

Registered number: 3467035
Charity number: 1109200

YORKSHIRE UNIVERSITIES
(A company limited by guarantee)

DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2005



YORKSHIRE UNIVERSITIES

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YORKSHIRE UNIVERSITIES

LEGAL AND ADMINISTRATIVE INFORMATION For the year ended 31 July 2005

Directors

Professor Michael Arthur (appointed 20/09/2005)

Mr Nicholas Berry

Professor Robert Francis Boucher

Professor Brian Cantor

Dr Michael Jeremiah Coughlan

Professor David Drewry

Professor Diana Green

Professor Simon Lee

Professor John Rex Tarrant

Professor Christopher Malcolm Taylor

Professor Dianne Marie Wilcocks

Company Registered Number

3467035

Registered Charity number

1109200

Registered Office

University House, Cromer Terrace, Leeds, LS2 9JT.

Auditors

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

Bankers

National Westminster Bank plc, Leeds, 8 Park Row, Leeds, LS1 1QS.

Abbey National plc, PO Box 126, Newport, NP9 4UP.

Solicitors

Eversheds LLP, Cloth Hall Court, Infirmary Street, Leeds, LS1 2JB.

YORKSHIRE UNIVERSITIES

DIRECTORS' REPORT **For the year ended 31 July 2005**

The Directors, who are also trustees of the charity for the purposes of charity law, submit their annual report and the financial statements of Yorkshire Universities (the company) for the year ended 31 July 2005. The Directors confirm that the annual report and financial statements of the company comply with current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000.

Method of appointment or election of Directors

The management of the company is the responsibility of the Directors who are elected and co-opted under the terms of the Articles of Association.

Constitution policies and objectives

The company is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association. The principal object of the company, registered in that Memorandum, is to promote encourage and develop the higher education sector in the Yorkshire and the Humber region and thereby advance education for the public benefit. There have been no changes in the objectives since the last annual report.

Review of activities and future developments

Yorkshire Universities continues to provide a coordinated channel of communication between the Higher Education Institutions (HEIs) collectively and other regional partners, to maximise the contribution which the HEIs can make to the region. Yorkshire Universities provides a vital link between higher education and regional activities and projects, ensuring that the wealth of resources available from the region's HEIs contributes to and supports regional strategies and developments. In furtherance of this agenda, Yorkshire Universities will continue to develop its links with the HEIs and with a wide range of regional partners, including government, the public and private sectors.

Reserves policy

At 31 July 2005 the amount available in the company's general fund was £190,877 (2004: £199,315). It is the policy of the charity to maintain unrestricted reserves, which are the free reserves of the charity, at a level which equates to at least four months unrestricted turnover. This provides sufficient funds to cover management, support costs, and administration, and to respond to emergency applications for grants as may be required. The directors confirm that the general fund assets are adequate and readily available to fulfill the obligations of administering the company in the future.

Risk management

The Directors have examined the major business, strategic and operational risks that the company faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

Review of transactions and financial position

A summary of results and movements for the year is set out in detail on the Statement of Financial Activities on page 7.

YORKSHIRE UNIVERSITIES

DIRECTORS' REPORT (CONTINUED) For the year ended 31 July 2005

Directors' responsibilities

The Directors prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis (unless it is inappropriate to presume that the company will continue in operation).

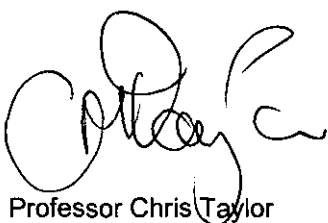
The Directors have overall responsibility for ensuring that the company has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

The Directors are also responsible for ensuring that the Directors' Report is prepared in accordance with company law in the United Kingdom.

Auditors

PKF accepted appointment as auditor with effect from 27 July 2004 under the provisions of section 26(5) of the Companies Act 1989. On 23rd May 2005 PKF transferred their business to PKF (UK) LLP, a limited liability partnership. Under section 26 (5) of the Companies Act 1989, the company consented to extend the audit appointment to PKF (UK) LLP from 23rd May 2005. Accordingly the audit report has been signed in the name of PKF (UK) LLP and a resolution to re-appoint PKF (UK) LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

This report was approved by the Directors on 7 December 2005 and signed on its behalf, by:



