

# Annual report and consolidated financial statements

Year ended 31 July 2019

Charity Number: 1001127  
Company Number: 2517018



Universities UK



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## Trustees' report

The trustees present their report and the financial statements for Universities UK for the year ended 31 July 2019.

### Name and membership

The name of the charity and company is Universities UK. Universities UK is the representative organisation for the UK's universities. Its members are the executive heads of UK university institutions who have met the criteria for membership agreed by the Board of the company. It currently has 136 members. Membership is voluntary and members are represented both at the UK level and through Universities Scotland and Universities Wales.

### Trustees

The Board comprises up to 24 directors of the company and trustees of the charity, elected or appointed from among its members. Those appointed for the year to 31 July 2019 were as follows:

Professor Dame Janet Beer DBE **	President
Baroness Valerie Amos CH	
Sir David Bell *	Vice-President England and Northern Ireland
Professor Paul Boyle CBE	
Professor Julia Buckingham CBE	Treasurer / President Elect from March 2019
Mr Nigel Carrington	
Professor Sir David Eastwood *	
Professor Alistair Fitt	
Professor Graham Galbraith	
Professor Debra Humphris	
Sir Alan Langlands *	
Professor G Q Max Lu *	
Professor Julie Lydon OBE	Chair, Universities Wales & Vice-President Wales
Professor David Maguire *	
Professor Sally Mapstone	
Professor Quintin McKellar CBE	
Professor Sir Anton Muscatelli *	
Professor Patrick Nixon	
Professor Andrea Nolan OBE	Convener, Universities Scotland & Vice-President Scotland
Professor David Phoenix OBE	
Mr Bill Rammell	
Professor Louise Richardson *	
Professor Sir Steve Smith	
Professor Rama Thirunamachandran	

\* Term of office ended 31 July 2019

\*\* President term ends 31 July 2019, returning to the Board as a nominated member

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

Professor Chris Day	Appointed 1 August 2019
Professor Jenny Higham	Appointed 1 August 2019
Professor Sir Chris Husbands	Appointed 1 August 2019
Professor Paul Layzell	Appointed 1 August 2019
Professor Edward Peck	Appointed 1 August 2019
Professor Adam Tickell	Appointed 1 August 2019
Professor Shearer West	Appointed 1 August 2019

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

Alistair Jarvis

## Trustees' report (continued)

### Structure, governance and management

#### *Organisational structure of the company*

##### Universities UK

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

##### Universities Scotland

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

##### Universities Wales

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

#### *Structure of subsidiary companies*

##### Woburn House Conference Centre Ltd

Universities UK owns 100% of the share capital of Woburn House Conference Centre Limited (company number 3031467) whose business is the operation of the conference facilities at Woburn House. Income generated from the activity of the centre is covenanted to Universities UK.

##### Medical Schools Council

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

##### MSC Assessment

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

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

##### CVCP Properties plc

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

## **Governance and decision-making**

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

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

Universities UK has three standing committees: the Executive Committee (five members), the Treasurer's Committee and the Remuneration Committee. Seven Policy Networks cover the key policy issues of the UK higher education agenda in line with the organisation's strategic priorities.

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

New trustees receive information supporting their induction, which includes relevant Charity Commission documents on the role of a trustee, a copy of the Universities UK Articles of Association, and the Strategic and Operational Plans. It is the aim of the organisation to update trustees and members on any new legislation that may affect the governance of the charity and to offer on-going support through additional training when required.

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

Our current practice has been reviewed against the Charity Governance Code (2017). Universities UK is committed to applying good practice where possible and explaining where it is not aligned, and the reasons for this or changes that are being planned. The Code is applied in the context of Universities UK being a relatively small membership organisation of 136 members, with the majority of the Board elected by and from its membership. This in itself prompts challenges in achieving the full recommendations of principle 6 (diversity) and the composition recommendations in principle 5 (Board effectiveness).

In 2018–19 there was a review of our Governance Effectiveness, part of the scope to align governance with the best practice of the Charity Commission and Companies House, using the Charity Governance Code as a structure for the review. The terms of reference for this review were:

"To undertake a review of Universities UK's governance effectiveness to ensure that policies, practices, structures and arrangements:

- i. Align with the best practice of the Charity Commission and Companies House;
- ii. Ensure trust and confidence amongst members;
- iii. Are fit for purpose and align with Universities UK's new strategic plan 2018-2023;
- iv. Support diversity and inclusion;
- v. Ensure that there is clarity of purpose, responsibly and decision-making; and
- vi. Ensure that risk is appropriately managed"

The review of our Governance Effectiveness found that "... Universities UK is considered to be operating effectively in challenging circumstances given the headwinds facing higher education (e.g. Brexit, pensions, immigration policy, the Augar Review, demographic and financial pressures)."

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

2018–19 was the first year of the new five-year strategic plan for 2018-23: World Leading Impact. The plan was developed with the Board and membership, reviewing and refreshing the mission, vision and strategic objectives and developed measures for future evaluation and reporting. The review of Governance Effectiveness considered the extent to which Universities UK's objects as set out in its Articles of Association are still fit for purpose in the context of the refreshed mission, vision and strategy outline in the Strategic Plan 2018-23 and the review concluded that they are fit for purpose and are consistent with the mission, vision and strategy.

## Trustees' report (continued)

### **Principle 2 – leadership**

The Board is led by the President, supported by an Executive. Across the Board and Executive there are robust debates leading to an agreed direction for the officers and staff to follow. 2018–19 was the second year of the President's two-year term, and elections took place in the year for a President and other vacant Board posts as members come to the end of their terms. The President has oversight of CEO performance.

### **Principle 3 - integrity**

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

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

The Board have oversight of finance, performance and risk through its sub-committee structure and Board meeting agendas. The Treasurer's Committee considers risk at each meeting and advises the Board. The Board are presented with the strategic risk registers at every meeting and have a full discussion on risk once a year, or more often if significant changes occur. All sub-committees have Terms of Reference established which are approved by the Board, and taken back for approval if changes are made. Universities UK has a Safeguarding Policy, and the Remuneration / HR Committee is presented with an annual safeguarding report.

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

The majority of Board members are elected from the membership by the membership. There are agreed lengths of time for Board members to serve, and they are subject to re-election when those terms expire. It is unusual for terms to exceed nine years, but possible if members are elected to different roles on the Board or they have specific expertise or responsibilities relevant to the Board's deliberations and the organisation's strategic priorities. On retiring from the Board on 31 July 2019, Professor Anton Muscatelli had served 11 years and Professor Sir David Eastwood had served 10 years. As at 31 July 2019, Professor Dame Janet Beer (President and chair of the Board from 2017-19) had served 10 years in a number of different elected roles and has been selected by the Governance and Nominations Committee to serve a further term as a nominated member.

At 24 members, the Board is considered large under the Charity Governance Code, however the Governance Effectiveness review found that "... while the interviewees feel that the Board could be smaller, in general they consider the Board to work well and would be concerned if a reduction in size led to less diversity or a less representative Board. From our observations the Board is effective and there is therefore no obvious case to reduce it in size, and little opportunity substantially to reduce it". The review recommended a review of the seven Policy Network Chair Board positions, as these positions come to the end of the term we will review each one with a long term aim to reduce these to four Policy Lead Board positions, reducing the Board from 24 to 21 members within the current Strategic Plan period.

The review of Governance Effectiveness carried out in the year observed a Board meeting and found that "... the discussion was inclusive, respectful of a range of views and well-chaired". The review made a number of recommendations which will be actioned in 2019–20. These include the creation of a Governance and Nominations Committee (which was established in June 2019), review of the structure of sub-committees, review of the Policy Networks, clarity on who is the member and standardising the term of office across different types of Board roles.

### **Principle 6 – diversity**

The majority of the Board (18 members) are elected from and by the membership, therefore there is a limit to the number and diversity of potential candidates. The Governance Effectiveness review found that "... as far as it can within the constraints of an elected Board, Universities UK takes reasonable steps to ensure that diversity in its widest sense is prioritised and implemented".



As a result of the review, we have established a Governance and Nominations committee to select the nominated members to the Board for 2019–20. The committee developed criteria to identify gaps in the elected Board. The criteria for the co-opted roles are diversity, skills and experience, specialist knowledge linked to strategic priorities and existing level of engagement. As a result, the drivers for the Nominations Committee for the 2019–20 Board were institutions in England, females, pre-92, non-aligned, Russell group and specialist institutions. The six members appointed to the Board have improved the Board's diversity.

#### **Principle 7 – openness and accountability**

The Board and Chief Executive keep all members updated with developments through Members' Meetings, the Annual Conference, regional dinner discussions, regular fortnightly newsletters, briefings and one-to-one contact. The President issues a written report to all Universities UK members following each Board meeting on the decisions taken. The CEO provides a detailed written report of recent activities to all members four times a year. All members are made aware of opportunities to put themselves forward for Board positions. All elections to the Board are operated by Electoral Reform Service and include an open call for nominations across the membership. Universities UK's membership criteria are published on its website.

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

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

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

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

#### ***Executive management***

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

## **Strategic report**

### **Objectives and activities**

#### ***Purpose and objectives***

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

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

## Trustees' report (continued)

### ***Mission and main activities***

From August 2018, our refreshed mission, as part of our five-year strategic plan is to create the conditions for UK universities to be the best in the world; maximising their positive impact locally, nationally and globally.

### ***Public benefit***

All of Universities UK's activities are ultimately carried out for the wider public benefit of creating and maintaining a world-class higher education sector that benefits students, the UK economy, the UK's educational and research standing in the world and the wider social good.

