despite that Universities UK secured 45 oral questions in parliament, 74 parliamentary questions, 42 meetings and events with UK government and shadow ministers and 62 positive references to Universities UK from parliamentarians and government. This has been achieved despite the challenge of three changes of (Westminster) Universities Minister in the year and Higher Education and Research/Innovation responsibility now split across two (Westminster) government departments.

Following the General Election, Universities UK was re-engaged to run the All-Party Parliamentary University Group with a new chair and increased and more representative membership of the sector. This puts the group in a good place to be a high impact forum for VCs and parliamentarians to discuss and influence key higher education priorities and become a valuable channel for higher education policy making in parliament.

The outcome of the Augar Review on post-18 funding was significant for the sector in the early part of the year. We established four member-led working groups to shape the sector's response to the report and to prepare for the Spending Review 2020 focussing on efficiency, value, flexible learning, and level 4 and 5 provision.

Using print, broadcast and social media, we disseminated information to members and the wider public, the reach of the Universities UK social media channels was 46 million, there were 750,000 unique visitors to the Universities UK website and 25,000 unique visitors to the USS employers website.

Until March, we developed and ran in person conferences and events on topical issues including university access and retention, tackling racial harassment, student success and experience, marketing and communications, graduate employability, research and innovation, transnational education, degree apprenticeships, staff to student misconduct and tackling violence, harassment and hate crime. The lockdown in March meant a very quick transition to move the International Higher Education Forum to a series of online events. We continued to offer online events for the rest of the year covering safety, health and wellbeing and mental health, responding to Covid-19, developing virtual career and student support services, racism and racial equality and student retention.

Universities UK International (UUKi) continue to source and administer international opportunities for students and researchers via the UKIERI Mobility Programme: Study in India, the Mitacs-UK Globalink Research Internship Programme and the Newton Fund.

There were outbound delegations to India, Indonesia, Brussels, Ireland, China, Israel and OTPs, and Cuba organised by UUKi and a wide variety of member institutions participating.

## Trustees' report (continued)

A full report on our international activities can be found in the [Universities UK International Annual Report 2019/20](#).

In 2019–20 our work included production of evidence-based outputs on the most significant issues facing the higher education sector, to influence policy making, support universities to enhance positive impact and improve their practices, share effective approaches to common challenges and to support our members to achieve their overall missions and objectives. These outputs included:

- *Achieving stability in the UK higher education sector following COVID-19* – an initial proposal to government for a balanced package of measures to maximise universities' contribution to the economy and communities following COVID-19
- *Beginning the conversation: responding to domestic violence and abuse in higher education communities during the COVID-19 pandemic* – a briefing to support universities in their response to the heightened risk of domestic violence and technology mediated abuse resulting from lockdown measures during the COVID-19 pandemic
- *Principles and considerations: emerging from lockdown* – nine principles and areas for universities to consider as they begin to emerge from lockdown
- *Universities UK response to Office for Students consultation on the integrity and stability of the higher education sector in England* – highlighting the significant pressures for universities as a result of the COVID-19 pandemic across all aspects of their operations and provision, including in admissions, and continue to respond effectively to the challenging environment faced by students and staff
- *Supporting graduates in a COVID-19 economy* – set of proposals for the UK government, recommending ways to support the employment prospects of graduates from the class of 2020, and to help businesses get back on their feet following the COVID-19 lockdown
- *Principles and guidance for collaborative teaching partnerships during the pandemic* – supporting the continuation of effective collaborative teaching partnerships as the sector responds to the impact of COVID-19 on academic provision
- *Tackling online harassment and promoting online welfare* – new guidance to help universities prevent and respond to all forms of online harassment
- *Initiations at UK universities* – Universities UK in collaboration with Newcastle University, has launched Initiations at UK universities to raise awareness of the dangers of initiation and excessive alcohol consumption among students
- *Changing the culture: two years on* – the results of a sector-wide survey to review progress on tackling sexual misconduct and gender-based violence, harassment and hate crime
- *University links with the armed forces* – Universities UK is encouraging all members to sign the Armed Forces Covenant
- *Widening opportunity in higher education – The third phase: beyond graduation* – the discussion paper, written by Professor Simon Gaskell and Professor Rebecca Lingwood, concerns the influence of socio-economic background on graduate success
- *Skills, job and opportunity: a vision for higher education* – Universities UK calls on the government to work with universities to support us in the key role we have to play in skills productivity, social justice and research, from local communities to the global stage and support is required to deliver future benefits
- *Supporting international graduate employability: making good on the promise* – how UK universities support the employability of their international students and recommends where further improvement
- *Level 4 and 5 education: Universities UK briefing* – information on level 4 and 5 education and what the government can do to support it
- *Stepchange: mentally healthy universities* – a refreshed framework for a whole university approach to mental health and wellbeing
- *Towards a national languages strategy* – proposals from the British Academy, the Arts and Humanities Research Council, the Association of School and College Leaders, the British Council and Universities UK
- *Principles for effective degree algorithm design* – a new set of principles for effective degree algorithm design to protect the value of qualifications
- *A student finance national education programme* – in partnership with the National Education Opportunities Network (NEON), Universities UK is calling for a Student finance national education programme

- *A guide to presenting institutional financial information to students* – a guide to help and support universities in explaining to students where their money comes from, how they spend it and how this adds value to the student experience
- *Changing the culture in higher education: UUK's response to EHRC inquiry on racial harassment in higher education*
- *Immigration in the EU post-Brexit* – information about how business travel to the EU will be impacted by Brexit, in both a deal and no deal scenario
- *Briefing: Securing an effective post-Brexit settlement for UK universities* – setting out what the government must do to secure an effective post-Brexit settlement where universities can maximise their contribution to a globally-successful UK
- *Brexit readiness checklist* – help for higher education providers to prepare for a no-deal Brexit
- *The concordat for research integrity* – a revised concordat to support research integrity to further assure government, business, international partners and the public that they can continue to have confidence in UK research and its world-leading researchers
- *Concordat for the advancement of knowledge exchange in higher education*
- *Knowledge exchange concordat: summary of consultation responses* – summary of the findings from a consultation on the draft Knowledge exchange concordat
- *Open access and monographs evidence review* – Over the past few years, the UK has seen a shift in its policy approach towards open access and academic monographs
- *Oversight of security-sensitive research material in UK universities: guidance* – this guidance concerns the storage and circulation of security sensitive research material, and offers recommendations for protecting researchers from inappropriate investigation by police authorities
- *Submission to the MAC consultation* – a briefing summarising Universities UK's submission to the MAC consultation on the current salary threshold level of the skilled-worker route
- *Immigration bill* – briefing outlines Universities UK key asks for the new immigration system scheduled to be introduced by the government in January 2021
- *Guidance on transnational education regulation in the EU post-Brexit* – UUK International has worked with Farrer & Co to produce guidance on transnational education regulation in the EU
- *The scale of UK higher education transnational education 2017-18* – now in its third edition, this report uses HESA data to inform analysis on UK higher education transnational education
- *The scale of UK higher education transnational education 2017-18: Welsh providers*
- *The scale of UK higher education transnational education 2017-18: Scottish providers*
- *Higher education in Jordan: opportunities for collaboration*
- *Higher education in Tunisia: opportunities for collaboration*
- *Opportunities for UK-Indonesia collaboration*
- *The state of the relationship: mapping UK higher education with Colombia*
- *The state of the relationship: mapping UK higher education engagement with Brazil*
- *USS 2018 valuations* – briefing and background and context of the dispute and the efforts made by affected universities to resolve it
- *USS negotiations* – background and context on the USS dispute and sets out the efforts made by the affected universities to resolve the dispute satisfactorily

### **Key outcomes in 2019–20**

In September 2019 the UK Government announced the introduction of the Graduate Route, a post study work visa for international students attending higher education institutions in the UK. This adopts many of the features of Universities UK's global graduate talent proposal and follows concerted effort from across the sector calling for this change, including considerable work by Universities UK over the last nine years to improve immigration policies for university staff and students.

We have taken the initiative and a leadership role on behalf of the sector to tackle a range of difficult issues where improvement is needed. This includes ensuring the value of degrees, addressing grade inflation, ensuring fair admissions, tackling staff to student sexual misconduct and enhancing universities approaches to preventing and addressing racial harassment.

In October 2019 the EHRC published its reporting examining racial harassment in higher education. The outcomes of the inquiry demonstrate the seriousness and prevalence of the issue within and outside the universities' campuses. We worked closely with the EHRC throughout the inquiry to help

## Trustees' report (continued)

shape the recommendations and ensure that they aligned with existing sector frameworks. The report welcomed our advisory group to tackle racial harassment which will progress many of the recommendations. The report's recommendations will also inform other activities including work in the #StepChange programme.

Universities UK also led on developing and launched guidance to help institutions deal with staff to student sexual misconduct, all forms of online harassment and student initiations to raise awareness of the dangers of such activities and excessive alcohol consumption among students.

Universities UK informed the debate of the wider value of a university degree via new student-centred opinion polling and a framework to consider measures of value beyond salary outcomes. To support the perceptions of value, new guidance was published to explain to students more clearly how their fee income is spent.

In our work to support the sector on grade inflation, we launched a survey on degree algorithms and through UKSCQA we published new guidance for providers in England along with a statement of intent. This means that despite the sector being diverse and autonomous so that innovation, specialism, and creativity can flourish, the system as a whole can benefit from common principles and arrangements to protect the value of degrees providers offer and award. Therefore, students are able to understand how their achievement compares to others, feel confident that their classification is an accurate and fair reflection of their performance.

Progress was made with a sector-led Fair Admissions Review to tackle emerging challenges and issues with the undergraduate admissions system including a call for evidence from students, parents and schools and new national polling of students on the current admissions system. Our work in this area was quickly pivoted to support universities and students to find a solution for admissions following the A-level results. The Fair Admissions Review will report in late 2020.

In the year Universities UK developed and launched two concordats on Research Integrity and Supporting the Career Development of Researchers which are being widely used and recognised across the sector.

With the UK leaving the EU at the end of January 2020, negotiations on a future partnership arrangement continued throughout the year. UUK International created no deal guidance for members, along with influencing stakeholders and decision makers for the best possible outcome for the sector through direct engagement with governments and use of partner organisations across Europe. Funding was successfully secured through the Brexit Readiness Fund enabling UUK International to deliver a Brexit Readiness Roadshow and a series of webinars supporting institutions to prepare for Brexit, deal and no-deal. There were 420 registrations for the Brexit Roadshow across 5 locations, and the Brexit Webinar series was viewed 1485 times.

### **Responding to Covid-19**

With the lockdown and instruction to work from home in March 2020, all Universities UK employed staff left our offices and moved to working at home. Staff were supported to make sure they had all the equipment they needed to work safely; internal communications activities were stepped up and staff were given flexibility to meet the demands of home schooling, caring responsibilities and the challenges of home working. Despite the challenges the pandemic and forced changes to working practices, Universities UK staff have adapted well and continued to produce significant output to support the higher education sector through the crisis.

The Coronavirus Job Retention Scheme was used to furlough five members of staff. Three of those have roles directly linked to office and building services and could not work from home, and two staff who had personal circumstances that restricted their ability to work from home.

Many workstreams were paused, streamlined or re-purposed to respond to the issues from the Covid-19 pandemic. In Spring and Summer 2020 our work on Covid-19 included:

- Adapted our member engagement strategy with the organisation of regular vice-chancellor calls, a virtual member meeting and increased regularity in member communications.

