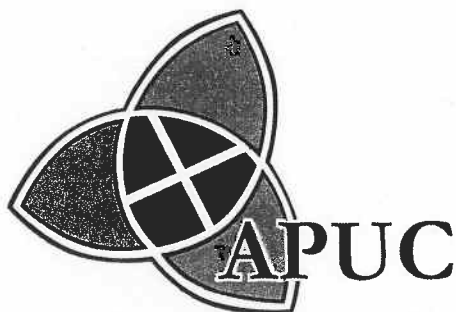


Company Registration Number SC314764



Advanced Procurement
for Universities & Colleges

**APUC LIMITED
COMPANY LIMITED BY GUARANTEE**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009**

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009

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APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

N A L Paul – Chair (from 28 November 2008)
G D P Macdonald – Chair (to 28 November 2008)
N A L Paul (to 28 November 2008)
S J Cannon (to 29 April 2009)
A J Williamson
S H Walsh (to 29 April 2009)
P Briggs
D S MacKellar
S Paterson
D C H Ross
B E Baverstock (to 31 October 2008)
H Ross (from 3 November 2008 to 7 July 2009)
J Crooks (from 21 January 2009)
R A Kennedy (from 29 April 2009)
S P McKillop (from 29 April 2009)
A Warren (from 8 July 2009)

Company Secretary

H Ross

Registered Office

14 New Mart Road
EDINBURGH
EH14 1RL

Auditors

Chiene + Tait
Chartered Accountants & Statutory Auditors
61 Dublin Street
EDINBURGH
EH3 6NL

Bankers

Bank of Scotland
1 Ardmillan Terrace
EDINBURGH
EH11 2JH

Solicitors

Brodies LLP
15 Atholl Crescent
EDINBURGH
EH3 8HA

APUC LIMITED

(COMPANY LIMITED BY GUARANTEE)

THE DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2009

The directors' present their report and the financial statements of the company for the year ended 31 July 2009.

Principal Activities

The principal activity of the company during the year was the provision of procurement services and guidance in order to achieve value for money for Scotland's 62 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 Annual 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). The financial statements are required by law to 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 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 proper accounting records that 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 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.

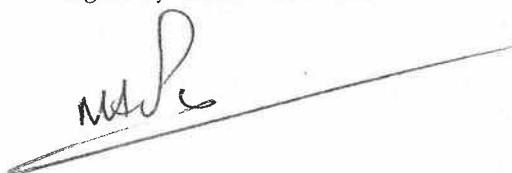
In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors 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 auditors are aware of that information.

Small company provisions

This report has been prepared in accordance with the small companies regime of the Companies Act 2006.

Signed by order of the directors



N A L Paul
Chairman

Approved by the directors on 21 October 2009.

APUC LIMITED

(COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APUC LIMITED

We have audited the financial statements of APUC Limited for the year ended 31 July 2009 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities 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. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2009 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APUC LIMITED
(continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 and the directors' report in accordance with the small companies regime.

Malcolm R Beveridge

Malcolm R Beveridge (Senior Statutory Auditor)
For and on behalf of
CHIENE + TAIT
Chartered Accountants & Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

21 OCTOBER 2009

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2009

| | | 2009 | 2008 |
|---|--------|---------------|---------------|
| | | £ | £ |
| Turnover | Note 1 | 4,105,684 | 4,124,851 |
| Administrative expenses | 2 | 4,105,684 | 4,124,851 |
| Operating surplus | 3 | <u>0</u> | <u>0</u> |
| Interest receivable | | 64,062 | 51,038 |
| Surplus on ordinary activities before taxation | | <u>64,062</u> | <u>51,038</u> |
| Tax on surplus on ordinary activities | 5 | 13,084 | 12,332 |
| Surplus for the period | | <u>50,978</u> | <u>38,706</u> |

The notes on pages 8 to 12 form part of these financial statements.

