

Annual report and financial statements

Year ended 31 July 2008

Universities UK

Annual report and financial statements

Year ended 31 July 2008

Charity Number: 1001127

Company Number: 2517018



Universities UK

Annual Report and Financial Statements

For the year ended 31 July 2008

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Universities UK

Reference and administrative information

For the year ended 31 July 2008

Trustees

The Members of the UK Board (Directors and Trustees of the company) appointed for the year from 1 August 2007 to 31 July 2008 were as follows:

Professor Richard Trainor	(President)
Professor Drummond Bone*	
Professor Glynis Breakwell	
Professor John Brooks	
Professor Antony Chapman*	
Professor John Craven	
Professor Geoffrey Crossick	
Professor Sir Graeme Davies*	
Professor Les Ebdon	
Professor Janet Finch	
Professor Malcolm Grant	
Professor Andrew Hamnett	
Professor Merfyn Jones*	(Chair: Higher Education Wales & Vice-President)
Dr Malcolm McVicar*	
Sir Muir Russell*	(Convenor: Universities Scotland & Vice-President)
Professor Adrian Smith*	(Treasurer)
Professor Steve Smith	(Chair: England and Northern Ireland Council)
Professor Eric Thomas	
Professor Paul Wellings	
Professor Caroline Gipps	
Professor Sir Andy Haines	
Professor Bill Macmillan	
Professor Alison Richard	
Professor Chris Snowden	

* Term of office ended 31 July 2008

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

Professor Anton Muscatelli - Convenor of Universities Scotland
Professor Noel Lloyd – Chair, Higher Education Wales
Professor Julian Crampton – Treasurer
Professor Patricia Broadfoot
Professor Merfyn Jones
Sir Muir Russell

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

Chief Executive: Diana Warwick

Company Secretary: Christopher Lambert

Registered Office

Woburn House
20 Tavistock Square
London WC1H 9HQ

Solicitors

DLA Piper UK LLP
India Buildings
Water Street
Liverpool L2 0NH

Bankers

National Westminster Bank PLC
PO Box 83
Tavistock House
Tavistock Square
London WC1H 9XA

Auditors

Kingston Smith LLP Chartered Accountants
Devonshire House
60 Goswell Road
London EC1M 7AD

Universities UK

Report of the Trustees

For the year ended 31 July 2008

(incorporating the Directors' report)

The trustees, who are also the directors of the charity for the purposes of the Companies Act, submit their report and financial statements for Universities UK for the year ended 31 July 2008. The administrative information on page 1 forms part of this report.

Objects

The objects of Universities UK are to promote, encourage and develop the university sector of higher education in the United Kingdom and thereby advance education for the public benefit. Universities UK supports the work of its members and member institutions by providing a range of services including policy analysis, conferences, government lobbying and public relations work. As at 31 July 2008 the organisation had 132 members.

Our Vision – is of an autonomous university sector in the United Kingdom that, through excellence in teaching, research and knowledge exploitation raises aspirations, has an international reputation for innovation and contributes to the wider economy and society.

Our Mission – is to be the essential voice and best support for a vibrant, successful and diverse university sector, to influence and create policy for higher education and to provide an environment where the interests of our sector can flourish.

Our Values –

- Excellence Aspiring to excellence in everything we do in support of our sector
- Commitment Supporting our sector which offers huge opportunities through its high quality research, teaching and knowledge exploitation
- Inclusiveness Engaging and collaborating with stakeholders to add value, and co-ordinating our activities with others in the best interests of the sector
- Foresight Shaping the policy agenda of the future
- Integrity Valuing our staff to enable them to achieve their goals

Organisation

The charity is administered by its board of trustees which meets five times a year. The trustees are also members of Universities UK. The chief executive is appointed by the trustees to manage the day to day operations of the charity. A Council consisting of all members meets four times per year. Our members are the executive heads of UK universities. Within Universities UK are the England and Northern Ireland Council, Universities Scotland and Higher Education Wales.

Review of Activities 2007 - 2008

Universities UK defines its six key aims in its Corporate Plan 2007 – 2010 as set out below. These influence and shape the current strategic priorities and targets which are set out in the annual Operational Plan.

The six key aims are covered by the broad themes:

Foresight: horizon scanning for political, economic, social and technological developments that will have an impact on the HE sector;

Advocacy: use advocacy programmes to lead in defining and shaping the HE agenda;

Promotion: provide accurate and reliable information about the sector so that all stakeholders understand the significance and contribution of universities to the economy and the individual;

Universities UK

Report of the Trustees (continued)

For the year ended 31 July 2008

Review of Activities 2007 – 2008 (continued)

Communication: have excellent and effective communication with decision makers, stakeholders and the media;

Collaboration: work with other sector bodies and where necessary co-ordinate sector wide activities;

Fit for Purpose: being an efficient and effective organisation, well managed and supportive of our staff to ensure that we deliver on our strategy.

These aims not only define the longer-term perspective but influence the annual Operational Plan objectives.

Key challenges for 2007 - 2008

The key challenges for Universities UK in 2007 /08 were:

1. To maximise the opportunity for all who wish to engage in higher education in the UK;
2. To generate wealth in the UK economy and improve the quality of life through the delivery of high quality HE services;
3. To advance the case for UK HE institutional autonomy, thereby enabling each institution to maximise its outputs on behalf of students and the wider society;
4. To increase resources for the UK HE sector to enable the sector to deliver on its objectives in support of developing a knowledge based UK economy;
5. To enhance and showcase the quality of UK HE to the widest audience on the national and international scale;
6. To promote the internationalisation of UK HE, thus attract inward investment to the sector;
7. To produce high quality research that improves knowledge and understanding of key issues facing the sector;
8. To influence key decision makers in Government, Peers, ministers, and key stakeholders through close, regular contact;
9. To deliver a year round programme of conferences, seminars, and events on issues of sector wide interest;
10. To promote UUK output, brief on policy positions and speak out via the media on behalf of its members to support, promote and protect sector interests;
11. To promote the role of the UK HE sector through its agencies focused on both the International agenda and the European Community;
12. To develop closer links with members and member institutions reinforcing the value of UUK membership through the delivery of high quality information and research services;
13. To provide a quality support service to UUK, ensuring it is fit for purpose;
14. To meet the distinctive needs of its members in Scotland and of the Scottish higher education sector; and
15. To meet the distinctive needs of its members in Wales and of the Welsh higher education sector.