Professor Chris Taylor

YORKSHIRE UNIVERSITIES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YORKSHIRE UNIVERSITIES

We have audited the financial statements of Yorkshire Universities for the year ended 31 July 2005, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities, within the Directors' Report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities", published in October 2000. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2005 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF(UK) LLP

PKF (UK) LLP, Registered Auditors
Leeds, UK

27 FEBRUARY 2006

YORKSHIRE UNIVERSITIES

STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account) For the year ended 31 July 2005

	Note	Unrestricted Funds 2005 £	Unrestricted Funds 2004 £
INCOMING RESOURCES			
Grants and similar incoming resources	2	514,042	467,933
Activities in furtherance of the charity's objects	3	68,576	30,105
Investment income	4	88,499	67,320
TOTAL INCOMING RESOURCES		<u>671,117</u>	<u>565,358</u>
RESOURCES EXPENDED			
<i>Costs of generating funds:</i>			
Collaborative Regional Projects		72,227	35,935
<i>Charitable expenditure:</i>			
Grant monitoring and representation		615,828	436,033
TOTAL RESOURCES EXPENDED	5	<u>688,055</u>	<u>471,968</u>
NET (RESOURCES EXPENDED)/ INCOMING RESOURCES		(16,938)	93,390
TAXATION	6	8,500	(14,507)
NET MOVEMENT IN FUNDS	7	(8,438)	78,883
TOTAL FUNDS AT 1 AUGUST 2004		<u>199,315</u>	<u>120,432</u>
TOTAL FUNDS AT 31 JULY 2005		<u>190,877</u>	<u>199,315</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

YORKSHIRE UNIVERSITIES

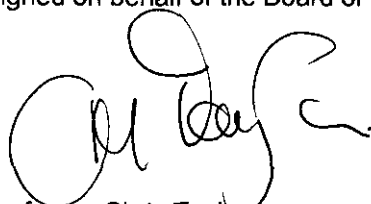
BALANCE SHEET As at 31 July 2005

			2005	2004
	Note	£	£	£
FIXED ASSETS				
Tangible fixed assets	10		4,584	2,360
CURRENT ASSETS				
Debtors	11	110,722	38,277	
Cash at Bank		209,171	286,718	
		<u>319,893</u>	<u>324,995</u>	
CREDITORS: amounts falling due within one year	12	(133,600)	(128,040)	
NET CURRENT ASSETS			<u>186,293</u>	<u>196,955</u>
NET ASSETS			<u>190,877</u>	<u>199,315</u>
UNRESTRICTED FUNDS				
General Funds	13		190,877	199,315
			<u>190,877</u>	<u>199,315</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The notes on pages 9 to 13 form part of these financial statements.

Signed on behalf of the Board of Directors by:



Professor Chris Taylor

7 DECEMBER 2005

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2005

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in October 2000 and applicable accounting standards.

1.2 Company status

The company is a charitable company limited by guarantee. The members of the company are the directors named on page 3. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the directors, in furtherance of the general objectives of the company, and which have not been designated for other purposes.

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

1.6 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.7 Pension Commitments

The Company participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The liabilities are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contributions payable being determined by the trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2005

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives, commencing on the year following that of acquisition, on the following bases:

Assets and Liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of transaction, with reference to the rate recommended by the grant funder. Exchange differences are taken into account when arriving at the net movement in funds.

	Unrestricted Funds 2005 £	<i>Unrestricted Funds 2004 £</i>
Donations	110,600	<i>176,801</i>
Government grants	403,442	<i>291,132</i>
Grants and similar incoming resources	514,042	<i>467,933</i>

	Unrestricted Funds 2005	Unrestricted Funds 2004
	£	£
Collaborative Regional Projects	18,719	30,105
Conference Income	48,878	-
Other Income	979	-
Incoming resources in furtherance of the charity's objects	<u>68,576</u>	<u>30,105</u>

	Unrestricted Funds 2005 £	Unrestricted Funds 2004 £
Bank & other interest receivable	88,499	67,320

YORKSHIRE UNIVERSITIES

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2005

5. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff Costs 2005 £	Depreciation 2005 £	Other Costs 2005 £	Total 2005 £	Total 2004 £
Costs of generating funds:					
Collaborative Regional Projects	-	-	21,333	21,333	35,935
Conference Costs	-	-	50,894	50,894	-
Charitable expenditure:					
Support costs for grant monitoring and representation	384,869	786	230,173	615,828	436,033
Total resources expended	<u>384,869</u>	<u>786</u>	<u>302,400</u>	<u>688,055</u>	<u>471,968</u>

6. TAXATION

Current year taxation

	2005 £	2004 £
UK Corporation Tax (recoverable)/ provision	<u>(8,500)</u>	<u>14,507</u>

7. NET (RESOURCES EXPENDED)/ INCOMING RESOURCES

This is stated after charging:

	2005 £	2004 £
Depreciation of tangible fixed assets:		
- owned by the charity	786	786
Auditors' remuneration	<u>4,244</u>	<u>4,116</u>

During the year, no Directors received any reimbursement of expenses (2004 - £NIL).