BALANCE SHEET
AS AT 31 JULY 2009

| | Note | £ | 2009 £ | £ | 2008 £ |
|---|------|-----------------|----------------|------------------|---------------|
| Fixed assets | | | | | |
| Tangible assets | 6 | | 57,521 | | 83,625 |
| Current assets | | | | | |
| Debtors | 7 | 243,097 | | 135,198 | |
| Cash at bank | | 458,504 | | 3,293,974 | |
| | | <u>701,601</u> | | <u>3,429,172</u> | |
| Creditors: amounts falling due within one year | 8 | 638,729 | | 3,420,617 | |
| | | <u> </u> | | <u> </u> | |
| Net current assets | | | 62,872 | | 8,555 |
| Total assets less current liabilities | | | <u>120,393</u> | | <u>92,180</u> |
| Creditors: amounts falling due after more than one year | 9 | | 31,135 | | 53,900 |
| | | | <u>89,258</u> | | <u>38,280</u> |
| Reserves | | | | | |
| Income and expenditure account | 14 | | 89,258 | | 38,280 |
| | | | <u>89,258</u> | | <u>38,280</u> |

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008) relating to small companies.

These financial statements were approved by the directors and authorised for issue on 21 October 2009, and are signed on their behalf:



A Warren
Chief Executive



N A L Paul
Chairman

The notes on pages 8 to 12 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2009

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (FRSSE) (effective April 2008).

Going Concern

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

The company received initial funding of £12.9m (£11.4m, Scottish Government, £1.5m, Scottish Funding Council) available for its principal activities. It is estimated that expenditure on operational activities will reach the level of total funding by the autumn of 2009 (the first quarter of the company's 2009-10 financial year).

In addition to the above, separate ring-fenced funding of £219k was received from the Scottish Funding Council during 2008-2009 for Capital Procurement costs.

APUC Ltd has secured funding for 2009-2010 of £2.1m from the Scottish Funding Council which, together with the remaining funds from the Scottish Government of £700k, will cover anticipated expenditure of £2.8m to July 2010. Funding for the next two years, 2010-2011 and 2011-2012 is expected to come from the Scottish Funding Council, although the value of the funding has still to be agreed.

Turnover

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

Fixed assets

All fixed assets are initially recorded at cost. Assets costing less 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 |

Grants

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 (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement Benefits', accounts for the scheme as if it were a 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.

Operating lease charges

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

Deferred taxation

The accounting policy in respect of deferred tax reflects the requirements of FRSSE 2007. Deferred tax is provided on the liability method to take account of timing differences between the treatment for certain items for accounts purposes and the treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 JULY 2009 (Cont)**

| | 2009 £ | 2008 £ |
|---|------------------|------------------|
| 2. Administration expenses | | |
| Staff | 1,766,872 | 1,385,584 |
| Non executive directors' honoraria | 10,629 | 7,144 |
| Premises | 130,188 | 149,399 |
| Consultants & contractors | 61,215 | 1,007,049 |
| ePS | 1,652,134 | 1,164,901 |
| Administration | 484,646 | 410,774 |
| | <u>4,105,684</u> | <u>4,124,851</u> |
| 3. Operating surplus | | |
| Operating surplus is stated after charging: | | |
| Depreciation of owned fixed assets | 51,749 | 29,725 |
| Auditors' fees | 2,649 | 2,644 |
| 4. Staff costs | | |
| Salaries | 1,528,857 | 1,176,586 |
| Social security costs | 147,479 | 111,476 |
| Other pension costs | 90,536 | 97,522 |
| | <u>1,766,872</u> | <u>1,385,584</u> |
| The average monthly number of employees was: | <u>44</u> | <u>32</u> |
| The directors' aggregate emoluments in respect of qualifying services were: | | |
| Aggregate emoluments | 82,803 | 75,000 |
| Value of company pensions contributions under defined benefit scheme | 6,421 | 19,125 |
| | <u>89,224</u> | <u>94,125</u> |
| The above costs include fees and pensions contributions of £27,454 (2008 £94,125) which have been paid to third parties in respect of services provided by directors. | | |
| 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> |
| 5. Taxation on ordinary activities | | |
| Current tax: | | |
| UK Corporation tax based on the results for the period | 13,084 | 12,332 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 JULY 2009 (Cont)**

