



Yorkshire Universities
The regional voice for higher education

Annual Report and Financial Statements

For the year ended 31 July 2007

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YORKSHIRE UNIVERSITIES

Report and accounts

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REPORT OF THE BOARD OF TRUSTEES

For the year ended 31 July 2007

(Incorporating the Directors' report)

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity name	Yorkshire Universities
Charity registration number	1109200
Company registration number	3467035
Registered office and operational address	University House, Cromer Terrace, Leeds LS2 9JT

Board of Trustees

Professor D Green	Chair
Professor M Arthur	Vice Chair
Mr N Berry	
Professor B Boucher	
Dr F Bridge (from 1 September 2006)	
Professor B Cantor	
Professor M Cleary (from 1 June 2007)	
Dr M Coughlan (resigned 31 August 2006)	
Professor R Cryan (from 1 January 2007)	
Professor D Drewry	
Mr D Hault	
Professor S Lee	
Professor J Tarrant (resigned 31 December 2006)	
Professor C Taylor (resigned 30 April 2007)	
Professor D Willcocks	

Secretary

Ms A Morgan

Senior Management Team

Mr M Noble	Chief Executive Officer
Mrs M Barnett	Marketing & Information Manager
Mr M Edmondson	Graduates Yorkshire Regional Strategic Manager
Mrs A Marriott-Mills	Aimhigher Regional Strategic Manager
Ms A Morgan	Operations Manager
Ms C Toms	Strategic Development & Policy Manager

Auditors

PKF (UK) LLP
Pannell House
6 Queen Street
Leeds
LS1 2TW

Bankers

NatWest
Commercial Banking UK
4th Floor
2 Whitehall Quay
Leeds
LS1 4HR

Solicitors

Eversheds LLP
Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Board presents the report and financial statements of Yorkshire Universities for the year ended 31 July 2007. The statements appear in the format required by the Statement of Recommended Practice for Accounting and Reporting by Charities (revised March 2005). The report and statements also comply with the Companies Act 1985 as Yorkshire Universities was incorporated by guarantee on 17 November 1997 and registered as a charity on 25 April 2005. The company was established under a Memorandum of Association which established the objects and powers of the company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Board of Trustees

The Trustees of the charity are also directors for the purposes of company law and under the company's Articles are known as members of the Board. Under the requirements of the Memorandum and Articles of Association, each member of the Board is the Vice Chancellor or Principal or Chief Executive of an Eligible Institution in the Yorkshire and Humber Region. The Chair and Vice Chair are appointed for two years and are drawn from the membership.

Induction and training for new Trustees is led by the Chief Executive Officer. New members are invited and encouraged to attend a Board meeting prior to taking up appointment and to meet senior managers to familiarise themselves with our remit and work. This includes:

- The obligations of Trustees,
- Key documents which set out the operation framework for Yorkshire Universities including the Memorandum and Articles,
- Resourcing and the current financial position as set out in the latest published accounts, and
- Future plans and objectives

Upon appointment, all members complete a register of interests, which is reviewed and updated annually.

Risk Management

We have a well established culture of seeking to mitigate risk through adopting appropriate policies, procedures and systems. These procedures are periodically reviewed to ensure they continue to comply with statutory requirements and the needs of the organisation.

In year no new significant risks have been identified and the Board and Senior Management Team continue to keep areas of potential risk under review. As identified in the annual report for the period to 31 July 2006, the major risk issues relate to strategic direction and partnerships, financial management and business continuity. To address these risks, we have:

- Refreshed our Strategic Plan for 2007-10 and undertaken a review of strategic relationships with partners and stakeholders. The new Plan was launched on 1 August 2007 following adoption by the Board in June 2007,
- Ensured that operational support staff, budget holders and project teams work closely together so that appropriate financial management is in place, and
- Secured additional funding to develop collaborative initiatives and projects within the region, and sought to diversify funding in line with our strategic direction.

Organisational Structure

The Chief Executive Officer has responsibility for the day-to-day management of the organisation and developing and directing implementation of projects and initiatives within the strategic direction set by the Board. He is supported by a team of 20 staff members responsible for operational and project management to fulfil delivery of Strategic Plan and Operational Plan.

The Board approves the delegation of financial authority through the Chief Executive Officer, with specific scheme of delegation.

OBJECTIVES AND ACTIVITIES

Yorkshire Universities' strategic aim is "To promote the region's Higher Education Institutions as providers of world-class knowledge and learning opportunities and as major contributors to sustainable regional development and community regeneration".

Four strategic themes or goals have been identified in the Strategic Plan for 2007-10. They are broad and high-level, and are intended to provide a sustainable framework for both the range of activities that we currently undertake and those activities which are planned or may be expected to emerge over the period of the Plan. These four themes are underpinned by a number of outcomes, objectives and activities, some of which are cross-cutting and will contribute to achieving other goals. The Plan is intended to align with relevant, shared objectives of partners and with the regional policy framework. The 2007-10 Plan continues to build on work in developing productive relationships with partners, managing collaborative projects and providing services to the region's Higher Education Institutions.