Universities UK

Report of the Trustees (continued)

For the year ended 31 July 2008

In a busy and challenging year UUK achieved much in meeting the challenges as set out below:

Achievements

1. The UUK press and communication teams worked to debunk the myths around Widening Participation (WP); influenced the other sector agencies such as Equality Challenge Unit (ECU) and HEA on degree attainment and the NAO's investigation of WP. They strongly influenced OFFA to communicate the sector's successful efforts in disseminating bursaries to students. They achieved active HE involvement in the development of Diplomas.
2. UUK forged a new partnership with the CBI, supported by Higher Education Funding Council for England (HEFCE) promoting greater employment engagement with HEIs. It raised the profile of the HE sector and specifically its contribution to the "creative economy". UUK collaborated with the Equality Challenge Unit and GuildHE on an updated publication of "promoting good campus relations". It instigated a project and investigation into climate change, its effects on the health agenda and the role of the HE sector in exploring implications of the climate change agenda.
3. Encouraged by the UK Funding Councils and Department of Innovation, Universities and Skills (DIUS) UUK led on a project to adapt the TRAC methodology for use with Framework programmes. UUK embarked on a review of the relationship between the HE sector and the HE funding council for England (HEFCE). UUK made robust representations to government on the proposed Equal and Lower Qualifications changes in England. It worked in collaboration with UCAS and SPA on the Delivery Partnership project; developed a statement of good practice in providing feedback to unsuccessful candidates and initiated the reduction in applications per candidate from six to five.
4. UUK continued to play a central role in the Matched Funding Scheme for voluntary donations in England. It negotiated and agreed a national standard prices tariff for NHS commissioned training for nursing and allied health professions. It made a robust presentation on behalf of the sector in regard to the 2008 Comprehensive Spending Review (CSR) which led to successful outcomes such as secured investment in research funding and a commitment to maintain the unit of funding for teaching.
5. Working with RCUK, UUK developed the Research Career Concordat to promote the value of a career in research in both HE and outside. It shaped the "Integrated quality enhancement and review" handbook. It collaborated with ARC, UCEA and GuildHE to produce a guidance report for the sector on minimising the impact of employee industrial action. Working closely with the Forum Board UUK helped shape the agenda of the new National Student Forum.
6. Working closely with the Home Office UUK over a long and sustained period secured a reduced visa tariff for international students. It used its influence to expand sector wide understanding of issues on international collaboration through a series of seminars and publication of research reports. Through the Prime Minister's Initiative and working with the British Council UUK helped develop a new funding programme for UK HEIs supporting outward mobility of UK students.
7. The Research team produced thirteen publications on topics ranging from "UK health research in a global marketplace", "higher education pay and prices index", "strategic enquiry into the pension arrangements for the HE sector", and "the use of bibliometrics to measure research quality in UK HE institutions". The team published three data reports on UK HE statistics, research statistics and Patterns 7, the latest annual update on the sector. It produced three key research reports on the future size and shape of the HE sector in the UK, Pensions Provision in the HE sector, and Monitoring Variable Fees.

Universities UK

Report of the Trustees (continued)

For the year ended 31 July 2008

Achievements (continued)

8. The Parliamentary team maintained a high profile in Westminster managing external relations with Ministers, MP's and Peers to support, promote and protect sector interests. Through this work many UUK members have gained access to key decision makers in the Treasury, DIUS and the House of Lords. New Bills have been monitored to determine their likely impact on the HE sector, to determine where lobbying may be needed, and to keep the sector informed. The team has submitted reports to four Select Committees including one on the contentious issue of the Equivalent and Lower Qualification (ELQ). UUK's popular annual Winter Reception at the House of Commons attracted 130 Vice Chancellors and sector representatives. The fourth Chancellors Reception with HRH Princess Royal in attendance attracted over 100 Chancellors, Vice Chancellors and delegates.

9. The UUK conference programme organised ten conferences for the HE sector on topics ranging from skills, mental health reform and higher level skills. Over 1000 delegates have attended from across the sector taking the opportunity to network and exchange information.

10. The Press team has promoted the UUK research, policy and information outputs to the widest community. The outputs include "Greening Spires" report, policy briefings on Bibliometrics and International Research, the HEPPI Report, and the Burgess Report on degree classification. The team achieved wider representation of the UUK "Voice" across the broadcast media this year and UUK references in the national print media are also increasing.

11. The UK HE International Unit was launched on 1 August 2007 and had its first public event at the members' conference in September at the University of Leicester. The Unit provides members with a "one stop shop" information service for country specific data, timely intelligence on international collaboration opportunities and partnerships. Over the year the Unit has supported VC's on trips to China, India, Oman, Qatar and Bahrain. The Unit's first report on International Research Collaboration contributed to the DIUS innovation strategy paper. Latterly it has been leading on a UK/USA initiative to examine opportunities for wider UK/USA HE collaboration.

The UK HE Europe Unit has continued to provide timely and informative publications to the sector. Member interests were promoted at EU meetings in Wroclaw and Rome.

12. The development of Member Services has continued with higher levels of engagement with members and member HEIs at all levels. The Link Officer scheme is now well established; themed member meetings are proving popular with the members and the various channels of communication with members such as the CEO newsletter, the Annual Benefits Statement, I Notes and Extranet News all encourage more open and constructive dialogue across the institutions. Both the New Members' meetings and the Specialist Institutions Forum have proved popular, being well attended and leading to informative debate.

13. On 3 September the members' new extranet was launched at the annual members conference; the launch of the new UUK website occurred on 28 July 2008. The Woburn House Conference Centre website was launched in February 2008. These developments are designed to improve the efficiency of the communication process both internal and external. Investment in new print technology improved the speed and delivery of the range of UUK publications. Changes to HR policies and procedures were embedded in the staff handbook and rolled out to staff through a series of seminars and presentations. An Action Plan for the Investors in People programme is being developed, pending the review in May 2009.

14. At Universities Scotland, (US) based in Edinburgh, the team has responded to the challenge of meeting the distinctive needs of Scottish members within the context of political devolution and increasing policy divergence.

Universities UK

Report of the Trustees (continued)

For the year ended 31 July 2008

Achievements (continued)

A programme of Scottish institutional visits was completed which identified actions intended to improve member focus and services. Work with sector agencies continued to ensure that adequate provision was made to support Scottish needs. Collaboration with the UK HE Europe Unit and the UK HE International Unit ensured that the Scottish interest was properly represented at events and conferences. Presentations to the Scottish Parliament Education, Lifelong Learning and Culture Committee were given on three occasions over the year; liaison with the Government and the Scottish Funding Council provided an opportunity to promote the positive nature of the HE sector's contribution to the Scottish economy.

Like Universities UK the US team have monitored all new legislation and been particularly active on legislation concerning the protection of young people and vulnerable adults.

Following the outcome of the 2007 Spending Review the US office presented the Scottish Government with a detailed analysis of the cost pressures on the sector which resulted in additional funding being secured. Longer term evidence building has been initiated to establish a stronger evidence base for future Spending Reviews and for longer term planning.

Universities Scotland was a highly influential partner in the review of academic quality processes carried out by a Joint Quality Review Group established by the Scottish Funding Council, (SFC) leading on the delivery of an outcome which was broadly satisfactory to all parties.

Working with the SFC US has helped to influence the implementation of widening participation actions arising from the Learning for All and had played a lead role in articulating the sector's funding needs to support the widening participation agenda.

US has lobbied for a substantial increase in knowledge transfer grant and been an active participant in the SFC's Knowledge Transfer and Innovation Group.

15. The new political and legislative context in Wales has presented major challenges and opportunities for Welsh Higher Education. Over the past year Higher Education Wales (HEW) has continued to play a dominant role in supporting the Welsh HE sector. HEW's written and oral evidence to the commons Welsh Affairs Select Committee helped draw attention to the continuing and crucial UK-wide and international dimensions of HE, within the context of devolved policy making.

HEW secured a full scale independent review of higher education in Wales, including funding issues, reporting back to the Welsh Assembly in early 2009.