- Established a VC sounding board to provide leadership and strategic insight on the sector's recovery from Covid-19 including high-level principles to support the sector to emerge from lockdown.
- Developed a package of financial stability proposals for the sector to support universities through the financial storm created by Covid-19. This has led to a range of government interventions including access to government-backed finance, a £2.4bn package of support for research and innovation, steps to reduce home admissions volatility and measures to relieve cash-flow challenges.
- Developed principles and guidance on areas for universities to consider as they began to emerge from the Spring 2020 lockdown and plan for the 2020-21 academic year
- Redefined our #MadeAtUni campaign to focus on promoting the significant contribution universities were making to the national effort, with the #WeAreTogether campaign reaching more than 50million Twitter users.
- Launched an international strand of the #WeAreTogether campaign aimed to reassure prospective students based on the positive experiences of current students.
- Developed and promoted high-level 'get well asks' for government to support the rapid recovery of the UK's international higher education activities, securing a number of positive immigration changes for international students.
- Launched sector-wide campaigns to communicate the message that it remains a good time to go to university for both domestic and international students.
- Shaped official guidance for the sector collaboration with Ofqual, OfS, QAA and other sector agencies.
- Secured short term adjustments to the UK visa system for students and staff already in the UK.
- Established an advisory group that has made recommendations to government and universities to support the graduating class of 2020 to navigate a difficult employment market.
- Developed advice for members on tackling domestic abuse, racial harassment and technology mediated abuse in the context of the pandemic.
- Played a coordination role for the sector to identify, discuss and disseminate national requests to support the Covid-19 response.
- Developed and published a sector-led Fair Admissions Agreement for 2020–21 to ensure admissions remain fair in a challenging environment and following the A-level results responded quickly to support students and admissions teams.
- Represented universities' rapidly evolving challenges and priorities across Westminster departments and government agencies.

#### **Activities for members - Universities Scotland**

Universities Scotland represents the Principals and Directors of Scotland's 19 higher education institutions, developing higher education policy and campaigning on issues where members have a shared interest. Universities Scotland activities and achievements included:

- A Scottish Government Spending Review outcome ahead of member expectations.
- Significant investment of time in Audit Scotland's second review of higher education funding, as published in September 2019, and media work and political engagement to ensure high awareness.
- Policy-making and evidence-building support for the development of the National Articulation Forum's report.
- Launch of the care experience guarantee in regard to admissions with the First Minister.
- Securing a positive decision on the fees status of EU students for 2020–21 entry.
- Progress, with government and key stakeholders, in developing a coherent response to the mental health and wellbeing challenges faced by students.
- Launch of a shared statement of common cause with SCDI to signal higher education-business partnerships to accelerate economic growth.
- Substantive agreement of a statement of commitment to addressing the climate emergency.
- A governance effectiveness review that was, in general, highly supportive of Universities Scotland.
- Presenting to Scottish Government an evidenced case for the sector's contribution to the recovery and the need for support for Scottish HEIs in the light of the Covid-19 emergency and publication of a hard-hitting report by SFC with agreed quantification of the challenge.
- At the end of May, submission of evidence and argument to the Advisory Group on Economic Recovery which made a significant impact on its recommendations for an 'education-led recovery'.

## Trustees' report (continued)

- Substantial and detailed work to influence Scottish Government guidance on the safe resumption of activities on campus.

### Activities for members - Universities Wales

Universities Wales represents the interest of universities in Wales, supporting a university system which transforms lives through the work Welsh universities do with the people and places of Wales and the wider world. To achieve this ambition, in the year Universities Wales activities and achievements included:

- Lobbying and influencing key stakeholders in Wales and the Welsh Government.
- Developed the election asks for the UK Parliament elections representing the key issues for the universities in Wales.
- Celebrating the contribution made to the Welsh economy by graduate start-ups, highlighting the innovative and valuable contribution these businesses make to Wales and the ways in which universities support those students and graduates on their start-up journeys.
- The Chairs and Vice-Chancellors in Wales commissioned an independent review of governance in Wales, which set out to enable governors to operate at the leading edge of good corporate governance both in terms of compliance and crucially boardroom culture and in response published a Governance Charter for Universities in Wales and a Commitment to Action.
- Global Wales, a partnership between Universities Wales, Welsh Government, British Council and the Higher Education Funding Council for Wales focussed efforts on Vietnam, US and India to promote Wales as a study destination.
- Responded to the Covid-19 crisis to assist members as needed.

### Activities for members – Health

The **Council of Deans of Health** saw significant challenges but also notable achievements during the year. The Council has seen membership grow, welcoming Aberystwyth University, BPP University and Nottingham Trent University. Politically the Council successfully influenced the introduction of the student maintenance grant for healthcare students in England, as well as engaging with the Prime Minister's Implementation Unit to influence the future of nursing education. In response to the Covid-19 crisis, the Council played a vital role by working closely with regulators, chief professional officers and NHS organisations across the UK to create emergency arrangements to allow students to contribute to the Covid-19 response where appropriate while ensuring the sector can continue to educate the future healthcare workforce. The Council of Deans of Health Annual Report 2019-20 gives more detail on the achievements in the year.

The second half of the academic year 2019–20 for the **Medical Schools Council** was marked by the societal upheaval caused by the Covid-19 pandemic. The Medical Schools Council has been widely praised for the leadership it provided to the sector and the extremely effective guidance it provided to protect patients, students and staff. This included setting up a series of working groups, supporting medical schools to graduate students early allowing the NHS to access a new workforce early in the pandemic. The full detail of the Medical Schools Council response can be seen in the Medical Schools Council Annual Report and Financial Statements.

### USS pensions reform

Universities UK has a legal responsibility to represent employers within the USS pensions scheme. This year saw the conclusion of the 2018 valuation and start of the 2020 valuation process. Following the establishment of the Joint Expert Panel on USS reform, the panel presented their second report and we have acted on a range of recommendations, including the establishment of a tri-partite group made up of employers, union and USS representatives and this group has been meeting regularly through the year.

### Restricted funds

The restricted funds managed by Universities UK include the Council of Deans of Health and parts of Universities UK International funds (operating units of Universities UK). Medical Schools Council and its various funds (a subsidiary) and MSC Assessment (a sub-subsidiary) are also restricted funds in Universities UK's consolidated financial statements. Further details on the objectives, activities and financial performance of all restricted funds are given in notes 20 and 22 to the financial statements.

### Relationship with higher education sector agencies

Universities UK is the original subscribing member of various UK higher education sector agencies including Advance HE, Higher Education Careers Service Unit, Higher Education Statistics Agency, Office of the Independent Adjudicator, Quality Assurance Agency, UCAS, Universities and Colleges Employers Association and Jisc.

Members of Universities UK contribute to governance oversight of these bodies through Board membership and other involvement, alongside interaction between Universities UK staff and staff of the bodies concerned. Transactions between Universities UK and these sector agencies are disclosed in note 26 to the financial statements.

### Financial review

#### Review of position at the end of the year

The statement of financial activities for the year is set out on page 21 and the balance sheet on page 22 of the financial statements.

Consolidated income and expenditure for the year and position at the end of the year are summarised in the table below.

|                       | Unrestricted<br>Activities<br>£'000 | Restricted<br>Activities<br>£'000 | Total<br>2020<br>£'000 | Total<br>2019<br>£'000 |
|-----------------------|-------------------------------------|-----------------------------------|------------------------|------------------------|
| Income                | 9,049                               | 5,014                             | 14,063                 | 14,849                 |
| Expenditure           | (8,138)                             | (5,569)                           | (13,707)               | (17,043)               |
| Deficit               | 911                                 | (555)                             | 356                    | (2,194)                |
| Transfers             | 7                                   | (7)                               | —                      | —                      |
| Net movement in funds | 918                                 | (562)                             | 356                    | (2,194)                |
| Funds brought forward | 1,870                               | 3,953                             | 5,823                  | 8,017                  |
| Funds carried forward | 2,788                               | 3,391                             | 6,179                  | 5,823                  |

A consolidated surplus of £356,000 is reported for the financial year ended 31 July 2020. £1,213,000 of this related to a credit movement on the pension deficit recovery plan provision and £117,000 related to debit movements on the annual leave accrual (FRS 102 adjustments). Excluding these items, the deficit for the year ended 31 July 2020 stood at £740,000.

Unrestricted income in 2020 was down £638,000 year-on-year at £9,049,000 (2019: £9,687,000).

- The conference and events programmes saw income decrease by £487,000 year-on-year.
- Woburn House Conference Centre Ltd saw income (net of internal charges) decrease by £335,000, from £1,186,000 to £851,000.
- Unrestricted subscription income increased by £124,000 and included the addition of two new members.

The unrestricted surplus in 2020 was £918,000 of which £1,096,000 related to the movements on the pension deficit recovery plan provision and the annual leave accrual. Excluding this movement, a deficit of £178,000 is reported on unrestricted activities.

- The Woburn House Conference Centre covenant and contribution from Universities UK events have been significantly adversely affected by the closure of Woburn House.
- Lost revenue was partially off-set by savings in travel, meetings and establishment costs following the office closures.
- Joining fees were received from two new members.

Restricted income of £5,014,000 was broadly in line with the 2019 level of £5,162,000.

## Trustees' report (continued)

The organisation's net assets were £6,179,000 at 31 July 2020 (2019: £5,823,000). A high proportion of these are represented by cash.

### **Principal funding sources**

Membership subscriptions provides 68% of the unrestricted income, and the balance comes from covenant income (11%), sales of goods and services (10%), conference receipts (6%) and investment and other income (5%). This income is used principally to support charitable activities, but also the cost of charged-for goods and services. Universities UK does not fundraise from the public and is therefore not registered with the Fundraising Regulator.

### **Significant events affecting financial performance and position**

Covid-19 had a significant impact on income in the year. Lockdown in March 2020 and The Health Protection (Coronavirus, Business Closure) (England) Regulations 2020 meant that Woburn House Conference Centre ceased trading from 23 March 2020 and the paid for conferences and events were cancelled. The impact on income for the year was £320,000 less than last year for the covenant from Woburn House Conference Centre to Universities UK and a £205,000 reduction in the contribution from Universities UK events compared to budget. While some operating costs were saved with the closure of offices, no business travel and using the Coronavirus Job Retention Scheme for posts directly associated with building operations between April and October, it has left a significant deficit for the year.

### **Impact of material pension liability**

The deficit recovery plan for the USS pension scheme first agreed in 2017 has, as a result of Financial Reporting Standard (FRS) 102, required a provision for the extra employer pension contributions required over the life of the plan. This in turn has reduced reserves, though without any immediate impact on the cash position or on financial risk. The impact is dealt with in more detail in relation to the effect on performance against the reserves policy.

### **Fixed assets**

The changes to intangible and tangible fixed assets during the year are shown in notes 12 and 13 to the financial statements.

### **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 plc also owns a central London residential flat which is let out at commercial rates with the revenue contributing to the annual covenant to Universities UK.

### **Investment policy**

Universities UK plans strategically over a five-year time horizon and budgets annually to expend substantially all anticipated unrestricted income, subject to retaining a prudent amount in reserves. It has no permanent endowment and provides for capital expenditure from unrestricted reserves.

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

### **Principal risks and uncertainties**

The UK Board, supported by the Audit and Risk Committee which carries responsibility for risk management, keeps under review the strategic and operational risks facing the organisation and its subsidiaries together with the programmes and activities that help manage those risks effectively.