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

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

### ***Strategic aims***

2018–19 represented the first year of Universities UK's five-year-strategic plan for the period 2018–23, World Leading Impact. Our long-term, strategic objectives for the next five years are:

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

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

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

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

In 2018–19 our work included production of evidence-based outputs on the most significant issues facing the higher education sector, to influence policy making and allow members to achieve their overall missions and objectives. These outputs included:

- *Solving Future Skills Challenges and Routes to High-Level Skills* promoting even closer working between higher education, further education and employers to meet the skills needs of the future and bring significant benefits to our economy.
- *Future of Degree Apprenticeships* made recommendations to improve the promotion, awareness and take-up of these opportunities to combine learning in the workplace with a high-quality education allowing students to earn while they learn.
- *Suicide-Safer Universities*, guidance for university leaders on developing a strategy focussed specifically on suicide prevention.
- *The Economic Case for Flexible Learning* reported that a generation of 'lost learners' are missing out on the change to develop the skills at university that employers and the UK economy need, because of the cost and time it takes to study part-time. Working in collaboration with the CBI, the report made a series of recommendations to improve access.
- Working with GuildHE and the Quality Assurance Agency for Higher Education (QAA) we released a statement of intent on degree classification for transparent, consistent and fair academic standards.
- *Black, Asian and minority ethnic student attainment at UK universities: #ClosingtheGap*, a report developed in partnership with the NUS developed recommendations to improve BAME student outcomes.
- *Scale of UK higher education transnational education 2016–17, Transnational Education: global location, global innovation and Supporting academic and professional staff working outside the UK* with resources to support our members in the development of international opportunities.

There was significant lobbying of Government and influential stakeholders in the year. In this period, there were 80 positive references to Universities UK from parliamentarians and government, 105 written parliamentary questions, 130 oral questions in parliament, 22 meetings with international ministers and 36 meetings with UK government and shadow ministers.

We responded to many government department consultations and gave evidence to parliamentary committees including the Immigration White Paper and Bill committee, the Exiting the EU select committee and the House of Lords science and technology committee.

Using print, broadcast and social media, we disseminated information to members and the wider public, the reach of the Universities UK social media channels was 40million, and there were 593,000 unique visitors to the Universities UK website.

We developed and ran conferences and events on topical issues including university access and retention, international opportunities and the post-18 review of higher education. This year we ran 46 events with nearly 4,500 delegates attending. Overall delegate satisfaction was 8.14/10.

We continue to develop services for members with new and mid-term VC peer-to-peer learning groups and new subject specific peer-to-peer learning events. 60 of our members engaged with the peer-to-peer learning events, we had 310 attendees at the members' meetings across the year and over 300 attend the annual conference in September 2018.

With seven inbound international delegations involving 167 delegates, nine outbound with 94 participating, and 22 meetings with international ministers we continued our international relationship building and creation of international opportunities for UK universities.

## Trustees' report (continued)

The year saw creation of further opportunities for international relationships connecting academics and researchers included the Rutherford Fund Strategic Partner Grants – awarded to 24 UK universities to fund over 100 Rutherford Fellowships for early career researchers from over 60 strategic partner institutions in 18 countries. An agreement signed between Universities UK and Mitacs enabled UK students to take part in Canada Globalinks research internship scheme. Through BEIS, Universities UK secured approval for a UK-South Africa postdoctoral fellowship scheme.

### Impact in 2018–19

#### OPPORTUNITY

We have enhanced the availability and use of evidence to support universities to narrow demographic gaps in student success. We led a major piece of cross-sector work looking at the issues of the attainment gap between students of different ethnicities that exists at most universities. The report on this work published in May 2019 first explains what the attainment gap looks like in UK universities, followed by a summary of feedback from students and staff to two online calls for evidence. Information gathered through these surveys helped identify five steps to success.

We have influenced the regulatory environment to create conditions for UK universities to adopt more strategic approaches to improving social mobility. We have seen our positions reflected in the Office for Students' new approach to access and participation.

The start of 2018–19 saw the launch of the Student Minds Mental Health Charter based on Universities UK's whole university strategic framework, StepChange. We also launched Suicide-Safer Universities guide working with Papyrus and James Murray and encouraged members to implement the guide. There was a pilot of opt-in consent for all new and returning students for disclosure of mental distress or vulnerability which achieved high sign up rates for 2018–19 intake. The Student Mental Health Information Sharing Task Group was set up to build on and embed this progress.

This year saw the launch of the Transforming Access and Outcomes in HE (TASO), an affiliate What Works Centre following our recommendation to develop an evidence and impact exchange for social mobility. TASO is funded for three years by the Office for Students and will provide access to leading research, toolkits, evaluation techniques and more to help widen participation and improve equality within the sector.

We advocated effective interventions for students, universities and employers to encourage the development and take-up of flexible learning opportunities. In October 2018, we published our report on flexible learning developed in collaboration with the CBI and we were pleased to see the report of the Augar panel to the government's review of post-18 education and funding in England made recommendations on lifelong learning and creating the conditions for more opportunities to access a higher education at any stage in life.

#### IMPACT

Our new Public Impact Campaign, *MadeAtUni*, promoted the contribution our universities make to economic, social, cultural and civic life.

The Knowledge Exchange Concordat has been developed by Universities UK and GuildHE working in partnership with Research England. The Concordat has been developed by a task and finish group drawn from experts and senior leaders from the sector chaired by Professor Trevor McMillan, Vice-Chancellor of Keele University and comprises key principles supported by a range of enablers. The Concordat aims to help underpin the arguments for the 2.4% research and development target, enable universities to share and demonstrate good practice, help address some criticisms from external funders and complement the development of KEF metrics.

We welcomed July's government announcement increasing QR funding by £91million, a real term increase of 2.3% forming part of the government's Industrial Strategy commitment to boost research and development spend to 2.4% of GDP by 2027.

Professor Quintin McKellar CBE led a group bringing together the sector, employers and employer bodies to review the future of Degree Apprenticeships in England. This work found low awareness of the schemes among school pupils, parents and employers which have potential to have significant impact on sectors with skills shortages. We developed a series of recommendations to improve promotion, awareness and take-up of degree apprenticeship among young people and employers.

Universities UK is a supporting partner of the Civic Universities Commission. Over 40 university leaders have pledged, renewed and enhanced commitment to local communities by signing a pledge to develop a Civic University Agreement. The agreements will better align university priorities with those of local partners.

## **TRUST**

We launched *MadeAtUni*, a new public-facing campaign aimed at showcasing the positive impact of universities to people's lives, to society and communities. The campaign was particularly targeted at members of the public with 'neutral' views of universities, supported by research carried out by Britain Thinks. The two phases of the campaign, in December 2018 and May 2019, generated more than 350 pieces of media coverage. The campaign met or exceeded its year-one KPIs, including the target for member engagement with more than 130 taking part in at least one phase of the campaign. Our work has galvanised universities to develop their own versions of *MadeAtUni* locally, and the campaign received significant positive attention from MPs and Ministers.

We continued to develop partnerships and champions across government, media and civil society to further our reach. With the CBI for our work on flexible learning, the NUS and Student Minds for student mental health, the Civic University Commission, businesses to support work on degree apprenticeships, government ministers and parliamentarians, notably for the success on immigration amendments.

## **GLOBAL**

In March 2019, the government launched the International Education Strategy: global potential, global growth, co-developed by DfE and DIT with cross-Whitehall buy-in. This is the culmination of extensive lobbying by Universities UK International for an ambitious strategy. The government now has a stated ambition to grow the number of international students in the UK to 600,000 by 2030, alongside a target to grow overall education exports to £35 billion over the same period. This is a substantial and welcome policy development that will require a coordinated response from the government and represents a clear win for the sector.

With evidence showing that mobile graduates were more likely to obtain first-class honours or an upper second-class degree (91.6%) than non-mobile graduates (80%) we continued with our Outward Student mobility campaign *Go International: Stand Out*, and now have 100 university leaders signed up and a number of ally organisations and international partners creating mobility opportunities for students.

We secured broad cross-party and government department support on an amendment to the Immigration Bill for Report Stage. The amendment would secure a two-year post-study work opportunity for international graduates, while taking them out of net migration targets. In early September 2019 the government announced a new post-study work visa allowing international students to work in the UK for two years after graduation. This policy development is very similar to Universities UK's proposal that we have long campaigned for and will make the UK a first-choice study destination.

With the continued uncertainty around Brexit, we supported our members through this time with the development of 'no-deal' guidance, securing commitments on EU students fees for 2019–20 to be treated as home students, a commitment to underwrite Erasmus+, securing support from our partner organisations across Europe and our #SupportStudyAbroad campaign is showing results with the DfE committed to looking at a stop gap for Erasmus until a new scheme is in place. In addition, we have been engaging with key EU politicians, offices and influencers in Brussels.

## Trustees' report (continued)

We secured a commitment from Government to consult on the minimum salary thresholds for work visas - a critical step in ensuring that the future immigration system enables universities to recruit the academic, research and technical staff so critical to our missions.

### AUTONOMY

We actively shaped and influenced the review of post-18 education and funding in England. We contributed a submission to the review panel's call for evidence and produced briefings on key issues such as social mobility and the use of graduate salary data. We have also had regular engagement and meetings with panel members, Ministers, senior officials at DfE and HM Treasury.

Through our public affairs and communications work we have promoted messages on the importance of sustainable funding, the value of higher education and securing opportunity and access for all. Colleagues in Universities Scotland and Universities Wales engaged with the review to highlight impacts of a review of student funding in England on the devolved nations. Our arguments and evidence have been reflected extensively in the media and in Parliament. The review panel's recommendations included a number of proposals that Universities UK had argued for including the reintroduction of targeted maintenance grants, a cap on interest rates on student loans during study and a focus on supporting lifelong learning.

