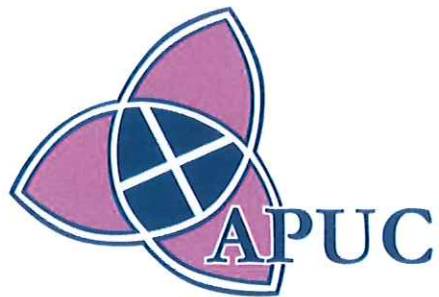


Company Registration Number SC314764



**Advanced Procurement
for Universities & Colleges**

**APUC LIMITED
COMPANY LIMITED BY GUARANTEE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2019**

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

Contents	Pages
Officers and professional advisers	2
The directors' report	3-4
Independent auditor's report to the members	5-7
Consolidated statement of income and retained earnings	8
Consolidated balance sheet	9
Company balance sheet	10
Notes to the financial statements	11-21
The following pages do not form part of the financial statements	
Detailed income and expenditure account	22-23

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	J McGeorge (Sector) – Director and Chairman D Beattie (Sector) (commenced 15 January 2019) F Gavine (Non-Sector) M McCreath (Non-sector) (commenced 15 July 2019) D S MacKellar (Non-Sector) P McNaul (Sector) (resigned 14 January 2019) S Paterson (Non-Sector) (resigned 20 September 2018) P Smith (Sector) S Stewart (Sector) J Thomson (Sector) C Turnbull (Sector) (resigned 7 December 2018) A J Warren (Chief Executive)
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Non-Sector directors and the Chief Executive receive remuneration which is detailed in Note 5 on Page 15.

Company Secretary	M Caithness
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Registered Office	Unit 27 Stirling Business Centre Wellgreen STIRLING FK8 2DZ
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Auditor	Chiene + Tait LLP Chartered Accountants & Statutory Auditor 61 Dublin Street EDINBURGH EH3 6NL
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Bankers	Bank of Scotland 1 Ardmillan Terrace EDINBURGH EH11 2JH
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Solicitors	Thorntons Solicitors 33 Yeaman Shore DUNDEE DD1 4BJ
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**APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)**

**THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2019**

The directors present their report and the financial statements of the company and the group for the year ended 31 July 2019.

Principal activities

APUC Limited is the Procurement and Supply Centre of Expertise for all of Scotland's Universities and Colleges. It aims to maximise the value of Scotland's investment in further and higher education by working in partnership with institutions to support and enable sustainable innovation in procurement, effective compliance and shared service optimisation. It provides a core team for delivery of collaborative activity for all member institutions and focussed specific shared service resources for delivery of services within institutions. In addition to this report, APUC issues a corporate Annual Report on activities each year which can be found on-line at <http://www.apuc-scot.ac.uk/#!/corpinfo>

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 group and the surplus or deficit of the group 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 group 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 the group 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 the group 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.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2019 (cont)

In so far as the directors are aware:

- there is no relevant audit information of which the company and the group's auditor are 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.

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

J McGeorge, Chairman

Approved by the directors on 20 November 2019

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APUC LIMITED
FOR THE YEAR ENDED 31 JULY 2019

Opinion

We have audited the financial statements of APUC Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2019 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).

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 2019, 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 2019 (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; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors report and from the requirement to prepare a strategic report.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APUC LIMITED
FOR THE YEAR ENDED 31 JULY 2019 (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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.



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

20 November 2019

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 JULY 2019

		2019	2018
	Note	£	£
Turnover	1	4,022,873	3,998,919
Administrative expenses	3	4,196,553	3,905,937
Operating (deficit)/surplus	4	<u>(173,680)</u>	<u>92,982</u>
Interest receivable		6,324	6,277
(Deficit)/surplus on ordinary activities before taxation		<u>(167,356)</u>	<u>99,259</u>
Tax on surplus on ordinary activities	6	7,556	151
(Deficit)/surplus for the year and total comprehensive income		<u>(174,912)</u>	<u>99,108</u>
Retained earnings at the start of the year		569,994	470,886
Retained earnings at the end of the year		<u>395,082</u>	<u>569,994</u>

Effect on the accounts of the change in the provision for the USS pension deficit

(Deficit)/surplus for the year and total comprehensive income as above		(174,912)	99,108
Increase/(decrease) in provision for USS pension deficit	12	255,070	(15,961)
Underlying surplus		<u>80,158</u>	<u>83,147</u>

All activities of the group are from continuing operations.