A major new HEW initiative on Welsh medium education produced the first HE Welsh medium national development plan, receiving ministerial backing and securing cross-sector agreement. There is now a pilot project underway to explore a networked approach to Welsh language and bilingual curriculum design, development and delivery.

Working with the Welsh Funding Council (HEFCW) HEW supported the development of an E-Learning Strategy, securing an allocation of an additional £1m of funding.

HEW, with UUK support has contributed to the QAA review policy, the research excellence framework and the "Greening Spires" publication.

HEW has extended its support to its members through the establishment of the PVC Advisory Committee for Learning, Teaching and Research.

The CBI/HEW Forum has again been productive with the development of policy, contacts and the promotion of the value and success of universities working with business. The Welsh Minister for Children, Education and Lifelong Learning was a guest.

Better and more effective use of resources has been achieved through closer and co-ordinated working with the HEA and Leadership Foundation, for example on the development of enhancement policy and the HE Strategic Dialogue Conference on leadership, securing a better return on investment for the sector.

Universities UK

Report of the Trustees (continued)

For the year ended 31 July 2008

Future Plans 2008 - 2009

Linked to the corporate aims, but also looking forward in terms of members' priorities in the coming year, the Operational Plan 2008 - 09 concentrates activity on six key targets, set out below. The indicators are the means by which the organisation will measure its progress over the year. Specific objectives set at departmental and team level as well as individual objectives support the targets.

1. Shaping the policy agenda

Objectives

- To maximise the opportunity for all who wish to engage in higher education in the UK;
- To generate wealth in the UK economy and improve the quality of life through the delivery of high quality HE services;
- Through research and policy foresight anticipate the evidence needed by Universities UK to help to shape the UK HE policy agenda;
- To advance the case for UK HE institutional autonomy thereby enabling each institution to maximise its outputs for students and the public benefit;
- To increase resources for the UK HE sector to enable it to develop a knowledge based UK economy;
- To enhance and showcase the quality of UK HE to the widest national and international audience; and
- To produce high quality research that improves knowledge and understanding of the key issues facing the UK HE sector.

Indicators

- Publication of well researched policy analysis, reports and guidance notes which support development of the UK HE sector;
- Sustained volume and variety of high level contact with key national decision-makers and stakeholders; and
- Research and policy foresight used in lobbying Government.

2. Member engagement

Objectives

- To demonstrate Universities UK's achievements and engagement with members
- To develop closer links with members and member institutions reinforcing the value of UUK membership;
- Use a variety of formats to effectively inform members and their institutions of policy issues and development;
- Universities UK uses the insights gained through feedback from link officers on what individual institutions need to inform and shape the work of Universities UK; and
- To provide a professional and responsive service to members; high quality work delivered by the organisation efficiently and effectively.

Universities UK

Report of the Trustees (continued)

For the year ended 31 July 2008

Future Plans 2008 – 2009 (continued)

2. Member engagement

Indicators

- Member satisfaction as measured by periodic surveys, feedback on Members' Meetings and contacts with link officers;
- Member engagement with UUK, including attendance, at policy committee meetings;
- Attendance at members' meetings, UK Board meetings, conferences, receptions, and other external events; and
- Change in membership year on year.

3. Investing in Staff

Objectives

- To continue to deliver a first class learning and development programme to staff building on the outcome of the May 2008 Investor in People review;
- To continue to ensure that Universities UK is recognised by staff as a quality organisation that values and empowers them, and which aims to make work satisfying and rewarding; and
- To deliver a safe environment for all staff; one that acknowledges the principles of equality and diversity.

Indicators

- A proactive staff learning and development programme that supports UUK corporate goals;
- Assessment of staff morale based on outcome of annual staff survey (Temperature check);
- Staff turnover rates compared with national rates for equivalent organisations;
- Expenditure on staff learning and development as a percentage of total salaries; and
- Expenditure on IT support and equipment that enables staff to continue to meet UUK objectives.

4. External recognition

Objectives

- To influence key decision makers in Government, Peers, Ministers and key stakeholders through close regular contact;
- To achieve greater external recognition of the university contribution to the economy and society;
- To deliver a year round programme of conferences, seminars, and events on issues of sector wide interest;
- To manage the Universities UK brand in all its formats; and
- To promote UUK outputs, brief on policy positions and speak out via the media on behalf of members to support, promote and protect sector interests.

Universities UK

Report of the Trustees (continued)

For the year ended 31 July 2008

Future Plans 2008 – 2009 (continued)

Indicators

- Delivery of publications on schedule achieving the widest external impact;
- Increased number of positive external references to Universities UK and its outputs;
- Higher usage rates by members, and the public of the extranet and the website; and
- Participation rates of the UUK Conference programme and client satisfaction questionnaire results.

5. Internationalisation

Objectives

- To promote the internationalisation of UK HE, thus attracting inward investment to the sector;
- To represent the UK HE sectors interests in European and international forums;
- To promote the role of the UK HE sector through its agencies focused on both the international agenda and the European community;
- Maintain an intelligence function providing members with better information about international opportunities; and
- Provide detailed analysis of European developments on initiatives such as the Lisbon Strategy and Bologna Process.

Indicators

- Increased usage of the Europe Unit and International Unit websites;
- Increased number of briefings and publications issued to members;
- Representation at conferences and seminars on international and European agenda; and
- Feedback from member institutions as to the value of the work of the Europe unit and International unit.

6. Fit for Purpose

Objectives

- To produce further improvements in the efficient use of Woburn House with yearly increases in revenue; and
- To provide a quality support, delivery and management of services to UUK ensuring that it is fit for purpose, providing value for money to members and staff.

Indicators

- Net income generated by Woburn House Conference Centre;
- Net income generated by the Conference, Sponsorship and Events team;
- Annual change to the occupancy rates of Woburn House Conference Centre;
- Achieve high member, client and visitor satisfaction survey ratings whilst attending events at Woburn House; and
- The IT services continue to provide users with the widest access to UUK information.

Universities UK

Report of the Trustees (continued)

For the year ended 31 July 2008

Financial Review

The statement of financial activities for the year is set out on page 16 of the financial statements. A summary of the financial results, together with the main activities which Universities UK undertook during the year and its future plans, are set out below:

Financial results

Income and expenditure for the year ended 31 July 2008, together with comparative figures for 2007, are summarised in the table below.

	Unrestricted Activities 2008 £'000	Restricted Activities 2008 £'000	Total 2008 £'000	Total 2007 £'000
Income	5,690	4,149	9,839	9,207
Expenditure	5,469	4,197	9,666	8,881
Surplus/(deficit)	221	(48)	173	326

Total income in 2008 increased by 7% to £9,839,434 (£9,207,158), with increases recorded in most categories.

In a busy and challenging year Universities UK performed well against its financial objectives. The surplus for the year was above expectations. The surplus was generated from better investment performance and lower staff costs than budgeted. The covenant income from CVCP Properties and Woburn House Conference Centre was also above budget at £916,000.

The organisation's net assets have increased from £4.1m to £4.2m.

Total expenditure in 2008 increased by 9% to £9,665,726 (£8,880,746) of which 5% related to unrestricted activity. Restricted activity changes from year to year and is dependent upon external funding for specific projects. Costs of the unrestricted activities have been held down in the year as the organisation maintained its freeze on member subscriptions. Tight control has been maintained in the delivery of core services.

