

UCAS

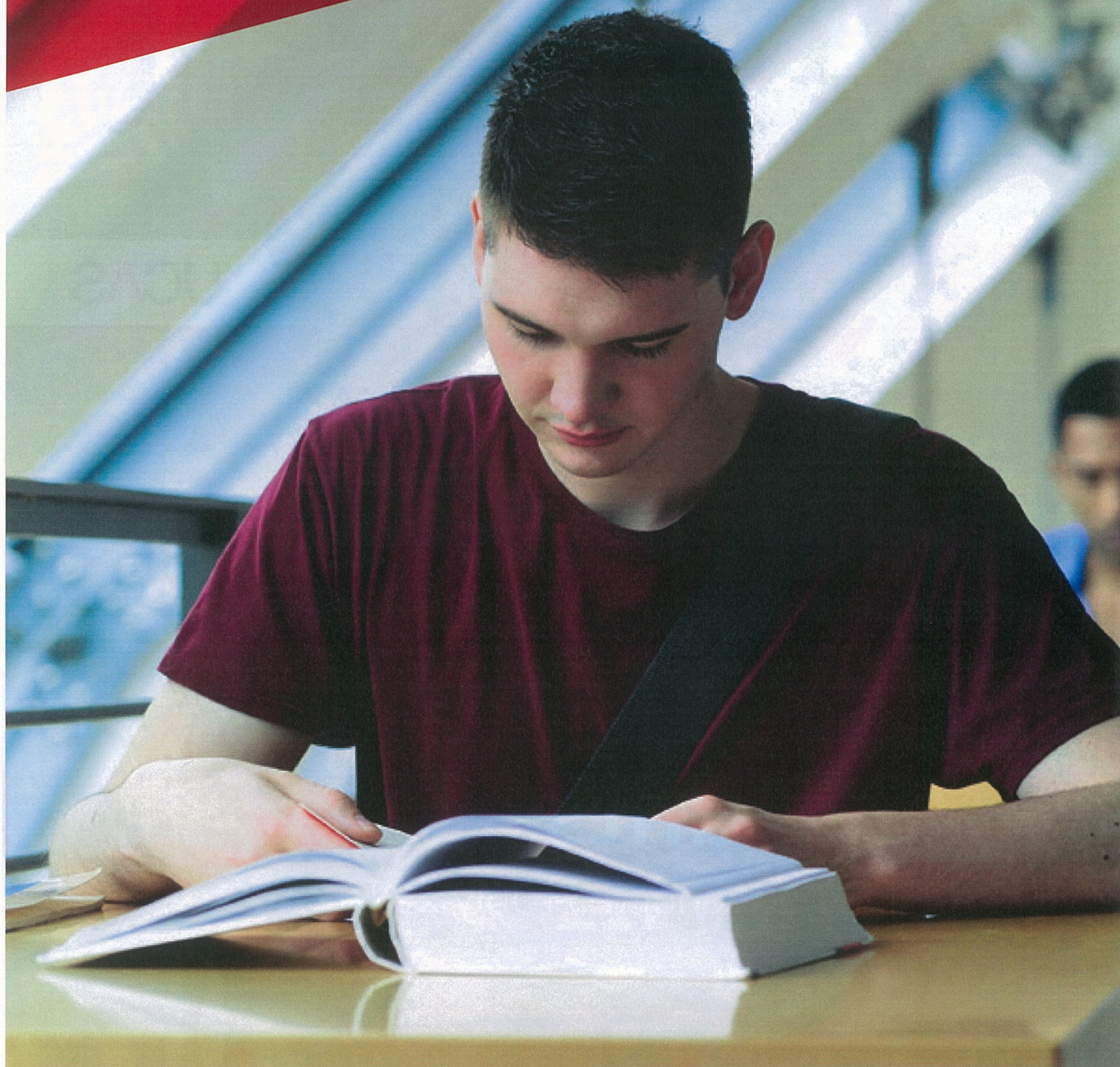
# Directors' Report & Consolidated Accounts

for the year ended 31 July 2014

The Universities and Colleges Admissions Service

(LIMITED BY GUARANTEE)