The notes on pages 11 to 21 form part of these financial statements.

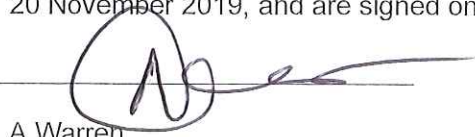
APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	7		18,058		16,556
Current assets					
Debtors	9	469,347		191,134	
Cash at bank	10				
- Unrestricted		1,069,417		1,224,336	
- Pension guarantee		640,859		640,267	
		<u>2,179,623</u>		<u>2,055,737</u>	
Creditors: amounts falling due within one year	11	749,531		705,726	
Net current assets			1,430,092		1,350,011
Total assets less current liabilities			<u>1,448,150</u>		<u>1,366,567</u>
Creditors: amounts falling due after more than one year	12		1,053,068		796,573
NET ASSETS			<u>395,082</u>		<u>569,994</u>
Reserves					
Income and expenditure account			395,082		569,994
			<u>395,082</u>		<u>569,994</u>
Effect on the accounts of the provision for the USS pension deficit					
Reserves as above			395,082		569,994
USS pension deficit	12		398,670		143,600
Underlying reserves			<u>793,752</u>		<u>713,594</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 20 November 2019, and are signed on their behalf:


A Warren
Chief Executive
Company No: SC314764


J McGeorge
Chairman

The notes on pages 11 to 21 form part of these financial statements.

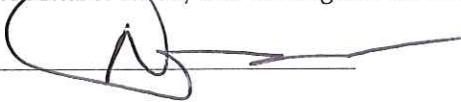

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

COMPANY BALANCE SHEET
AS AT 31 JULY 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	7		18,058		16,556
Investments	8		<u>1</u>		<u>1</u>
			18,059		16,557
Current assets					
Debtors	9	467,870		189,803	
Cash at bank	10				
- Unrestricted		1,068,999		1,224,184	
- Pension guarantee		<u>640,859</u>		<u>640,267</u>	
		2,177,728		2,054,254	
Creditors: amounts falling due within one year	11	924,664		878,931	
Net current assets			1,253,064		1,175,323
Total assets less current liabilities			<u>1,271,123</u>		<u>1,191,880</u>
Creditors: amounts falling due after more than one year	12		1,053,068		796,573
NET ASSETS			<u>218,055</u>		<u>395,307</u>
Reserves					
Income and expenditure account			218,055		395,307
			<u>218,055</u>		<u>395,307</u>
Effect on the accounts of the provision for the USS pension deficit					
Reserves as above			218,055		395,307
USS pension deficit	12		398,670		143,600
Underlying reserves			<u>616,725</u>		<u>538,907</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 20 November 2019, and are signed on their behalf:

	
A Warren Chief Executive Company No: SC314764	J McGeorge Chairman

The notes on pages 11 to 21 form part of these financial statements.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019

1. Accounting policies

Statement of compliance and basis of preparation

APUC Limited 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 £2.343m for 2019-2020. 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 2019 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 deficit for the year dealt with in the financial statements of the company was £177,253 (2018: £96,479 surplus). The underlying surplus for the year taking into account the change in the provision for the USS pension deficit was £80,158.

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.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019 (Cont)

Accounting policies (cont)

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

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 Limited participates in the Universities Superannuation Scheme. The scheme is 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 Limited 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 Limited 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. Since APUC Limited has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, APUC Limited 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 Limited have set aside a cash amount of £640,859 to cover any potential section 75 debt due to the Universities Superannuation Scheme in the event of an employment cessation event occurring. The initial cash amount of £600k was set aside in 2011.