Universities UK advocates a co-regulatory approach, demonstrating leadership in areas where the sector has collective responsibility to act in the interest of students and the public. This year Universities UK took a leadership role in tackling harassment and hate crime on campus, student mental health and protecting the value of degree qualifications for the long term.

A UK-wide consultation on grade inflation, led by the UK Standing Committee for Quality Assessment (UKSCQA) with universities, GuildHE and the Quality Assurance Agency for Higher Education (QAA), higher education institutions agreed to take collective action to protect the value of degree qualifications for the long term, to be more transparent and to tackle perceptions that degree courses are 'dumbing down'. The result is a statement of intent, overwhelmingly supported by the sector, which outlines the shared commitment of universities to transparency, fairness and reliability in the way they award degrees. It provides a framework for action and will be in place for the 2019–20 academic year.

We supported the work of the Equality and Human Rights Commission developing guidance on free speech for universities in England and Wales.

Building on the work of the Bell Review, we continue to review the impact of the changes to the regulatory landscape in England and changes in the way in which sector agencies and particularly those undertaking statutory functions are funded. The changes necessary to operate as a designated body in England may have implications for the way the agencies are organised and the services that they offer to higher education institutions in all nations of the UK. In response Universities UK has established a joint Universities UK / GuildHE group chaired by Mr Bill Rammell to consider the consequences of the changes.

### ORGANISATION CAPABILITIES

To effectively support the delivery of our 2018-23 Strategic Plan, we identified some organisation development areas to focus on, including a review of our governance effectiveness, development of a people strategy – focussing on wellbeing, inclusivity and improving collaboration across our offices for this year.

In 2018–19, we commissioned the Halpin Partnership to carry out a Governance Effectiveness Review with the aim to ensure that Universities UK's governance has the trust and confidence of its membership and aligns with the best practice of the Charity Governance Code and Companies House requirements. The review found that "Universities UK is considered to be operating effectively in challenging circumstances, given the headwinds facing higher education". The review has 24 recommendations, described by Halpin as "evolutionary". The implementation will be taken forward in 2019–20.

For our staff, we identified some areas to focus on including wellbeing, inclusivity, cross-UK working and internal communications. We successfully achieved the Workplace Wellbeing Charter Award following an assessment by Health@Work. We launched our 'Next Generation Leaders' management apprenticeship scheme. We developed and launched a Volunteering Policy, allowing our staff paid time off to pursue volunteer opportunities.

We rolled out 'theory of change' training for all staff and developed our planning and monitoring processes to move the focus away from activities to outcomes and impact. This has helped us prioritise our activities to those that are making an impact for our members and the sector. We reviewed our Safeguarding practices and developed a Safeguarding Statement.

Data governance was a priority, with bedding in our approach to GDPR and our bi-annual security testing completed. We successfully achieved the Cyber Essentials accreditation.

With this year the second and final year of Dame Professor Janet Beer's presidency, and a number of other Board members coming to the end of their terms, we ran elections to fill seven Board places. As a result of the Governance Effectiveness review, we fast tracked the recommendation to create a Governance and Nominations Committee to have a more transparent process for the selection of the nominated Board member roles, which successfully identified the six members nominated to the Board.

In May 2019, we launched a peer-to-peer learning session on governance chaired by Professor Dame Janet Beer and attended by 13 members. The peer-to-peer learning approach builds on the success of our new and mid-term vice-chancellors' sessions, with an emphasis on learning from one another through reflections, insights, case studies and comparator perspectives aimed at stimulating discussion in the group.

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

Universities Scotland published a vision for the sector's ambitions in 2030, and its ambitions for its contribution to Scotland's success by then. This set a framework for more detailed policy and advocacy interventions, including work to influence Scottish Government's and the Enterprise & Skills Strategic Board's development of skills policy, and detailed engagement with government to influence the export strategy developed as a result of the Strategic Board's work. Skills policy in particular remains a highly contested area, but Universities Scotland's interventions have been important in ensuring that this space is not simply dominated by other actors.

The Universities Scotland Spending review 2018 case was recognised by government and stakeholders as well-argued and well-evidenced. The spending review outcome was below our aspirations. This led to a deliberate recalibration of our narrative as we look towards spending review 2019, to be more assertive about the financial stresses facing institutions as well as making the positive case for our contribution to inclusive growth.

Widening access to higher education has been a reputational success area for Universities Scotland during 2018–19. As a result of detailed policy work on admissions and widening access the sector leadership has been recognised by government as the foremost actor in widening access to higher education, and this has been substantiated through demonstrable progress in the success of learners from disadvantaged backgrounds in entering and graduating from higher education. The end of the year, this success was marked by the First Minister's launch of the sector leadership's commitment to care experienced learners.

Universities Scotland has taken forward reputationally and substantively important work on student welfare. In the politically-charged area of gender-based violence we have taken the initiative to launch new resources to direct students and staff to the right sources of support. On student mental health, we have set up a Principal-led working group of stakeholders which is in particular arguing for better connections between universities and the NHS, and is influencing Scottish government policy on the funding of additional counsellors.

## Trustees' report (continued)

The high politics of Brexit have been beyond Universities Scotland's scope of influence. However, within our own sphere of influence we ensured that the Scottish Government was the first UK administration to make a commitment to protect the fees status of EU students commencing their studies in academic year 2020–21. We have also developed detailed options for re-investment of funds if the future fees status of the EU students changes, but in the current overall political uncertainty government is reluctant to commit itself to a future policy on EU students and the funding associated with them.

### Activities for members - Universities Wales

Universities Wales continued to work on the successful implementation of the Diamond Review recommendations which had progressive support for students and the long-term sustainability of funding for higher education in Wales. In February 2019, the Welsh Government reported a 35% increase in part-time undergraduates and 58% increase in post graduate students supported in Wales following the introduction of the Welsh Government's new student support package.

The implementation of the Reid Review was a key priority in the year, with the protection of QR, the implementation of innovation funding and delivery of a Future of Wales fund to incentivise Welsh researchers to win funding from outside of Wales.

The Global Wales II project launched at the beginning of the year with the governance structures established and the project mapped out for the next three years. The funding allows for:

- Development of existing target markets
- Expansions to include new markets
- A major reinvestment in a wider programme of activity for the 'Study in Wales' brand domestically and internationally.

In the year, Universities Wales established a partnership with the Foreign and Commonwealth Office creating Chevening Universities Wales Scholarships for ten Vietnamese and five Indian scholars in 2020–21 and 2021–22 to study a one-year taught Masters in any subject at a Welsh university. We also established Fulbright and Gilman international scholarships for mobility between Wales and the United States. A Memorandum of Understanding between the Vietnamese and Welsh Assembly Education Ministers was signed to consolidate the strong relationship between the Vietnamese and Welsh education communities.

May 2019 saw the publication of the report on *Solving Future Skills Challenges in Wales* which found that Wales faces challenges in meeting futures skills needs as the population is older and less well-qualified than the rest of the UK. The report made four key recommendations:

- Delivering the entire Diamond package
- Expanding degree apprenticeships
- Developing more flexible provision
- Encouraging partnerships and collaborations.

### Medical and health

**The Medical Schools Council** represents the interests and ambitions of UK medical schools as they relate to the generation of national health, wealth and knowledge through biomedical research and the profession of medicine. As an organisation the Council occupies a unique position, embracing medical undergraduate education, health-related research, and a critical interface with the health service and postgraduate education and training. Its mission is to support its members as they seek to optimize the quality of the myriad activities undertaken within the UK's medical schools.



### **Medical Schools Council activities in the year included:**

- Meetings with very senior guests including the CEO of the Medical Research Council, the previous and current Chairs of the General Medical Council (GMC), the Chief Scientist for England, the President of the Academy of Medical Sciences, the Director of Science at the Wellcome Trust and the CEO of Health Data Research UK.
- Extensive liaison with the Department for Health and Social Care around its proposals to remove the cap on international medical student numbers – but also to charge these students for clinical placements.
- A meeting with the GMC of the Medical School Fitness to Practice leads. Multiple meetings to consider the GMC's proposals for a Medical Licensing Assessment and what the implications of implementation will be in practice. Close work with the GMC over *Welcomed and Valued* – its new guidance on applicants with disabilities.
- Extensive work on widening participation, with new mapping of cold spots and success in winning a tender to deliver summer schools to disadvantaged applicants in 2019.
- Participation in HENSE, the Health Education National Strategic Exchange, in CASAG, the Clinical Academic Staff Advisory Group and in meetings with NHS Employers around the need to parity between university – and NHS-employed consultants – particularly with regard to eligibility for and the payment of local clinical excellence awards.
- Participation in the Clinical Academic Training Forum and the UK Clinical Research Collaboration.
- Publication of the *Survey of Staffing Levels of Medical Clinical Academics in UK Medical Schools as at 31.7.18*.
- On-going collaboration around UKMED, the UK Medical Education Database and the UCAT, University Clinical Aptitude Test.
- Work with the Academy of Medical Sciences and the funders of health research to support clinical and non-clinical academic careers and to devise strategies to stem the decreasing numbers of clinical academics.
- Continued enhancement of the software supporting item development, analysis and delivery including the expansion of the bank to facilitate the development and sharing of clinical assessments, along with a number of stations donated by schools for this purpose, and an area for the development and sharing of multiple mini interviews (MMIs) with Selection Alliance members. The successful piloting of a new style of exam question – Very Short Answers – using new software developed by MSC Assessment Alliance.

### **Exam delivery**

MSC Assessment carries out exam development and delivery. MSC Assessment took on the assessment activities, assets and liabilities from MSC in January 2014 as a going concern, and in consideration for this MSC transferred to MSC Assessment the intellectual property, goodwill and cash in hand held by MSC in relation to the delivery of Situational Judgement Tests (SJT) pursuant to the existing MoU with Health Education England (HEE). Subsequently, annual contracts have been signed between MSC Assessment and HEE, with two annual contracts (April to March) covering each of MSC Assessment's financial years (August–July).

