

Company Registration Number SC314764



**Advanced Procurement
for Universities & Colleges**

**APUC LIMITED
COMPANY LIMITED BY GUARANTEE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2017**

**APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

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APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	G Webber – Chairman F Gavine M J Harrington (resigned 6 March 2017) D S MacKellar L F McCabe S Paterson P Smith S Stewart J Thomson C Turnbull (commenced 3 May 2017) A J Warren
Company Secretary	M Caithness
Registered Office	Unit 27 Stirling Business Centre Wellgreen STIRLING FK8 2DZ
Auditor	Chiene + Tait LLP Chartered Accountants & Statutory Auditor 61 Dublin Street EDINBURGH EH3 6NL
Bankers	Bank of Scotland 1 Ardmillan Terrace EDINBURGH EH11 2JH
Solicitors	Thorntons Solicitors 33 Yeaman Shore DUNDEE DD1 4BJ

**APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)**

**THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2017**

The directors present their report and the financial statements of the company and the group for the year ended 31 July 2017.

Principal activities

The principal activity of the group during the year was the provision of procurement services and guidance in order to achieve value for money for all of Scotland's Universities and Colleges.

Directors

The directors who served the company during the year are shown on page 2.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that he/she ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

Small company provisions

This report has been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.



Signed on behalf of the directors

G Webber, Chairman

Approved by the directors on 15 November 2017

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APUC LIMITED
FOR THE YEAR ENDED 31 JULY 2017

Opinion

We have audited the financial statements of APUC Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2017 which comprise of the consolidated statement of income and retained earnings, the consolidated balance sheet, the company balance sheet 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).

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2017, and of the group's profit 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 group 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.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APUC LIMITED
FOR THE YEAR ENDED 31 JULY 2017 (cont)

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit;

**APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APUC LIMITED
FOR THE YEAR ENDED 31 JULY 2017 (cont)**

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors 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 directors 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent 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: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Malcolm A Beveridge

Malcolm Beveridge BA CA (Senior Statutory Auditor)
For and on behalf of
Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

15 November

2017

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 JULY 2017

	Note	2017 £	2016 (restated) £
Turnover	1	3,750,415	3,278,942
Administrative expenses	3	3,603,898	3,223,754
Operating surplus	4	<u>146,517</u>	<u>55,188</u>
Interest receivable		2,847	14,918
Surplus on ordinary activities before taxation		<u>149,364</u>	<u>70,106</u>
Tax on surplus on ordinary activities	6	7,480	5,946
Surplus for the year and total comprehensive income		<u>141,884</u>	<u>64,160</u>
Retained earnings at the start of the year		329,002	264,842
Retained earnings at the end of the year		<u>470,886</u>	<u>329,002</u>

All activities of the group are from continuing operations.

The 2016 figures have been restated due to the transition to FRS102 (see note 17).

The notes on pages 11 to 22 form part of these financial statements.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2017

			2017	2016 (restated)
	Note	£	£	£
Fixed assets				
Tangible assets	7		20,406	19,838
Current assets				
Debtors	9	266,018		202,264
Cash at bank	10			
- Unrestricted		1,219,858		1,141,682
- Pension guarantee		640,373		639,392
		<u>2,126,249</u>		<u>1,983,338</u>
Creditors: amounts falling due within one year	11	859,279		835,713
Net current assets			1,266,970	1,147,625
Total assets less current liabilities			<u>1,287,376</u>	<u>1,167,463</u>
Creditors: amounts falling due after more than one year	12		816,490	838,461
NET ASSETS			<u>470,886</u>	<u>329,002</u>
Reserves				
Income and expenditure account			470,886	329,002
			<u>470,886</u>	<u>329,002</u>

These financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on 15 November 2017, and are signed on their behalf:


A Warren
Chief Executive


G Webber
Chairman

Company No: SC314764

The notes on pages 11 to 22 form part of these financial statements.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