**Directors' Report and Consolidated Accounts  
for the year ended 31 July 2014**



# Contents

Legal and administrative information	2-3
Report of the Directors (including the Group strategic report)	4-14
Independent auditor's report	15-16
Consolidated and charity statement of financial activities	17
Consolidated and charity balance sheet	18
Consolidated and charity cashflow statement	19
Notes to the accounts	20-46

Registered Company Number: 2839815

Registered Charity No: England and Wales 1024741

Charity registered in Scotland SC038598

# Board structure

## CHAIR

Professor Sir Steve Smith

## DIRECTORS

Dr David Ashton  
Professor Janet Beer  
Professor Joy Carter  
Professor Sir Ian Diamond  
Professor David Fleming (Deputy Chair)  
Mr Terry Grote OBE  
Mrs Caragh Merrick  
Mr Gerry Pennell OBE  
Professor Colin Riordan  
Professor Toby Salt  
Mrs Michele Sutton OBE

(Appointed 20 September 2013)

## COMPANY SECRETARY

Mrs Helen Cornish

## MANAGEMENT

Mrs Mary Curnock Cook OBE  
Mr Andrew Hargreaves  
Mrs Fatuma Mahad  
Mr James Munson  
Mr Jeremy Phillips  
Mr Paul Robinson  
Mrs Helen Thorne MBE

Chief Executive  
Director of Marketing Communications (Appointed 2 September 2013)  
Director of Operations  
Director of Information Technology (Appointed 19 March 2014)  
Managing Director, UCAS Media Limited (Appointed 21 February 2014)  
Director of Finance and Corporate Services  
Director of Policy and Research

## REGISTERED OFFICE

Rosehill  
New Barn Lane  
Cheltenham  
Gloucestershire  
GL52 3LZ

### **AUDITORS**

#### **External auditor**

Baker Tilly UK Audit LLP  
Chartered Accountants  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6AD

#### **Internal auditor**

KPMG  
3 Assembly Square  
Britannia Quay  
Cardiff  
South Glamorgan  
CF10 4PL

### **BANKERS**

Barclays Business Banking  
P O Box 288  
Britannia Warehouse  
The Docks  
Gloucester  
GL1 2YJ

### **SOLICITORS**

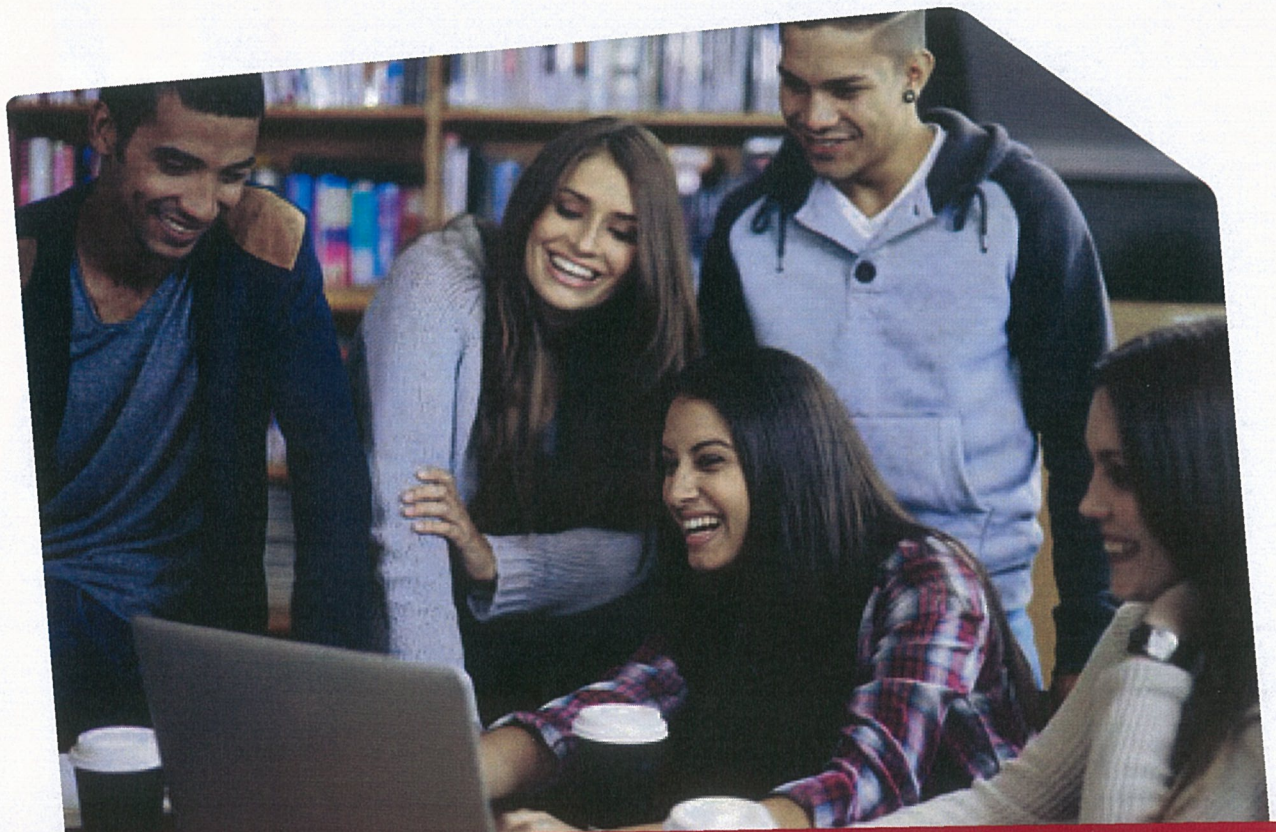
Baker and McKenzie  
100 New Bridge Street  
London  
EC4V 6JA