Strategic Themes

- Support the contribution of higher education to regional development
- Promote the role of higher education in contributing to social cohesion
- Promote the development of a quality higher education sector
- Provide quality services to the higher education Institutions

In order to achieve our aim, we

- Promote the role of higher education, ensuring that the Higher Education Institutions are represented by, and contribute to, the regional and sub-regional agenda,
- Provide an intelligence gateway for and about higher education in the region,
- Provide a forum for sharing, communicating and disseminating good practice in higher education, and
- Facilitate the development and delivery of collaborative policies, projects and activities

We are responsible for producing a collective policy view from the Higher Education Institutions on regional and other issues, and is the focal point for contact between the Higher Education Institutions, the government and other regional bodies. We also manage and administer a number of major regional projects on behalf of the Higher Education Institutions, providing services and information to schools, students, graduates and businesses.

Activities

Our activity is focused on responding to the priorities of the membership and on the delivery of a range of separately-funded projects. These activity areas are presented in the financial statements as

- **Central Representation and Central Projects**, including provision of a co-ordination service to members, and other central projects to deliver events and conferences (detailed under 'central representation' and 'other central projects' in the financial statements),
- **Graduate and Business Opportunities**, including projects to retain graduate talent, e.g. employment opportunities, within the region and the Knowledge RICH business support service to connect businesses with the expertise and services available in higher education (see activity reported under 'graduate opportunities' in the financial statements),
- **Widening Participation**, including co-ordination of the Aimhigher project and Summer Schools aimed at creating opportunities for young people to access higher education (detailed under 'widening participation' in the financial statements), and
- **European Opportunities**, which encompasses project activity to foster skills development and exchange of expertise by enabling students and graduates to undertake placements in Europe as part of the Leonardo da Vinci mobility programme (reported as 'European opportunities' in the financial statements),

The activity areas reflect the priorities identified in the current Operational Plan

Strategic Plan 2007-10

As previously outlined, we have identified four strategic themes which encompass developing a collective policy view from the Higher Education Institutions on regional and other issues, co-ordination and delivery of collaborative projects or initiatives, and as a focal point for the extensive contacts between the Higher Education Institutions and Government and other regional bodies

Our role is predicated on a commitment to facilitate and encourage co-operation between the Higher Education Institutions, to respond to the priorities of the membership, and to foster productive working relationships with other organisations. We will act

- Where regional and sub-regional activity can bring added value to existing activities and can deliver practical benefits,
- Where it would be difficult, impossible or cost inefficient for Higher Education Institutions to act independently,
- Where new initiatives appear to demand a regional response, and
- Where best practice may be shared by the Higher Education Institutions to mutual advantage

Operational Plan

The Operational Plan seeks to translate the Strategic Plan into priority areas of activity. The Plan is reviewed and updated annually to reflect the changing context for higher education and other regional influences.

In advance of the refreshed Strategic Plan 2007-10 coming into effect, the following Operational Plan activities were identified:

Theme 1 support the contribution of higher education to regional development

To enable Higher Education Institutions to engage productively with the regional economic, social and cultural agenda, working in partnership to shape regional policy and to deliver activities and services which contribute to sustainable development.

- Engage with the creation and implementation of regional strategies for economic development, innovation and the development of support services to organisations, working in partnership with the Yorkshire and the Humber Assembly, Yorkshire Forward and the Government Office
- Contribute to activities which create a culture of innovation and build the capacity and capability of the region's knowledge base
- Co-ordinate programmes focused on employability and enterprise for students and graduates, and on graduate retention, working with Higher Education Institutions and other organisations to generate opportunities within the region
- Provide opportunities for the Higher Education Institutions to engage with organisations to determine future skills requirements and to promote on-going investment in learning and continuing professional development

Theme 2 promote the role of higher education in contributing to social cohesion

To encourage and support opportunities for wider access and greater participation to higher education in the region, particularly from under-represented groups which may benefit Working with the Higher Education Institutions and public, private and voluntary sectors to promote social cohesion and to enable the Higher Education Institutions to contribute actively to priorities for local communities, regeneration, public health and wellbeing

- Co-ordinate programmes to develop opportunities to engage talented young people from under-represented groups to access higher education, contributing to the Government target for participation Share good practice and expertise within the region and more widely to promote the achievements of Yorkshire and the Humber
- Provide a collective policy perspective to promote the role of higher education in communities and regeneration, and where appropriate co-ordinate demonstration pilots
- Co-ordinate programmes focused on public health teaching and learning capacity and capability as part of the Department of Health's regional priorities
- Facilitate productive relationships with the further education sector particularly in the areas of Foundation Degree provision and progression paths for individuals pursuing a variety of qualifications

Theme 3 promote the development of a quality higher education sector

To promote and support a high-quality higher education sector in the region which is valued as a strategic partner, responsive to stakeholder needs and where individual centres of excellence are well-renowned in a UK and international context

- Provide opportunities for the Higher Education Institutions and partners to share good practice and promote excellence within a regional, UK and international context
- Form strategic alliances with regional organisations to further the contribution of higher education to policies and plans
- Co-ordinate programmes and projects which provide opportunities for the Higher Education Institutions to collaborate, and provide evidence to underpin future policy and plans

Theme 4 provide quality services to Higher Education Institutions

To deliver to the region's Higher Education Institutions high-quality and effective services which are valued and that fulfil or exceed expectations