Investment policy

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

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

Reserves Policy

The trustees have examined the requirements for free reserves in the light of the predominant risks to the organisation, of which a cancellation of membership, causing falling membership income and a loss of reputation would be the most damaging. The development of the Link Officer role and the strengthening of the policy committee function has promoted closer links between the organisation and the membership.

Universities UK

Report of the Trustees (continued)

For the year ended 31 July 2008

Reserves Policy (continued)

Accordingly the current target of six months of unrestricted expenditure is deemed appropriate as this would ensure sufficient funds are available to meet current commitments when income streams are erratic, to ensure services can be maintained in the event of an unexpected loss of income or exceptional expenditure and to provide sufficient funds for an orderly winding up in the event that the organisation should cease operations.

Total unrestricted funds at 31 July 2008 were £3,295,053 (2007: £3,177,765) of which £162,469 was committed to fixed assets and £600,000 invested in CVCP Properties Plc. Free reserves at 31 July 2008 are £2,532,584 which is equal to approximately 5 ½ months of unrestricted expenditure.

Grant Making Policy

During the year, Universities UK made grants totalling £2,309,927 (2007 - £2,142,750) under the DIUS Matched Funding Scheme. The cost of these grants was funded by the DIUS.

This is a capacity-building scheme designed to help Higher Education establishments to develop their own fundraising capability and expertise.

Universities UK also made a grant to The Equality Challenge Unit, an organisation which exists to promote equality of opportunity for all who work or seek to work in UK higher education.

Universities UK has not made grants in addition to those described here and does not have a formalised grant making programme in place.

Tangible Fixed Assets

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

Capital spend included the final costs of the new member's extranet which was successfully launched at the annual Conference at the University of Leicester in September 2007. The roll out of the Office 2007 upgrade for UUK staff within Woburn House and the launch of the revised UUK website occurred during the year.

Sustainability

Universities UK has made a commitment to the Sustainability Agenda. Developments in the year included:

- Introduction of glass, plastic and paper recycling operation;
- Purchase of a cardboard compactor to increase the volume of waste cardboard being recycled;
- Energy efficiency drive, resulting in a change of approach to PC standby mode; and
- Purchase of Oyster travel cards, available for staff to use on public transport, in preference to taxis.

Structure, Governance and Management

Universities UK is incorporated as a private company limited by guarantee. It is a registered charity, governed by its Memorandum and Articles of Association which were amended in December 2006 to reflect the changes made to the Board and Committee structure of the organisation. Members of the Board of Trustees are the directors of the company. The membership comprises of Vice Chancellors and Principals from universities within the United Kingdom. Membership is voluntary. As at 31 July the organisation had a membership of 132.

Universities UK

Report of the Trustees (continued)

For the year ended 31 July 2008

Structure, Governance and Management (continued)

The work of Universities UK is guided by the full membership, which meets four times each year at its Member meetings. Two of the meetings are residential meetings which occur in the Spring and Autumn. The Autumn Conference normally takes place at one of the member institutions. The other two Member meetings are of shorter duration and take place in London, at Universities UK offices.

The membership delegates responsibility for the governance of Universities UK to the UK Board, to the National Councils of England and Northern Ireland, and to the Boards of Universities Scotland and Higher Education Wales.

The Board of Trustees

The directors of the company are also its trustees. The Board has twenty three trustees appointed from across the membership. The President is elected by peers in a ballot to serve for a term of two academic years. trustees serve for a term of two years and may stand for a further term. The National Councils of England and Northern Ireland and of Higher Education Wales each has a Chair; Universities Scotland has a Convenor. Each appointee is eligible for re-election or re-nomination from amongst its members. The Treasurer is elected from amongst the membership for a term of two academic years.

The remaining members of the Board comprise up to six members nominated by the President, six persons elected to the role from among the membership, and six Policy Committee Chairs. In the event that an election is required this would be conducted by postal ballot.

The Board meets six times per year. No Member of the UK Board has a beneficial interest in any contract with the company.

New Trustees to the Board will have already had experience of the organisation, either as a Member, as a member of a Policy Committee or possibly as a Chair of one of the various Groups or working groups.

Trustee Training

The following information is made available to new trustees: relevant Charity Commission documents outlining the roles and responsibilities of a trustee, a copy of the Memorandum and Articles of Association, the current Corporate Plan and the annual Operational Plan. New trustees are invited to attend training seminars on key issues of good governance. Further on line support is provided using the members' extranet. It is the charity's aim to update trustees on any new legislation that may affect the governance of the charity as it arises and further to offer on-going support through additional training.

Statement of trustees' responsibilities

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under the law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

Universities UK

Report of the Trustees (continued)

For the year ended 31 July 2008

Statement of trustees' responsibilities (continued)

The trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit information

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

- a) there is no relevant information of which the auditors are unaware; and
- b) 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.

New members

New members are inducted into the organisation through a series of meetings with peers held during the year chaired by a senior member attended by the Chief Executive and senior officers. Detailed Information packs are provided to each member.

Management and Staffing

Management is delegated to the Chief Executive and the strategic leadership team comprising four directors responsible for Policy, Research, Communications and External Relations and Resources as well as the Director (Universities Scotland) and the Director (Higher Education Wales).

Wholly owned subsidiary

Universities UK owns 100% of the share capital in Woburn House Conference Centre Limited 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. The financial position of Woburn House Conference Centre Limited is shown in note 18 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. They also acquired a central London residential flat.

Risk Management

On an annual basis the Treasurer's Committee reviews the risk register and operational procedures. Six key areas are covered in the review – strategic direction, financial, reputation, legal and statutory and human resource and information technology. Control mechanisms are evaluated against agreed criteria and new controls introduced as required. The key controls used are:

- Comprehensive strategic planning, budgeting and management accounting;
- Formal organisational and governance structure and lines of reporting;
- Formal written policies; and
- Hierarchical authorisation and approval levels.

This risk management strategy forms part of the planning process against which the trustees review progress formally every six months within the context of the Corporate Plan and annual operational plan.

Universities UK

Report of the Trustees (continued)

For the year ended 31 July 2008

Risk Management (continued)

In respect of financial risk the trustees believe that maintaining UUK's readily realisable reserves at the levels stated will provide sufficient resources in the event of unplanned or adverse conditions.

The trustees are satisfied that major risks identified during the review have been adequately mitigated. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

Funding sources

Typical of many membership organisations membership subscription makes up approximately 75% of the unrestricted income. Covenant income from the Conference Centre and CVCP Properties Plc produces 15% and the 10% balance comes from investment income, conference receipts, sale of publications, and donations.

This year the Events and Sponsorship team was developed to exploit new opportunities in this market with the emphasis towards generating increased revenue. This focus will continue into 2008/09.

Political and charitable donations

The company made no political or charitable donations in 2007/08 (2006/07: nil).

Auditor

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

BY ORDER OF THE BOARD

Diana Warwick
Chief Executive

Julian Crampton
Treasurer

7 November 2008

Independent auditors' report to the Members of Universities UK

We have audited the financial statements of Universities UK for the year ended 31 July 2008 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The trustees' (who are also the directors of Universities UK for the purposes of company law) responsibilities for preparing the Trustees' 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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the charitable company 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' Annual Report, which incorporates the Directors' Report required by the Companies Act 1985, and report to you our opinion on whether it is consistent with the financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which 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.