As a membership organisation, Universities UK's principal risk is failing to respond adequately to developments in higher education policy and funding or to its members' needs, which would risk damage to its reputation and influence and a possible loss of members and subscription revenue. Horizon scanning and member feedback mechanisms are in place to minimise and mitigate this risk and other external financial and operational risks and uncertainties.



Specifically, potential policy divisions within the membership and Universities UK's response to those are monitored via the Board, members' meetings and the Policy Networks. Operational risks include IT systems and the infrastructure of Woburn House, and strategies are in place to identify and mitigate those risks. Our statutory role as the employers' representative in the USS pension scheme brings with it risks to our reputation and resources. In the coming year there will be significant financial risk if there are delays rebuilding the commercial income generating activities.

### **Reserves policy**

The trustees have reviewed the requirements for free reserves (unrestricted reserves less any amounts designated or otherwise committed) in the light of the principal strategic and operating risks to the organisation, as outlined above. Despite uncertainty as a result of Covid-19, the nature and likely timing and financial impact of these risks are not considered to be either sufficiently immediate or material to warrant carrying higher reserves. 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.

Universities UK reports its results under the Charity SORP, based on revised UK Generally Accepted Accounting Practice (GAAP): FRS 102. This has a significant impact on free reserves as Universities UK has to provide for the present value of employer contributions to past service deficits in multi-employer defined benefit pension schemes previously accounted for solely as defined contribution schemes, and the cost of untaken staff leave. The trustees have considered the impact of this and agreed to focus on cash liquidity of assets and risk, so levels of reserves would be stated before and after the provisions required under FRS 102 but using levels before for any provisions for operational and decisions making purposes.

The impact of the reporting regime has been to reduce reported unrestricted reserves by £2.2m (2019: £3.3m) and to cause Universities UK's group free reserves to be less than the target range of months of unrestricted expenditure. The trustees do not believe the impact of FRS 102 to be significant as most of the provision is for extra pension payments that will be made over a number of years up to 2028. These will be budgeted for and accommodated as extra expenditure in each individual year. The remaining provision is for the cost of unused leave, higher this year due to delays in taking annual leave as a result of lockdown but we are confident that these balances will be used in the next six months.

The trustees have identified 2020–21 income as a risk and approved a budget based on assumptions which will end the year within the reserves policy. The trustees will monitor performance through the year and take appropriate measures to avoid a significant drop in reserves.

### **Performance against reserves policy**

|                                                                  | 2020<br>£'000 | 2019<br>£'000 |
|------------------------------------------------------------------|---------------|---------------|
| Total unrestricted reserves                                      | 2,742         | 1,859         |
| Less: committed to fixed assets                                  | (955)         | (1,005)       |
| Free reserves under SORP (A)                                     | 1,787         | 854           |
| Add back: pension and annual leave liabilities                   | 2,203         | 3,298         |
| Reserves for Universities UK policy purposes (B)                 | 3,990         | 4,152         |
| Total unrestricted expenditure (C)                               | 8,138         | 11,853        |
| Exclude: pension and annual leave costs                          | 1,096         | (2,086)       |
| Unrestricted expenditure for Universities UK policy purposes (D) | 9,234         | 9,767         |

Months of expenditure expressed in reserves:

|                                           |           |           |
|-------------------------------------------|-----------|-----------|
| Under SORP (12 X A / C)                   | 2.6       | 0.9       |
| Under Universities UK policy (12 X B / D) | 5.2       | 5.1       |
| Months (target)                           | 4.0 – 6.0 | 4.0 – 6.0 |

## Trustees' report (continued)

### ***Political and charitable donations***

The company made no political donations in the year (2019: nil). During the year, charitable donations made in lieu of buying and sending hard copy Christmas cards were £320 (2019: £100)

### ***Looking forward – our aspirations for 2020–21***

2020–21 will be the third year of Universities UK's Strategic Plan 2018-23: World Leading Impact. The long term, strategic objectives for the next five years are as outlined on in the strategic report. These focus on six thematic areas:

- **Opportunity**
- **Impact**
- **Trust**
- **Global universities**
- **Autonomy**
- **Organisation capabilities**

With the uncertainty around the Covid-19 crisis, operational programmes have been refocussed to respond to the crisis or paused. At an appropriate time, Universities UK members will be surveyed to understand priorities for a post-Covid, post-Brexit world.

The following workstreams were in place in July 2020 but are very likely to evolve, be added to and refocus as new priorities and challenges emerge through 2020–21.

- **International workstream** - focussing on international student recruitment and student and staff immigration issues.
- **Regulations and standards workstream** - looking at the impact of coronavirus on quality and standards to ensure appropriate guidance for the sector on assessment and examinations and issues such as compensation and compliance.
- **UK admissions workstream** - addressing the challenges of the cancellation of summer exams and the impact on students and universities.
- **Financial sustainability workstream** – considering the financial impact of coronavirus on the sector and mitigations.
- **Student welfare workstream** - focusing on the needs and availability of appropriate support for students.
- **Government relations and communications workstream**
- **Workforce workstream** - led by UCEA but linked with Universities UK's programme of activities to ensure coordination where there are cross-cutting issues.
- **Research workstream** - seeking to minimise the impact of coronavirus on the UK's research activities, looking at how research and innovation can be supported during this period and how the situation will affect research staff and PhD students.
- **Universities supporting the national effort against Covid-19 workstream** - matching universities with the national effort to fight coronavirus.
- **Recovery workstream** - focusing on universities role in the social and economic recovery.

In addition to these workstreams, Universities UK has supported members to ensure access to testing capacity and to consider the challenges of operating a university under Covid-19 restrictions.

## 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

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

The Trustees' report is approved by the trustees of the charity. The Strategic report, which forms part of the Trustees' report, is approved by the trustees in their capacity as directors in company law of the Charity.



**Alistair Jarvis**  
Chief Executive  
6 November 2020



**Professor Paul Layzell**  
Treasurer

# Independent auditor's report to the members of Universities UK

## Opinion

We have audited the financial statements of Universities UK for the year ended 31 July 2020 which comprise the Group Statement of Financial Activities, the Group Balance Sheet, Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 31 July 2020 and of the group and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- 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.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of trustees for the financial statements

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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' report (incorporating the Strategic report). Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report (which incorporates the Strategic report and the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report (which incorporates the Strategic report and the Directors' report) has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board (which incorporates the Strategic report and the Directors' report).

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

- adequate accounting records have not been kept by the parent charitable company; or
- the group and parent charitable company 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

# Independent auditor's report to the members of Universities UK

## Use of our report

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 those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Thomas Wilson, Senior Statutory Auditor  
For and on behalf of Haysmacintyre LLP, Statutory Auditor

06 November 2020

10 Queen Street Place  
London  
EC4R 1AG

## Consolidated statement of financial activities – year ended 31 July 2020

| Income and expenditure              | Notes | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Total<br>Funds<br>2020<br>£'000 | Total<br>Funds<br>2019<br>£'000 |
|-------------------------------------|-------|--------------------------------|------------------------------|---------------------------------|---------------------------------|
| <b>Income from:</b>                 |       |                                |                              |                                 |                                 |
| . Donations                         | 2     | 982                            | —                            | 982                             | 886                             |
| . Charitable activities             | 3     | 7,080                          | 4,975                        | 12,055                          | 12,507                          |
| . Other trading activities          | 4     | 915                            | 30                           | 945                             | 1,343                           |
| . Investments                       |       | 56                             | 9                            | 65                              | 79                              |
| . Other income                      |       | 16                             | —                            | 16                              | 34                              |
| <b>Total</b>                        |       | <b>9,049</b>                   | <b>5,014</b>                 | <b>14,063</b>                   | <b>14,849</b>                   |
| <b>Expenditure on:</b>              |       |                                |                              |                                 |                                 |
| . Raising funds                     |       | 564                            | 27                           | 591                             | 687                             |
| . Charitable activities             |       | 7,574                          | 5,542                        | 13,116                          | 16,356                          |
| <b>Total</b>                        | 7     | <b>8,138</b>                   | <b>5,569</b>                 | <b>13,707</b>                   | <b>17,043</b>                   |
| <b>Net expenditure</b>              |       | <b>911</b>                     | <b>(555)</b>                 | <b>356</b>                      | <b>(2,194)</b>                  |
| Transfers between funds             | 20    | 7                              | (7)                          | —                               | —                               |
| <b>Net movements in funds</b>       |       | <b>918</b>                     | <b>(562)</b>                 | <b>356</b>                      | <b>(2,194)</b>                  |
| <b>Total funds at 1 August 2019</b> |       | <b>1,870</b>                   | <b>3,953</b>                 | <b>5,823</b>                    | <b>8,017</b>                    |
| <b>Total funds at 31 July 2020</b>  | 20    | <b>2,788</b>                   | <b>3,391</b>                 | <b>6,179</b>                    | <b>5,823</b>                    |

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

The notes on pages 24 to 46 form part of these financial statements.

## Balance sheets – 31 July 2020

|                                                | Notes | The Group     |               | Universities UK |               |
|------------------------------------------------|-------|---------------|---------------|-----------------|---------------|
|                                                |       | 2020<br>£'000 | 2019<br>£'000 | 2020<br>£'000   | 2019<br>£'000 |
| <b>Fixed assets</b>                            |       |               |               |                 |               |
| Intangible fixed assets                        | 12    | 26            | 48            | 9               | 8             |
| Tangible fixed assets                          | 13    | 394           | 413           | 346             | 397           |
| Investments                                    | 14    | 600           | 600           | 600             | 600           |
|                                                |       | <b>1,020</b>  | <b>1,061</b>  | <b>955</b>      | <b>1,005</b>  |
| <b>Current assets</b>                          |       |               |               |                 |               |
| Debtors                                        |       |               |               |                 |               |
| - due within one year                          |       | 1,868         | 2,664         | 2,086           | 2,497         |
| - due after more than one year                 |       | 750           | 750           | 750             | 750           |
|                                                | 15    | <b>2,618</b>  | <b>3,414</b>  | <b>2,836</b>    | <b>3,247</b>  |
| Investments – short term deposits              |       | 5,152         | 5,885         | 3,552           | 3,785         |
| Cash at bank and in hand                       |       | 2,332         | 1,800         | 897             | 911           |
|                                                |       | <b>10,102</b> | <b>11,099</b> | <b>7,285</b>    | <b>7,943</b>  |
| <b>Liabilities</b>                             |       |               |               |                 |               |
| Creditors: amounts falling due within one year | 16    | (3,038)       | (3,201)       | (2,672)         | (2,944)       |
| <i>Net current assets</i>                      |       | <b>7,064</b>  | <b>7,898</b>  | <b>4,613</b>    | <b>4,999</b>  |
| <i>Total assets less current liabilities</i>   |       | <b>8,084</b>  | <b>8,959</b>  | <b>5,568</b>    | <b>6,004</b>  |
| Creditors: amounts falling due after one year  | 18    | (1,905)       | (3,136)       | (1,905)         | (3,136)       |
| <b>Total net assets</b>                        |       | <b>6,179</b>  | <b>5,823</b>  | <b>3,663</b>    | <b>2,868</b>  |
| <b>Funds and reserves</b>                      |       |               |               |                 |               |
| Restricted funds                               |       | 3,391         | 3,953         | 921             | 1,009         |
| Unrestricted funds                             |       | 2,742         | 1,859         | 2,742           | 1,859         |
| Non-charitable trading funds                   |       | 46            | 11            | —               | —             |
| <b>Total funds</b>                             | 20    | <b>6,179</b>  | <b>5,823</b>  | <b>3,663</b>    | <b>2,868</b>  |

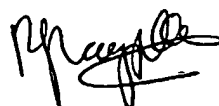
Gross income for the parent charity was £11,925,000 and gross expenditure was £11,130,000, resulting in a surplus of £795,000 (2019: deficit of £2,070,000).