- Working in partnership, pursue funding opportunities for the Higher Education Institutions to collaborate on programmes and projects
- Undertake activities which are well managed and directed to fulfil shared objectives and, where appropriate, will exploit opportunities for future sustainability and additional funding
- Establish good governance and financial management to ensure that the organisation delivers its strategic and operational priorities and fulfils its commitments under charity and company legislation

ACHIEVEMENTS AND PERFORMANCE

This year we secured additional grant funding from the Department of Health and Yorkshire Forward to deliver on projects to promote public health teaching capacity and healthy learning environments and enhancing graduate enterprise and entrepreneurship

In terms of general performance, we have increased incoming resources from £3 924m in 2005/06 to £4 740m in 2006/07 as a result of successful partnerships with regional and national organisations on behalf of the membership. This position represents 20.8% growth in income and resources for charitable activities.

Central Representation and Central Projects

Strategic engagement with Yorkshire Forward, the Regional Development Agency, has continued to develop and deepen at both Board and officer level. During the year, together we have committed to a Strategic Alliance to provide a framework to work together to maximise the potential of the higher education sector as a vehicle for economic and cultural impact in the region.

As outlined in the Annual Report for 2006, we continue to work successfully in collaboration with a wide range of regional partners, and are recognised as an effective voice for the higher education sector in the region, providing both leadership and support, as appropriate to particular circumstances and opportunities. During this year, good working relationships have been established with the NHS and National Council for Graduate Enterprise.

Membership subscriptions included in voluntary income, as shown at appendix 1, were £132,000 in 2006/07.

Graduate and Business Opportunities

In year, activity focused on securing sustainability of the Graduates Yorkshire initiative with the creation of a spin-off company, Graduates Yorkshire Limited (operational from 1 September 2007) providing graduate recruitment services to employers in Yorkshire and the Humber. This represents significant achievement to create a sustainable business and a legacy following the end of funding in March 2008.

We also secured a new contract with Yorkshire Forward to establish a coherent programme of support for graduate entrepreneurship across the region. Specifically it is aimed at developing awareness and understanding of enterprise and entrepreneurship, building graduate confidence and motivation, and assisting in the better preparation of students for business start-up.

This year, the KnowledgeRICH project continued to generate business opportunities realising approximately £300,000 in contracts for Higher Education Institutions and almost 200 enquiries to the service during the last 18 months. Work in-year has focused on business development and embedding sound processes to enable business to access with academic expertise. As part of the Strategic Alliance with Yorkshire Forward, proposals are in development to ensure sustainability of the service and provide a gateway interface between higher education and mainstream business support services.

As shown in Appendix 1, during the financial year, we secured £1 961m from Yorkshire Forward to co-ordinate and deliver the Graduates Yorkshire, Graduate Entrepreneurship and KnowledgeRICH projects, representing an increase of 97.8% compared to 2005/06. These activities represent 41.3% of Yorkshire Universities total incoming resources for 2006/07. Support costs to deliver these projects amounted to £473k with £1 583m being dispersed to the Higher Education Institutions as detailed at appendix 3.

Widening Participation

In August 2006, we secured a further two year programme to co-ordinate implementation of the Yorkshire and Humber Regional Strategic Plan for Aims higher funded by the Higher Education Funding Council for England. Again significant progress was achieved in delivering a number of projects and activities aimed at widening participation and capacity building amongst providers within Higher Education Institutions, with £1 514m in funds being dispersed.

In April 2007, the regional team held an event to showcase recent successes at the House of Commons hosted by Barry Sherman, MP. This event was mirrored by a regional event with over 75 attendees from education, government and voluntary organizations.

We continued to co-ordinate the regional programme of Summer Schools, working closely with the Higher Education Institutions. During 2006/07 over 733 young people attended a Summer School with the programme building on the success of the 2003-06 programmes.

As outlined in the Annual Report for 2005/06, working closely with the project manager we have sought to minimise costs associated with co-ordinating the regional programme with 18% of expenditure (£333k) being support costs.

European Opportunities

As presented in the 2006 Annual Report, our European activity focuses on the co-ordination of the Leonardo da Vinci mobility programme. During 2006/07, we co-ordinated over 70 European placements for students and graduates, which encompassed the payments of £195k in grants to individuals and the provision of supporting information and advice for those embarking on placements and whilst overseas.

FINANCIAL POSITION AND POLICIES

Reserves Policy

Our operating position on reserves is informed by the view of the Board, that a proportion of the unrestricted income should be held as free reserve funds to meet the working capital requirements of the organisation, to allow for the development of new initiatives (where the organisation would incur expenditure in advance of anticipated income) and to mitigate against any significant drop in funding. As at the 31 July 2007, the unrestricted reserve was £250k.

The Trustees continue to hold funds in relation to planned project activity for future periods. These restricted funds, totalling £758k, are held on reserve and will be dispersed in line with existing contractual obligations or in response to future requirements of the funding organisation and agreed with the Trustees.

Investment Policy

We receive income on an annual basis through membership subscriptions, grants and other sources e.g. conference sponsorship. The current position is that all income should be available immediately or on short-term deposit rather than invested for the longer term. Consequently funds are invested on deposit to secure the best rate available with recognised financial institutions and banks.