### **ACTUARY**

Little & Company  
Berkshire House  
252-256 Kings Road  
Reading  
Berks  
RG1 4HP

### **INVESTMENT MANAGERS**

Investec Wealth & Investment Limited  
2 Gresham Street  
London  
EC2V 7QN





The Directors of the Universities and Colleges Admissions Service (UCAS), who are also Trustees of the Charity, are responsible for the financial and organisational control and management of UCAS. The Directors present their report for the year ended 31 July 2014.

## Governance, organisational structure and management

UCAS was incorporated on 27 July 1993 as a company limited by guarantee. It is registered as a company in England (number 2839815); as a charity in England and Wales (number 1024741); and as a cross border charity in Scotland (number SC038598). Its governing document is the Articles of Association (the Articles). UCAS is also a registered trade mark.

In 2012 UCAS reviewed its corporate governance model which resulted in a number of changes to the charity's governance structure and arrangements which were implemented in 2013 to strengthen the governance of the organisation. This included:

- a smaller skills-based Board of Directors to enhance the level of operational and regulatory scrutiny and strategic debate by the Board
- a new and strengthened sub-committee structure including co-opted committee members
- the advisory UCAS Council representing UCAS' members, customers and key stakeholders. The role of the UCAS Council is to challenge and inform the work of the UCAS Board; to give feedback to the Board on the organisation's performance; and to inform the strategic direction of UCAS.

An independent comprehensive Board effectiveness review, including a review of the new governance structure, was conducted in June 2014. The overall findings on the new structure, including the relationship between the Board and the Council, were positive.

During the period, the Board also agreed changes to its membership model. The changes created a more clearly defined separation and understanding between legal membership of UCAS and being a user or customer of a UCAS scheme or service.

In accordance with the Articles, the Directors meet both as a Board of Directors and as sub-committees. The Board of Directors may, and does, delegate to the officers of UCAS such powers as are necessary for the day-to-day management of UCAS.

The Board is supported by four sub-committees: Audit, Finance, Nominations and Remuneration that meet regularly to carry out the Board's delegated responsibilities. Sub-committee members are appointed by the Board and each sub-committee comprises a majority of Directors as well as co-opted committee members who are formally selected and appointed based on their relevant skills and expertise.

Each sub-committee is chaired by a Director. The 'Terms of Reference' for the four sub-committees are published on UCAS' website.