6. Tangible fixed assets

| | Fixtures & Fittings £ | Computer Equipment £ | Total £ |
|-------------------------------|-----------------------------|----------------------------|----------------|
| Cost | | | |
| As at 1 Aug 2008 | 53,742 | 66,347 | 120,089 |
| Additions | 0 | 25,645 | 25,645 |
| As at 31 Jul 2009 | <u>53,742</u> | <u>91,992</u> | <u>145,734</u> |
| Depreciation | | | |
| As at 1 Aug 2008 | 10,514 | 25,950 | 36,464 |
| Charge for the period | 14,286 | 37,463 | 51,749 |
| As at 31 Jul 2009 | <u>24,800</u> | <u>63,413</u> | <u>88,213</u> |
| Opening net book value | 43,228 | 40,397 | 83,625 |
| Closing net book value | 28,942 | 28,579 | 57,521 |

Fixed assets were previously capitalised at £500. A review of this accounting policy took place this year and assets are now capitalised at £5,000. Those assets with a historic cost under £5,000 with a Net Book Value on the balance sheet have been written off to the Income & Expenditure account this year. The amount, £13,475, is included in the depreciation charge for the period.

| | 2009 £ | 2008 £ |
|--------------------------------|----------------|----------------|
| 7. Debtors | | |
| Grants receivable | | |
| - Strategic dialogue | 0 | 18,486 |
| - Capital procurement | 218,811 | 104,751 |
| Prepayments and accrued income | 24,286 | 11,961 |
| | <u>243,097</u> | <u>135,198</u> |

8. Creditors: amounts falling due within one year

| | | |
|-------------------------|----------------|------------------|
| Corporation tax | 13,084 | 6,549 |
| PAYE & social security | 46,302 | 36,418 |
| Superannuation | 0 | 2,556 |
| Deferred capital grants | 26,386 | 29,725 |
| Deferred grant income | 534,383 | 3,269,272 |
| Accruals | 18,574 | 76,097 |
| | <u>638,729</u> | <u>3,420,617</u> |

9. Creditors: amounts falling due after more than one year

| | | |
|-------------------------|--------|--------|
| Deferred capital grants | 31,135 | 53,900 |
|-------------------------|--------|--------|

10. Operating Leases

| | | |
|------------------|--------|--------|
| Land & buildings | | |
| 2-5 Years | 78,000 | 78,000 |

APUC Ltd has rental commitments for the premises at 14 New Mart Road as shown above.

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 JULY 2009 (Cont)**

11. Ultimate controlling party

The company has no ultimate controlling party.

12. Related party transactions

During the year the company has incurred fees of £43,170 (2008: £16,797) from the relevant non-executive directors who undertook work on the Strategic Dialogue project.

13. 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.

| 14. Reconciliation of members' funds and movement on reserves | 2009 | 2008 |
|--|--------|--------|
| | £ | £ |
| Opening balance | 38,280 | (426) |
| Surplus for the period | 50,978 | 38,706 |
| Closing balance | 89,258 | 38,280 |

15. Pensions

The company is a member of the Universities Superannuation Scheme (USS) which is a defined benefit scheme, externally funded and contracted out of the State Second Pension (S2P) Scheme. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 – Retirement Benefits, accounts for the scheme as if it were a 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.

The latest actuarial valuation available was at 31 March 2008. This was the first valuation for USS under the new 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 £28,842.6m and the value of the scheme's technical provisions was £28,135.3m indicating a surplus of £707.3m. The assets, therefore, were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings. The valuation was carried out using the projected unit method. The next full actuarial valuation is due as at 31 March 2011.

The contribution rates to the scheme have been set at 6.35% of pensionable salaries for employees and 14% for employers. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently. The employer contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the employer contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the performance over the year and changes in market conditions.

Surpluses or deficits which arise at future valuations may impact the company's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 JULY 2009 (Cont)**

employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer, will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

Employer contributions payable to the scheme for the year amount to £82,688 (2008: £73,522) of which £0 (2008: £1,759) were outstanding at the balance sheet date.

In addition to the above, the company also made defined contributions on behalf of certain directors and staff of £7,848 (2008: £24,000).