PLANS FOR FUTURE PERIODS

As outlined previously, our Strategic Plan sets out our future direction for the next three years and to maintain momentum in delivering on those outcomes and objectives, we will build on current achievements and enhance or develop activities during the next financial year. In particular we plan to focus on the following activities

Theme 1 support the contribution of higher education to regional development

- Develop and commence implementation of a three-year programme of joint activities with Yorkshire Forward
- Further the contribution of Higher Education to social and cultural agendas, we will form strategic alliances with appropriate regional organisations
- Co-ordinate programmes focused on employability and enterprise for students and graduates, and on graduate retention, working with Higher Education Institutions and other organisations to generate opportunities within the region
- Provide opportunities for the Higher Education Institutions to engage with organisations to determine future skills requirements and to promote on-going investment in learning and continuing professional development. Yorkshire Universities will utilise new funding from the Higher Education Funding Council for England to support involvement in the Regional Skills Partnership, and the development of strategies for delivering on higher-level skills priorities in the region

Theme 2 promote the role of higher education in contributing to social cohesion

- Provide a collective policy perspective to promote the role of higher education in communities and regeneration, and where appropriate co-ordinate demonstration pilots
- Form strategic relationships with regional organisations engaged with regeneration, social cohesion, health and wellbeing, through the Teaching Public Health Network
- Facilitate productive relationships with the further education sector particularly in the areas of Foundation Degree provision and progression paths for individuals pursuing a variety of qualifications

Theme 3 promote the development of a quality higher education sector

- Form strategic alliances with regional organisations to further the contribution of higher education to policies and plans, for example contributing to implementation of the sub-national review of economic development and regeneration
- Co-ordinate programmes and projects which provide opportunities for the Higher Education Institutions to collaborate, and provide evidence to underpin future policy and plans
- Seek out and exploit international contacts which promote the region's Higher Education Institutions as a preferred destination for overseas students

Theme 4 provide quality services to Higher Education Institutions

- Develop and deliver a marketing plan for Yorkshire Universities including an annual conference as a forum for strategic discussion and as a showcase for higher education in the region
- Secure medium- to long-term funding which offers sustainability for the organisation, for example diversify funding streams for charitable activities

- Develop and implement a people strategy which focuses on ensuring excellence in terms of employment, development and performance of staff and embeds a supportive culture and management style
- Secure IIP accreditation by July 2008

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the net income or expenditure of the charity for the year. In preparing these financial statements the Trustees are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgments and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the charity 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 charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

MEMBERS OF THE BOARD

Members of the Board, who are directors for the purpose of company law and Trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 3

In accordance with company law, as the company's directors, we certify that

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware, and
- As the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities

Approved by the Board on 12 December 2007 and signed on its behalf by



Professor Michael Arthur (Trustee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YORKSHIRE UNIVERSITIES

We have audited the financial statements of Yorkshire Universities for the year ended 31 July 2007 which comprise the statement of financial activities, the balance sheet, and the related notes including the appendices to the notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of the company for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of trustees' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the trustees' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st July 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- The financial statements have been properly prepared in accordance with the Companies Act 1985, and
- The information given in the report of the board of Trustees is consistent with the financial statements

PKF(UK) LLP

Leeds, UK

Registered auditors

Date 12 FEBRUARY 2008

Yorkshire Universities
Statement of Financial Activities
for the year ended 31st July 2007

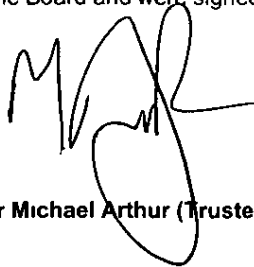
	Notes	Unrestricted Funds 31st July 2007 £	Restricted Funds 31st July 2007 £	Total Funds 31st July 2007 £	Total Funds 31st July 2006 £
Incoming resources					
Incoming resources from generated funds					
Voluntary Income		180,370	-	180,370	185,580
Activities for generating funds		21,011	-	21,011	19,576
Investment Income	4	56,742	-	56,742	74,195
Incoming resources from charitable activities		64,642	4,417,612	4,482,254	3,640,664
Other Incoming Resources		-	-	-	4,331
Total incoming resources		322,765	4,417,612	4,740,377	3,924,346
Resources expended					
Costs of generating funds		7,112	-	7,112	22,306
Costs of charitable activities		246,336	4,168,898	4,415,234	3,966,704
Governance costs	7	5,132	11,623	16,755	11,986
Total resources expended		258,580	4,180,521	4,439,101	4,000,996
Net incoming (outgoing) resources before transfers between funds					
		64,185	237,091	301,276	(76,650)
Transfers between funds		(12,819)	12,819	-	-
Net incoming (outgoing) resources before Other recognised gains and losses					
		51,366	249,910	301,276	(76,650)
Exceptional Item					
Repayment of Grant received in error	15	-	(786,044)	(786,044)	-
Net movement in funds	2	51,366	(536,134)	(484,768)	(76,650)
Reconciliation of funds					
Total funds brought forward		198,448	1,294,468	1,492,916	1,569,566
Total Funds carried forward		249,814	758,334	1,008,148	1,492,916

The net movement in funds referred to above is the net incoming resources as defined in the Statement of Recommended Practice for Accounting and Reporting issued by the Charity Commission for England & Wales and is reconciled to the total funds as shown in note 17. All activities derive from continuing operations.