COMPANY BALANCE SHEET
AS AT 31 JULY 2017

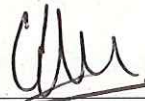
	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	7		20,406		19,838
Investments	8		<u>1</u>		<u>1</u>
			20,407		19,839
Current assets					
Debtors	9	265,045		201,249	
Cash at bank	10				
- Unrestricted		1,219,795		1,141,151	
- Pension guarantee		<u>640,373</u>		<u>639,392</u>	
		2,125,213		1,981,792	
Creditors: amounts falling due within one year	11	<u>1,030,304</u>		<u>1,004,409</u>	
Net current assets			1,094,909		977,383
Total assets less current liabilities			<u>1,115,316</u>		<u>997,222</u>
Creditors: amounts falling due after more than one year	12		816,490		838,461
NET ASSETS			<u>298,826</u>		<u>158,761</u>
Reserves					
Income and expenditure account			298,826		158,761
			<u>298,826</u>		<u>158,761</u>

These financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on 15 November 2017, and are signed on their behalf:



A Warren
Chief Executive



G Webber
Chairman

Company No: SC314764

The notes on pages 11 to 22 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

1. Accounting policies

Statement of compliance and basis of preparation

APUC Ltd is a company limited by guarantee. The address of the registered office is Unit 27, Stirling Business Centre, Wellgreen, STIRLING, FK8 2DZ. The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The principal activities of the group are disclosed on page 3.

Going concern

The financial statements have been prepared on the going concern basis.

The company has secured funding from the Universities and Colleges in Scotland of £2.226m for 2017-2018. They have prepared budgets and cashflow projections which indicate that they will be able to operate within the agreed funding level.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company for the year ended 31 July 2017 and of its subsidiary company, UCSS Limited.

The company meets the definition of a qualifying entity under FRS102 and has taken advantage of the exemptions under section 408 of the Companies Act 2006 not to prepare an individual income and expenditure account for the parent company. The surplus for the year dealt with in the financial statements of the company was £140,065 (2016 (restated): £62,764).

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Cash flow statement

The company is the parent of a small group and has voluntarily prepared consolidated financial statements. The company is exempt under the requirements of the FRS102 from publishing a consolidated cash flow statement.

Turnover

The turnover shown in the income and expenditure accounts represents income and grants received and receivable during the year.

Fixed assets

All fixed assets are initially recorded at cost. Assets costing less than £5,000, unless the costs when grouped are greater than £5,000, are written off to the income and expenditure account in the year of purchase.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	-	7 years
Computer equipment	-	3 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017 (Cont)

Accounting policies (cont)

Income and grants

Income and grants of a revenue nature are credited to the income and expenditure account in the year which they accrue. Grants for the purchase of fixed assets are treated as deferred income and credited to the income and expenditure account over the estimated useful life of the relevant assets.

Pensions

APUC Ltd participates in the Universities Superannuation Scheme. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. APUC Ltd is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", APUC Ltd therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since APUC Ltd has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, APUC Ltd recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised. In addition, APUC Ltd have set aside a cash amount of £640,373 to cover any potential section 75 debt due to the Universities Superannuation Scheme in the event of an employment cessation event occurring.

UCSS Ltd offers its employees the benefits of Group Stakeholder Pension Schemes with Scottish Widows and Friends Life. Employers contributions to the scheme match the employees contribution up to a maximum of 5% of gross pay. In addition, employees have the option to forego 1% of their salary for an additional 1% employer contribution. The amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Operating lease charges

Rentals payable under operating leases are charged to the income and expenditure account in the period to which they relate.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017 (Cont)

Accounting policies (cont)

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions.