Unqualified opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 July 2008 and of its incoming resources and application of resources, including the income and expenditure of the charitable company 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 Trustees' Annual Report is consistent with the financial statements.

Kingston Smith LLP
Chartered Accountants and Registered Auditors
Date:

Devonshire House
60 Goswell Road
London, EC1M 7AD

Universities UK
Statement of financial activities
For the year ended 31 July 2008

(Incorporating an income and expenditure account)

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2008 £	<i>Total 2007 £</i>
Incoming resources					
Incoming resources from generated funds					
Voluntary Income					
Donations		5,213	-	5,213	6,916
Covenanted income	2	915,569	-	915,569	792,997
Sale of goods and services		112,345	71,489	183,834	140,246
Investment Income		216,906	21,333	238,239	201,923
Incoming resources from charitable activities					
Subscriptions from membership	3	4,215,649	254,032	4,469,681	4,304,647
Grants and donations from funding Bodies	4	-	3,790,735	3,790,735	3,482,712
Conference income		218,663	4,913	223,576	249,025
Publications and other small sales		1,352	6,521	7,873	11,981
Other incoming resources		4,472	242	4,714	16,711
Total incoming resources		5,690,169	4,149,265	9,839,434	9,207,158
Resources Expended					
Costs of generating funds					
Costs of generating voluntary income		48,363	-	48,363	47,624
Fundraising trading: cost of goods sold and other costs		161,235	43,844	205,079	180,759
Charitable activities					
Lobbying		744,038	272,596	1,016,634	1,008,295
Information		904,314	417,161	1,321,475	1,137,438
Influencing and advocacy		957,440	308,192	1,265,632	1,158,823
Research and policy		2,232,200	845,308	3,077,508	2,753,428
Conferences		190,668	-	190,668	189,887
Funding grants	5	77,892	2,309,927	2,387,819	2,253,097
Governance costs		152,548	-	152,548	151,395
Total resources expended	6	5,468,698	4,197,028	9,665,726	8,880,746
Net incoming (outgoing) resources before transfers [net income (expenditure)]		221,471	(47,763)	173,708	326,412
Transfers					
Gross transfers between funds	16	(104,183)	104,183	-	-
Net movements in funds		117,288	56,420	173,708	326,412
Total funds brought forward		3,177,765	879,310	4,057,075	3,730,663
Total funds at 31 July 2008	16	3,295,053	935,730	4,230,783	4,057,075

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

The notes on pages 19 to 32 form part of these financial statements.

**Universities UK
Balance sheet
As at 31 July 2008**

	Notes	2008 £	2007 £
Fixed assets			
Tangible fixed assets	10	165,418	137,843
Investments	11	600,000	600,000
		765,418	737,843
Current assets			
Debtors	12	1,324,791	1,346,117
Investments – short term deposits		2,390,000	1,990,000
Cash at bank and in hand		962,604	1,091,354
		4,677,395	4,427,471
Creditors:			
Amounts falling due within one year	13	(1,212,030)	(1,108,239)
Net current assets		3,465,365	3,319,232
Net assets		4,230,783	4,057,075
FUNDS:			
Restricted funds		935,730	879,310
Unrestricted funds		3,295,053	3,177,765
	16	4,230,783	4,057,075

Approved by the Board of Directors and authorised for issue on 7 November 2008.

Signed on their behalf:

Diana Warwick
Chief Executive

Julian Crampton
Treasurer

The notes on pages 19 to 32 form part of these financial statements.

Universities UK
Cash flow statement
For the year ended 31 July 2008

	2008	<i>2007</i>
	£	£
Reconciliation of net incoming resources to net cash inflow from operating activities		
Net incoming resources	173,708	326,412
Depreciation charges	128,267	92,212
Decrease in debtors	21,326	121,493
Increase/(Decrease) in creditors	103,791	<i>(30,858)</i>
	<hr/>	<hr/>
Net cash inflow from operating activities	427,092	<i>509,259</i>

CASH FLOW STATEMENT

Net cash inflow from operating activities	427,092	<i>509,259</i>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(155,842)	<i>(161,004)</i>
Management of liquid resources		
(Increase)/Decrease in short term investments	(400,000)	<i>20,000</i>
	<hr/>	<hr/>
(Decrease)/Increase in cash	(128,750)	<i>368,255</i>

	<i>2007</i>	Cash Flow	2008
	£	£	£
Analysis of changes in cash			
Cash at bank and in hand	<i>1,091,354</i>	<i>(128,750)</i>	962,604

Statement of changes in resources applied for fixed assets

	Unrestricted	Restricted	Total	<i>Total</i>
	£	£	2008	2007
			£	£
Net movement in funds for the year	117,288	56,420	173,708	326,412
Resources used for the acquisition of tangible fixed assets	<i>(155,842)</i>	-	(155,842)	<i>(161,004)</i>
	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds available for future Activities	<i>(38,554)</i>	56,420	17,866	165,408

The notes on pages 19 to 32 form part of these financial statements.

Universities UK

Notes to the financial statements (continued)

For the year ended 31 July 2008

1. Principal accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The Financial Statements are also prepared in accordance with the recommendations contained within the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* published in March 2005 and The Companies Act 1985.

The company owns the whole of the share capital of Woburn House Conference Centre Limited. In the opinion of the trustees, the activity of the company is immaterial and therefore consolidated accounts are not prepared. The results of Woburn House Conference Centre Limited and its net asset position at the balance sheet date are set out in note 18 to the financial statements.

a) Incoming resources

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

b) Resources expended

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

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

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

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

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

c) Tangible fixed assets and depreciation

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

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

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

d) Investments

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

e) Operating leases

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

Universities UK

Notes to the financial statements (continued)

For the year ended 31 July 2008

1. Principal accounting policies (continued)

f) Pensions

The company participates in the Universities Superannuation Scheme (USS) and Superannuation Arrangements of the University of London (SAUL). Both are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme. The funds are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years the actuary reviews the progress of the scheme.

Both schemes are multi-employer defined benefit schemes and it is not possible to identify the assets and liabilities attributable to the company. In accordance with FRS 17, the schemes are, therefore, accounted for as if they were defined contribution schemes.

g) Universities Scotland and Higher Education Wales

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

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

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

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2008

2. Covenanted income

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

Woburn House Conference Centre Limited is a wholly owned subsidiary of Universities UK, whose business is the operation of the conference facilities at Woburn House.