**Yorkshire Universities
Balance Sheet
as at 31st July 2007**

	Notes	At 31st July 2007 £	At 31st July 2006 £
<i>The assets and liabilities of the charity</i>			
Fixed assets			
Tangible assets	10	27,535	19,669
Current assets			
Debtors	11	946,524	748,226
Current Asset Investments	12	160,211	1,053,311
Cash at bank and in hand		657,121	75,205
Total current assets		<u>1,763,856</u>	<u>1,876,742</u>
Creditors - amounts falling due within one year	13	(783,243)	(403,495)
Net current assets		<u>980,613</u>	<u>1,473,247</u>
Total assets less current liabilities		<u>1,008,148</u>	<u>1,492,916</u>
Net assets		<u>1,008,148</u>	<u>1,492,916</u>
<i>The funds of the charity</i>			
Unrestricted revenue accumulated funds		249,814	198,448
Restricted revenue accumulated funds		<u>758,334</u>	<u>1,294,468</u>
Total charity funds	17	<u>1,008,148</u>	<u>1,492,916</u>

The accounts have been prepared in accordance with the special provisions relating to small companies in Part VII of the Companies Act 1985 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005). These financial statements were approved and authorised for issue by the Board and were signed on its behalf on 12 December 2007.



Professor Michael Arthur (Trustee)

The notes on pages 16 to 25 form an integral part of these accounts

**Yorkshire Universities
Notes to the Accounts
for the year ended 31st July 2007**

1 Accounting policies

Basis of preparation of the accounts

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (FRSSE), effective January 2005, and all other applicable accounting standards, as modified by the 2005 Revision of the Statement of Recommended Practice for Accounting and Reporting issued by the Charity Commissioners for England & Wales, effective April 2005

The accounts have been drawn up in accordance with the provisions of the Charities Act and the Companies Act. Insofar as the Statement of Recommended Practice for Accounting and Reporting issued by the Charity Commissioners for England & Wales, effective April 2005 requires compliance with specific Financial Reporting Standards other than the FRSSE then the specific Financial Reporting Standards have been followed where their requirements differ from those of the FRSSE

Advantage has been taken of paragraph 3(3) of Schedule 4 of the Companies Act 1985 to allow the format of the financial statements to be adapted to reflect the special nature of the company's operation. The company has taken advantage of the exemption in FRSSE from the requirement to produce a cash flow statement. The particular accounting policies adopted are set out below

Accounting convention

The financial statements are prepared, on a going concern basis, under the historical cost convention. The charity is entirely dependent on continuing grant aid and as a consequence the going concern basis is also dependent on the continuing grant aid.

Investment Income

Bank interest is included in the accounts on a receivable basis.

Incoming Resources and Deferred Income

Incoming resources are recognised in the year in which entitlement and the amount can be measured with certainty. Income is deferred only when the company has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be used in a future period.

In accordance with the Statement of Recommended Practice for Accounting and Reporting (effective April 2005) issued by the Charity Commissioners for England & Wales, grants received in advance and specified by the donor as relating to specific accounting periods or alternatively which are subject to conditions which are still to be met, and which are outside the control of the charity or where it is uncertain whether the conditions can or will be met, are deferred on an accruals basis to the period to which they relate. Such deferrals are shown in the notes to the accounts and the sums involved are shown as creditors in the accounts.

Resources Expended

Resources expended are included in the Statement of Financial Activities on an accruals basis. Resources expended are allocated directly to a particular activity where costs relate directly to that activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of the resources.

**Yorkshire Universities
Notes to the Accounts
for the year ended 31st July 2007**

Resources Expended continued

The policy for including items within costs of generating funds, charitable activities and governance costs is to consider their management. Costs are allocated in relation to the manager responsible for managing the activity. Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements. Grant costs are allocated directly as costs are incurred by each activity. These are tracked with individual project controllers who are accountable to project boards and funders for the correct allocation of expenditure and the resulting financial reports. Indirect expenses are apportioned in line with the staff time for the activities to which the expense relates.

Fixed Assets and depreciation

All tangible fixed assets are stated at cost less depreciation. Items of less than £100 are not capitalised.

Depreciation has been provided at the following rates in order to write off the assets (less their expected residual value) over their estimated useful economic lives, commencing on the year following that of acquisition:

Fixtures and Fittings	25% straight line
Office Equipment	25% straight line

Taxation

As a registered charity, the company is exempt from income and corporation tax to the extent that its income and gains are applicable to charitable purposes only. Value Added Tax is not recoverable by the company, and is therefore included in the relevant costs in the Statement of Financial Activities.

Foreign Currencies

Assets in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate recommended by the grant funder. Exchange differences are taken into account when arriving at the net movement in funds.

Finance and operating leases

Rentals payable in respect of operating leases where substantially all the benefits and risks of ownership remain with the lessor, are charged to the Statement of Financial Activities as incurred. Finance leases are accounted for in accordance with the requirements of the Financial Reporting Standard for Smaller Entities (FRSSE), effective January 2005.

Funds Policy

Unrestricted funds are funds available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Such funds may be held in order to finance both working capital and capital investment.