Approved by the Board of Directors and authorised for issue on 6 November 2020

Signed on their behalf:



**Alistair Jarvis**  
Chief Executive



**Paul Layzell**  
Treasurer

Company Number: 2517018

The notes on pages 24 to 46 form part of these financial statements.



## Consolidated cash flow statement – year ended 31 July 2020

|                                                                                         | 2020<br>£'000 | 2019<br>£'000  |
|-----------------------------------------------------------------------------------------|---------------|----------------|
| <b>(a) Reconciliation of net expenditure to net cash flow from operating activities</b> |               |                |
| <b>Net income/(expenditure) for the year</b>                                            | <b>356</b>    | <b>(2,194)</b> |
| Interest income                                                                         | (65)          | (79)           |
| Depreciation and amortisation charges                                                   | 135           | 149            |
| Decrease/(increase) in debtors                                                          | 796           | (91)           |
| (Decrease)/increase in creditors                                                        | (1,394)       | 1,680          |
| <b>Net cash used in operating activities</b>                                            | <b>(172)</b>  | <b>(535)</b>   |
| <br><b>(b) Statement of cash flows</b>                                                  |               |                |
| <b>Cash flows from operating activities</b>                                             | <b>(172)</b>  | <b>(535)</b>   |
| <b>Cash flows for investing activities</b>                                              |               |                |
| Purchase of fixed assets                                                                | (94)          | (69)           |
| Interest income                                                                         | 65            | 79             |
| <b>Net cash used in investing activities</b>                                            | <b>(29)</b>   | <b>10</b>      |
| <b>Change in cash and cash equivalents in the year</b>                                  | <b>(201)</b>  | <b>(525)</b>   |
| <b>Cash and cash equivalents at 1 August</b>                                            | <b>7,685</b>  | <b>8,210</b>   |
| <b>Cash and cash equivalents at 31 July</b>                                             | <b>7,484</b>  | <b>7,685</b>   |
| <br>Cash and cash equivalents at 31 July is made up of:                                 |               |                |
| Investments – short term deposits                                                       | 5,152         | 5,885          |
| Cash at bank and in hand                                                                | 2,332         | 1,800          |
| <b>Total cash and cash equivalents</b>                                                  | <b>7,484</b>  | <b>7,685</b>   |

# Notes to the financial statements – year ended 31 July 2020

## 1. Principal accounting policies

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Universities UK meets the definition of a public benefit entity under FRS 102. It is a company limited by guarantee and is incorporated in the UK. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The consolidated financial statements incorporate the results of Universities UK and its subsidiaries, Woburn House Conference Centre Limited, Medical Schools Council and MSC Assessment. No separate Universities UK statement of financial activities has been prepared, as permitted by Section 408 of the Companies Act 2006.

### a. Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the charity's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The liability in respect of the pension deficit recovery plan has been calculated using key assumptions concerning future payroll growth and the discount rate (see note 24).

### b. Preparation of the accounts on a going concern basis

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees have considered the impact of the Covid-19 pandemic, reviewed financial position, reserves levels and future plans and this has given the trustees confidence that the charity remains a going concern into the future.

### c. Income

Income from donations and grants (including government grants) is recognised when there is evidence of entitlement, receipt is probable and its amount can be measured reliably.

Subscriptions are recognised over the period to which they relate.

Conference fee and other trading income is recognised on an accruals basis.

Investment income is credited in the period in which it is earned.

### d. Expenditure

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.

**d. Expenditure (continued)**

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.

**e. Intangible and 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.

**f. Investments**

Investments held as fixed assets are stated at cost, as permitted by FRS 102. In the opinion of the trustees the estimated fair value of the investment is not materially different from the cost as there is no active market for these shares.

**g. Cash and cash equivalents**

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

**h. Financial instruments**

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Liabilities are recognised on an accruals basis. Loans receivable are measured initially at fair value and are measured subsequently at amortised cost using the effective interest method.

**i. Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**j. Debtors**

Short term debtors are measured at transaction price, less any impairment.

**k. 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 (continued)

### **l. Employee benefits**

#### *Short term benefits*

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

#### *Employee termination benefits*

Termination benefits are accounted for on an accruals basis and in line with FRS 102.

### **m. Pensions**

Universities UK participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL).

Both these pension schemes are defined benefit, multi-employer schemes (contracted out of the State Second Pension [S2P] up until 31 March 2016), with the assets held in separate trustee-administered funds. 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.

Because of the mutual nature of the schemes, the schemes' assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. Universities UK 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 Section 28 of FRS 102 "Employee 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.

Given the mutual nature of the schemes, participating employers are not expected to be liable for any other current participating employer's obligations, but in the event of an insolvency of any participating employer within each scheme, an amount of any pension shortfall which cannot otherwise be recovered in respect of that employer, may be spread across the remaining participating employers and reflected in the next actuarial valuation.

Since Universities UK has entered into an agreement to participate in a deficit recovery plan for USS, it now also recognises a liability under FRS 102 for the future contributions payable that arise from this agreement to the extent that they relate to the deficit and the resulting expense in the statement of financial activities.

As SAUL had a Technical Provisions surplus at 31 March 2017 there is no defined benefit liability to be recognised by Universities UK.

### **n. Universities Scotland and Universities Wales**

The funds of these National Councils are included within the designated unrestricted funds of Universities UK. Universities Scotland is a recognised body in Scotland and separate accounts for it are prepared and filed with the Office of the Scottish Charity Regulator.

## 2. Donations

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 £981,888 (2019: £885,837). Other transactions with CVCP Properties plc are included in note 26.

## 3. Income from charitable activities

|                               | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Total<br>2020<br>£'000 | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Total<br>2019<br>£'000 |
|-------------------------------|--------------------------------|------------------------------|------------------------|--------------------------------|------------------------------|------------------------|
| Subscriptions from membership | 6,148                          | 2,250                        | 8,398                  | 6,024                          | 2,047                        | 8,071                  |
| Grants and contracts          | 382                            | 2,584                        | 2,966                  | 340                            | 2,886                        | 3,226                  |
| Conference income             | 550                            | 141                          | 691                    | 1,037                          | 173                          | 1,210                  |
|                               | <u>7,080</u>                   | <u>4,975</u>                 | <u>12,055</u>          | <u>7,401</u>                   | <u>5,106</u>                 | <u>12,507</u>          |

See notes 5 and 6 for further analysis.

## 4. Other trading activities

Trading activities relate principally to Woburn House Conference Centre Ltd, a subsidiary. They are stated net of intra-group trading.

## 5. Subscriptions from membership

|                            | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Total<br>2020<br>£'000 | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Total<br>2019<br>£'000 |
|----------------------------|--------------------------------|------------------------------|------------------------|--------------------------------|------------------------------|------------------------|
| Universities UK            | 5,063                          | 402                          | 5,465                  | 4,938                          | 315                          | 5,253                  |
| Universities Scotland      | 631                            | —                            | 631                    | 625                            | —                            | 625                    |
| Universities Wales         | 454                            | —                            | 454                    | 461                            | —                            | 461                    |
| Medical Schools Council    | —                              | 854                          | 854                    | —                              | 1,070                        | 1,070                  |
| MSC Assessment             | —                              | 301                          | 301                    | —                              | —                            | —                      |
| Council of Deans of Health | —                              | 693                          | 693                    | —                              | 662                          | 662                    |
|                            | <u>6,148</u>                   | <u>2,250</u>                 | <u>8,398</u>           | <u>6,024</u>                   | <u>2,047</u>                 | <u>8,071</u>           |

## Notes to the financial statements (continued)

### 6. Grants and contracts

|                                                            | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Total<br>2020<br>£'000 | Unrestricted<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Total<br>2019<br>£'000 |
|------------------------------------------------------------|--------------------------------|------------------------------|------------------------|--------------------------------|------------------------------|------------------------|
| Higher Education Funding<br>Council for Wales *            | —                              | 1,046                        | <b>1,046</b>           | —                              | 766                          | 766                    |
| Health Education England *                                 | —                              | 441                          | <b>441</b>             | —                              | 1,130                        | 1,130                  |
| Research England *                                         | —                              | 370                          | <b>370</b>             | —                              | 300                          | 300                    |
| British Council *                                          | 198                            | 100                          | <b>298</b>             | 128                            | 131                          | 259                    |
| Department for Business,<br>Energy & Industrial Strategy * | 63                             | 166                          | <b>229</b>             | 122                            | 59                           | 181                    |
| Scottish Funding Council *                                 | —                              | 123                          | <b>123</b>             | —                              | 121                          | 121                    |
| Office for Students *                                      | —                              | 71                           | <b>71</b>              | —                              | —                            | —                      |
| Burdett                                                    | —                              | 62                           | <b>62</b>              | —                              | 62                           | 62                     |
| Department of Health & Social<br>Care *                    | —                              | 49                           | <b>49</b>              | —                              | 28                           | 28                     |
| All Party Parliamentary<br>University Group                | 42                             | 6                            | <b>48</b>              | 43                             | 16                           | 59                     |
| Scottish Government *                                      | —                              | 42                           | <b>42</b>              | —                              | 53                           | 53                     |
| HMRC *                                                     | 38                             | —                            | <b>38</b>              | —                              | —                            | —                      |
| Conservatoires UK                                          | 12                             | 23                           | <b>35</b>              | 14                             | 28                           | 42                     |
| NCUK                                                       | —                              | 25                           | <b>25</b>              | —                              | —                            | —                      |
| UPP Foundation                                             | —                              | 24                           | <b>24</b>              | —                              | 24                           | 24                     |
| European Commission                                        | —                              | 21                           | <b>21</b>              | —                              | —                            | —                      |
| Department for Education *                                 | —                              | —                            | —                      | —                              | 47                           | 47                     |
| HEFCE *                                                    | —                              | —                            | —                      | —                              | 43                           | 43                     |
| Health Foundation                                          | —                              | —                            | —                      | —                              | 33                           | 33                     |
| NIHR CLAHRC                                                | —                              | —                            | —                      | —                              | 29                           | 29                     |
| UK Research and Innovation *                               | —                              | —                            | —                      | 20                             | —                            | 20                     |
| Other organisations                                        | 29                             | 15                           | <b>44</b>              | 13                             | 16                           | 29                     |
|                                                            | <b>382</b>                     | <b>2,584</b>                 | <b>2,966</b>           | <b>340</b>                     | <b>2,886</b>                 | <b>3,226</b>           |

\* Grants from government and government agencies.