Donations received during the year from these organisations were:

	Unrestricted	Restricted	Total 2008	Total 2007
	£	£	£	£
CVCP Properties PLC	796,438	-	796,438	674,558
Woburn House Conference Centre Ltd	119,131	-	119,131	118,439
	<u>915,569</u>	<u>-</u>	<u>915,569</u>	<u>792,997</u>

3. Subscriptions from membership

Universities UK	3,579,781	-	3,579,781	3,535,117
Universities Scotland	392,000	-	392,000	379,998
Higher Education Wales	243,868	-	243,868	135,500
Medical Schools Council	-	254,032	254,032	254,032
	<u>4,215,649</u>	<u>254,032</u>	<u>4,469,681</u>	<u>4,304,647</u>

4. Grants and donations

Higher Education Funding Council for England	-	633,487	633,487	472,356
Scottish Funding Council	-	109,572	109,572	88,154
Higher Education Funding Council for Wales	-	54,466	54,466	55,994
BERR	-	50,000	50,000	50,000
Office of Science and Technology	-	-	-	61,694
Medical Research Council	-	36,335	36,335	41,340
Department of Health	-	187,844	187,844	147,844
BBSRC	-	34,501	34,501	40,000
Department for Innovation, Universities & Skills	-	2,570,306	2,570,306	2,465,300
Quality Assurance Agency	-	20,000	20,000	7,250
British Council	-	11,000	11,000	-
Other agencies	-	83,224	83,224	52,780
	<u>-</u>	<u>3,790,735</u>	<u>3,790,735</u>	<u>3,482,712</u>

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2008

Payments to
Institutions
Total Amount
£

5. Funding Grants

Matched Funding agreement grants:

The University of Bath	121,250
Birkbeck College	79,730
Bournemouth University	87,900
Brunel University	58,600
Coventry University	78,800
Cranfield University	111,750
De Montfort University	137,200
The University of East Anglia	47,500
The University of Essex	70,600
The University of Greenwich	87,000
The Institute of Education	27,990
The University of Kent	90,830
Kingston University	131,890
The University of Lancaster	112,000
The University of Leicester	116,945
London South Bank University	108,100
Middlesex University	117,550
The Nottingham Trent University	131,750
Oxford Brookes University	76,800
Ravensbourne College of Design and Communication	54,050
Royal Northern College of Music	66,407
The University of Salford	76,800
The University of Sheffield	32,385
The University of Sunderland	67,000
The University of Surrey	117,550
The University of Sussex	67,700
York St John College	33,850
	<hr/>
	2,309,927
Equality Challenge Unit Limited	<hr/>
	77,892
	<hr/>
	2,387,819
	<hr/>

The Matched Funding Scheme was jointly set up with the DIUS to administer a scheme to develop fundraising capacity in selected institutions.

Certain trustees are Vice Chancellors of institutions in receipt of matched funding grants. None of these trustees had influence over or were involved in the grant-making process.

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2008

6. Resources Expended

Analysis of total resources expended	Staff costs	Other Direct costs	Support costs	Total 2008	<i>Total 2007</i>
	£	£	£	£	£
Cost of Generating Funds					
Costs of generating voluntary income	30,403	9,630	8,330	48,363	47,624
Fundraising trading: costs of goods sold and other costs	88,795	75,693	40,591	205,079	180,759
Charitable activities					
Lobbying	577,662	249,004	189,968	1,016,634	1,008,295
Information	654,699	415,753	251,023	1,321,475	1,137,438
Influencing and advocacy	733,595	297,736	234,301	1,265,632	1,158,823
Research and Policy	1,115,929	1,390,668	570,911	3,077,508	2,753,428
Conferences	80,029	77,799	32,840	190,668	189,887
Grants Paid		2,387,819	-	2,387,819	2,253,097
Governance	<u>77,351</u>	<u>48,684</u>	<u>26,513</u>	<u>152,548</u>	<u>151,395</u>
Total resources expended	<u>3,358,463</u>	<u>4,952,786</u>	<u>1,354,477</u>	<u>9,665,726</u>	<u>8,880,746</u>

Support Costs Allocation

	Staff related costs	Premises costs	Office admin	IT costs	Travel	Depreciation	Total 2008	<i>Total 2007</i>
	£	£	£	£	£	£	£	£
Cost of Generating Funds								
Costs of generating voluntary income	2,399	4,998	288	222	10	413	8,330	8,722
Fundraising trading: costs of goods sold and other costs	12,189	21,726	3,464	1,045	424	1,743	40,591	36,751
Charitable activities								
Lobbying	59,695	106,061	9,297	4,974	1,046	8,895	189,968	198,455
Information	75,754	138,539	16,927	6,589	1,836	11,378	251,023	226,429
Influencing and advocacy	73,140	131,910	10,898	6,135	1,177	11,041	234,301	226,617
Research and Policy	178,051	320,622	27,612	14,937	2,907	26,782	570,911	546,527
Conferences	9,457	19,706	1,136	876	39	1,626	32,840	34,776
Governance	<u>7,744</u>	<u>15,789</u>	<u>927</u>	<u>703</u>	<u>46</u>	<u>1,304</u>	<u>26,513</u>	<u>27,905</u>
Total support costs	<u>418,429</u>	<u>759,351</u>	<u>70,549</u>	<u>35,481</u>	<u>7,485</u>	<u>63,182</u>	<u>1,354,477</u>	<u>1,306,182</u>

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2008

6. Resources Expended (continued)

Governance costs are made up of the following:	2008	<i>2007</i>
	£	£
External audit	11,501	<i>7,678</i>
Apportionment of Committee officers costs (based on time spent)	44,382	<i>43,602</i>
Apportionment of directors costs (based on time spent)	40,091	<i>38,575</i>
Apportionment of Establishment costs (based on usage)	15,789	<i>17,070</i>
Administration costs	40,195	<i>43,541</i>
Trustees meeting expenses and related administration costs	590	<i>929</i>
	<u>152,548</u>	<i><u>151,395</u></i>

Other direct costs include:	2008	<i>2007</i>
	£	£
Payments to auditors		
For audit services – current year	10,501	<i>7,678</i>
For audit services – prior year (irrecoverable VAT)	1,000	<i>-</i>
For other services	-	<i>585</i>
Operating lease rentals		
- Land and buildings	764,722	<i>696,316</i>
- Office and equipment	35,246	<i>32,060</i>

7. Analysis of staff costs

	2008	<i>2007</i>
	£	£
Total staff costs including full and part-time employees were:		
Salaries and wages	3,066,334	<i>2,822,438</i>
Social security costs	263,936	<i>245,939</i>
Pensions	412,929	<i>363,192</i>
	<u>3,743,199</u>	<i><u>3,431,569</u></i>

The average number of employees throughout the year was:

	No.	<i>No.</i>
Generating Funds	2.0	<i>2.0</i>
Generating voluntary income	0.5	<i>0.5</i>
Lobbying	10.0	<i>9.0</i>
Information	14.0	<i>12.0</i>
Influencing and advocacy	15.0	<i>14.0</i>
Research and policy	24.0	<i>24.0</i>
Conferences	2.0	<i>2.0</i>
Governance	1.5	<i>1.5</i>
Support staff	9.0	<i>10.0</i>
	<u>78.0</u>	<i><u>75.0</u></i>

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2008

7. Analysis of staff costs (continued)

	2008	2007
The number of employees whose emoluments exceeded £60,000 (excluding employer's pension contribution) were:		
£60,001 - £70,000	1	2
£70,001 - £80,000	5	3
£80,001 - £90,000	1	1
£130,001 - £140,000	1	-
£140,001 - £150,000	-	1
	<u> </u>	<u> </u>

The total emoluments paid to the chief executive were £134,016 (2007: £147,634). The total employer pension contributions for higher paid staff were £93,458 (2007: £78,652).

8. Trustees' emoluments

No trustees received any remuneration for their services.

During the year travel and accommodation expenses reimbursed to two trustees amounted to £6,233 (2007: one trustee - £14,207).