Restricted funds have been provided to the charity for particular purposes, and it is the policy of the board of trustees to carefully monitor the application of those funds in accordance with the restrictions placed upon them.

There is no formal policy of transfer between funds or on the allocation of funds to designated funds, other than that described above. Any other proposed transfer between funds would be considered on the particular circumstances.

Yorkshire Universities
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Pensions Fund

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

2 Deficit for the financial year	Year to 31st July 2007	Year to 31st July 2006
	£	£
This is stated after charging		
Depreciation of owned fixed assets	5,694	1,536
Indemnity Insurance for trustees and employees	1,995	2,244
Auditors' remuneration	14,760	4,951
Other professional fees paid to auditors	-	4,761

Funds belonging to the charity have been used for the purchase of insurance to protect the charity from loss arising from the neglect or defaults of its trustees, employees or agents, or to indemnify its trustees, employees or agents, against the consequences of any neglect or default on their part. The sum expended on such insurance was as indicated in the above schedule.

3 Payments to trustees or persons connected with trustees

There were no fees, expenses or other remuneration paid to the trustees.

4 Investment Income	Year to 31st July 2007	Year to 31st July 2006
	£	£
Bank deposit interest receivable	56,742	74,195

5 Analysis of support costs

Support costs are charged to activities by direct allocation and by apportionment of overheads based on the staff hours directly spent on activities. An analysis of support costs by activity can be found in Appendix 2. Costs are analysed between staff and non staff cost elements.

6 Analysis of charitable expenditure

Charitable expenditure is allocated directly from grants and other direct costs incurred by each activity. These are tracked with individual project controllers who are accountable to project boards and funders for the correct allocation of expenditure and the resulting financial reports. An analysis of charitable expenditure by activity is included in Appendix 3. Charitable expenditure is analysed between grants payable to individuals, grants paid to institutions, support costs and conference costs.

Yorkshire Universities
Notes to the Accounts
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7 Governance Costs	2007	2006
	£	£
Auditors' remuneration	14,760	4,951
Other accountancy fees	-	4,761
Legal fees	-	30
Indemnity Insurance	1,995	2,244
Total governance costs	16,755	11,986

8 Deferred Incoming Resources & Reserves- Restricted funds

	Opening Deferrals	Released from prior years	Received less released in year	Deferred at year end
	£	£	£	£
Yorkshire Forward	20,420	20,420	-	-
Teaching Public Health Network	-	-	110,000	110,000
Higher Education Funding Council	7,500	7,500	-	-
Total	27,920	27,920	110,000	110,000

Teaching Public Health Network funds are deferred until the period for which they are paid falls due. They crystallise in early 2007/08. Receipts are generally deferred until criteria set by the donor have been met.

	2007	2006
	£	£
These deferrals are included in creditors (Note 13)	110,000	27,920

9 Staff Costs and Emoluments	2007	2006
	£	£
Gross Salaries	512,415	368,539
Employer's National Insurance	40,754	31,217
Pension Contributions	65,734	46,936
	618,903	446,692
Numbers of full time employees or full time equivalents	2007	2006
Engaged on charitable activities	12	9
Engaged on management and administration	9	7
	21	16

There were no employees with emoluments in excess of £80,000 per annum. The number of employees whose emoluments including taxable benefits but excluding employer's pension contributions fall into the following bands were:

	2007	2006
£50,001 to £60,000		1
£60,001 to £70,000	1	

Numbers of such staff to whom benefits are accruing -	2007	2006
--------------------------------------------------------------	-------------	-------------

Under defined benefit pension schemes	1	1
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Yorkshire Universities participates in the Universities Superannuation Scheme (USS), a defined benefit

**Yorkshire Universities
Notes to the Accounts
for the year ended 31st July 2007**

scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The appointment of directors to the board of the trustee is determined by the company'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, one is appointed by the Higher Education Funding Councils, and a minimum of two and a maximum of four are co-opted directors appointed by the management committee. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

9 Staff Costs and Emoluments (continued)

Yorkshire Universities is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contribution payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2005. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum.

Standard mortality tables were used as follows:

Pre-retirement mortality PA92 rated down 3 years

Post-retirement mortality PA92 (c=2020) for all retired and non-retired members

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvements in mortality rates. The assumed life expectations on retirement at age 65 are males 19.8 years and females 22.8 years.

At the valuation date, the value of the assets of the scheme was £21,740 million and the value of the past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets therefore are sufficient to cover 77% of the benefits which have accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date, under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded, on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company, and using the FRS17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

Since 31 March 2005 the financial security of the scheme has improved and the actuary has estimated that the funding level has increased from 77% at 31 March 2005 to 91% at 31 March 2007. This improvement in the scheme's financial security is due primarily to the investment return on the scheme's assets since 31 March 2005 being higher than allowed for in the funding assumptions. On the FRS17 basis, the actuary estimated that the funding level at 31 March 2007 was above 100% and on a buy-out basis was approximately 84%.