### 7. Total resources expended

|                                 | Direct<br>costs<br>£'000 | Support<br>costs<br>£'000 | Total<br>2020<br>£'000 | Direct<br>costs<br>£'000 | Support<br>costs<br>£'000 | Total<br>2019<br>£'000 |
|---------------------------------|--------------------------|---------------------------|------------------------|--------------------------|---------------------------|------------------------|
| <b>Cost of raising funds</b>    | 567                      | 24                        | <b>591</b>             | 668                      | 19                        | 687                    |
| <b>Charitable activities</b>    |                          |                           |                        |                          |                           |                        |
| <b>Activities for members</b>   |                          |                           |                        |                          |                           |                        |
| Core (see split below)          | 7,209                    | 2,437                     | <b>9,646</b>           | 9,800                    | 2,320                     | 12,120                 |
| Conferences                     | 466                      | 93                        | <b>559</b>             | 791                      | 82                        | 873                    |
| Medical & health                | 1,567                    | 250                       | <b>1,817</b>           | 1,792                    | 340                       | 2,132                  |
| Exam delivery                   | 958                      | 136                       | <b>1,094</b>           | 1,117                    | 114                       | 1,231                  |
| Total activities for members    | 10,200                   | 2,916                     | <b>13,116</b>          | 13,500                   | 2,856                     | 16,356                 |
| <b>Total resources expended</b> | <b>10,767</b>            | <b>2,940</b>              | <b>13,707</b>          | <b>14,168</b>            | <b>2,875</b>              | <b>17,043</b>          |

## 7. Total resources expended (continued)

|                                 | Direct costs<br>£'000 | Support costs<br>£'000 | Total<br>2020<br>£'000 | Direct costs<br>£'000 | Support costs<br>£'000 | Total<br>2019<br>£'000 |
|---------------------------------|-----------------------|------------------------|------------------------|-----------------------|------------------------|------------------------|
| <b>Split of core activities</b> |                       |                        |                        |                       |                        |                        |
| England, NI and UK-wide         | 3,402                 | 1,954                  | 5,356                  | 6,762                 | 1,876                  | 8,638                  |
| International                   | 2,595                 | 124                    | 2,719                  | 1,861                 | 138                    | 1,999                  |
| Universities Wales              | 527                   | 100                    | 627                    | 496                   | 56                     | 552                    |
| Universities Scotland           | 685                   | 259                    | 944                    | 681                   | 250                    | 931                    |
| <b>Total resources expended</b> | <b>7,209</b>          | <b>2,437</b>           | <b>9,646</b>           | <b>9,800</b>          | <b>2,320</b>           | <b>12,120</b>          |

## 8. Support costs allocations

|                                                         | Premises<br>£'000 | Governance<br>£'000 | Depreciation<br>£'000 | Finance, HR<br>IT £'000 | Other<br>£'000 | Total<br>2020<br>£'000 |
|---------------------------------------------------------|-------------------|---------------------|-----------------------|-------------------------|----------------|------------------------|
| Trading activities: costs of goods sold and other costs | 11                | 2                   | 1                     | 7                       | 3              | 24                     |
| <b>Charitable activities</b>                            |                   |                     |                       |                         |                |                        |
| Core                                                    | 1,021             | 159                 | 80                    | 748                     | 429            | 2,437                  |
| Conferences                                             | 39                | 6                   | 3                     | 29                      | 16             | 93                     |
| Medical and health                                      | 80                | 31                  | 16                    | 85                      | 38             | 250                    |
| Exam delivery                                           | 33                | 5                   | —                     | 30                      | 68             | 136                    |
| <b>Total resources</b>                                  | <b>1,184</b>      | <b>203</b>          | <b>100</b>            | <b>899</b>              | <b>554</b>     | <b>2,940</b>           |

|                                                         | Premises<br>£'000 | Governance<br>£'000 | Depreciation<br>£'000 | Finance, HR<br>IT £'000 | Other<br>£'000 | Total<br>2019<br>£'000 |
|---------------------------------------------------------|-------------------|---------------------|-----------------------|-------------------------|----------------|------------------------|
| Trading activities: costs of goods sold and other costs | 9                 | 1                   | 1                     | 5                       | 3              | 19                     |
| <b>Charitable activities</b>                            |                   |                     |                       |                         |                |                        |
| Core                                                    | 1,034             | 156                 | 90                    | 669                     | 371            | 2,320                  |
| Conferences                                             | 37                | 6                   | 3                     | 24                      | 12             | 82                     |
| Medical and health                                      | 98                | 70                  | 36                    | 74                      | 62             | 340                    |
| Exam delivery                                           | 15                | 13                  | —                     | 56                      | 30             | 114                    |
| <b>Total resources</b>                                  | <b>1,193</b>      | <b>246</b>          | <b>130</b>            | <b>828</b>              | <b>478</b>     | <b>2,875</b>           |

## Notes to the financial statements (continued)

### 8. Support costs allocations (continued)

|                                                | <b>Total<br/>2020<br/>£'000</b> | <b>Total<br/>2019<br/>£'000</b> |
|------------------------------------------------|---------------------------------|---------------------------------|
| Governance costs are made up of the following: |                                 |                                 |
| Staff costs                                    | 149                             | 141                             |
| External audit                                 | 23                              | 21                              |
| Other professional fees                        | 29                              | 78                              |
| Meeting costs and expenses                     | 2                               | 6                               |
|                                                | <b>203</b>                      | <b>246</b>                      |
| Other direct costs include:                    |                                 |                                 |
| Auditor's remuneration:                        |                                 |                                 |
| . For audit services                           | 26                              | 24                              |
| . For other services                           | 6                               | 15                              |
| . Prior year fees: other services              | —                               | 1                               |
| Operating lease rentals:                       |                                 |                                 |
| . Land and buildings                           | 1,033                           | 1,011                           |
| . Office and equipment                         | 10                              | 12                              |

### 9. Analysis of staff costs

|                                                                | <b>Total<br/>2020<br/>£'000</b> | <b>Total<br/>2019<br/>£'000</b> |
|----------------------------------------------------------------|---------------------------------|---------------------------------|
| Total staff costs including full and part-time employees were: |                                 |                                 |
| Wages and salaries                                             | 6,246                           | 6,030                           |
| Social security costs                                          | 669                             | 641                             |
| Other pension costs                                            | 332                             | 3,406                           |
|                                                                | <b>7,247</b>                    | <b>10,077</b>                   |

'Other pension costs' includes a £1,264,000 credit relating to the movement on the USS pension deficit funding liability (2019: debit of £2,026,000).

|                                                             | <b>2020<br/>No.</b> | <b>2019<br/>No.</b> |
|-------------------------------------------------------------|---------------------|---------------------|
| The average number of employees throughout the year was:    |                     |                     |
| Charitable activities                                       | 121                 | 115                 |
| Support staff                                               | 20                  | 22                  |
| Trading activities – Woburn House Conference Centre Limited | 4                   | 4                   |
|                                                             | <b>145</b>          | <b>141</b>          |



## 9. Analysis of staff costs (continued)

The number of employees whose emoluments exceeded £60,000 (excluding employer's pension contributions) was 28 (2019: 25).

|                     | 2020<br>No. | 2019<br>No. |
|---------------------|-------------|-------------|
| £60,001 - £70,000   | 9           | 12          |
| £70,001 - £80,000   | 10          | 5           |
| £80,001 - £90,000   | 3           | 4           |
| £90,001 - £100,000  | 4           | 2           |
| £120,001 - £130,000 | 1           | 1           |
| £150,001 - £160,000 | —           | 1           |
| £160,001 - £170,000 | 1           | —           |

The total employer pension contributions for these staff were £453,998 (2019: £353,571).

## 10. Trustees' emoluments and emoluments of other key management personnel

No trustees received any remuneration for their services.

During the year, travel and accommodation expenses were reimbursed to one trustee amounting to £120 (2019: one trustee - £4,171).

The total employee benefits of the Senior Leadership Team who are considered to be key management personnel (in addition to trustees) was:

|                       | 2020<br>£'000 | 2019<br>£'000 |
|-----------------------|---------------|---------------|
| Wages and salaries    | 750           | 715           |
| Social security costs | 85            | 82            |
| Other pension costs   | 155           | 132           |
|                       | <u>990</u>    | <u>929</u>    |

The Senior Leadership comprises the Chief Executive and Directors of Policy, Member Services, Universities UK International, Communications and External Affairs, Operations, Universities Scotland and Universities Wales.

## 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 (continued)

### 12. Intangible fixed assets

|                                         | <b>Group</b> | <b>Universities UK</b> |
|-----------------------------------------|--------------|------------------------|
|                                         | <b>£'000</b> | <b>£'000</b>           |
| <b>Website development and software</b> |              |                        |
| <b>Cost</b>                             |              |                        |
| At 1 August 2019                        | 534          | 337                    |
| Additions                               | 12           | 12                     |
| Written off                             | (170)        | (100)                  |
| At 31 July 2020                         | <u>376</u>   | <u>249</u>             |
| <b>Depreciation</b>                     |              |                        |
| At 1 August 2019                        | 486          | 329                    |
| Charge for year                         | 34           | 11                     |
| Written off                             | (170)        | (100)                  |
| At 31 July 2020                         | <u>350</u>   | <u>240</u>             |
| <b>Net book value</b>                   |              |                        |
| At 31 July 2020                         | <u>26</u>    | <u>9</u>               |
| At 31 July 2019                         | <u>48</u>    | <u>8</u>               |

### 13. Tangible fixed assets

|                       | <b>Leasehold Improvements</b> | <b>Furniture &amp; Equipment</b> | <b>Office Technology</b> | <b>Total</b> |
|-----------------------|-------------------------------|----------------------------------|--------------------------|--------------|
|                       | <b>£'000</b>                  | <b>£'000</b>                     | <b>£'000</b>             | <b>£'000</b> |
| <b>Group</b>          |                               |                                  |                          |              |
| <b>Cost</b>           |                               |                                  |                          |              |
| At 1 August 2019      | 687                           | 539                              | 157                      | 1,383        |
| Additions             | —                             | 72                               | 10                       | 82           |
| Written off           | —                             | (13)                             | (62)                     | (75)         |
| At 31 July 2020       | <u>687</u>                    | <u>598</u>                       | <u>105</u>               | <u>1,390</u> |
| <b>Depreciation</b>   |                               |                                  |                          |              |
| At 1 August 2019      | 298                           | 520                              | 152                      | 970          |
| Charge for year       | 64                            | 33                               | 4                        | 101          |
| Written off           | —                             | (13)                             | (62)                     | (75)         |
| At 31 July 2020       | <u>362</u>                    | <u>540</u>                       | <u>94</u>                | <u>996</u>   |
| <b>Net book value</b> |                               |                                  |                          |              |
| At 31 July 2020       | <u>325</u>                    | <u>58</u>                        | <u>11</u>                | <u>394</u>   |
| At 31 July 2019       | <u>389</u>                    | <u>19</u>                        | <u>5</u>                 | <u>413</u>   |

### 13. Tangible fixed assets (continued)

|                        | Leasehold<br>Improvements<br>£'000 | Furniture<br>&<br>Equipment<br>£'000 | Office<br>Technology<br>£'000 | Total<br>£'000 |
|------------------------|------------------------------------|--------------------------------------|-------------------------------|----------------|
| <b>Universities UK</b> |                                    |                                      |                               |                |
| <b>Cost</b>            |                                    |                                      |                               |                |
| At 1 August 2019       | 687                                | 395                                  | 135                           | 1,217          |
| Additions              | —                                  | 12                                   | 10                            | 22             |
| Written off            | —                                  | (13)                                 | (58)                          | (71)           |
| At 31 July 2020        | 687                                | 394                                  | 87                            | 1,168          |
| <b>Depreciation</b>    |                                    |                                      |                               |                |
| At 1 August 2019       | 298                                | 392                                  | 130                           | 820            |
| Charge for year        | 64                                 | 5                                    | 4                             | 73             |
| Written off            | —                                  | (13)                                 | (58)                          | (71)           |
| At 31 July 2020        | 362                                | 384                                  | 76                            | 822            |
| <b>Net book value</b>  |                                    |                                      |                               |                |
| At 31 July 2020        | 325                                | 10                                   | 11                            | 346            |
| At 31 July 2019        | 389                                | 3                                    | 5                             | 397            |

### 14. Investments held as fixed assets

|                                                  | Total<br>2020<br>£'000 | Total<br>2019<br>£'000 |
|--------------------------------------------------|------------------------|------------------------|
| <b>Group and Universities UK</b>                 |                        |                        |
| CVCP Properties plc ordinary shares of £1 each   | 50                     | 50                     |
| CVCP Properties plc preference shares of £1 each | 550                    | 550                    |
|                                                  | <b>600</b>             | <b>600</b>             |

CVCP Properties plc is an unquoted company and the shares are stated at cost. In the trustees' opinion, the fair value of the investment is not materially different from the cost at the balance sheet date as there is no active market for these shares.

