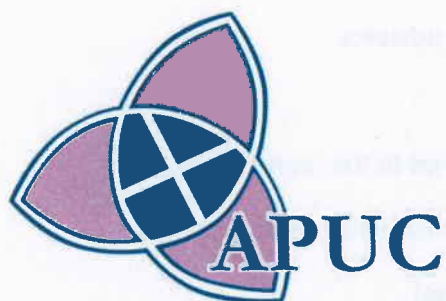


Company Registration Number SC314764



**Advanced Procurement
for Universities & Colleges**

**APUC LIMITED
COMPANY LIMITED BY GUARANTEE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2014**

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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

Contents	Pages
Officers and professional advisers	2
The directors' report	3-4
Independent auditor's report to the members	5-6
Consolidated income and expenditure account	7
Consolidated balance sheet	8
Company balance sheet	9
Notes to the financial statements	10-18

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors	N A L Paul – Chairman I A Bews J Doyle (resigned 31 October 2013) M J Laughlin (appointed 13 January 2014) D S MacKellar S Paterson D C H Ross J Thomson (appointed 13 January 2014) A J Warren G Webber A J Williamson
Company Secretary	M Caithness
Registered Office	14 New Mart Road EDINBURGH EH14 1RL
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 2014**

The directors present their report and the financial statements of the company and the group for the year ended 31 July 2014.

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 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.

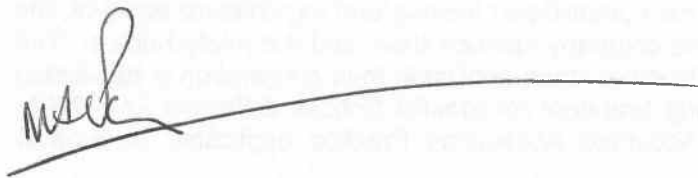
In so far as the directors are aware:

- 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.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

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 20 October 2014

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

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 2014 which comprise of the consolidated income and expenditure account, the consolidated balance sheet, the company balance sheet and the related notes. 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 group, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APUC LIMITED
(continued)**

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.

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 and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Malcolm a Beveridge

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

20 October

2014

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2014

		2014	2013
	Note	£	£
Turnover	1	2,359,019	2,199,634
Administrative expenses	2	2,371,436	2,187,385
Operating (deficit)/surplus	3	<u>(12,417)</u>	<u>12,249</u>
Interest receivable		42,895	17,818
Surplus on ordinary activities before taxation		<u>30,478</u>	<u>30,067</u>
Tax on surplus on ordinary activities	5	10,279	2,991
Surplus for the year		<u>20,199</u>	<u>27,076</u>

The notes on pages 10 to 18 form part of these financial statements.


APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2014


	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	6		11,040		4,135
Current assets					
Debtors	8	195,714		109,823	
Cash at bank	9				
- Unrestricted		1,025,265		872,586	
- Pension guarantee		619,645		603,935	
		<u>1,840,624</u>		<u>1,586,344</u>	
Creditors: amounts falling due within one year	10	645,151		507,573	
Net current assets			1,195,473		1,078,771
Total assets less current liabilities			<u>1,206,513</u>		<u>1,082,906</u>
Creditors: amounts falling due after more than one year	11		718,076		614,668
			<u>488,437</u>		<u>468,238</u>
Reserves					
Income and expenditure account	16		488,437		468,238
			<u>488,437</u>		<u>468,238</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 20 October 2014, and are signed on their behalf:



A Warren
Chief Executive



N A L Paul
Chairman

Company No: SC314764

The notes on pages 10 to 18 form part of these financial statements.

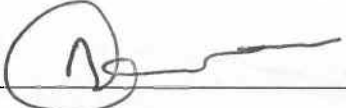
APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

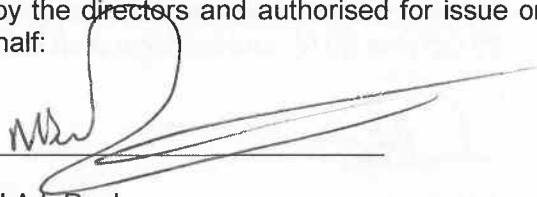
COMPANY BALANCE SHEET
AS AT 31 JULY 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	6		11,040		4,135
Investments	7		<u>1</u>		<u>1</u>
			11,041		4,136
Current assets					
Debtors	8	195,158		109,265	
Cash at bank	9				
- Unrestricted		1,024,973		872,500	
- Pension guarantee		<u>619,645</u>		<u>603,935</u>	
		1,839,776		1,585,700	
Creditors: amounts falling due within one year	10	811,870		673,446	
Net current assets			1,027,906		912,254
Total assets less current liabilities			<u>1,038,947</u>		<u>916,390</u>
Creditors: amounts falling due after more than one year	11		718,076		614,668
			<u>320,871</u>		<u>301,722</u>
Reserves					
Income and expenditure account	16		320,871		301,722
			<u>320,871</u>		<u>301,722</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 20 October 2014, and are signed on their behalf:


 A Warren
 Chief Executive


 N A L Paul
 Chairman

Company No: SC314764

The notes on pages 10 to 18 form part of these financial statements.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014

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 £2.120m for 2014-2015. 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 2014 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 £19,149 (2013: £26,157) as shown in note 16.

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 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

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014 (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 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 to 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.

2. Administration expenses	2014	2013
	£	£
Staff	1,879,661	1,710,515
Non executive directors' honoraria	9,594	9,594
Premises	87,501	86,197
Consultants & contractors	6,050	11,542
eSolutions	65,500	60,384
Administration	323,130	309,153
	<u>2,371,436</u>	<u>2,187,385</u>

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014 (Cont)

3. Operating surplus	2014	2013
	£	£
Operating surplus is stated after charging:		
Depreciation of owned fixed assets	4,135	5,957
Operating lease payments	51,750	49,771
Auditor's fees	5,271	5,903

4. Staff costs	2014	2013
	£	£
Salaries	1,593,384	1,448,397
Social security costs	163,381	148,737
Other pension costs	122,896	113,381
	<u>1,879,661</u>	<u>1,710,515</u>
The average monthly number of employees	<u>42</u>	<u>38</u>

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

Aggregate emoluments		
Executive director	102,305	96,913
Non executive directors' honorarium	9,594	9,594
Value of company pension contributions under defined benefit scheme	16,187	15,506
	<u>128,086</u>	<u>122,013</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>
------------------------	----------	----------

5. Taxation

APUC Ltd has received confirmation from HMRC that the income received by APUC Ltd from the Scottish Funding Council on behalf of APUC Ltd members, and where specific income is received from members for specific enhanced shared services, represents mutual trading income and corporation tax is not liable on any surplus arising from those funds.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014 (Cont)

	2014 £	2013 £
Analysis of tax charge for the period		
<i>Current tax</i>		
UK Corporation tax at 20% (2013: 20%)	10,277	4,270
Adjustments in respect of prior periods	-	(781)
Total current tax charge	10,277	3,489
<i>Deferred tax</i>		
Deferred tax credit for the period	2	(498)
Tax on profit on ordinary activities	10,279	2,991
Deferred tax debtor		
Asset at start of period	558	60
Charge to profit and loss account in the period	(2)	498
Asset at end of period	556	558
Short term timing differences	556	558

6. Tangible fixed assets – group and company

	Fixtures & Fittings £	Computer Equipment £	Total £
Cost			
As at 1 Aug 2013	36,611	67,725	104,336
Additions	-	11,040	11,040
As at 31 Jul 2014	36,611	78,765	115,376
Depreciation			
As at 1 Aug 2013	34,428	65,773	100,201
Charge for the year	2,183	1,952	4,135
As at 31 Jul 2014	36,611	67,725	104,336
Opening net book value	2,183	1,952	4,135
Closing net book value	-	11,040	11,040

7. Investments – company

	2014 £	2013 £
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.

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014 (Cont)

8. Debtors

	2014		2013	
	Group £	Company £	Group £	Company £
Other debtors	60,110	59,554	48,455	47,897
Prepayments and accrued income	135,604	135,604	61,368	61,368
	<u>195,714</u>	<u>195,158</u>	<u>109,823</u>	<u>109,265</u>

9. Cash at bank

	2014		2013	
	Group £	Company £	Group £	Company £
Unrestricted	1,025,265	1,024,973	872,586	872,500
Pension guarantee	619,645	619,645	603,935	603,935
	<u>1,644,910</u>	<u>1,644,618</u>	<u>1,476,521</u>	<u>1,476,435</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.