The institution contribution rate required for future service benefits alone at the date of the valuation

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was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution rate at 14% of pensionable salaries

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

9 Staff Costs and Emoluments (continued)

Assumption Changes

in assumption	Increase or decrease	Impact on scheme liabilities
Valuation rate of interest	0.5% / - 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	0.5% / - 0.5%	Increase/decrease by £1.7 billion
Rate of Salary growth	0.5% / - 0.5%	Increase/decrease by £0.5 billion
Rate of mortality	Revert to mortality used last valuation down by a year	Increase by £0.8 billion

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

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows.

However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities.

Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments.

Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuary valuation is due as at 31 March 2008. The contribution rate will be reviewed as part of each valuation.

The total pension cost for Yorkshire Universities was £67,389 (2006: £46,935). The contribution rate payable by Yorkshire Universities was 14% of pensionable salaries.

Yorkshire Universities
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for the year ended 31st July 2007

10 Tangible fixed assets

	Fixtures and Fittings £	Office Equipment £	Total £
Asset cost, valuation or revalued amount			
at 31st July 2006	11,057	11,720	22,777
Additions	<u>2,695</u>	<u>10,865</u>	<u>13,560</u>
at 31st July 2007	<u>13,752</u>	<u>22,585</u>	<u>36,337</u>
Accumulated depreciation and impairment provisions			
at 31st July 2006	-	3,108	3,108
Charge for the year	<u>2,764</u>	<u>2,930</u>	<u>5,694</u>
at 31st July 2007	<u>2,764</u>	<u>6,038</u>	<u>8,802</u>
Net book value			
at 31st July 2006	<u>11,057</u>	<u>8,612</u>	<u>19,669</u>
at 31st July 2007	<u>10,988</u>	<u>16,547</u>	<u>27,535</u>

11 Debtors

	2007 £	2006 £
Trade debtors	210,506	701,831
Prepaid expenses	3,555	46,395
Accrued income	<u>732,463</u>	<u>-</u>
	<u>946,524</u>	<u>748,226</u>

12 Investments held as current assets

	2007 £	2006 £
Abbey Cash investments	<u>160,211</u>	<u>1,053,311</u>
	<u>160,211</u>	<u>1,053,311</u>

13 Creditors amounts falling due within one year

	2007 £	2006 £
Trade creditors	390,322	367,962
Accrued expenses	15,729	4,440
Funds held for third parties	-	3,173
Deferred income and grants in advance (see note 8)	110,000	27,920
Other Creditors	<u>267,192</u>	<u>-</u>
	<u>783,243</u>	<u>403,495</u>

Yorkshire Universities
Notes to the Accounts
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14 Operating Leases

At the year end the company had annual commitments under non-cancellable operating leases as set out below	2007	2006
	£	£
Operating leases which expire		
within one year	1,634	-
within two to five years	-	1,634
	<u>1,634</u>	<u>1,634</u>

15 Exceptional Item

	2007	2006
	£	£
Repayment to University of Leeds of grant paid in error received in 2003/04	<u>786,044</u>	<u>-</u>

This refund is included in fund movements as it relates to an overpayment in 2003/04 included in the opening restricted reserve in the year ended 31st July 2006 account following the reassessment of the activities of the charity to comply with SORP 2005 in that year

16 Related party transactions

Yorkshire Universities has paid grants, refunds of costs incurred and payments for other services to institutions employing its directors during the year. These were all on the basis of simple recharge of direct costs incurred or arms length relationships between those institutions and Yorkshire Universities. During the year most of the institutions paid grants to Yorkshire Universities for European Opportunities and Graduate Opportunities. Grant income received by Yorkshire Universities from the Higher Education Funding Council (HEFCE) has been subject to grant agreement specifying Leeds University as sponsor. University of Leeds has kindly provided this supervision free of charge. The transactions are summarised below

	Charged to	Charged by YU
	YU	£
	£	
Leeds College of Music	14,491	254
Leeds Metropolitan University	238,060	15,130
Leeds Trinity and All Saints	109,673	3,065
Open University	-	395
Sheffield Hallam University	141,601	11,395
University of Bradford	226,681	16,680
University of Huddersfield	402,198	12,030
University of Hull	100,535	8,040
University of Leeds	1,216,279	11,477
University of Sheffield	269,586	11,747
University of York	159,418	16,699
York St John University	118,231	1,125

Yorkshire Universities
Notes to the Accounts
for the year ended 31st July 2007

16 Related party transactions (continued)

At 31st July 2007 balances reflecting part of these transactions were outstanding either to or from the institutions. These balances are summarised below

	Receivable from YU £	Owed to YU £
Leeds College of Music	-	-
Leeds Metropolitan University	23,287	14,705
Leeds Trinity and All Saints	2,607	-
Open University	-	-
Sheffield Hallam University	3,368	-
University of Bradford	9,099	6,625
University of Huddersfield	52,247	1,700
University of Hull	13,193	-
University of Leeds	156,918	19,500
University of Sheffield	11,597	18,883
University of York	7,277	6,500
York St John University	6,591	-

17 Assets and liabilities represented by funds and Individual Fund Particulars

At 31st July 2007	Unrestricted funds £000s	Restricted funds £000s	Total Funds £000s
Tangible Fixed Assets	27	-	27
Current Assets	327	1437	1764
Current Liabilities	(104)	(679)	(783)
Total	<u>250</u>	<u>758</u>	<u>1008</u>