YORKSHIRE UNIVERSITIES

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2005

8. STAFF COSTS AND NUMBERS

Staff costs were as follows:

	2005 £	2004 £
Gross Salaries	315,004	238,853
National Insurance	26,786	20,430
Pensions	36,924	27,968
Temporary Staff	6,155	-
Wages and salaries	<u>384,869</u>	<u>287,251</u>

The average monthly number of employees during the year was as follows:

	2005 No.	2004 No.
Administration and support staff	<u>12</u>	<u>11</u>

The number of higher paid employees was:

	2005 No.	2004 No.
In the band £50,001 - £60,000	<u>1</u>	<u>1</u>

9. STAFF PENSION SCHEME

The Company participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus/deficit for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31 March 2002. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 5.0% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.0% per annum, including an additional investment return assumption of 1.0% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the value of the assets of the scheme was £19,938 million and the value of the past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The assets therefore were sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increases in earnings.

YORKSHIRE UNIVERSITIES

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2005

The Company contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the Company contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5m (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on the Company's future contribution commitment. The next formal actuarial valuation is due as at 31 March 2005 when the above rates will be reviewed. The total pension cost for the Company was £36,924 (2004: £27,968).

10. TANGIBLE FIXED ASSETS

	Furniture, fittings and equipment/ £
Cost	
At 1 August 2004	<u>3,146</u>
Additions in the year	<u>3,010</u>
At 31 July 2005	<u>6,156</u>
Depreciation	
At 1 August 2004	<u>786</u>
Charge for the year	<u>786</u>
At 31 July 2005	<u>1,572</u>
Net book value	
At 31 July 2005	<u>4,584</u>
At 31 July 2004	<u>2,360</u>

11. DEBTORS

	2005	2004
	£	£
Due within one year		
Trade debtors	69,582	25,711
Subscribing Universities	16,330	-
Other debtors	8,500	12,566
Prepayments and Accrued Income	16,310	-
	<u>110,722</u>	<u>38,277</u>

YORKSHIRE UNIVERSITIES

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 July 2005

12. CREDITORS

	2005	2004
	£	£
Amounts falling due within one year		
Trade creditors	38,783	68,078
Corporation tax	-	12,785
Other creditors	94,817	47,177
	<u>133,600</u>	<u>128,040</u>

13. MOVEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Carried Forward £
General Funds	<u>199,315</u>	<u>671,117</u>	<u>679,555</u>	<u>190,877</u>

14. OPERATING LEASE COMMITMENTS

At 31 July 2005 the company had annual commitments under non-cancellable operating leases as follows:

	2005 £	2004 £
Expiry date:		
Within 1 year	-	-
Between 2 and 5 years	<u>1,634</u>	<u>1,634</u>

15. CONDUIT FUNDING

The charity's funders are the Higher Education Funding Council of England, Yorkshire Forward, the Government Office of Yorkshire and the Humber, and the British Council. In the opinion of the Directors, Yorkshire Universities is a funding intermediary. Whilst Yorkshire Universities has applied for the funds from the funder, it is clear that this is designed to be on an agency basis. Therefore the company has applied conduit funding rules in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in October 2000, for amounts passed through the organisation.

During the year Yorkshire Universities has channeled £2,321,106 (2004: £4,800,451) to third parties. At the year end Yorkshire Universities was owed £210,667 (2004: £335,777) from conduit funders, and was due to pay £214,307 (2004: £1,539,726) to grant recipients, and was holding project balances of £1,681,854 (2004: £1,056,926) on behalf of conduit funders. The balance of £1,685,495 (2004: £2,260,875) is held in bank deposits of varying maturities to maximize interest receivable.

16. CONTROLLING PARTY

In the opinion of the Directors there is no controlling party.