UCSS Limited 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

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

any impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019 (Cont)

Accounting policies (cont)

Reserves

APUC Group's Reserves Policy is to maintain a suitable financial reserve that could be used for appropriate investment, operational contingency funding or for the orderly winding up of the company. The policy defines that the level of underlying reserves should be equivalent to the level in actual cash terms that is required to operate the core part of the business for between circa 3-6 months, which currently would equate to a reserve range of £582k to £1,164k. The underlying reserves figure excludes the USS pension deficit liability. As indicated from the figures on page 9, the underlying reserves figure is at an appropriate level within this range.

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.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019 (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 expense 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 recovery 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 2019 (Cont)

3. Administration expenses	2019	2018
	£	£
Staff	3,594,998	3,285,372
Non-executive directors' honoraria	7,777	10,508
Premises	127,386	137,295
Consultants & contractors	-	17,292
eSolutions	37,781	35,991
Administration	428,611	419,479
	<u>4,196,553</u>	<u>3,905,937</u>

4. Operating surplus	2019	2018
	£	£
Operating surplus is stated after charging:		
Depreciation of owned fixed assets	4,964	3,850
Operating lease payments	62,058	77,732
Auditor's fees	6,432	6,140

5. Staff costs	2019	2018
	£	£
Salaries	2,850,378	2,820,170
Social security costs	293,135	300,738
Other pension costs	451,485	164,464
	<u>3,594,998</u>	<u>3,285,372</u>

The average monthly number of employees (headcount)	<u>80</u>	<u>75</u>
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The directors' aggregate emoluments in respect of qualifying services were:

Aggregate emoluments		
Executive director	103,776	109,497
Non-Sector directors' honorarium	7,777	10,508
Value of company pension contributions under defined benefit scheme	20,580	18,070
	<u>132,133</u>	<u>138,075</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 2019 (Cont)

6. Taxation

	2019 £	2018 £
Analysis of tax charge for the period		
<i>Current tax</i>		
UK Corporation tax at 19% (2018: 19%)	7,701	7,751
Adjustment in respect of prior year	-	(7,241)
<i>Deferred tax</i>		
Origination and reversal of timing differences	(145)	(359)
Tax on profit on ordinary activities	<u>7,556</u>	<u>151</u>
Deferred tax debtor		
Asset at start of period	1,332	973
Charge to profit and loss account in the period	<u>145</u>	<u>359</u>
Asset at end of period	<u>1,477</u>	<u>1,332</u>
Short term timing differences	<u>1,477</u>	<u>1,332</u>

7. Tangible fixed assets – group and company

	Fixtures & Fittings £	Computer Equipment £	Total £
Cost			
As at 1 Aug 2018	36,310	21,165	57,475
Additions	7,801	-	7,801
Disposals	(7,067)	(4,269)	(11,336)
As at 31 Jul 2019	<u>37,044</u>	<u>16,896</u>	<u>53,940</u>
Depreciation			
As at 1 Aug 2018	19,754	21,165	40,919
Charge for the year	4,964	-	4,964
Disposals	(5,732)	(4,269)	(10,001)
As at 31 Jul 2019	<u>18,986</u>	<u>16,896</u>	<u>35,882</u>
Opening net book value	<u>16,556</u>	-	<u>16,556</u>
Closing net book value	<u>18,058</u>	-	<u>18,058</u>

8. Investments – company

	2019 £	2018 £
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 2019 (Cont)

9. Debtors

	Group £	2019 Company £	Group £	2018 Company £
Other debtors	379,782	378,305	143,229	141,898
Prepayments and accrued income	89,565	89,565	47,905	47,905
	<u>469,347</u>	<u>467,870</u>	<u>191,134</u>	<u>189,803</u>

10. Cash at bank

	Group £	2019 Company £	Group £	2018 Company £
Unrestricted	1,069,417	1,068,999	1,224,336	1,224,184
Pension guarantee	640,859	640,859	640,267	640,267
	<u>1,710,276</u>	<u>1,709,858</u>	<u>1,864,603</u>	<u>1,864,451</u>

The funds held for the pension guarantee are held in a bank account in the name of APUC Limited but controlled by the University guarantors of the pension guarantee fund. In January 2011 APUC Limited 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 Limited in the event of an employment cessation event occurring.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019 (Cont)