In addition to the SJT, MSC Assessment is working with the British Pharmacological Society to deliver a Prescribing Safety Assessment which seeks to enhance patient safety by assessing the prescribing skills of new doctors in the NHS.

During the year, MSC Assessment successfully delivered the SJT for FP2019 (Foundation Programme) and began the activities that will lead to delivering the Test for FP2020. It also successfully delivered the Prescribing Safety Assessment to all final year UK medical students on four dates between February and June 2019. All new overseas doctors commencing the Foundation Programme are scheduled to take the PSA in September 2019. The Collaboration Agreement with the British Pharmacological Society (BPS) setting out the terms for the future delivery of the PSA to medical students and foundation doctors in the UK, Ireland and Malta, signed on 26 October 2016 continues to work well. MSC Assessment and the BPS commissioned an Independent Review of the PSA in 2019. Professor McLachlan concluded that the processes underlying item development, standard setting and delivery are of a high standard and are comparable with other national level tests. He also stated that whilst no single test could be a determinant of patient safety, the PSA is almost certainly a significant contributor to patient safety.

## Trustees' report (continued)

The **Council of Deans of Health** is the strategic voice and principal source of informed opinion and advice on all matters concerning education and research for nursing, midwifery and the allied health professionals in the UK and its relation to healthcare delivery. Key areas of success for the Council this year have been:

- Submitting detailed written evidence to the Department of Health and Social Care's deep dive into nursing recruitment and working with the NHS Long Term Plan team on the People Plan, including additional investment in placement capacity.
- Developing our engagement with Jeanne Freeman MSP, the new Cabinet Secretary for Health and Sport in Scotland and Vaughan Gething AM, the Minister for Health and Social Services in Wales.
- Working closely with the NMC on the implementation of the new nurse standards and consultation in the future midwifery standards and discussing the future of quality assurance with the HCPC.
- Continuing the Council's fantastic student leadership programme and creating opportunities for our student leaders to contribute to wider Council discussions.
- Producing valuable publications on clinical academic careers and research in pre-registration education.
- Continuing influencing the UK's relationship with the EU through our membership of the Cavendish Coalition and the EU Nursing and Midwifery Forum.

### USS pensions reform

Universities UK has a legal responsibility to represent employers within the USS pensions scheme. This year saw the conclusion of the 2017 valuation and work on a 2018 valuation.

Key developments in 2018–19 included:

- the publication of the first report of the Joint Expert Panel
- conclusion of the 2017 valuation
- a 2018 valuation allowing the USS Trustee to adopt some improved market conditions and take on board some of the Joint Expert Panel's recommendations
- a number of consultations with employers on both the 2017 and 2018 valuations including exploring contingent contributions, valuation assumptions, risk appetite, and mechanisms to protect the employer covenant
- agreeing, through the 2018 valuation, a 30.7% contribution rate (21.1% for employers) until the 2020 valuation
- launching the new USS Employers website to provide updates and resources to USS participating members
- supporting the phase 2 work of the Joint Expert Panel to consider governance reforms and options to secure the future sustainability of the scheme.

### Restricted funds

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

### Relationship with higher education sector agencies

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

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

## Financial review

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

The statement of financial activities for the year is set out on page 23 and the balance sheet on page 24 of the financial statements.

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

	Unrestricted Activities £'000	Restricted Activities £'000	Total 2019 £'000	Total 2018 £'000
Income	9,687	5,162	<b>14,849</b>	12,988
Expenditure	(11,853)	(5,190)	<b>(17,043)</b>	(13,386)
Deficit	(2,166)	(28)	<b>(2,194)</b>	(398)
Transfers	5	(5)	—	—
Net movement in funds	(2,161)	(33)	<b>(2,194)</b>	(398)
Funds brought forward	4,031	3,986	<b>8,017</b>	8,415
Funds carried forward	1,870	3,953	<b>5,823</b>	8,017

A consolidated deficit of £2,194,000 is reported for the financial year ended 31 July 2019. £2,051,000 of this related to movement on the pension deficit recovery plan provision and £35,000 relates to movements on the annual leave accrual (FRS 102 adjustments). Excluding these costs, **the deficit for the year ended 31 July 2019 stood at £108,000.**

Unrestricted income in 2019 was up £527,000 year-on-year at £9,687,000 (2018: £9,160,000).

- Woburn House Conference Centre Ltd saw income (net of internal charges) increase by £173,000, from £1,012,000 to £1,185,000.
- Unrestricted subscription income increased by £152,000 and included the addition of a new member.
- The conference and events programmes saw income increase by £149,000 year-on-year.

The unrestricted deficit in 2019 was £2,161,000 of which £2,086,000 related to the movements on the pension deficit recovery plan provision and the annual leave accrual. Excluding these costs, **a deficit of £75,000 is reported on unrestricted activities.**

- Universities Scotland, Universities Wales and Universities UK International achieved planned surpluses as part of programmes of reserves building.
- There was investment during the year in the *MadeAtUni* campaign and the USS Joint Expert Panel.

Restricted income of £5,162,000 was up on 2018 by £1,334,000 reflecting the variable nature of this income stream. Restricted grants and contracts increased by £1,046,000 and include year one of the three-year Global Wales II initiative (£766,000 received from HEFCW).

The organisation's net assets were £5,823,000 at 31 July 2019 (2018: £8,017,000). A high proportion of these are represented by cash.

## Trustees' report (continued)

### ***Principal funding sources***

Membership subscriptions provides 62% of the unrestricted income, and the balance comes from sales of goods and services (14%), conference receipts (11%), covenant income (10%) and investment and other income (3%). This income is used principally to support charitable activities, but also the cost of charged-for goods and services. Universities UK does not fundraise from the public and is therefore not registered with the Fundraising Regulator.

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

There were no significant events affecting performance or position in the year.

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

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

### ***Fixed assets***

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

### ***Other interests***

The long leasehold interest in Woburn House is owned by CVCP Properties plc, a business set up by the membership in 1995 for the purpose of acquiring the building. CVCP Properties plc also owns a central London residential flat which is let out at commercial rates with the revenue contributing to the annual covenant to Universities UK.

### ***Investment policy***

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

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

### ***Principal risks and uncertainties***

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

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

Specifically, potential policy divisions within the membership and Universities UK's response to those are monitored via the Board, members' meetings and the Policy Networks. Operational risks include IT systems and the infrastructure of Woburn House, and strategies are in place to identify and mitigate those risks. Our statutory role as the employers' representative in the USS pension scheme brings with it risks to our reputation and resources.

### **Reserves policy**

The trustees have reviewed the requirements for free reserves (unrestricted reserves less any amounts designated or otherwise committed) in the light of the principal strategic and operating risks to the organisation, as outlined above. The nature and likely timing and financial impact of these risks are not considered to be either sufficiently immediate or material to warrant carrying higher reserves. Accordingly, the current target of four to six months of unrestricted expenditure is deemed appropriate as this would ensure sufficient funds are available to meet current commitments if income streams were erratic or exceptional expenditure was incurred.

Universities UK reports its results under the Charity SORP, based on revised UK Generally Accepted Accounting Practice (GAAP): FRS 102. This has a significant impact on free reserves as Universities UK has to provide for the present value of employer contributions to past service deficits in multi-employer defined benefit pension schemes previously accounted for solely as defined contribution schemes, and the cost of untaken staff leave. The impact of the reporting regime has been to reduce reported unrestricted reserves by £3.3m (2018: £1.2m) and to cause Universities UK's group free reserves to be less than the target range of months of unrestricted expenditure. The trustees do not believe this to be significant as most of the provision is for extra pension payments that will be made over a number of years up to 2034. These will be budgeted for and accommodated as extra expenditure in each individual year.

The trustees have also reviewed historic and future expected cash flows. They are content that cash balances, representing most of free reserves, are not likely to drop to a level during the annual cycle that would put undue pressure on normal operations or likely fluctuations in cash requirements.

Accordingly, the existing reserves policy and target are maintained, but with liabilities for pension deficits being added back to free reserves, as representing liabilities predominantly due after more than one year. Performance against the target is disclosed and measured both before and after this adjustment.

### **Performance against reserves policy**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Total unrestricted reserves	1,859,000	4,011,000
Committed to fixed assets	<u>(1,005,000)</u>	<u>(1,082,000)</u>
Free reserves	<u>854,000</u>	<u>2,929,000</u>
Total unrestricted expenditure	11,853,000	8,023,000
Months of unrestricted expenditure in free reserves	0.9	4.4
<b>Pension and annual leave liabilities</b>	<b>3,298,000</b>	<b>1,212,000</b>
Expenditure excluding pension and annual leave costs	9,767,000	8,100,000
Months of unrestricted expenditure in free reserves	<b>5.1</b>	<b>6.1</b>
Months (target)	4.0-6.0	4.0-6.0

Since the year end, following the completion of the 2018 valuation, a new deficit recovery plan was agreed. Under this new plan there would be a revised provision of £1,195,000, a decrease of £1,294,000 from the current provision.

### **Political and charitable donations**

The company made no political donations in the year (2018: nil). During the year, Universities Wales donated £100 to Crisis UK in lieu of buying and sending hard copy Christmas cards (2018: nil)

## Trustees' report (continued)

### *Looking forward – our aspirations for 2019–20*

2019–20 will be the second year of Universities UK's Strategic Plan 2018-23: World Leading Impact. Our long term, strategic objectives for the next five years are as outlined on p.6:

- **Opportunity**
- **Impact**
- **Trust**
- **Global universities**
- **Autonomy**
- **Develop our organisation capabilities**

Our short-term priorities for 2019–20 are as follows:

#### **Opportunity**

- Support the narrowing of demographic gaps in access, retention and outcomes.
- Drive behaviour change to prevent and respond to harassment, hate crime and gender-based violence.
- Lead work to improve mental health outcomes in higher education.