### 15. Debtors

|                                          | Group         |               | Universities UK |               |
|------------------------------------------|---------------|---------------|-----------------|---------------|
|                                          | 2020<br>£'000 | 2019<br>£'000 | 2020<br>£'000   | 2019<br>£'000 |
| Trade debtors                            | 380           | 1,300         | 213             | 305           |
| Amounts due from subsidiary undertakings | —             | —             | 441             | 880           |
| Other debtors                            | 1,002         | 923           | 1,002           | 923           |
| Prepayments and accrued income           | 486           | 441           | 430             | 389           |
| Loan                                     | 750           | 750           | 750             | 750           |
|                                          | <b>2,618</b>  | <b>3,414</b>  | <b>2,836</b>    | <b>3,247</b>  |

The £750,000 loan is repayable after more than one year (2019: £750,000).

## Notes to the financial statements (continued)

### 16. Creditors: amounts falling due within one year

|                                        | Group        |              | Universities UK |              |
|----------------------------------------|--------------|--------------|-----------------|--------------|
|                                        | 2020         | 2019         | 2020            | 2019         |
|                                        | £'000        | £'000        | £'000           | £'000        |
| Trade creditors                        | 583          | 586          | 468             | 386          |
| Amounts due to subsidiary undertakings | —            | —            | —               | 13           |
| Taxation and social security           | 235          | 273          | 235             | 273          |
| Other creditors                        | 153          | 133          | 153             | 133          |
| Accruals                               | 893          | 699          | 656             | 640          |
| Deferred income                        | 1,174        | 1,510        | 1,160           | 1,499        |
|                                        | <b>3,038</b> | <b>3,201</b> | <b>2,672</b>    | <b>2,944</b> |

At the year end outstanding pension contributions amounted to £149,948 (2019: £134,695).

### 17. Deferred income

|                      | Group        |              | Universities UK |              |
|----------------------|--------------|--------------|-----------------|--------------|
|                      | 2020         | 2019         | 2020            | 2019         |
|                      | £'000        | £'000        | £'000           | £'000        |
| Brought forward      | 1,510        | 2,012        | 1,449           | 1,992        |
| Released in the year | (1,503)      | (2,008)      | (1,442)         | (1,988)      |
| Deferred in the year | 1,167        | 1,506        | 1,153           | 1,445        |
| Carried forward      | <b>1,174</b> | <b>1,510</b> | <b>1,160</b>    | <b>1,449</b> |

### 18. Creditors: amounts falling due after more than one year

|                                                     | Total        | Total        |
|-----------------------------------------------------|--------------|--------------|
|                                                     | 2020         | 2019         |
|                                                     | £'000        | £'000        |
| <b>Group and Universities UK</b>                    |              |              |
| Pension deficit funding payments in relation to USS | <b>1,905</b> | <b>3,136</b> |

See note 24 for further details regarding these liabilities.

### 19. Operating lease commitments

The group and company have the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

|                                  | Total        | Total        |
|----------------------------------|--------------|--------------|
|                                  | 2020         | 2019         |
|                                  | £'000        | £'000        |
| <b>Group and Universities UK</b> |              |              |
| Land and buildings:              |              |              |
| · Within one year                | 1,056        | 1,053        |
| · Between one and five years     | 475          | 1,508        |
| · After five years               | 27           | 47           |
| Office equipment:                |              |              |
| · Within one year                | 7            | 6            |
| · Between one and five years     | 13           | 1            |
|                                  | <b>1,578</b> | <b>2,615</b> |

## 20. Movement in funds

|                                               | At 1 August<br>2019<br>£ | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Transfers<br>£ | At 31 July<br>2020<br>£ |
|-----------------------------------------------|--------------------------|----------------------------|----------------------------|----------------|-------------------------|
| <b>Unrestricted funds</b>                     |                          |                            |                            |                |                         |
| Investment fund                               | 600                      | —                          | —                          | —              | 600                     |
| Universities Scotland / Universities<br>Wales | 543                      | 1,178                      | (1,580)                    | 438            | 579                     |
| General funds                                 | 716                      | 7,385                      | (6,107)                    | (431)          | 1,563                   |
|                                               | 1,859                    | 8,563                      | (7,687)                    | 7              | 2,742                   |
| <b>Restricted funds</b>                       |                          |                            |                            |                |                         |
| Medical Schools Council                       | 1,192                    | 549                        | (510)                      | (4)            | 1,227                   |
| MSC Assessment                                | 857                      | 36                         | (699)                      | (4)            | 190                     |
| MSC Assessment Alliance                       | 407                      | 397                        | (406)                      | (7)            | 391                     |
| University Hospital Association               | 268                      | 123                        | (123)                      | (1)            | 267                     |
| Dental Schools Council                        | 125                      | 80                         | (82)                       | —              | 123                     |
| Pharmacy Schools Council                      | 65                       | 102                        | (83)                       | —              | 84                      |
| Association of Dental Hospitals               | 19                       | 21                         | (18)                       | —              | 22                      |
| Summer School                                 | 11                       | 360                        | (207)                      | —              | 164                     |
| Council of Deans of Health                    | 412                      | 912                        | (891)                      | (6)            | 427                     |
| Universities UK International<br>(UUKi)       | —                        | 395                        | (395)                      | —              | —                       |
| Outward mobility                              | 56                       | 24                         | (80)                       | —              | —                       |
| SIEM                                          | —                        | 21                         | (21)                       | —              | —                       |
| Short-term mobility                           | —                        | 65                         | (12)                       | —              | 53                      |
| BEIS ODA                                      | 18                       | 85                         | (96)                       | —              | 7                       |
| Global Wales II                               | 267                      | 909                        | (1,020)                    | —              | 156                     |
| Vietnam Partnership                           | 5                        | 60                         | (62)                       | —              | 3                       |
| South Africa                                  | 56                       | (32)                       | (24)                       | —              | —                       |
| Universities Wales International              | 70                       | —                          | —                          | 15             | 85                      |
| US International                              | 109                      | 116                        | (120)                      | —              | 105                     |
| Pensions reform                               | —                        | 385                        | (385)                      | —              | —                       |
| Business Readiness Fund                       | —                        | 110                        | (110)                      | —              | —                       |
| Welsh Governance                              | —                        | 59                         | (59)                       | —              | —                       |
| Civic Mission                                 | —                        | 43                         | (21)                       | —              | 22                      |
| Algorithms                                    | —                        | 33                         | (20)                       | —              | 13                      |
| KE Concordat                                  | —                        | 70                         | (29)                       | —              | 41                      |
| Student MH partnerships                       | —                        | 28                         | (28)                       | —              | —                       |
| OFS – Analytics                               | —                        | 16                         | (16)                       | —              | —                       |
| Other                                         | 16                       | 47                         | (52)                       | —              | 11                      |
|                                               | 3,953                    | 5,014                      | (5,569)                    | (7)            | 3,391                   |
| Non-charitable trading funds                  | 11                       | 486                        | (451)                      | —              | 46                      |
| <b>Group – total funds</b>                    | <b>5,823</b>             | <b>14,063</b>              | <b>(13,707)</b>            | <b>—</b>       | <b>6,179</b>            |

## Notes to the financial statements (continued)

### 20. Movement in funds (continued)

|                                               | At 1 August<br>2018<br>£ | Incoming<br>resources<br>£ | Resources<br>expended<br>£ | Transfers<br>£ | At 31 July<br>2019<br>£ |
|-----------------------------------------------|--------------------------|----------------------------|----------------------------|----------------|-------------------------|
| <b>Unrestricted funds</b>                     |                          |                            |                            |                |                         |
| Investment fund                               | 600                      | —                          | —                          | —              | 600                     |
| Universities Scotland / Universities<br>Wales | 437                      | 1,169                      | (1,503)                    | 440            | 543                     |
| General funds                                 | 2,974                    | 7,968                      | (9,791)                    | (435)          | 716                     |
|                                               | 4,011                    | 9,137                      | (11,294)                   | 5              | 1,859                   |
| <b>Restricted funds</b>                       |                          |                            |                            |                |                         |
| Medical Schools Council                       | 1,294                    | 444                        | (545)                      | (1)            | 1,192                   |
| MSC Assessment                                | 835                      | 851                        | (808)                      | (21)           | 857                     |
| MSC Assessment Alliance                       | 451                      | 369                        | (423)                      | 10             | 407                     |
| University Hospital Association               | 246                      | 134                        | (111)                      | (1)            | 268                     |
| Dental Schools Council                        | 112                      | 80                         | (67)                       | —              | 125                     |
| Pharmacy Schools Council                      | 65                       | 75                         | (75)                       | —              | 65                      |
| Council of H'care Science in HE               | 39                       | (37)                       | —                          | (2)            | —                       |
| Association of Dental Hospitals               | 19                       | 21                         | (21)                       | —              | 19                      |
| Summer School                                 | (4)                      | 260                        | (245)                      | —              | 11                      |
| Council of Deans of Health                    | 435                      | 911                        | (929)                      | (5)            | 412                     |
| Health Services Research N'work               | —                        | 76                         | (76)                       | —              | —                       |
| CLAHRC                                        | 22                       | 29                         | (51)                       | —              | —                       |
| Mental Health in Higher Education             | 29                       | 42                         | (71)                       | —              | —                       |
| Universities UK International<br>(UUKi)       | —                        | 398                        | (398)                      | —              | —                       |
| Outward mobility                              | 139                      | 24                         | (107)                      | —              | 56                      |
| UUKi programmes                               | 44                       | —                          | (44)                       | —              | —                       |
| Newton                                        | 19                       | 82                         | (83)                       | —              | 18                      |
| Global Wales II                               | —                        | 736                        | (469)                      | —              | 267                     |
| Vietnam Partnership                           | —                        | 55                         | (50)                       | —              | 5                       |
| BEC.AR                                        | —                        | 16                         | (16)                       | —              | —                       |
| South Africa                                  | —                        | 58                         | (2)                        | —              | 56                      |
| Universities Wales International              | 45                       | 15                         | (5)                        | 15             | 70                      |
| US International                              | 85                       | 126                        | (102)                      | —              | 109                     |
| Pensions reform                               | —                        | 282                        | (282)                      | —              | —                       |
| Open Access                                   | 23                       | —                          | (15)                       | —              | 8                       |
| Degree Algorithms                             | 10                       | 5                          | (15)                       | —              | —                       |
| Other                                         | 78                       | 110                        | (180)                      | —              | 8                       |
|                                               | 3,986                    | 5,162                      | (5,190)                    | (5)            | 3,953                   |
| Non-charitable trading funds                  | 20                       | 550                        | (559)                      | —              | 11                      |
| <b>Group – total funds</b>                    | <b>8,017</b>             | <b>14,849</b>              | <b>(17,043)</b>            | <b>—</b>       | <b>5,823</b>            |

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 through biomedical research and the profession of medicine

**MSC Assessment** is a subsidiary of the Medical Schools Council set up to run medical assessment activities.

## 20. Movement in funds (continued)

The **MSC Assessment Alliance** helps 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 by seeking to demonstrate the equivalency of passing standards.