Sub-committee membership during 2013-14 (including movements after the year-end) was:

### **Audit Committee:**

Professor Janet Beer (Chair)  
Dr David Ashton (Appointed 20 September 2013)  
Professor David Fleming (Resigned 20 September 2013)  
Dr Jim McGeorge\*  
Ms Louise Parr Morley\* (Appointed 20 September 2013)  
Mr Gerry Pennell OBE (Appointed 20 September 2013)

### **Finance Committee:**

Mrs Caragh Merrick (Chair)  
Professor Joy Carter (Appointed 20 September 2013)  
Mr Terry Grote OBE  
Professor Jonathan Michie\* (Appointed 20 September 2013)  
Professor Elizabeth Treasure\*

\*Co-opted committee member

### **Nominations Committee:**

Professor Sir Steve Smith (Chair)  
Professor David Fleming  
Professor Sir Ian Diamond  
Mrs Michele Sutton OBE

### **Remuneration Committee:**

Professor Sir Steve Smith (Chair)  
Professor David Fleming  
Mrs Caragh Merrick  
Professor Colin Riordan (Appointed 20 September 2013)

## Directors' recruitment, appointment and training

UCAS' Articles determine the constitution of the new Board and appointment of Directors.

There has been one change to the Directors during the period with the appointment of Professor Toby Salt on 20 September 2013 and a full list of directors is given on page 2 of these accounts.

The Directors have been independently selected and formally appointed (for an initial four year fixed term) based on their specific skills, experience and expertise.

The majority of the Directors are from a higher or further education background, including six heads of providers of higher education; one head of a further and higher education provider; one secondary education provider head; and up to four additional Directors. The Board is chaired by a Vice-Chancellor nominated by UUK (in consultation with GuildHE). The Directors' biographies can be found on [ucas.com](http://ucas.com).

Any new Directors and co-opted committee members receive essential governance documents such as a copy of the Directors' report and the accounts, UCAS' corporate strategy, and essential Charity Commission guidance. In addition, they are invited to attend a formal induction session to meet members of the Executive team.

## Subsidiaries

UCAS owns 100 per cent of the share capital of its subsidiary UCAS Media Limited. UCAS Media Limited is used for non-primary purpose trading activities.

UCAS Media Limited financially supports its parent, UCAS.

The profit on ordinary activities before tax and Gift Aid donations during the year ended 31 July 2014 amounted to £2,164,243, which represented a decrease of 4 per cent since the year ended 31 July 2013. Revenue increased by 7.5 per cent (2013: increase of 16 per cent) to £13,136,477 (2013: £12,217,450).

See note 10 for full details of subsidiaries and investments.



## Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Charitable Company and the Group and of the incoming resources and application of resources, of the Charitable Company and the Group for that period. In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Charitable 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 Charitable Company and enable them to ensure that the accounts comply with the Companies Act 2006, Charities and Trustees Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulation 2006. They are also responsible for safeguarding the assets of the Group and 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 Charitable Company's websites. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

The Charitable Company paid a premium of £500 (2013: £500) to indemnify Directors and officers against legal liabilities arising through wrongful acts in the performance of their duties. The policy excludes claims arising through malicious or intentional breach of conduct, dishonesty or fraud.

## Statement of disclosure of information to auditors

Each Director confirms, in so far as he or she is aware, that there is no relevant information of which UCAS' auditors are unaware and that they have taken all the steps that they ought to have taken, as Directors, to make themselves aware of any relevant audit information and to establish that UCAS' auditors are aware of that information.

## Auditors

Baker Tilly UK Audit LLP was re-appointed as auditor at the Annual General Meeting of its members in January 2014. Baker Tilly UK Audit LLP has indicated its willingness to continue in office. A resolution to re-appoint Baker Tilly UK Audit LLP will be part of the Annual General Meeting.

## Group Strategic report

### Objectives and activities for the benefit of the public

UCAS' vision is that we are at the heart of connecting people to higher education. We offer students access to the information that they need to help them make the right choice about which higher education course to study and where, and provide comprehensive, cost effective and trusted admissions services that support progression to higher education.

Our charitable objects, as amended, are to advance education, and to assist in the advancement of education. In September 2013 the definition of education in this context was expanded to include secondary education.

The Directors have reviewed the charity's aims and objectives and complied with their duties in the Charities Act 2011 to have due regard to the Charity Commission's new guidance on public benefit when exercising any powers or duties to which the guidance is relevant.

UCAS delivers public benefit through its provision of information and advice to prospective students, and by enabling and assisting students to apply for and secure higher education places. Measurement of UCAS' benefit is achieved by monitoring, surveys, analysis and reporting.