#### **Impact**

- Influence the 2019 (Westminster) government spending review.
- Influence the funding and regulatory environment to support the achievement of the government's target of R&D growth to 2.4% of GDP.

#### **Trust**

- Invest in the next phases of the successful *MadeAtUni* public impact campaign.

#### **Global**

- Continue to support members with Brexit, lobbying for the best outcomes, developing guidance and be the thought leaders on the role of universities in a post-Brexit Britain.
- Continue to press for immigration policy change to create the environment to attract international students and staff.
- Create further international opportunities for students, researchers and institutions.

#### **Autonomy**

- Respond to the outcomes of the Augar review of post-18 education, ensuring the impact on all four nations of the UK is considered and take forward workstreams to address a number of challenges posed by the review.
- To lead a review of the principles underpinning fair and transparent admissions practice, including recommending how these might be implemented at sector and institutional levels.

#### **Organisation capabilities**

- Implement the recommendations from the Halpin Review of Governance Effectiveness.
- Continue our work on creating a healthy and inclusive work environment, and focus on learning and development and career pathways for our people.

#### **USS pensions reform**

- Develop work on the 2020 USS valuation and governance reforms.
- Review recommendations from the Joint Expert Panel phase 2 report.

## Statement of Trustees' responsibilities

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

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

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

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

## Audit information

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

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

## Auditor

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

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



**Alistair Jarvis**  
Chief Executive  
1 November 2019



**Professor Paul Layzell**  
Treasurer

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

## Opinion

We have audited the financial statements of Universities UK for the year ended 31 July 2019 which comprise the Group Statement of Financial Activities, the Group Balance Sheet, Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 31 July 2019 and of the group and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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



## **Conclusions relating to going concern**

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

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

## **Other information**

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

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

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

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

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

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

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

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

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

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

## Use of our report

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



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

14/11/19

10 Queen Street Place  
London  
EC4R 1AG

## Consolidated statement of financial activities – year ended 31 July 2019

Income and expenditure	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2019 £'000	Total Funds 2018 £'000
<b>Income from:</b>					
. Donations	2	886	—	886	905
. Charitable activities	3	7,401	5,106	12,507	10,810
. Other trading activities	4	1,309	34	1,343	1,186
. Investments		63	16	79	51
. Other income		28	6	34	36
<b>Total</b>		<b>9,687</b>	<b>5,162</b>	<b>14,849</b>	<b>12,988</b>
<b>Expenditure on:</b>					
. Raising funds		660	27	687	714
. Charitable activities		11,193	5,163	16,356	12,672
<b>Total</b>	7	<b>11,853</b>	<b>5,190</b>	<b>17,043</b>	<b>13,386</b>
<b>Net expenditure</b>		<b>(2,166)</b>	<b>(28)</b>	<b>(2,194)</b>	<b>(398)</b>
Transfers between funds	20	5	(5)	—	—
<b>Net movements in funds</b>		<b>(2,161)</b>	<b>(33)</b>	<b>(2,194)</b>	<b>(398)</b>
<b>Total funds at 1 August 2018</b>		<b>4,031</b>	<b>3,986</b>	<b>8,017</b>	<b>8,415</b>
<b>Total funds at 31 July 2019</b>	20	<b>1,870</b>	<b>3,953</b>	<b>5,823</b>	<b>8,017</b>

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

The notes on pages 26 to 49 form part of these financial statements.

## Balance sheets – 31 July 2019

	Notes	The Group		Universities UK	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Fixed assets</b>					
Intangible fixed assets	12	48	38	8	12
Tangible fixed assets	13	413	503	397	472
Investments	14	600	600	600	600
		<b>1,061</b>	1,141	<b>1,005</b>	1,084
<b>Current assets</b>					
Debtors					
- due within one year		2,664	2,573	2,497	2,983
- due after more than one year		750	750	750	750
	15	<b>3,414</b>	3,323	<b>3,247</b>	3,733
Investments – short term deposits		5,885	5,699	3,785	3,449
Cash at bank and in hand		1,800	2,511	911	1,092
		<b>11,099</b>	11,533	<b>7,943</b>	8,274
<b>Liabilities</b>					
Creditors: amounts falling due within one year	16	(3,201)	(3,589)	(2,944)	(3,352)
<i>Net current assets</i>		<b>7,898</b>	7,944	<b>4,999</b>	4,922
<i>Total assets less current liabilities</i>		<b>8,959</b>	9,085	<b>6,004</b>	6,006
Creditors: amounts falling due after one year	18	(3,136)	(1,068)	(3,136)	(1,068)
<b>Total net assets</b>		<b>5,823</b>	8,017	<b>2,868</b>	4,938
<b>Funds and reserves</b>					
Restricted funds		3,953	3,986	1,009	927
Unrestricted funds		1,859	4,011	1,859	4,011
Non-charitable trading funds		11	20	—	—
Total funds	20	<b>5,823</b>	8,017	<b>2,868</b>	4,938

Gross income for the parent charity was £12,117,000 and gross expenditure was £14,187,000, resulting in a deficit (before transfers) of £2,070,000 (2018: deficit of £355,000).

Approved by the Board of Directors and authorised for issue on 1 November 2019

Signed on their behalf:

  
**Alistair Jarvis**  
 Chief Executive

  
**Paul Layzell**  
 Treasurer

Company Number: 2517018

The notes on pages 26 to 49 form part of these financial statements.

## Consolidated cash flow statement – year ended 31 July 2019

	2019 £'000	2018 £'000
<b>(a) Reconciliation of net expenditure to net cash flow from operating activities</b>		
<b>Net expenditure income for the year</b>	<b>(2,194)</b>	<b>(398)</b>
Interest income	(79)	(51)
Depreciation and amortisation charges	149	173
(Increase)/Decrease in debtors	(91)	424
Increase/(Decrease) in creditors	1,680	(616)
<b>Net cash used in operating activities</b>	<b>(535)</b>	<b>(468)</b>
<b>(b) Statement of cash flows</b>		
<b>Cash flows from operating activities</b>	<b>(535)</b>	<b>(468)</b>
<b>Cash flows for investing activities</b>		
Purchase of fixed assets	(69)	(225)
Interest income	79	51
<b>Net cash used in investing activities</b>	<b>10</b>	<b>(174)</b>
<b>Change in cash and cash equivalents in the year</b>	<b>(525)</b>	<b>(642)</b>
<b>Cash and cash equivalents at 1 August</b>	<b>8,210</b>	<b>8,852</b>
<b>Cash and cash equivalents at 31 July</b>	<b>7,685</b>	<b>8,210</b>
 Cash and cash equivalents at 31 July is made up of:		
Investments – short term deposits	5,885	5,699
Cash at bank and in hand	1,800	2,511
<b>Total cash and cash equivalents</b>	<b>7,685</b>	<b>8,210</b>

# Notes to the financial statements – year ended 31 July 2019

## 1. Principal accounting policies

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

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

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

### a. Critical accounting judgements and estimates

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

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

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

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives the trustees confidence that the charity remains a going concern for the foreseeable future.

### c. Income

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

Subscriptions are recognised over the period to which they relate.

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

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

### d. Expenditure

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

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

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

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.

**d. Expenditure (continued)**

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

**e. Intangible and tangible fixed assets and depreciation**

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

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

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

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

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

**f. Investments**

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

**g. Cash and cash equivalents**

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

**h. Financial instruments**

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

**i. Creditors and provisions**

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

**j. Debtors**

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

**k. Operating leases**

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

## Notes to the financial statements (continued)

### **i. Employee benefits**

#### *Short term benefits*

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

#### *Employee termination benefits*

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

### **m. Pensions**

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

Both these pension schemes are defined benefit, multi-employer schemes (contracted out of the State Second Pension [S2P] up until 31 March 2016), with the assets held in separate trustee-administered funds. The funds are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years the actuary reviews the progress of the scheme.

Because of the mutual nature of the schemes, the schemes' assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. Universities UK is therefore exposed to actuarial risks associated with members employed at other participating employers in the schemes and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the schemes as if they were defined contribution schemes.

As a result, the amount charged to income and expenditure through the Statement of Financial Activities represents the contributions payable to the schemes in respect of the accounting period.

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

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

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

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

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



## 2. Donations

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

Covenanted income receivable during the year from CVCP Properties plc was £885,837 (2018: £905,412). Other transactions with CVCP Properties plc are included in note 26.

## 3. Income from charitable activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000
Subscriptions from membership	6,024	2,047	<b>8,071</b>	5,859	1,763	7,622
Grants and contracts	340	2,886	<b>3,226</b>	322	1,858	2,180
Conference income	1,037	173	<b>1,210</b>	888	120	1,008
	<u>7,401</u>	<u>5,106</u>	<u><b>12,507</b></u>	<u>7,069</u>	<u>3,741</u>	<u>10,810</u>

See notes 5 and 6 for further analysis.