11. Creditors: amounts falling due within one year

	2019		2018	
	Group £	Company £	Group £	Company £
Amounts owed to group undertakings	-	313,747	-	482,539
Trade creditors	5,399	5,399	7,683	7,683
Corporation tax	7,701	6,071	7,751	6,838
PAYE & social security	78,166	19,071	83,787	18,807
Superannuation	13,911	13,911	12,657	12,657
Scottish Widows Pension	4,123	-	3,263	-
UCRSS Pension	13,867	-	12,862	-
Deferred income	150,239	150,239	371,603	194,200
VAT	56,779	56,779	14,518	14,518
Supplier rebates	209,951	209,951	6,526	-
Accruals and other creditors	148,722	131,016	131,044	120,551
Holiday pay	60,673	18,480	54,032	21,138
	<u>749,531</u>	<u>924,664</u>	<u>705,726</u>	<u>878,931</u>

12. Creditors: amounts falling due after more than one year – group and company

	2019 £	2018 £
Deferred income	654,398	652,973
Provision for USS pension deficit	398,670	143,600
	<u>1,053,068</u>	<u>796,573</u>

13. Operating lease commitments

Land & buildings - annual commitments:

Less than one year	38,981	19,002
Two to five years	<u>73,048</u>	<u>18,016</u>

APUC Limited 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 £2,572,585 (2018: £2,575,025). At the year end an amount of £313,747 (2018: £482,539) 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 senior executives.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019 (Cont)

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.

17. Contingent asset

APUC Limited 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 Limited has recovered input VAT using the standard method of apportionment. Following discussions with HMRC, APUC Limited 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 Limited regarding APUC Limited VAT and as a result, APUC Limited have not yet received payment of the claim from HMRC. This amount has, therefore, not been reflected in these financial statements.

18. Pensions

Defined Benefit Scheme

The total cost charged to the income and expenditure account is £106,698 (2018: £103,733).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2017 ("the valuation date"), which was carried out using the projected unit method. A valuation as at 31 March 2018 is underway but not yet complete.

Since APUC Limited cannot identify its share of Retirement Income Builder assets and liabilities, the following disclosures reflect those relevant for the section as a whole.

The 2017 valuation was the fourth valuation for the scheme 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%.

The Key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 +: CPI + 1.7%

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019 (Cont)

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

	2017 valuation
Mortality base table ¹	<u>Pre-retirement:</u> 71% of AMC00 (duration 0) for males and 112% of AF00 (duration 0) for females <u>Post retirement</u> 96.5% of Self-Administered Pension Schemes S1NMA "light" for males and 101.3% of RFV00 for females
Future improvements to mortality	Continuous Mortality Investigations_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision, shown in note 12, reflects this plan. The provision figures have been produced using the following assumptions as at March 2018 and 2019.

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

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 has been agreed. This amends the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. This new plan requires deficit payments of 2% of salaries from 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 £234,403, a decrease of £164,267 from the current year end provision.

¹ For further information on Continuous Mortality Investigation tables visit www.actuaries.org.uk/learn-and-develop/continuous-mortality-investigation

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019 (Cont)

Defined Contribution Schemes

UCSS Limited 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 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 number of employees active in the Scottish Widows scheme as at 31 July 2019 was 11 (2018: 10) and the value of contributions during the year was £21,480 (2018: £20,018). An amount of £4,123 (2018: £3,263) remains outstanding at the year end. The number of employees active in the Friends Life scheme as at 31 July 2019 was 56 (2018: 53) and the value of contributions during the year was £71,339 (2018: £58,781). An amount of £13,867 (2018: £12,862) remains outstanding at the year end.

19. Post balance sheet event

As set out in Note 12 in respect of the USS pension scheme, a new schedule of contributions based on the 2018 actuarial valuation has been agreed. This results in a decrease of £164,267 in the provision for the obligation to fund the deficit on the USS pension which would instead be £234,403. This adjustment will be reflected in APUC Limited's financial statements for the year ended 31 July 2020.