9. Taxation

Universities UK is a charity and thus, under the Income and Corporation Taxes Act 1988, SS505 and 506, is not liable for any corporation or income tax on its charitable activities.

10. Fixed assets

	Furniture And Equipment £	Office Technology £	Total £
Cost			
At 1 August 2007	400,997	550,593	951,590
Additions	10,036	145,806	155,842
Assets written off	(10,886)	(190,138)	(201,024)
	<u> </u>	<u> </u>	<u> </u>
At 31 July 2008	<u>400,147</u>	<u>506,261</u>	<u>906,408</u>
Depreciation			
At 1 August 2007	375,847	437,900	813,747
Charge for year	12,588	115,679	128,267
Assets written off	(10,886)	(190,138)	(201,024)
	<u> </u>	<u> </u>	<u> </u>
At 31 July 2008	<u>377,549</u>	<u>363,441</u>	<u>740,990</u>
Net book value			
At 31 July 2008	<u>22,598</u>	<u>142,820</u>	<u>165,418</u>
At 31 July 2007	<u>25,150</u>	<u>112,693</u>	<u>137,843</u>

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2008

11. Investments held as fixed assets	2008	2007
	£	£
CVCP Properties plc ordinary shares of £1 each	50,000	<i>50,000</i>
CVCP Properties plc preference shares of £1 each	550,000	<i>550,000</i>
	<u>600,000</u>	<i><u>600,000</u></i>

12. Debtors	2008	2007
	£	£
Trade debtors	84,633	<i>178,227</i>
Amounts due from subsidiary undertakings	141,065	<i>119,453</i>
Other debtors	811,929	<i>700,589</i>
Prepayments and accrued income	287,164	<i>345,848</i>
	<u>1,324,791</u>	<i><u>1,346,117</u></i>

13. Creditors: Amounts falling due within one year	2008	2007
	£	£
Trade creditors	358,288	<i>254,939</i>
Amounts due to subsidiary undertakings	6,201	<i>4,988</i>
Taxation and social security	71,465	<i>81,089</i>
Other creditors	61,408	<i>68,027</i>
Accruals and deferred income	714,668	<i>699,196</i>
	<u>1,212,030</u>	<i><u>1,108,239</u></i>

14. Operating lease commitments

At the year end the company was committed to making the following payments during the next financial year in respect of operating leases.

	2008	2007
	£	£
Leases which expire within two to five years:		
Office equipment	36,130	<i>29,723</i>
Land and buildings	77,541	<i>65,993</i>
After five years:		
Land and buildings	681,331	<i>659,599</i>
	<u>795,002</u>	<i><u>755,315</u></i>

15. Contingent Liability

Following a routine compliance visit in June 2008, HM Revenue & Customs have raised an assessment of approximately £80,000 relating to underdeclared output VAT in respect of publications available to members in electronic form. The assessment is for the period ended 31 July 2005 and, using the same basis of calculation, which is disputed, the potential total liability up to the period ended 31 July 2008 is estimated at approximately £300,000. Universities UK is resisting the basis on which the assessment has been raised as well its accuracy, and the trustees are of the opinion that the amount of liability, if any, will not be as great as the amount indicated. At this stage it is not possible to determine the amount of any possible liability.

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2008

16. Movement in funds	At start of year £	Incoming Resources £	Resources Expended £	Transfers £	At end of year £
Unrestricted funds					
Investment fund	600,000	-	-	-	600,000
Universities UK designated fund – Universities Scotland/Higher Education Wales	271,937	-	(14,836)	-	257,101
Universities UK general reserve	<u>2,305,828</u>	<u>5,690,169</u>	<u>(5,453,862)</u>	<u>(104,183)</u>	<u>2,437,952</u>
	<u>3,177,765</u>	<u>5,690,169</u>	<u>(5,468,698)</u>	<u>(104,183)</u>	<u>3,295,053</u>
Restricted funds					
Medical Schools Council	299,978	346,852	(316,993)	(3,465)	326,372
MMC Inquiry	9,765	125,000	(133,960)	(805)	-
Role of Doctor	-	45,000	-	-	45,000
Overseas Research Students Awards Scheme	24,535	-	-	-	24,535
Europe Unit	64,978	173,846	(322,514)	134,980	51,290
International Unit	1,186	438,424	(361,269)	(32,567)	45,774
UK/US Study Group	-	15,000	(24,257)	9,257	-
Universities Scotland: International Unit	10,131	37,800	(33,144)	-	14,787
Universities Scotland: Shared Services	-	1,745	(1,745)	-	-
Universities Scotland: Rwanda	-	3,250	(134)	-	3,116
Measuring and recording student achievement	5,748	-	(3,246)	-	2,502
StLaR Foresight Project	25,000	-	(4,789)	-	20,211
Pension Strategy	-	126,700	(69,873)	-	56,827
UK Panel for Research Integrity in Health and Biomedical Sciences	121,742	181,677	(182,033)	(7,000)	114,386
ARE Resources	-	125,836	(125,863)	27	-
Mental Health Committee	21,013	657	(617)	-	21,053
Matched Funding agreement	267,404	2,415,000	(2,495,748)	-	186,656
Delivery Partnership	10,053	60,730	(70,783)	-	-
EU-FC Project	-	28,180	(31,936)	3,756	-
International Student Scholarship	15,000	-	-	-	15,000
Higher Education Wales: WIC Review	-	8,000	(8,000)	-	-
Higher Education Wales: Why Wales?	-	15,568	(10,120)	-	5,448
Other	2,777	-	(4)	-	2,773
	<u>879,310</u>	<u>4,149,265</u>	<u>(4,197,028)</u>	<u>104,183</u>	<u>935,730</u>
Total funds	<u>4,057,075</u>	<u>9,839,434</u>	<u>(9,665,726)</u>	<u>-</u>	<u>4,230,783</u>

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

Universities UK

Notes to the financial statements (continued)

For the year ended 31 July 2008

16. Movement in funds (continued)

Brief details of the objectives of each of the restricted funds are set out below:

The Medical Schools Council (previously known as Council of Heads of Medical Schools) acts as the authoritative voice for Heads/Deans of University Faculties of Medicine and Medical Schools.

The MMC Inquiry is an independent review of the structure and implementation of modernising medical careers.

The Role of the Doctor fund has been set up to fund a conference in October 2008.

The Overseas Research Students Awards Scheme provides scholarships for international postgraduate students.

The UK HE Europe Unit, seeks to raise HEI's awareness of and engagement in key European HE initiatives and promote UK HE in European decision-making forums.

The International Unit aims to exert influence through enabling individual higher education institutions to sharpen the focus of their thinking about international and global issues.

The UK/US Study Group was set up to consider a wide range of issues relating to the links between, and common interests of, the UK and American higher education systems.

The social inclusion project was set up to increase participation in Scottish Higher Education. The pathfinder project was a seminar aimed at secretarial staff who wished to develop a career in higher education.

The Universities Scotland International Unit was set up to develop and implement policy and carry out research on international issues on behalf of the Scottish higher education sector.

The Shared Services project was set up to run an Efficient Government Shared Services event.

The Rwanda project was set up to provide support for international activities.

Measuring and Recording Student Achievement - a HEFCE funded project to consider the recommendations arising from the Government White Paper on Higher Education.