10. Creditors: amounts falling due within one year

	2014		2013	
	Group £	Company £	Group £	Company £
Amounts owed to group undertakings	-	222,728	-	206,481
Trade creditors	130,702	130,702	35,858	35,858
Corporation tax	10,277	10,017	4,270	3,952
PAYE & social security	46,371	15,422	46,054	15,132
Superannuation	10,229	10,229	10,012	10,012
Scottish Widows Pension	11,274	-	5,744	-
Deferred capital grants	-	-	2,183	2,183
Deferred grant income	286,729	286,729	311,456	311,456
VAT	22,864	22,864	26,699	26,699
Accruals and other creditors	126,705	113,179	65,297	61,673
	<u>645,151</u>	<u>811,870</u>	<u>507,573</u>	<u>673,446</u>

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014 (Cont)

11. Creditors: amounts falling due after more than one year – group and company	2014	2013
	£	£
Deferred income	718,076	614,668
	<u>718,076</u>	<u>614,668</u>

12. Operating lease commitments

Land & buildings - annual commitments:

Less than one year	-	3,000
One to two years	54,750	-
Two to five years	<u>-</u>	<u>46,750</u>

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

13. Ultimate controlling party

The company has no ultimate controlling party.

14. Related party transactions

During the year recharged expenses and management charges paid to UCSS Limited amounted to £1,196,199 (2013: £1,047,183). At the year end an amount of £222,728 (2013: £206,481) due to UCSS Limited is included in creditors.

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

15. 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.

16. Reconciliation of members' funds and movement on reserves

	2014		2013	
	Group	Company	Group	Company
	£	£	£	£
Opening balance	468,238	301,722	441,162	275,565
Surplus for the year	20,199	19,149	27,076	26,157
Closing balance	<u>488,437</u>	<u>320,871</u>	<u>468,238</u>	<u>301,722</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014 (Cont)

17. Pensions

APUC Ltd 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 fund administered by the trustee, Universities Superannuation Scheme Limited.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second 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. The actuary also carries out regular reviews 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 2014 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 (ie 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 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and 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 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

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 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, 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 82%.

As part of this valuation, the trustees have determined, after consultation with

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014 (Cont)

17. Pensions (Contd.)

the employers, a recovery plan to pay off the shortfall by 31 March 2021. In 2011 the actuary estimated that if experience remained in line with the assumptions made, the shortfall at 31 March 2014 would be £2.2 billion, equivalent to a funding level of 95%

However, changes in market conditions between March 2011 and March 2014 have had an impact on scheme funding. The next triennial actuarial valuation will take place as at 31 March 2014, and work is currently underway to update the actuarial assumptions and allow for any adjustments to the overall funding approach adopted by the trustee board in consultation with stakeholders.

As work on the 2014 valuation is not yet complete the trustee cannot provide the final figure however, an estimate has been provided using the assumptions used to deliver the 2011 actuarial valuation. On that basis, the actuary has estimated that the funding level under the scheme specific funding regime will have fallen from 92% at 31 March 2011 to 85% at 31 March 2014. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions.

The funding level has decreased mainly due to a decrease in real gilt yields, reducing the implied net discount rate and therefore placing a higher value on the scheme liabilities. This increase has been partially offset by a higher than expected investment return.

On the FRS17 basis, using an AA bond discount rate of 4.5% per annum based on spot yields, the actuary estimates that the funding level at 31 March 2014 was 75%. An estimate of the funding level measured on a historic gilts basis at the date was approximately 61%.

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.

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 but 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 was included, in addition, on account of the variability mentioned above.

As at the 2011 valuation the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices

APUC LIMITED
(COMPANY LIMITED BY GUARANTEE)

Index measure of price inflation.

Since the valuation effective date of 31 March 2011 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

New Entrants

Other than in specific, limited circumstances, new entrants are now provided benefits on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal Pension Age

The Normal pension age was increased for future service and new entrants, to age 65.

Flexible Retirement

Flexible retirement options were introduced.

Member contributions increased

Contributions were uplifted to 7.5% pa and 6.5% pa for FS Section members and CRB Section members respectively.

Cost Sharing

If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

Pension increase cap

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

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.

At 31 March 2014, USS had over 162,000 active members and the company had 10 active members participating in the scheme.

The total pension cost for the company was £84,450 (2013: £82,836) with £10,229 (2013: £10,012) contributions outstanding at the balance sheet date. The contribution rate payable by the company was 16% of pensionable salaries.

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 to a maximum of 5% of gross pay. The number of employees in the scheme as at 31 July 2014 was 24 (2013: 25) and the value of contributions during the period was £38,446 (2013: £30,545). An amount of £11,274 (2013: £5,744) remains outstanding at the year end.