Creditors

Short term creditors are measured at the transaction price.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017 (Cont)

Accounting policies (cont)

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference

2. Critical accounting judgements

FRS102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control, typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme, where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit, results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expenses in income or expenditure in accordance with section 28 of FRS102. The directors are satisfied that the scheme provided by Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017 (Cont)

3. Administration expenses	2017	2016
		(restated)
	£	£
Staff	2,964,711	2,589,177
Non-executive directors' honoraria	9,596	9,090
Premises	140,799	142,791
Consultants & contractors	32,684	8,037
eSolutions	43,440	57,517
Administration	412,668	417,142
	<u>3,603,898</u>	<u>3,223,754</u>

4. Operating surplus	2017	2016
	£	£
Operating surplus is stated after charging:		
Depreciation of owned fixed assets	7,530	6,373
Operating lease payments	77,732	67,496
Auditor's fees	5,951	5,489

5. Staff costs	2017	2016
		(restated)
	£	£
Salaries	2,550,417	2,197,304
Social security costs	269,889	227,080
Other pension costs	144,405	164,793
	<u>2,964,711</u>	<u>2,589,177</u>
The average monthly number of employees	<u>66</u>	<u>56</u>

The directors' aggregate emoluments in respect of qualifying services were:

Aggregate emoluments		
Executive director	110,269	106,189
Non-executive directors' honorarium	9,596	9,090
Value of company pension contributions under defined benefit scheme	19,801	17,975
	<u>139,666</u>	<u>133,254</u>

The number of directors at the year end who accrued benefits under the company pension schemes was:

Defined benefit scheme	<u>1</u>	<u>1</u>
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APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017 (Cont)

6. Taxation

	2017 £	2016 £
Analysis of tax charge for the period		
<i>Current tax</i>		
UK Corporation tax at 20% (2016: 20%)	7,438	6,170
<i>Deferred tax</i>		
Deferred tax credit for the period	42	(224)
Tax on profit on ordinary activities	<u>7,480</u>	<u>5,946</u>
Deferred tax debtor		
Asset at start of period	1,015	791
Charge to profit and loss account in the period	(42)	224
Asset at end of period	<u>973</u>	<u>1,015</u>
Short term timing differences	<u>973</u>	<u>1,015</u>

7. Tangible fixed assets – group and company

	Fixtures & Fittings £	Computer Equipment £	Total £
Cost			
As at 1 Aug 2016	28,212	22,032	50,244
Additions	8,098	-	8,098
Disposals	-	(867)	(867)
As at 31 Jul 2017	<u>36,310</u>	<u>21,165</u>	<u>57,475</u>
Depreciation			
As at 1 Aug 2016	12,054	18,352	30,406
Charge for the year	3,850	3,680	7,530
Disposals	-	(867)	(867)
As at 31 Jul 2017	<u>15,904</u>	<u>21,165</u>	<u>37,069</u>
Opening net book value	<u>16,158</u>	<u>3,680</u>	<u>19,838</u>
Closing net book value	<u>20,406</u>	<u>-</u>	<u>20,406</u>

8. Investments – company

	2017 £	2016 £
Investment in subsidiary	<u>1</u>	<u>1</u>

The investment represents the cost of the parent undertaking's shareholding (1 ordinary £1 share) in its wholly owned subsidiary, UCSS Limited, a company registered in Scotland. The principal activity of UCSS Limited is the provision of procurement services.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017 (Cont)

9. Debtors

	2017		2016	
	Group £	Company £	Group £	Company £
Other debtors	211,412	210,439	131,889	130,874
Prepayments and accrued income	54,606	54,606	70,375	70,375
	<u>266,018</u>	<u>265,045</u>	<u>202,264</u>	<u>201,249</u>

10. Cash at bank

	2017		2016	
	Group £	Company £	Group £	Company £
Unrestricted	1,219,858	1,219,795	1,141,682	1,141,151
Pension guarantee	640,373	640,373	639,392	639,392
	<u>1,860,231</u>	<u>1,860,168</u>	<u>1,781,074</u>	<u>1,780,543</u>

The funds held for the pension guarantee are held in a bank account in the name of APUC Ltd but controlled by the University guarantors of the pension guarantee fund. APUC Ltd has signed a guarantee in favour of the University of Aberdeen to cover a potential section 75 debt due to the Universities Superannuation Scheme from APUC Ltd in the event of an employment cessation event occurring.