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

The Pension strategy fund was set up to develop a comprehensive pensions strategy for the higher education sector covering the next ten years.

The UK Panel for Research Integrity in Health and Biomedical Sciences is a three-year initiative to support the HEI and NHS communities promote good research conduct and develop systems to handle research misconduct.

ARE resources is a resource center which has been set up to offer advice and information for the protection of Higher Education Establishments from Animal Rights Extremism.

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

The Matched Funding Scheme was jointly set up with the DIUS to administer a scheme to develop fundraising capacity in selected institutions.

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2008

16. Movement in funds (continued)

The Delivery Partnership was established in autumn 2006 to implement reforms to the higher education applications process.

The EU-FC Project relates to the production of a costing system that will meet the requirements of the Full Cost (FC) cost model for projects.

International Student Scholarships was set up to undertake a report on institutional scholarship policies and investment.

The Higher Education Wales: WIC Review was set up to review the operation and wider role of the Wales International Consortium, a HEW sponsored and member funded international student recruitment organisation.

The Higher Education Wales: Why Wales? was set up to undertake a survey on student attitudes to applying to Welsh Higher Education Institutions.

17. Allocation of net assets between funds

The net assets held for various funds are as follows:

	Tangible Assets £	Investments £	Net Current Assets £	Total £
Restricted funds	2,949	-	932,781	935,730
Unrestricted funds	162,469	600,000	2,532,584	3,295,053
Total	<u>165,418</u>	<u>600,000</u>	<u>3,465,365</u>	<u>4,230,783</u>

18. Subsidiary

The charity owns 100% of the share capital of Woburn House Conference Centre Ltd.

The £2 cost of the investment has been written down to zero in the accounts of the parent company.

The trading activity of Woburn House Conference Centre Limited is the management of the conference centre and meeting rooms at Woburn House.

Consolidated accounts have not been prepared as, in the opinion of the trustees, the affairs of the subsidiary undertaking are not material in relation to the affairs of Universities UK.

A summary of the trading results for the year ended 31 July 2008 and 2007, and the aggregate amount of the assets, liabilities, share capital and reserves as at 31 July of each year are shown on page 30.

Audited accounts have been filed with the Registrar of Companies.

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2008

18. Subsidiary (continued)

	2008	<i>2007</i>
	£	<i>£</i>
SALES	608,760	<i>521,862</i>
Cost of sales	(365,069)	<i>(286,093)</i>
Administration costs	(37,810)	<i>(35,930)</i>
Staff costs	(97,126)	<i>(88,884)</i>
OPERATING PROFIT	108,755	<i>110,955</i>
Interest receivable	5,764	<i>6,572</i>
Payment under deed of covenant	(119,131)	<i>(118,439)</i>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(4,612)	<i>(912)</i>
Tax on ordinary activities	-	<i>-</i>
OPERATING LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	(4,612)	<i>(912)</i>
 BALANCE SHEET		
	2008	<i>2007</i>
	£	<i>£</i>
Fixed assets	36,055	<i>38,834</i>
Current assets	176,640	<i>141,568</i>
Creditors: amounts falling due within one year	(197,948)	<i>(161,043)</i>
Net current liabilities	(21,308)	<i>(19,475)</i>
Total assets less current liabilities	14,747	<i>19,359</i>
Represented by:		
Share capital	2	<i>2</i>
Profit and loss account	14,745	<i>19,357</i>
Equity shareholders' funds	14,747	<i>19,359</i>

19. Pensions

a) Universities Superannuation Scheme (USS)

The company participates in the Universities Superannuation Scheme, 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. It is not possible to identify each entity's 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", contributions to the scheme are accounted for as if it were a defined contribution scheme, the cost recognised within the statement of financial activities being equal to the contributions payable to the scheme for the year.

Universities UK

Notes to the financial statements (continued)

For the year ended 31 July 2008

19. Pensions (continued)

a) Universities Superannuation Scheme (USS) (continued)

The latest actuarial valuation of the scheme was at 31 March 2005. 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) and the rates of increase in salary and pensions. 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 in line with recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum. The valuation was carried out using the projected unit method.

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 were sufficient to cover 77% of the benefits which had accrued to Members after allowing for expected future increase 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 FRS 17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the company's future contribution commitment. An additional factor which could impact the funding level of the scheme is that with effect from 16 March 2006, USS positioned itself as 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 next formal triennial actuarial valuation is due as at 31 March 2008. The contribution rate will be reviewed as part of each valuation.

The total pension cost for the company was £327,290 (2007: £283,701). The contribution rate payable by the company was 14% of pensionable salaries.

b) Superannuation arrangements of the University of London (SAUL)

Universities UK participates in a centralised defined benefit scheme for all qualified employees with the assets held in a separate Trustee-administered fund. The company has adopted FRS17 for accounting for pension costs. It is not possible to identify Universities UK's share of the underlying assets and liabilities of SAUL. Therefore contributions are accounted for as if SAUL were a defined contribution scheme and pension costs are based on the amounts actually paid (ie, cash amounts) in accordance with paragraphs 8 to 12 of FRS 17.

The total cost of pension contributions for the employer was £85,639 (2007: £79,491).

Universities UK
Notes to the financial statements (continued)
For the year ended 31 July 2008

19. Pensions (continued)

The scheme is subject to triennial valuation by professionally qualified and independent actuaries. The last available valuation was carried out at 31 March 2005 using the projected unit credit method in which the actuarial liability makes allowances for projected earnings. The following assumptions were used to assess the past service funding position and future service liabilities:

Valuation method	Projected unit	
	Past service	Future service
Investment return on Liabilities		
before retirement	5.5%p.a	6.5%p.a.
after retirement	4.5%p.a	4.5%p.a.
Salary growth*	4.15%p.a	4.15%p.a.
Pension increases	2.65%p.a	2.65%p.a.

*excluding an allowance for promotional increases.

The actuarial valuation applies to the scheme as a whole and does not identify surpluses or deficits applicable to individual Employers. As a whole, the market value of the scheme's assets was £982million representing 93% of the liability for benefits after allowing for expected future increases in salaries.

Following consultation, the Employers agreed to contribute 13.0% of Salaries from August 2006 (previously 10.5% of Salaries), an increase of 2.5% of Salaries. Member contributions also increased, by 1.0% of Salaries to 6.0% of Salaries with effect from the same date.

Employers who have recently joined SAUL ("New Employers") and certain employee groups (as agreed by the Trustee of SAUL), pay 19.2% of salaries per annum from August 2006 until the second actuarial valuation after entry (or some other period as agreed with the Trustee).

A comparison of SAUL's assets and liabilities calculated using assumptions consistent with FRS 17 revealed the Scheme to be broadly balanced at the last formal valuation date (31 March 2005).

The next formal actuarial valuation is due at 31 March 2008 when the above rates will be reviewed.

20. Members

The charity is incorporated as a private company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every Member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 July 2008 there were 132 Members.

About Universities UK

This publication has been produced by Universities UK, which is the representative body for the executive heads of UK universities and is recognised as the umbrella group for the university sector. It works to advance the interests of universities and to spread good practice throughout the higher education sector.

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© Universities UK
ISBN 978 1 84036 194 0
December 2008