At 31st July 2006	Unrestricted funds £000s	Restricted funds £000s	Total Funds £000s
Tangible Fixed Assets	20	-	20
Current Assets	279	1598	1877
Current Liabilities	(100)	(304)	(404)
Total	<u>199</u>	<u>1294</u>	<u>1493</u>

Yorkshire Universities
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for the year ended 31st July 2007

17 Assets and liabilities represented by funds and Individual Fund Particulars (cont'd)

The individual funds included on the previous page are -

	Funds at 31st July 2006 £000s	Movements in Funds as below £000s	Transfers Between funds £000s	Funds at 31st July 2007 £000s
Graduate Opportunities	74	(95)	14	(7)
Widening Participation	1208	(553)	-	655
Leonardo restricted fund	12	59	(1)	70
Sundry other restricted funds	-	40	-	40
Unrestricted funds	199	64	(13)	250
	<u>1493</u>	<u>(485)</u>	<u>-</u>	<u>1008</u>

Transfers between reserves are carried out for one of the following reasons -

- 1 To release losses on closed Restricted Fund projects to Unrestricted Funds
- 2 To provide counterpart funds on partially subsidised restricted fund projects

Analysis of movements in funds as shown in the table above

	Incoming Resources £000s	Outgoing Resources £000s	Exceptional Item £000s	Movement in funds as below £000s
Graduate Opportunities	1961	2056	-	(95)
Widening Participation	2080	1847	(786)	(553)
Leonardo restricted fund	267	208	-	59
Sundry other restricted funds	110	70	-	40
Unrestricted funds	322	258	-	64
	<u>4740</u>	<u>4439</u>	<u>(786)</u>	<u>(485)</u>

Note Due to the nature of the Leonardo project, it is not possible to account for this on an accruals basis and therefore this has been treated on a receipts and payments basis

Appendix 1
Analysis of Total Incoming & Outgoing Resources by Activity
for the year ended 31st July 2007

	Graduate Opportunities £000s	Widening Participation £000s	European Opportunities £000s	Other Grants £000s	Central Representation £000s	Other Central Projects £000s	31st July 2007 Total £000s	31st July 2006 Total £000s
<i>Incoming resources from generated funds</i>								
Voluntary Income	-	-	20	-	160	-	180	185
Activities for generating funds	-	-	-	-	16	5	21	20
Investment Income	-	-	-	-	-	57	57	74
Total resources from generated funds	-	-	20	-	176	62	258	279
<i>Incoming resources from charitable activities</i>								
Grants received for external work and grants	1563	1764	267	-	-	-	3594	3571
Grants received for internal charitable work	398	316	11	110	-	-	835	-
Conference Income	-	-	-	-	-	54	54	70
Total resources from charitable activities	1961	2080	278	110	-	54	4483	3641
<i>Other Incoming Resources</i>	-	-	-	-	-	-	-	4
Total Incoming Resources	1961	2080	298	110	176	116	4741	3924
<i>Costs of generating funds</i>								
Costs of charitable activities incl conference	-	-	-	-	-	7	7	22
Governance costs	2056	1847	269	70	99	74	4415	3967
Total resources expended	2056	1847	269	70	116	81	4439	4001
Net Incoming Resources	(95)	233	29	40	60	35	302	(77)

Note the Leonardo activity contains both restricted fund and unrestricted fund elements. The surplus of £29,000 represents the sum of the £59,000 restricted fund surplus (which reconciles to the Leonardo fund described in note 16), and the £30,000 loss on the unrestricted fund which is part of the overall unrestricted fund surplus also in note 17 of the accounts. Central Representation and Other Central Projects are held entirely within the unrestricted fund. The remaining four activities are entirely restricted.

Appendix 2
Analysis of Total Support Costs by Activity
for the year ended 31st July 2007

	Graduate Opportunities £000s	Widening Participation £000s	European Opportunities £000s	Other Grants £000s	Central Representation £000s	Other Central Projects £000s	31st July 2007 £000s	31st July 2006 £000s
Nature of support costs								
Salaries and Wages	226	170	46	50	112	15	619	447
Non Staff costs	247	163	28	20	4	5	467	264
Total support costs analysed by activity	473	333	74	70	116	20	1086	711

Year to 31st July 2007

	Year to 31st July 2006 £000s
Support costs for charitable activities	193
Support costs for grants paid	877
Governance costs	16
	12
	1086
	711

The above amounts are shown in the accounts as
Support costs for charitable activities
Support costs for grants paid
Governance costs

Appendix 3
Analysis of charitable expenditure by activity
for the year ended 31st July 2007

	Graduate Opportunities £000s	Widening Participation £000s	European Opportunities £000s	Other Grants £000s	Central Representation £000s	Other Central Projects £000s	31st July 2007 Total £000s	31st July 2006 Total £000s
Nature of charitable expenditure								
Grants to individuals	-	-	195	-	-	-	195	373
Grants to institutions	1583	1514	-	-	-	-	3097	2838
Support costs incl Governance costs	473	333	74	70	116	20	1086	711
Conference costs	-	-	-	-	-	54	54	56
Total charitable expenditure	2056	1847	269	70	116	74	4432	3978

An explanation of the main features of charitable expenditure is given in note 6 to the accounts