## 4. Other trading activities

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

## 5. Subscriptions from membership

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000
Universities UK	4,938	315	<b>5,253</b>	4,786	33	4,819
Universities Scotland	625	—	<b>625</b>	612	—	612
Universities Wales	461	—	<b>461</b>	461	—	461
Medical Schools Council	—	1,070	<b>1,070</b>	—	1,114	1,114
Council of Deans of Health	—	662	<b>662</b>	—	616	616
	<u>6,024</u>	<u>2,047</u>	<u><b>8,071</b></u>	<u>5,859</u>	<u>1,763</u>	<u>7,622</u>

## Notes to the financial statements (continued)

### 6. Grants and contracts

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000
Health Education England *	—	1,130	<b>1,130</b>	—	870	870
Higher Education Funding Council for Wales *	—	766	<b>766</b>	—	31	31
Research England *	—	300	<b>300</b>	—	300	300
British Council *	128	131	<b>259</b>	115	144	259
Department for Business, Energy & Industrial Strategy*	122	59	<b>181</b>	112	111	223
Scottish Funding Council *	—	121	<b>121</b>	—	120	120
Burdett	—	62	<b>62</b>	—	—	—
All Party Parliamentary University Group	43	16	<b>59</b>	42	13	55
Scottish Government *	—	53	<b>53</b>	—	12	12
Department for Education *	—	47	<b>47</b>	—	—	—
HEFCE *	—	43	<b>43</b>	—	121	121
Conservatoires UK	14	28	<b>42</b>	18	27	45
Health Foundation	—	33	<b>33</b>	—	—	—
NIHR CLAHRC	—	29	<b>29</b>	—	70	70
Department of Health and Social Care *	—	28	<b>28</b>	—	—	—
UPP Foundation	—	24	<b>24</b>	—	21	21
UK Research and Innovation *	20	—	<b>20</b>	—	—	—
BEC.AR	—	—	—	24	—	24
Welsh Government *	—	—	—	—	15	15
Other organisations (less than £15k)	13	16	<b>29</b>	11	3	14
	<b>340</b>	<b>2,886</b>	<b>3,226</b>	<b>322</b>	<b>1,858</b>	<b>2,180</b>

\* Grants from government and government agencies.

### 7. Total resources expended

	Direct costs £'000	Support costs £'000	Total 2019 £'000	Direct costs £'000	Support costs £'000	Total 2018 £'000
<b>Cost of raising funds</b>	668	19	<b>687</b>	693	21	714
<b>Charitable activities</b>						
<b>Activities for members</b>						
Core (see split below)	9,800	2,320	<b>12,120</b>	6,683	2,327	9,010
Conferences	791	82	<b>873</b>	611	95	706
Medical & health	1,792	340	<b>2,132</b>	1,499	264	1,763
Exam delivery	1,117	114	<b>1,231</b>	1,079	114	1,193
Total activities for members	13,500	2,856	<b>16,356</b>	9,872	2,800	12,672
<b>Total resources expended</b>	<b>14,168</b>	<b>2,875</b>	<b>17,043</b>	<b>10,565</b>	<b>2,821</b>	<b>13,386</b>

## 7. Total resources expended (continued)

	Direct costs £'000	Support costs £'000	Total 2019 £'000	Direct costs £'000	Support costs £'000	Total 2018 £'000
<b>Split of core activities</b>						
England, NI and UK-wide	6,762	1,876	<b>8,638</b>	3,459	1,901	5,360
International	1,861	138	<b>1,999</b>	1,820	119	1,939
Universities Wales	496	56	<b>552</b>	593	44	637
Universities Scotland	681	250	<b>931</b>	811	263	1,074
<b>Total resources expended</b>	<b>9,800</b>	<b>2,320</b>	<b>12,120</b>	<b>6,683</b>	<b>2,327</b>	<b>9,010</b>

## 8. Support costs allocations

	Premises £000	Governance £000	Depreciation £000	Finance, HR IT £000	Other £000	Total 2019 £'000
Trading activities: costs of goods sold and other costs	9	1	1	5	2	<b>18</b>
<b>Charitable activities</b>						
Core	1,034	156	90	669	369	<b>2,318</b>
Conferences	37	6	3	24	13	<b>83</b>
Medical and health	98	70	36	74	63	<b>341</b>
Exam delivery	15	13	—	56	31	<b>115</b>
<b>Total resources</b>	<b>1,193</b>	<b>246</b>	<b>130</b>	<b>828</b>	<b>478</b>	<b>2,875</b>

	Premises £'000	Governance £000	Depreciation £000	Finance, HR IT £000	Other £000	Total 2018 £'000
Trading activities: costs of goods sold and other costs	10	1	2	6	2	21
<b>Charitable activities</b>						
Core	1,022	147	111	677	370	2,327
Conferences	42	6	4	28	15	95
Medical and health	104	15	23	63	59	264
Exam delivery	16	12	—	62	24	114
<b>Total resources</b>	<b>1,194</b>	<b>181</b>	<b>140</b>	<b>836</b>	<b>470</b>	<b>2,821</b>

## Notes to the financial statements (continued)

### 8. Support costs allocations (continued)

	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Governance costs are made up of the following:		
Staff costs	141	151
External audit	21	21
Other professional fees	78	6
Meeting costs and expenses	6	3
	<b>246</b>	<b>181</b>

	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Other direct costs include:		
Auditor's remuneration:		
. For audit services	24	23
. For other services	15	5
. Prior year fees: other services	1	1
Operating lease rentals:		
. Land and buildings	1,011	1,001
. Office and equipment	12	12

### 9. Analysis of staff costs

	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Total staff costs including full and part-time employees were:		
Wages and salaries	6,030	5,909
Social security costs	641	637
Other pension costs	3,406	883
	<b>10,077</b>	<b>7,429</b>

'Other pension costs' includes £2,026,000 relating to the movement on the USS pension deficit funding liability (2018: £59,000 credit). 'Other pension costs' also includes pension contributions made under the salary sacrifice scheme introduced on 1 August 2018.

	<b>2019 No.</b>	<b>2018 No.</b>
The average number of employees throughout the year was:		
Charitable activities	115	113
Support staff	22	22
Trading activities – Woburn House Conference Centre Limited	4	4
	<b>141</b>	<b>139</b>

## 9. Analysis of staff costs (continued)

The number of employees whose emoluments exceeded £60,000 (excluding employer's pension contributions) was 25 (2018: 23).

	2019 No.	2018 No.
£60,001 - £70,000	12	14
£70,001 - £80,000	5	3
£80,001 - £90,000	4	4
£90,001 - £100,000	2	—
£110,001 - £120,000	—	1
£120,001 - £130,000	1	—
£140,001 - £150,000	—	1
£150,001 - £160,000	1	—

The total employer pension contributions for these staff were £353,571 (2018: £303,441).

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

No trustees received any remuneration for their services.

During the year, travel and accommodation expenses were reimbursed to one trustee amounting to £4,171 (2018: three trustees - £3,350).

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

	2019 £'000	2018 £'000
Wages and salaries	715	695
Social security costs	82	87
Other pension costs	132	120
	<u>929</u>	<u>902</u>

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

## 11. Taxation

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

## Notes to the financial statements (continued)

### 12. Intangible fixed assets

	<b>Group</b>	<b>Universities UK</b>
	<b>£'000</b>	<b>£'000</b>
<b>Website development and software</b>		
<b>Cost</b>		
At 1 August 2018	474	326
Additions	60	11
At 31 July 2019	<u>534</u>	<u>337</u>
<b>Depreciation</b>		
At 1 August 2018	436	314
Charge for year	50	15
At 31 July 2019	<u>486</u>	<u>329</u>
<b>Net book value</b>		
<b>At 31 July 2019</b>	<b><u>48</u></b>	<b><u>8</u></b>
At 31 July 2018	<u>38</u>	<u>12</u>

### 13. Tangible fixed assets

<b>Group</b>	<b>Leasehold Improvements £'000</b>	<b>Furniture &amp; Equipment £'000</b>	<b>Office Technology £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 August 2018	687	597	209	<b>1,493</b>
Additions	—	3	6	<b>9</b>
Written off	—	(61)	(58)	<b>(119)</b>
At 31 July 2019	<u>687</u>	<u>539</u>	<u>157</u>	<b><u>1,383</u></b>
<b>Depreciation</b>				
At 1 August 2018	234	560	196	<b>990</b>
Charge for year	64	21	14	<b>99</b>
Written off	—	(61)	(58)	<b>(119)</b>
At 31 July 2019	<u>298</u>	<u>520</u>	<u>152</u>	<b><u>970</u></b>
<b>Net book value</b>				
<b>At 31 July 2019</b>	<b><u>389</u></b>	<b><u>19</u></b>	<b><u>5</u></b>	<b><u>413</u></b>
At 31 July 2018	<u>453</u>	<u>37</u>	<u>13</u>	<b><u>503</u></b>

### 13. Tangible fixed assets (continued)

	Leasehold Improvements £'000	Furniture & Equipment £'000	Office Technology £'000	Total £'000
<b>Universities UK</b>				
<b>Cost</b>				
At 1 August 2018	687	395	129	<b>1,211</b>
Additions	—	—	6	<b>6</b>
At 31 July 2019	<u>687</u>	<u>395</u>	<u>135</u>	<u><b>1,217</b></u>
<b>Depreciation</b>				
At 1 August 2018	234	387	118	<b>739</b>
Charge for year	64	5	12	<b>81</b>
At 31 July 2019	<u>298</u>	<u>392</u>	<u>130</u>	<u><b>820</b></u>
<b>Net book value</b>				
<b>At 31 July 2019</b>	<u>389</u>	<u>3</u>	<u>5</u>	<u><b>397</b></u>
At 31 July 2018	<u>453</u>	<u>8</u>	<u>11</u>	<u><b>472</b></u>

### 14. Investments held as fixed assets

	Total 2019 £'000	Total 2018 £'000
<b>Group and Universities UK</b>		
CVCP Properties plc ordinary shares of £1 each	50	50
CVCP Properties plc preference shares of £1 each	550	550
	<u>600</u>	<u>600</u>

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

### 15. Debtors

	Group		Universities UK	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors	1,300	1,270	305	1,189
Amounts due from subsidiary undertakings	—	—	880	568
Other debtors	923	936	923	935
Prepayments and accrued income	441	367	389	291
Loan	750	750	750	750
	<u>3,414</u>	<u>3,323</u>	<u>3,247</u>	<u>3,733</u>

The £750,000 loan is repayable after more than one year (2018: £750,000).

