Company Registration Number SC314764

APUC

Advanced Procurement
for Universities & Colleges

APUC LIMITED
COMPANY LIMITED BY GUARANTEE

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2011

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

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FOR THE YEAR ENDED 31 JULY 2011

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APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	N A L Paul – Chairman A J Warren A J Williamson D C H Ross D S MacKellar J C Crooks P Briggs R A Kennedy (resigned 21/07/11) S Paterson S P McKillop (resigned 18/10/10) J Doyle (appointed 01/11/10) I A Bews (appointed 21/07/11)
Company Secretary	H Ross (resigned 12/01/11) M Caithness (appointed 12/01/11)
Registered Office	14 New Mart Road EDINBURGH EH14 1RL
Auditor	Chiene + Tait Chartered Accountants & Statutory Auditor 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 2011

The directors present their report and the financial statements of the company and the group for the year ended 31 July 2011.

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 Scotland's 60 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 group and of 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 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.

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.

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

Signed on behalf of the directors
N A L Paul, Chairman
Approved by the directors on ____________________ 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APUC LIMITED

We have audited the financial statements of APUC Limited for the year ended 31 July 2011 set out on pages 6 to 17. 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 group and 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 group and 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 auditor
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 and express an opinion on 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 group's and the parent 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
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 2011 and of the group's 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.

INDEPENDENT AUDITOR'S 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 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' exemption in preparing the directors' report.

Malcolm Beveridge

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

12 JANUARY 2012

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2011

	Note	2011 £	2010 £
Turnover	1	2,278,787	2,888,559
Administrative expenses	2	1,896,279	2,888,559
Operating surplus	3	382,508	-
Interest receivable		4,590	2,964
Surplus on ordinary activities before taxation		387,098	2,964
Tax on surplus on ordinary activities	5	85,803	622
Surplus for the year		301,295	2,342

The notes on pages 9 to 17 form part of these financial statements.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	6		10,193		29,620
Current assets					
Debtors	8	307,233		142,049	
Cash at bank		1,281,140		705,455	
		1,588,373		847,504	
Creditors: amounts falling due within one year	9	1,199,483		769,293	
Net current assets			388,890		78,211
Total assets less current liabilities			399,083		107,831
Creditors: amounts falling due after more than one year	10		6,188		16,231
			392,895		91,600
Reserves					
Income and expenditure account	15		392,895		91,600
			392,895		91,600

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 12 January 2012, and are signed on their behalf:

A Warren
Chief Executive

N A L Paul
Chairman

Company No: SC314764

The notes on pages 9 to 17 form part of these financial statements.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

COMPANY BALANCE SHEET
AS AT 31 JULY 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	6		10,193		29,620
Investments	7		1		1
			10,194		29,621
Current assets					
Debtors	8	300,429		142,049	
Cash at bank		1,281,140		705,455	
		1,581,569		847,504	
Creditors: amounts falling due within one year	9	1,342,276		769,294	
Net current assets			239,293		78,210
Total assets less current liabilities			249,487		107,831
Creditors: amounts falling due after more than one year	10		6,188		16,231
			243,299		91,600
Reserves					
Income and expenditure account	15		243,299		91,600
			243,299		91,600

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 12 January 2012 and are signed on their behalf:

A Warren
Chief Executive

N A L Paul
Chairman

Company No: SC314764

The notes on pages 9 to 17 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2011

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 has secured funding from the Universities and Colleges in Scotland of £1,928m for 2011-2012. 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 2011 and of its subsidiary company, UCSS Limited.

The company 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 £151,699 (2010: £2,342).

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 FRSSE from publishing a consolidated cash flow statement.

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, unless 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

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. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual participants and a scheme-wide contribution rate is set. The company is therefore exposed to actuarial risks associated with other participants employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by 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.

UCSS Ltd offers its employees the benefits of a Group Stakeholder Pension Scheme with Scottish Widows. Employers contributions to the scheme match the employees contribution up at a maximum of 5% of gross pay. 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 2008. 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.

	2011 £	2010 £
2. Administration expenses		
Staff	1,351,976	1,715,718
Non executive directors' honoraria	9,562	9,338
Premises	128,055	142,576
Consultants & contractors	56,228	67,791
eSolutions	87,478	681,052
Administration	262,980	272,084
	1,896,279	2,888,559

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011 (Cont)

3. Operating surplus

	2011 £	2010 £
Operating surplus is stated after charging:		
Depreciation of owned fixed assets	11,037	27,901
Operating lease payments	57,063	78,000
Auditor's fees	4,792	2,751
Loss on disposal of fixed assets	8,390	-

4. Staff costs

	2011 £	2010 £
Salaries	1,142,567	1,475,170
Social security costs	111,445	141,272
Other pension costs	97,964	99,276
	1,351,976	1,715,718
The average monthly number of employees	31	39

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

	2011	2010
Aggregate emoluments		
Executive director	89,610	87,000
Non executive directors' honorarium	9,562	9,338
Value of company pension contributions under defined benefit scheme	14,338	13,630
	113,510	109,968