11. Creditors: amounts falling due within one year

	2017		2016 (restated)	
	Group £	Company £	Group £	Company £
Amounts owed to group undertakings	-	362,808	-	281,832
Trade creditors	18,320	18,320	3,860	3,860
Corporation tax	7,438	6,962	6,171	5,457
PAYE & social security	73,897	18,701	69,658	19,892
Superannuation	12,723	12,723	13,309	13,309
Scottish Widows Pension	3,794	-	4,179	-
UCRSS Pension	8,171	-	7,130	-
Deferred income	390,435	306,790	435,795	435,795
VAT	30,961	30,961	10,142	10,142
Accruals and other creditors	260,380	252,000	226,757	212,229
Holiday pay	53,160	21,039	58,712	21,893
	<u>859,279</u>	<u>1,030,304</u>	<u>835,713</u>	<u>1,004,409</u>

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017 (Cont)

12. Creditors: amounts falling due after more than one year – group and company	2017 £	2016 (restated) £
Deferred income	656,929	652,857
Provision for USS pension deficit	159,561	185,604
	<u>816,490</u>	<u>838,461</u>
13. Operating lease commitments		
Land & buildings - annual commitments:		
Less than one year	44,931	69,483
Two to five years	<u>96,008</u>	<u>140,939</u>

APUC Ltd has rental commitments for premises at Stirling Business Centre, STIRLING, 101 George Street, EDINBURGH and 227 Ingram Street GLASGOW.

- 14. Ultimate controlling party**
The company has no ultimate controlling party.

- 15. Related party transactions**
During the year recharged expenses and management charges paid to UCSS Limited amounted to £2,245,843 (2016 (restated): £1,761,912). At the year end an amount of £362,808 (2016 (restated): £281,832) due to UCSS Limited is included in creditors.

During the year the company invoiced, on a commercial basis, a number of universities and colleges of which the directors of the company are also Board Members.

- 16. Company limited by guarantee**
The company is limited by guarantee of members and does not have a share capital. The liability of members is limited to £1. On winding up of the company, any surplus assets that exist must be transferred to another body or bodies having objects similar to those of the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017 (Cont)

17. Transition to FRS102

Prior to the adoption of FRS 102, APUC Ltd did not make provision for holiday pay earned but not taken before the year end. FRS 102 requires the cost of short term compensated absences to be recognised when employees render the service that increases their entitlement. Consequently, an additional accrual of £50,592 for the group and £23,761 for the company at 1 August 2015 has been made to reflect this.

The provision as at 31 July 2016 increased to £58,712 for the group and decreased to £21,893 for the company. The increase in provision of £8,120 for the group and the decrease in provision of £1,868 for the company has been charged to the income and expenditure in the year ended 31 July 2016 and is reflected in the restated figures.

Due to the provision for holiday pay, £26,831 was due by APUC Ltd to UCSS Ltd as at 31 July 2015. The provision increased to £36,819 as at 31 July 2016 and the increase in provision of £9,988 has been charged to the income and expenditure in the year ended 31 July 2016 and is reflected in the restated figures.

As required by Section 28 of FRS 102 "Employee benefits", APUC Ltd therefore accounts for the Universities Superannuation Scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since APUC Ltd has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, APUC Ltd recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised. Consequently, an additional accrual of £179,638 for the group and for the company at 1 August 2015 has been made to reflect this.

The provision as at 31 July 2016 increased to £185,604 for the group and the company. The increase in provision of £5,966 has been charged to the income and expenditure in the year ended 31 July 2016 and is reflected in the restated figures.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017 (Cont)

	Group £	Company £
Reconciliation of surplus/(deficit)		
Surplus for the year under previous UK GAAP	6,635	5,356
Accrual of holiday pay	(50,592)	(23,761)
Amounts owing to group undertakings	-	(26,831)
Provision for USS pension deficit	(179,638)	(179,638)
Deficit for the year under FRS 102	<u>(223,595)</u>	<u>(224,874)</u>
Reconciliation of reserves		
Reserves under previous UK GAAP	495,072	326,227
Accrual of holiday pay	(50,592)	(23,761)
Amounts owing to group undertakings	-	(26,831)
Provision for USS pension deficit	(179,638)	(179,638)
Reserves under FRS 102	<u>264,842</u>	<u>95,997</u>