## Notes to the financial statements (continued)

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

	Group		Universities UK	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade creditors	586	565	386	422
Amounts due to subsidiary undertakings	—	—	13	22
Taxation and social security	273	265	273	265
Other creditors	133	113	133	113
Accruals	699	634	640	538
Deferred income	1,510	2,012	1,499	1,992
	<b>3,201</b>	<b>3,589</b>	<b>2,944</b>	<b>3,352</b>

At the year end outstanding pension contributions amounted to £134,695 (2018: £112,936).

### 17. Deferred income

	Group		Universities UK	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Brought forward	2,012	2,775	1,992	2,750
Released in the year	(2,008)	(2,715)	(1,988)	(2,690)
Deferred in the year	1,506	1,952	1,445	1,932
Carried forward	1,510	2,012	1,449	1,992

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

Group and Universities UK	Total 2019 £'000	Total 2018 £'000
	Pension deficit funding payments in relation to USS	<b>3,136</b>

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan has been agreed. As at 31 July 2019, and with all other assumptions used to calculate the provision unchanged, this would result in a revised provision of £1,915,000, a decrease of £1,294,000 from the current year end provision.

See note 24 for further details regarding these liabilities.



## 19. Operating lease commitments

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

	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
<b>Group and Universities UK</b>		
Land and buildings:		
. Within one year	<b>1,053</b>	1,044
. Between one and five years	<b>1,508</b>	2,520
. After five years	<b>47</b>	68
Office equipment:		
. Within one year	<b>6</b>	11
. Between one and five years	<b>1</b>	7
	<b>2,615</b>	3,650

## Notes to the financial statements (continued)

### 20. Movement in funds

	At 1 August 2018 £	Incoming resources £	Resources expended £	Transfers £	At 31 July 2019 £
<b>Unrestricted funds</b>					
Investment fund	600	—	—	—	600
Universities Scotland / Universities Wales	437	1,169	(1,503)	440	543
General funds	2,974	7,968	(9,791)	(435)	716
	4,011	9,137	(11,294)	5	1,859
<b>Restricted funds</b>					
Medical Schools Council	1,294	444	(545)	(1)	1,192
MSC Assessment	835	851	(808)	(21)	857
MSC Assessment Alliance	451	369	(423)	10	407
University Hospital Association	246	134	(111)	(1)	268
Dental Schools Council	112	80	(67)	—	125
Pharmacy Schools Council	65	75	(75)	—	65
Council of H'care Science in HE	39	(37)	—	(2)	—
Association of Dental Hospitals	19	21	(21)	—	19
Summer School	(4)	260	(245)	—	11
Council of Deans of Health	435	911	(929)	(5)	412
Health Services Research N'work	—	76	(76)	—	—
CLAHRC	22	29	(51)	—	—
Mental Health in Higher Education	29	42	(71)	—	—
Universities UK International (UUKi)	—	398	(398)	—	—
Outward mobility	139	24	(107)	—	56
UUKi programmes	44	—	(44)	—	—
Newton	19	82	(83)	—	18
Global Wales II	—	736	(469)	—	267
Vietnam Partnership	—	55	(50)	—	5
BEC.AR	—	16	(16)	—	—
South Africa	—	58	(2)	—	56
Universities Wales International	45	15	(5)	15	70
US International	85	126	(102)	—	109
Pensions reform	—	282	(282)	—	—
Open Access	23	—	(15)	—	8
PREVENT	7	—	(7)	—	—
APPUG	2	16	(11)	—	7
Degree Algorithms	10	5	(15)	—	—
Other	69	94	(162)	—	1
	3,986	5,162	(5,190)	(5)	3,953
Non-charitable trading funds	20	550	(559)	—	11
<b>Group – total funds</b>	<b>8,017</b>	<b>14,849</b>	<b>(17,043)</b>	<b>—</b>	<b>5,823</b>

## 20. Movement in funds (continued)

	At 1 August 2017 £	Incoming resources £	Resources expended £	Transfers £	At 31 July 2018 £
<b>Unrestricted funds</b>					
Investment fund	600	—	—	—	600
Universities Scotland / Universities Wales	447	1,142	(1,578)	426	437
General funds	1,815	7,461	(5,882)	(420)	2,974
	2,862	8,603	(7,460)	6	4,011
<b>Restricted funds</b>					
Medical Schools Council	1,332	447	(483)	(2)	1,294
MSC Assessment	823	850	(817)	(21)	835
MSC Assessment Alliance	401	443	(402)	9	451
Selecting for Excellence	75	—	(72)	—	3
University Hospital Association	241	132	(126)	(1)	246
Dental Schools Council	108	80	(76)	—	112
Pharmacy Schools Council	71	60	(66)	—	65
Council of H'care Science in HE	39	—	—	—	39
Association of Dental Hospitals	9	27	(17)	—	19
Council of Deans of Health	525	751	(835)	(6)	435
Health Services Research N'work	46	15	(61)	—	—
CLAHRC	49	73	(100)	—	22
Mental Health in Higher Education	18	102	(91)	—	29
Universities UK International (UUKi)	695	395	(1,090)	—	—
Outward mobility	269	21	(151)	—	139
UUKi programmes	96	—	(52)	—	44
Newton	81	94	(156)	—	19
HEGlobal	56	30	(86)	—	—
GSIKEP	2	—	(2)	—	—
EHEA Widening Participation	1	76	(77)	—	—
BEC.AR	41	—	(41)	—	—
Universities Wales International	61	37	(68)	15	45
US International	97	75	(87)	—	85
US Committee for Scottish Chairs	21	—	(21)	—	—
Efficiency and innovation hub	15	—	(15)	—	—
Efficiency benchmarking	30	(30)	—	—	—
Open Access	102	—	(79)	—	23
PREVENT	6	7	(6)	—	7
Ratings	50	(5)	(45)	—	—
APPUG	—	13	(11)	—	2
Degree Algorithms	44	—	(34)	—	10
Degree Apprenticeships	9	29	(38)	—	—
Other	115	106	(159)	—	62
	5,528	3,828	(5,364)	(6)	3,986
Non-charitable trading funds	25	557	(562)	—	20
<b>Group – total funds</b>	<b>8,415</b>	<b>12,988</b>	<b>(13,386)</b>	<b>—</b>	<b>8,017</b>

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

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

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

## Notes to the financial statements (continued)

### 20. Movement in funds (continued)

**MSC Assessment** is a subsidiary of the Medical Schools Council set up to run the annual Foundation Programme.

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

**Selecting for Excellence project** aims to encourage more children from disadvantaged backgrounds to apply for medical school.

The **University Hospital Association** (previously **Association of UK University Hospitals**) promotes the unique interests of university hospitals across the UK. Its role is to represent the unique tripartite – service, teaching and research – interests of UK University Hospital Trusts in partnership with other national bodies.

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

The **Pharmacy Schools Council** is building on the work of the Council of UK Head of Pharmacy and has benefited from being able to access increased resources through being hosted by a secretariat which also supports equivalent groups for other healthcare professionals.

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

The **Association of Dental Hospitals** represents the voices of dental hospitals across the UK and Ireland.

The **Summer School** programme is HEE funding to deliver summer schools for 350 students from a widening participation background.

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

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

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

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

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

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

## 20. Movement in funds (continued)

**UUKi programmes** included a scholarship scheme funded by the Brazilian agencies CAPES and CNPq which enables up to 10,000 Brazilian students to study at UK higher education institutions.

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

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

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

**HEGlobal** is a joint initiative between UUKi and the British Council to empower UK universities' transnational education (TNE) activity.

**Gulf Science, Innovation, Knowledge Economy Programme** is a UK Government funded programme to promote collaboration between the UK and the Gulf Cooperation Council in higher education, science and innovation.

The **EHEA Widening Participation** in UK outward student mobility project supports universities in developing and implementing effective strategies to increase participation in mobility programmes by students from disadvantaged and under-represented backgrounds.

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

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

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

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

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

Funds raised to support the **Committee of Scottish Chairs** to carry out a review of the Scottish Code of Good Higher Education Governance, including secretariat to the review's independent Steering Group and commissioning external consultants.

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

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

**Open Access** – Universities UK's work in this area is to monitor and oversee the coordination and implementation of open access publishing in UK universities

## Notes to the financial statements (continued)

### 20. Movement in funds (continued)

**PREVENT** work relates to helping universities mitigate the risks of radicalisation and extremism on their campuses.

**Ratings** is funding towards the development of a Memorandum of Agreement between the Valuation Office Agency and the higher education sector, in respect of ratings valuations of higher education institutions' premises.

Universities UK provides administrative support to the **All Party Parliamentary University Group (APPUG)**. The Group exists to be the main avenue of communication between parliamentarians and vice-chancellors of the UK's universities; and to provide an opportunity to examine issues affecting the country's university sector

**Degree Algorithms** is a project undertaken at the request of the funding councils to map and explain existing practice and trends in relation to the design of degree algorithms in the UK higher education sector.

**Degree Apprenticeships and Trailblazer** project is a HEFCE funded project to support the sector to deliver degree apprenticeships and develop trailblazer standards for the sector.

### 21. Allocation of net assets between funds

The net assets held for various funds are as follows:

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

	Restricted funds £'000	Unrestricted funds £'000	Non- charitable trading funds £'000	2018 Total £'000
Fixed assets	25	482	34	541
Investments	—	600	—	600
	25	1,082	34	1,141
Current assets	4,314	6,681	538	11,533
Current liabilities	(353)	(2,684)	(552)	(3,589)
Net assets	3,986	5,079	20	9,085
Long-term liabilities	—	(1,068)	—	(1,068)
<b>Group total</b>	<b>3,986</b>	<b>4,011</b>	<b>20</b>	<b>8,017</b>

## 22. Subsidiaries

### Woburn House Conference Centre Limited

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

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

A summary of the trading results for the year ended 31 July 2019 and 2018, and the aggregate amount of the assets, liabilities, share capital and reserves as at 31 July of each year are shown. Audited accounts have been filed with the Registrar of Companies.