The **University Hospital Association** promotes the unique interests of university hospitals across the UK. 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 Dental Schools as they relate to the generation of national health, wealth and knowledge acquisition through research and the profession of dentistry.

The **Pharmacy Schools Council** is building on the work of the Council of UK Head of Pharmacy 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 **Association of Dental Hospitals** represents the voices of dental hospitals across the UK and Ireland.

The **Summer School** programme is HEE funding to deliver summer schools for students from a widening participation background.

The **Council of Deans of Health** represents the UK's university faculties engaged in education and research for nurses, midwives and allied health professionals. The Council is the voice of nursing, midwifery and AHP higher education and research.

The **Health Services Research UK** is a membership network that convenes and represents the producers and users of health services research.

The **CLAHRC Partnership Programme** is the national network of the 13 NIHR Collaborations for Leadership in Applied Health and Research Care (CLAHRC), supporting them in their mission to deliver world class applied research and to translate health research into practice for the benefit of patients and populations.

**Mental health in Higher Education** aims to improve mental health in higher education, developing and implementing a framework for university leaders to adopt a whole university approach to mental health alongside a mental health audit and knowledge exchange

**UUKi** is the international arm of Universities UK, representing UK universities and acting in their collective interests globally. It actively promotes universities abroad, provides trusted information for and about them, and creates new opportunities for the sector.

The **Outward mobility** programme works with UK universities to increase the number of UK-domiciled students who enjoy an international experience as part of their education.

**SIEM** – Social Inclusion and Engagement in Mobility project relates to research into the barriers and enablers of mobility for the next Erasmus programme.

## Notes to the financial statements (continued)

### 20. Movement in funds (continued)

This project is aimed at identifying and sharing good practice in **short-term mobility** programmes and will produce research to understand the impact and benefits, and identify models of good practice that will inform a digital toolkit to support universities.

The **Newton and Global Challenges Research Fund** aims to use UK research expertise to solve developmental and global challenges through fostering research and institutional partnerships between UK universities and emerging-market countries.

Universities Wales is the lead partner of **Global Wales II**. Funding will be received over a three-year period from HEFCW to develop existing target markets, expand into new markets and invest in the 'Study in Wales' brand domestically and internationally.

The **Vietnam partnership** resulted in Global Wales II being matched with five partner universities in Vietnam and running training programmes in Leadership and Governance and University Industry Links.

UUKi is working with the Argentinian Ministry of Education to support the **BEC.AR** scholarship programme, which provides training and development opportunities to Argentine professionals in science and technology fields and will further develop UK-Argentina bilateral relations and scientific collaboration.

**South Africa** is funding from BEIS towards the establishment of UK-South Africa postdoctoral fellowship scheme.

**Universities Wales International** covers funding for Universities Wales' international and European activities and includes funding from Visit Britain, the British Council and the Welsh Government.

The **Universities Scotland International Unit** develops and implements policy and research on international issues on behalf of the Scottish higher education sector. This supports the 'Connected Scotland' initiative with Scottish Government, Scottish Funding Council and others for targeted international promotion of Scottish higher education.

A restricted subscription was raised from members towards the **pensions reform** programme following from our statutory role as the employers' representative in the USS pension scheme.

The **Brexit Readiness Fund** provided a grant to assist UUK in helping universities understand the implications of, and prepare for, a potential no-deal Brexit in October 2019.

The Review of **Governance in Welsh** Universities was funding to support an independent review of governance in Welsh universities, to critically examine the current arrangements, and to assist the development of a charter and revised guidance for governors.

**Civic Mission & Community Engagement in Wales** is a one year programme (running between January 2020 and December 2020) funded by HEFCW, to identify and develop key success factors in civic mission and community engagement work in Universities in Wales and support promotion of this work to stakeholders.

**Algorithms** covers match-funding agreed through the UK Standing Committee for Quality Assessment from the UK funders and regulators (OfS, SFC, HEFCW and DfE-NI) to undertake work on effective practice in algorithm design and a progress review of sector action on degree algorithms and wider grade inflation activity.

The **Knowledge Exchange Concordat** is supporting the development, improvement and promotion of good practice across the UK with a development year in England involving institutional self-assessment, submission of action plans and peer evaluation.



## 20. Movement in funds (continued)

**Student MH partnerships** - exploring models of partnership between universities and NHS mental health services via five local hubs - Bristol, N London, Sheffield, Liverpool, Manchester - and a national learning collaborative. OfS funded project led by UWE [Bristol].

**OFS - analytics** - project involving universities, sector bodies and digital business to apply digital analytics to improve student mental health & wellbeing.

## 21. Allocation of net assets between funds

The net assets held for various funds are as follows:

|                       | Restricted<br>funds<br>£'000 | Unrestricted<br>funds<br>£'000 | Non-<br>charitable<br>trading<br>funds<br>£'000 | 2020<br>Total<br>£'000 |
|-----------------------|------------------------------|--------------------------------|-------------------------------------------------|------------------------|
| Fixed assets          | 16                           | 355                            | 49                                              | 420                    |
| Investments           | —                            | 600                            | —                                               | 600                    |
|                       | 16                           | 955                            | 49                                              | 1,020                  |
| Current assets        | 3,774                        | 5,977                          | 351                                             | 10,102                 |
| Current liabilities   | (399)                        | (2,285)                        | (354)                                           | (3,038)                |
| Net assets            | 3,391                        | 4,647                          | 46                                              | 8,084                  |
| Long-term liabilities | —                            | (1,905)                        | —                                               | (1,905)                |
| <b>Group total</b>    | <b>3,391</b>                 | <b>2,742</b>                   | <b>46</b>                                       | <b>6,179</b>           |

|                       | Restricted<br>funds<br>£'000 | Unrestricted<br>funds<br>£'000 | Non-<br>charitable<br>trading<br>funds<br>£'000 | 2019<br>Total<br>£'000 |
|-----------------------|------------------------------|--------------------------------|-------------------------------------------------|------------------------|
| Fixed assets          | 37                           | 405                            | 19                                              | 461                    |
| Investments           | —                            | 600                            | —                                               | 600                    |
|                       | 37                           | 1,005                          | 19                                              | 1,061                  |
| Current assets        | 4,259                        | 5,981                          | 859                                             | 11,099                 |
| Current liabilities   | (343)                        | (1,991)                        | (867)                                           | (3,201)                |
| Net assets            | 3,953                        | 4,995                          | 11                                              | 8,959                  |
| Long-term liabilities | —                            | (3,136)                        | —                                               | (3,136)                |
| <b>Group total</b>    | <b>3,953</b>                 | <b>1,859</b>                   | <b>11</b>                                       | <b>5,823</b>           |

## Notes to the financial statements (continued)

### 22. Subsidiaries

#### Woburn House Conference Centre Limited

The charity owns 100% of the share capital of Woburn House Conference Centre Limited, a company limited by shares (company number 03031467). The company is incorporated in the UK and registered at Woburn House, 20 Tavistock Square, London, WC1H 9HQ.

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 2020 and 2019, and the aggregate amount of the assets, liabilities, share capital and reserves as at 31 July of each year are shown. Audited accounts have been filed with the Registrar of Companies.

|                                                      | <b>Total<br/>2020</b> | <b>Total<br/>2019</b> |
|------------------------------------------------------|-----------------------|-----------------------|
|                                                      | <b>£</b>              | <b>£</b>              |
| <i>Profit and loss account:</i>                      |                       |                       |
| Turnover                                             | <b>995,894</b>        | 1,432,499             |
| Cost of sales                                        | <b>(422,103)</b>      | (576,938)             |
| <b>Gross profit</b>                                  | <b>573,791</b>        | 855,561               |
| Administration costs                                 | <b>(53,804)</b>       | (43,466)              |
| Staff costs                                          | <b>(186,588)</b>      | (202,131)             |
| <b>Operating profit</b>                              | <b>333,399</b>        | 609,964               |
| Interest receivable                                  | <b>1,331</b>          | 1,093                 |
| <b>Profit on ordinary activities before taxation</b> | <b>334,730</b>        | 611,057               |
| Taxation                                             | <b>—</b>              | —                     |
| <b>Profit on ordinary activities after taxation</b>  | <b>334,730</b>        | 611,057               |
| Gift aid payment to Universities UK                  | <b>(299,419)</b>      | (619,798)             |
| <b>Retained earnings carried forward</b>             | <b>(35,311)</b>       | (8,741)               |

|                                                | <b>Total<br/>2020</b> | <b>Total<br/>2019</b> |
|------------------------------------------------|-----------------------|-----------------------|
|                                                | <b>£</b>              | <b>£</b>              |
| <i>Balance sheet:</i>                          |                       |                       |
| Fixed assets                                   | <b>48,896</b>         | 19,014                |
| Current assets                                 | <b>350,970</b>        | 858,757               |
| Creditors: amounts falling due within one year | <b>(353,643)</b>      | (866,859)             |
| Net current liabilities                        | <b>(2,673)</b>        | (8,102)               |
| <b>Total net assets</b>                        | <b>46,233</b>         | 10,912                |
| Represented by:                                |                       |                       |
| Share capital                                  | <b>2</b>              | 2                     |
| Profit and loss account                        | <b>46,221</b>         | 10,910                |
|                                                | <b>46,223</b>         | 10,912                |

## 22. Subsidiaries (continued)

### Medical Schools Council

Universities UK is also the holding member of the Medical Schools Council, a company limited by guarantee (company number 8817383) and registered with the Charity Commission (number 1155370). The company is incorporated in the UK and registered at Woburn House, 20 Tavistock Square, London, WC1H 9HD.

The objects of the Medical Schools Council are to promote, encourage and develop medical schools in the UK and thereby advance education for the public benefit, in particular (but without limitation) medical education, research and training.

A summary of income and expenditure for the year to 31 July 2020 and 2019, and the aggregate amount of the assets, liabilities, share capital and reserves as at 31 July of each year are shown below. Audited accounts have been filed with the Registrar of Companies.

Unrestricted funds and free reserves at 31 July 2020 were £1.2m (2019 free reserves: £1.2m) which is equal to 29 months of unrestricted expenditure (2019: 26 months). This is deemed appropriate given the significant change required as a result of the pandemic.

|                                        | <b>Total<br/>2020<br/>£</b> | <b>Total<br/>2019<br/>£</b> |
|----------------------------------------|-----------------------------|-----------------------------|
| <i>Income and expenditure account:</i> |                             |                             |
| Income                                 | <b>1,235,290</b>            | 1,381,641                   |
| Expenditure                            | <b>(1,434,529)</b>          | (1,518,746)                 |
| <b>Deficit</b>                         | <b>(199,239)</b>            | (137,105)                   |

|                       | <b>Total<br/>2020<br/>£</b> | <b>Total<br/>2019<br/>£</b> |
|-----------------------|-----------------------------|-----------------------------|
| <i>Balance sheet:</i> |                             |                             |
| Assets                | <b>2,183,121</b>            | 2,264,761                   |
| Liabilities           | <b>(295,229)</b>            | (177,630)                   |
| <b>Net assets</b>     | <b>1,887,892</b>            | 2,087,131                   |

## Notes to the financial statements (continued)

### 22. Subsidiaries (continued)

#### MSC Assessment

The Medical Schools Council is the parent of MSC Assessment, a company limited by guarantee (company number 8578576) and registered with the Charity Commission (number 1153045). The company is incorporated in the UK and registered at Woburn House, 20 Tavistock Square, London, WC1H 9HD.