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

	2011	2010
Defined benefit scheme	1	1

5. Taxation

	2011 £	2010 £
Analysis of tax charge for the period		
Current tax		
UK Corporation tax at 28% (2010: 21%)	85,522	622
Adjustments in respect of prior periods	690	-
Total current tax charge	86,212	622
Deferred tax		
Deferred tax credit for the period	(409)	-
Tax on profit on ordinary activities	85,803	622
Deferred tax debtor		
Asset at start of period	-	-
Credit to profit and loss account in the period	409	-
Asset at end of period	409	-

6. Tangible fixed assets – group and company

	Fixtures & Fittings £	Computer Equipment £	Total £
Cost			
As at 1 Aug 2010	53,742	91,992	145,734
Additions	-	-	-
Disposals	(17,131)	(30,123)	(47,254)
As at 31 Jul 2011	36,611	61,869	98,480
Depreciation			
As at 1 Aug 2010	31,156	84,958	116,114
Charge for the year	4,003	7,034	11,037
Disposals	(8,741)	(30,123)	(38,864)
As at 31 Jul 2011	26,418	61,869	88,287
Opening net book value	22,586	7,034	29,620
Closing net book value	10,193	-	10,193

7. Investments – company

	2011 £	2010 £
Investment in subsidiary	1	1

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.

8. Debtors

	2011 Group £	2011 Company £	2010 Group £	2010 Company £
Capital procurement grant receivable	65,486	65,486	90,772	90,772
Other debtors	25,490	18,686	-	-
Conference on University Purchasing 2011	126,352	126,352	-	-
Prepayments and accrued income	89,905	89,905	51,277	51,277
	307,233	300,429	142,049	142,049

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011 (Cont)

9. Creditors: amounts falling due within one year

	2011		2010	
	Group	Company	Group	Company
	£	£	£	£
Amounts owed to group undertakings	-	212,150	-	11,496
Trade creditors	74,226	74,226	45,905	45,905
Corporation tax	85,522	45,932	622	622
PAYE & social security	31,150	10,942	39,469	27,974
Scottish Widows Pension	4,463	-	-	-
Deferred capital grants	4,005	4,005	13,388	13388
Deferred grant income	606,168	606,168	652,594	652,594
Conference on University Purchasing 2011	284,137	284,137	-	-
VAT	25,548	25,548	-	-
Accruals and other creditors	84,264	79,168	17,315	17,315
	1,199,483	1,342,276	769,293	769,294

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

	2011	2010
	£	£
Deferred capital grants	6,188	16,231

11. Operating lease commitments

Land & buildings - annual commitments:		
Less than one year	-	13,000
Two to five years	46,750	-

APUC Ltd has rental commitments for the premises at 14 New Mart Road and offices within Glasgow Caledonian University.

12. Ultimate controlling party

The company has no ultimate controlling party.

13. Related party transactions

During the year recharged expenses and management charges paid to UCSS Limited amounted to £965,728. At the year end an amount of £212,150 due to UCSS Limited is included in creditors.

During the year the company invoiced, on an arms length basis, a number of universities of which the directors of the company are also Board Members.

14. 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.

15. Reconciliation of members' funds and movement on reserves

		2011		2010
	Group	Company	Group	Company
	£	£	£	£
Opening balance	91,600	91,600	89,258	89,258
Surplus for the year	301,295	151,699	2,342	2,342
Closing balance	392,895	243,299	91,600	91,600

16 Pensions

APUC Ltd participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is 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.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual participants and a scheme-wide contribution rate is set. The company is therefore exposed to actuarial risks associated with other participants' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by 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 triennial actuarial valuation of the scheme 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. The actuary also carries out a review of the funding levels. In particular he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2011 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

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.

16 Pensions (Contd.)

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004, the Scheme was 107% funded; on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using FRS 17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The scheme-wide contribution rate required for future service benefits alone at the date of valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, increased the participants contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fluctuate and at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has taken this all into account in his funding level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3% pa to 2.9% pa. The actuary has estimated that the funding level as at 31 March 2011 under the scheme specific funding regime had fallen from 103% to 98% (a deficit of circa £700m). Over the past twelve months, the funding level has improved from 91% as at 31 March 2010 to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the three years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumptions which in turn impacts on the salary and pension increase assumptions). The next formal valuation is as at 31 March 2011 and this will incorporate updated assumptions agreed by the trustee company.

With effect from 1 October 2011, new joiners to the scheme will join the new

16. Pensions (Contd.)

revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on the future funding levels.

On the FRS 17 basis, using AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

Surpluses or deficits which arise at future valuations may impact on 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 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.

The next formal triennial actuarial valuation is due as at 31 March 2011 and will incorporate allowance for scheme benefit changes and any changes the trustee makes to the underlying actuarial assumptions. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2011, USS had over 142,000 active members and the company had 9 active members at that date participating in the scheme.

The contribution rate payable by the company was 16% of pensionable salaries.

Employer contributions payable to the scheme for the year amount to £77,581 (2010: £99,276) with no contributions payable outstanding at the balance sheet date.

UCSS Ltd offers its employees the benefits of a Group Stakeholder Pension Scheme with Scottish Widows. Employers contributions to the scheme match the employees contribution up at a maximum of 5% of gross pay. The number of employees in the scheme as at 31 July 2011 was 17 and the value of contributions during the period was £20,383 (2010: £Nil). An amount of £4,463 remains outstanding at the year end.