	<b>Total 2019</b>	<b>Total 2018</b>
	<b>£</b>	<b>£</b>
<i>Profit and loss account:</i>		
Turnover	<b>1,432,499</b>	1,236,580
Cost of sales	<b>(576,938)</b>	(550,036)
<b>Gross profit</b>	<b>855,561</b>	686,544
Administration costs	<b>(43,466)</b>	(55,242)
Staff costs	<b>(202,131)</b>	(197,616)
<b>Operating profit</b>	<b>609,964</b>	433,686
Interest receivable	<b>1,093</b>	165
<b>Profit on ordinary activities before taxation</b>	<b>611,057</b>	433,851
Taxation	—	—
<b>Profit on ordinary activities after taxation</b>	<b>611,057</b>	433,851
Gift aid payment to Universities UK	<b>(619,798)</b>	(439,351)
<b>Retained earnings carried forward</b>	<b>(8,741)</b>	(5,500)

## Notes to the financial statements (continued)

### 22. Subsidiaries (continued)

	<b>Total 2019</b>	Total 2018
	£	£
<i>Balance sheet:</i>		
Fixed assets	<b>19,014</b>	34,420
Current assets	<b>858,757</b>	537,548
Creditors: amounts falling due within one year	<b>(866,859)</b>	(552,315)
Net current liabilities	<b>(8,102)</b>	(14,767)
Total net assets	<b>10,912</b>	19,653
Represented by:		
Share capital	<b>2</b>	2
Profit and loss account	<b>10,910</b>	19,651
	<b>10,912</b>	19,653

#### Medical Schools Council

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

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

A summary of income and expenditure for the year to 31 July 2019 and 2018, and the aggregate amount of the assets, liabilities, share capital and reserves as at 31 July of each year are shown below. Audited accounts have been filed with the Registrar of Companies.

Unrestricted funds and free reserves at 31 July 2019 were £1.2m (2018 free reserves: £1.3m) which is equal to 26 months of unrestricted expenditure (2018: 32 months). Medical Schools Council recognises that free reserves are larger than currently required and plans to support medical assessment activities by investing heavily in both electronic exam delivery and in the creation of larger numbers of exam questions over the next few years.

	<b>Total 2019</b>	Total 2018
	£	£
<i>Income and expenditure account:</i>		
Income	<b>1,381,641</b>	1,225,774
Expenditure	<b>(1,518,746)</b>	(1,275,460)
<b>Deficit</b>	<b>(137,105)</b>	(49,686)

	<b>Total 2019</b>	Total 2018
	£	£
<i>Balance sheet:</i>		
Assets	<b>2,264,761</b>	2,399,998
Liabilities	<b>(177,630)</b>	(175,762)
Net assets	<b>2,087,131</b>	2,224,236



## 22. Subsidiaries (continued)

### MSC Assessment

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

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

A summary of the income and expenditure for the year to 31 July 2019 and 2018, and the aggregate amount of the assets, liabilities, share capital and reserves as at 31 July of each year is shown below. Audited accounts have been filed with the Registrar of Companies.

	<b>Total 2019</b>	<b>Total 2018</b>
	£	£
<i>Income and expenditure account:</i>		
Income	<b>876,047</b>	875,028
Expenditure	<b>(854,394)</b>	(863,261)
<b>Surplus</b>	<b>21,653</b>	11,767

	<b>Total 2019</b>	<b>Total 2018</b>
	£	£
<i>Balance sheet:</i>		
Assets	<b>968,028</b>	945,171
Liabilities	<b>(111,447)</b>	(110,243)
<b>Net assets</b>	<b>856,581</b>	834,928

## 23. Conduit funding

	<b>2019</b>	<b>2018</b>
	£	£
Funds received in advance b/fwd	<b>1,121,282</b>	787,304
Amount received	<b>1,225,063</b>	1,766,248
Amount paid out	<b>(2,343,076)</b>	(1,432,270)
Funds received in advance c/fwd	<b>3,269</b>	1,121,282

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

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

## Notes to the financial statements (continued)

### 24. Pension

#### Universities Superannuation Scheme

The appointment of directors to the Board of USS is determined by USS's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of two and a maximum of five are independent directors appointed by the Board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2017, which was carried out using the projected unit method. As at the year end, a valuation as at 31 March 2018 was underway but was not complete.

The 2017 valuation was the fourth valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

At 31 March 2019, USS had 202,165 (2018: 198,652) members.

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

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

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

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

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

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

At 31 March 2019, SAUL had 58,822 (2018: 54,438) members.

## 24. Pension (continued)

Summary	USS	SAUL
Group contributions for the year to 31 July 2019	£1,067,104	£298,156
Active members at 31 July 2019	80	54
Group contributions for the year to 31 July 2018	£749,749	£195,440
Active members at 31 July 2018	81	46

A new deficit recovery plan was put in place as part of the 2017 valuation and is set out in the new Schedule of Contributions dated 28 January 2019. This requires payment of 5% of salaries over the period to 1 April 2020 to 30 June 2034. In accordance with FRS 102, Universities UK has made a provision for this contractual commitment to fund the past deficit. In the prior year, the deficit payments were 2.1% of salaries up to March 2031. The USS liability is based on staff salary inflation of 2%, and a discount rate of 1.6% (2018: 2.5%, 2.21%).

The 2018 actuarial valuation was finalised after the year end which indicated a shortfall of £3.6 billion and a funding ratio of 95%.

Since the year end, following the completion of the 2018 actuarial valuation, a new deficit recovery plan was agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. The new plan requires deficit payments of 2% of salaries from 1 October 2019 to 30 September 2021 and then payments of 6% of salaries from 1 October 2021 to 31 March 2028. As at 31 July 2019, and assuming all other assumptions used to calculate the provision remain unchanged, this would have resulted in a revised provision of £1,915,000, a decrease of £1,294,000 from the current year end provision.

## 25. Financial instruments

	2019	2018
	£'000	£'000
Financial assets measured at amortised cost	8,985	9,480
Financial liabilities measured at amortised cost	3,260	2,380

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

Financial liabilities measured at amortised cost are creditors.

## Notes to the financial statements (continued)

### 26. Related party transactions

Related party transactions are disclosed for CVCP Properties plc, Advance HE (previously the Higher Education Academy, Leadership Foundation for Higher Education and the Equality Challenge Unit), Higher Education Statistics Agency, Universities and Colleges Admissions Service and Quality Assurance Agency.

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

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

	Year ended 31 July 2018		As at 31 July 2018	
	Purchases from / payments to related parties £	Income from related parties £	Amounts due from related parties £	Amounts due to related parties £
CVCP Properties plc	840,555	931,157	1,697,099	9,922
Equality Challenge Unit	2,430	259	—	—
Higher Education Statistics Agency	5,000	13,818	7,465	5,000
Universities and Colleges Admissions Service	2,260	—	—	—
Higher Education Academy	—	19,268	—	—
Leadership Foundation for HE	2,652	1,006	498	—
	<u>852,897</u>	<u>965,508</u>	<u>1,705,062</u>	<u>14,922</u>

### 27. Members

The charity is incorporated as a private company limited by guarantee having no share capital and, in accordance with the Memorandum of Association, every member is liable to contribute a sum of £1 in the event of the company being wound up. At 31 July 2019 there were 136 members (2018: 136).

28. Income and expenditure by fund

Income and expenditure	Notes	Unrestricted Funds 2019 £'000	Unrestricted Funds 2018 £'000	Restricted Funds 2019 £'000	Restricted Funds 2018 £'000	Total Funds 2019 £'000	Total Funds 2018 £'000
<b>Income from:</b>							
• Donations	2	886	905	—	—	886	905
• Charitable activities	3	7,401	7,069	5,106	3,741	12,507	10,810
• Other trading activities	4	1,309	1,117	34	69	1,343	1,186
• Investments		63	46	16	5	79	51
• Other income		28	23	6	13	34	36
<b>Total</b>		<b>9,687</b>	<b>9,160</b>	<b>5,162</b>	<b>3,828</b>	<b>14,849</b>	<b>12,988</b>
<b>Expenditure on:</b>							
• Raising funds		660	647	27	67	687	714
• Charitable activities		11,193	7,376	5,163	5,296	16,356	12,672
<b>Total</b>	7	<b>11,853</b>	<b>8,023</b>	<b>5,190</b>	<b>5,363</b>	<b>17,043</b>	<b>13,386</b>
<b>Net income/(expenditure)</b>		<b>(2,166)</b>	<b>1,137</b>	<b>(28)</b>	<b>(1,535)</b>	<b>(2,194)</b>	<b>(398)</b>
Transfers between funds		5	6	(5)	(6)	—	—
<b>Net movements in funds</b>		<b>(2,161)</b>	<b>1,143</b>	<b>(33)</b>	<b>(1,541)</b>	<b>(2,194)</b>	<b>(398)</b>
<b>Total funds at 1 August</b>		<b>4,031</b>	<b>2,887</b>	<b>3,986</b>	<b>5,528</b>	<b>8,017</b>	<b>8,415</b>
<b>Total funds at 31 July</b>		<b>1,870</b>	<b>4,030</b>	<b>3,953</b>	<b>3,987</b>	<b>5,823</b>	<b>8,017</b>

## Legal and administrative information

### **Principal and Registered Office**

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### **Bankers**

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### **Auditors**

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