The objects of MSC Assessment are to advance medical education for the benefit of the public including, without limitation, by the preparation, validation, accreditation, conduct and administration of any tests, examinations or other systems of assessing, evaluating and recording any aspect of medical education and training.

A summary of the income and expenditure for the year to 31 July 2020 and 2019, 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.

|                                        | <b>Total<br/>2020</b> | <b>Total<br/>2019</b> |
|----------------------------------------|-----------------------|-----------------------|
|                                        | <b>£</b>              | <b>£</b>              |
| <i>Income and expenditure account:</i> |                       |                       |
| Income                                 | <b>840,290</b>        | 876,047               |
| Expenditure                            | <b>(1,115,300)</b>    | (854,394)             |
| <b>(Deficit) / Surplus</b>             | <b>(275,010)</b>      | 21,653                |

|                       | <b>Total<br/>2020</b> | <b>Total<br/>2019</b> |
|-----------------------|-----------------------|-----------------------|
|                       | <b>£</b>              | <b>£</b>              |
| <i>Balance sheet:</i> |                       |                       |
| Assets                | <b>758,849</b>        | 968,028               |
| Liabilities           | <b>(177,278)</b>      | (111,447)             |
| <b>Net assets</b>     | <b>581,571</b>        | 856,581               |

### 23. Conduit funding

|                                 | <b>2020</b>  | <b>2019</b> |
|---------------------------------|--------------|-------------|
|                                 | <b>£</b>     | <b>£</b>    |
| Funds received in advance b/fwd | <b>3,269</b> | 1,121,282   |
| Amount received                 | —            | 1,225,063   |
| Amount paid out                 | —            | (2,343,076) |
| Funds received in advance c/fwd | <b>3,269</b> | 3,269       |

Amounts received and dispersed to universities on behalf of the Argentinian Ministry of Education for the scholarship programme BEC.AR, and on behalf of the Department for Business, Energy & Industrial Strategy for the Rutherford Fund scholarship programme.

Certain trustees are Vice Chancellors of institutions in receipt of grants.

## **24. Pension**

### **Universities Superannuation Scheme**

The appointment of directors to the Board of USS is determined by USS's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of three and a maximum of five (or between 1 September 2019 and 1 February 2021, six) are independent 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.

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2020 is underway but not yet complete.

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

At 31 March 2020, USS had 204,753 (2019: 202,165) members.

### **Superannuation Scheme of the University of London (SAUL)**

SAUL's statutory funding objective is to have sufficient and appropriate assets to meet the costs incurred by the Trustee in paying SAUL's benefits as they fall due (the "Technical Provisions"). The Trustee adopts assumptions which, taken as a whole, are intended to be sufficiently prudent for pensions and benefits already in payment to continue to be paid and for the commitments which arise from Members' accrued pension rights to be met.

The Technical Provisions assumptions include appropriate margins to allow for the possibility of events turning out worse than expected. However, the funding method and assumptions do not completely remove the risk that the Technical Provisions could be insufficient to provide benefits in the future.

A formal actuarial valuation of SAUL is carried out every three years by a professionally qualified and independent actuary. The last actuarial valuation was carried out with an effective date of 31 March 2017. Informal reviews of SAUL's position, reflecting changes in market conditions, cash flow information and new accrual of benefits, are carried out between formal valuations.

The funding principles were agreed by the Trustee and employers in June 2018 and are due to be reviewed at SAUL's next formal valuation in 2020.

At the 31 March 2017 valuation SAUL was fully funded on its Technical Provisions basis so no deficit contributions were required. As a whole, the market value of SAUL's assets was £3,205 million representing 102% of the liabilities for benefits accrued up to 31 March 2017. The Trustee and the Employers have agreed that the ongoing Employers' contributions will continue at a rate of 16% of CARE Salaries.

At 31 March 2020, SAUL had 65,202 (2019: 58,822) members.

## Notes to the financial statements (continued)

### 24. Pension (continued)

| Summary                                          | USS        | SAUL     |
|--------------------------------------------------|------------|----------|
| Group contributions for the year to 31 July 2020 | £1,277,942 | £325,581 |
| Active members at 31 July 2020                   | 81         | 52       |
| Group contributions for the year to 31 July 2019 | £1,067,104 | £298,156 |
| Active members at 31 July 2019                   | 80         | 54       |

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2% of salaries over the period 1 October 2019 to 30 September 2021 at which point the rate will increase to 6%. In accordance with FRS 102, Universities UK has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 5% of salaries up to 30 June 2034. The USS liability is based on staff salary inflation of 2%, and a discount rate of 0.73% (2019: 2%, 1.6%).

The 2018 valuation was the fifth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion indicating a shortfall of £3.6 billion and a funding ratio of 95%.

### 25. Financial instruments

|                                                  | 2020<br>£'000 | 2019<br>£'000 |
|--------------------------------------------------|---------------|---------------|
| Financial assets measured at amortised cost:     |               |               |
| Trade debtors                                    | 380           | 1,300         |
| Cash                                             | 7,484         | 7,685         |
|                                                  | <u>7,864</u>  | <u>8,985</u>  |
| Financial liabilities measured at amortised cost | <u>3,534</u>  | <u>4,554</u>  |

Financial assets measured at amortised cost comprise trade debtors and cash.

Financial liabilities measured at amortised cost are creditors.

## 26. Related party transactions

Related party transactions are disclosed for CVCP Properties plc, Advance HE, Higher Education Statistics Agency, Universities and Colleges Admissions Service and Quality Assurance Agency.

Universities UK owns all 550,000 preference shares in CVCP Properties plc and 50,000 (1%) of its ordinary shares. Universities UK is the original subscribing member of the other organisations and members of Universities UK contribute to governance oversight through Board membership and other involvement.

|                          | Year ended 31 July 2020                           |                                  | As at 31 July 2020                    |                                     |
|--------------------------|---------------------------------------------------|----------------------------------|---------------------------------------|-------------------------------------|
|                          | Purchases from / payments to related parties<br>£ | Income from related parties<br>£ | Amounts due from related parties<br>£ | Amounts due to related parties<br>£ |
| CVCP Properties plc      | 913,248                                           | 1,008,376                        | 1,773,391                             | 694                                 |
| Advance HE               | 12,075                                            | 55,529                           | —                                     | —                                   |
| HESA                     | —                                                 | 336                              | —                                     | —                                   |
| Quality Assurance Agency | 5,177                                             | 3,549                            | —                                     | —                                   |
|                          | <u>930,500</u>                                    | <u>1,067,790</u>                 | <u>1,773,391</u>                      | <u>694</u>                          |

|                                              | Year ended 31 July 2019                           |                                  | As at 31 July 2019                    |                                     |
|----------------------------------------------|---------------------------------------------------|----------------------------------|---------------------------------------|-------------------------------------|
|                                              | Purchases from / payments to related parties<br>£ | Income from related parties<br>£ | Amounts due from related parties<br>£ | Amounts due to related parties<br>£ |
| CVCP Properties plc                          | 853,308                                           | 913,945                          | 1,679,522                             | 367                                 |
| Advance HE                                   | 12,340                                            | 42,002                           | 35                                    | —                                   |
| Universities and Colleges Admissions Service | —                                                 | 59                               | —                                     | —                                   |
| Quality Assurance Agency                     | —                                                 | 11,279                           | —                                     | —                                   |
|                                              | <u>865,648</u>                                    | <u>967,285</u>                   | <u>1,679,557</u>                      | <u>367</u>                          |

## 27. 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 2020 there were 137 members (2019: 136).

## Notes to the financial statements 31 July 2020

### 28. Income and expenditure by fund

|                                 |       | Unrestricted<br>Funds<br>2020<br>£'000 | Unrestricted<br>Funds<br>2019<br>£'000 | Restricted<br>Funds<br>2020<br>£'000 | Restricted<br>Funds<br>2019<br>£'000 | Total<br>Funds<br>2020<br>£'000 | Total<br>Funds<br>2019<br>£'000 |
|---------------------------------|-------|----------------------------------------|----------------------------------------|--------------------------------------|--------------------------------------|---------------------------------|---------------------------------|
| Income and expenditure          | Notes |                                        |                                        |                                      |                                      |                                 |                                 |
| <b>Income from:</b>             |       |                                        |                                        |                                      |                                      |                                 |                                 |
| . Donations                     | 2     | 982                                    | 886                                    | —                                    | —                                    | 982                             | 886                             |
| . Charitable activities         | 3     | 7,080                                  | 7,401                                  | 4,975                                | 5,106                                | 12,055                          | 12,507                          |
| . Other trading activities      | 4     | 915                                    | 1,309                                  | 30                                   | 34                                   | 945                             | 1,343                           |
| . Investments                   |       | 56                                     | 63                                     | 9                                    | 16                                   | 65                              | 79                              |
| . Other income                  |       | 16                                     | 28                                     | —                                    | 6                                    | 16                              | 34                              |
| <b>Total</b>                    |       | <b>9,049</b>                           | <b>9,687</b>                           | <b>5,014</b>                         | <b>5,162</b>                         | <b>14,063</b>                   | <b>14,849</b>                   |
| <b>Expenditure on:</b>          |       |                                        |                                        |                                      |                                      |                                 |                                 |
| . Raising funds                 |       | 564                                    | 660                                    | 27                                   | 27                                   | 591                             | 687                             |
| . Charitable activities         |       | 7,574                                  | 11,193                                 | 5,542                                | 5,163                                | 13,116                          | 16,356                          |
| <b>Total</b>                    | 7     | <b>8,138</b>                           | <b>11,853</b>                          | <b>5,569</b>                         | <b>5,190</b>                         | <b>13,707</b>                   | <b>17,043</b>                   |
| <b>Net income/(expenditure)</b> |       | <b>911</b>                             | <b>(2,166)</b>                         | <b>(555)</b>                         | <b>(28)</b>                          | <b>356</b>                      | <b>(2,194)</b>                  |
| Transfers between funds         |       | 7                                      | 5                                      | (7)                                  | (5)                                  | —                               | —                               |
| <b>Net movements in funds</b>   |       | <b>918</b>                             | <b>(2,161)</b>                         | <b>(562)</b>                         | <b>(33)</b>                          | <b>356</b>                      | <b>(2,194)</b>                  |
| <b>Total funds at 1 August</b>  |       | <b>1,870</b>                           | <b>4,031</b>                           | <b>3,953</b>                         | <b>3,986</b>                         | <b>5,823</b>                    | <b>8,017</b>                    |
| <b>Total funds at 31 July</b>   |       | <b>2,788</b>                           | <b>1,870</b>                           | <b>3,391</b>                         | <b>3,953</b>                         | <b>6,179</b>                    | <b>5,823</b>                    |



## Reference and administrative details

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