18. Contingent asset

APUC Ltd had been historically restricting its VAT recovery on overhead costs to 1% due to the belief that there was an existing agreement with HMRC. Following investigations we found no formal agreement between APUC and HMRC in relation to a restriction of input VAT. With effect from 1 September 2015 APUC Ltd has recovered input VAT using the standard method of apportionment. Following discussions with HMRC, APUC Ltd has been allowed to apply the default standard method historically and submitted a claim for the under recovered input tax in January 2016. However, discussions continue between HMRC and APUC Ltd regarding APUC Ltd VAT and as a result, APUC Ltd have not yet received payment of the claim from HMRC. This amount has, therefore, not been reflected in these accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017 (Cont)

19. Pensions

Defined Benefit Scheme

The total cost charged to the income and expenditure account is £103,643 (2016: £102,712).

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway.

Since APUC Ltd cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third 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 £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount rate	2.57%	3.6%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41%	2.2%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality 98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality 99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017 (Cont)

	2017	2016
Males currently aged 65 (years)	24.4	24.3
Females currently aged 65 (years)	26.6	26.5
Males currently aged 45 (years)	26.5	26.4
Females currently aged 45 (years)	29.0	28.8

	2017	2016
Scheme assets	£60.0bn	£49.8bn
Total scheme liabilities	£77.5bn	£58.3bn
FRS 102 total scheme deficit	£17.5bn	£8.5bn
FRS 102 total funding level	77%	85%

Defined Contribution Schemes

UCSS Ltd offers its employees the benefits of Group Stakeholder Pension Schemes with Scottish Widows and with Friends Life. Employers contributions to the schemes match the employees contribution up at a maximum of 5% of gross pay. In addition, employees have the option to forego 1% of their salary for an additional 1% employer contribution. The number of employees active in the Scottish Widows scheme as at 31 July 2017 was 12 (2016: 14) and the value of contributions during the year was £22,849 (2016: £22,243). An amount of £3,794 (2016: £4,179) remains outstanding at the year end. The number of employees active in the Friends Life scheme as at 31 July 2017 was 42 (2016: 38) and the value of contributions during the year was £43,956 (2016: £33,872). An amount of £8,171 (2016: £7,130) remains outstanding at the year end.

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MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 JULY 2017

This page does not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 5 to 6.

	£	2017 £	£	2016 £
Turnover				
Income receivable				
- Main programme	2,316,748		2,167,519	
- ICT Shared Services	-		201,000	
Other income				
- Information security	201,980		14,712	
shared services			895,711	
- Other income	<u>1,231,687</u>			
		3,750,415		3,278,942
Expenditure				
Staff salaries		2,964,711		2,589,177
Non executive directors' honorarium		9,596		9,090
Property costs		140,799		142,791
Consultancy and contractor costs		32,684		8,037
eSolutions				
Integration fees & maintenance	31,331		32,850	
Institution support	-		1,500	
Data Mart	2,067		7,883	
Software Development	<u>10,042</u>		<u>15,284</u>	
		43,440		57,517

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MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 JULY 2017 (Cont)

This page does not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 5 to 6.

	£	2017 £	£	2016 £
Administration				
Office expenses	153,027		149,174	
Conference & course fees	53,117		59,065	
Travel & expenses	108,687		104,707	
Professional membership fees	21,478		9,282	
Health, safety & staff welfare	8,797		7,144	
Hospitality & catering	10,056		2,228	
Recruitment	40,014		57,850	
Legal & professional fees	1,397		13,698	
Accountancy fees	2,614		2,132	
Auditor's fees	5,951		5,489	
Depreciation	7,530		6,373	
		412,668		417,142
Total expenditure for the year		<u>3,603,898</u>		<u>3,223,754</u>
Operating surplus/(deficit) for the year		146,517		55,188
Bank interest receivable		2,847		14,918
Surplus on ordinary activities before taxation		<u>149,364</u>		<u>70,106</u>