### Provision of information and advice for prospective students

We offer information, advice and assistance to anyone who is considering pursuing a higher education course, whether they are living in the UK or abroad. This information and advice is delivered primarily through UCAS.com and social media.

Our website has been designed in conjunction with students and those who work with them to support their educational progression. There is information for mature students, part-time learners, Welsh speakers, those with disabilities, those who have been in care, and for parents, guardians and teachers. Prospective students can find out about the benefits of higher education, what's involved, and find advice on how to explore their options. The website received around 140 million page views during the year.

We provide straightforward advice about things to take into account when considering a higher education course. We encourage students to attend open days and point them towards useful information resources. We understand that financial issues are important and provide information about tuition fees, student finance, and advice on managing money.

Our online search tools offer prospective students comparable information on over 40,000 higher education courses offered by universities and colleges across the UK, together with information on entry requirements, fees, and financial support. UCAS applies robust eligibility criteria to ensure that higher education providers promoting their courses through our search tool are bona fide providers offering courses of educational benefit.

### Enabling and assisting students to apply for a higher education place

UCAS offers admissions services to enable students to apply for entry to undergraduate courses at universities and colleges via a single gateway, using a standard online form and common process, supporting fair and transparent admissions. This provides an efficient means for managing interactions between students, schools and colleges, qualification awarding organisations, and higher education providers, and helps providers plan and manage admissions and student services effectively.

UCAS charges a modest application fee to help to fund the admissions service. The Directors consider that the level of the fee and frequency with which the service is likely to be used does not preclude access by less advantaged students.

UCAS publishes and distributes free guides, publications and newsletters to learners, parents, advisers, schools and colleges across the UK and internationally, and our website offers comprehensive information about the application process, step-by-step guides on how to apply, and how the universities and colleges make and confirm offers of places. We offer specific advice for applicants with disabilities and our systems meet accessibility requirements.

Students can track the progress of their applications with UCAS, talk to our experienced advisers, ask questions via social media, or watch our "how to" videos. We handled just over 500,000 calls during the year and just over 100,000 social media enquiries. During the critical exam results period UCAS hosts the Department of Education's exam results helpline which offers unplaced students advice and guidance about their options, including retaking exams, taking a gap year, and work and apprenticeship opportunities.

UCAS publishes a wide range of analysis and insight to inform the public debate about university admissions.

Around 677,000 students used the core undergraduate admissions service this year. Our data show that applicants come from across the world and from a full range of ethnic, socio-economic and educational backgrounds.

UCAS also offers admissions services for courses at conservatoires, for teacher training programmes, and postgraduate taught courses, which are used by around 99,000 students each year.

## Strategic objectives: achievements and performance

This is the fourth year that we have reported our achievements and performance against the strategic objectives outlined in our Corporate Strategy (2010-2015), which is available on UCAS' website.

The focus of activity in the year towards delivering each of the strategic objectives has been as follows:

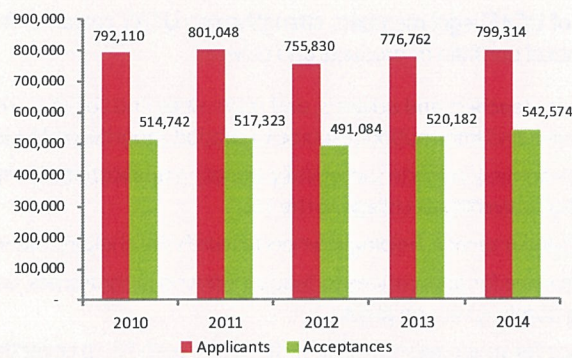
- **Services for higher education providers:** To provide an efficient service to customers; and to expand the range of our services and our value to customers. We have:
  - developed our course information service to enable higher education providers to manage and display their degree course information more effectively
  - established a Relationship Management Team and a new network of groups and forums to ensure effective engagement with schools, universities, and colleges
  - provided universities and colleges with access to free support and advice on good practice in maintaining fair admissions through Supporting Professionalism in Admissions (SPA)
  - clarified the rights and obligations of UCAS' legal members, strengthening UCAS' customer focus on higher education providers, all of whom have access to an identical portfolio of products and services
- **Admissions services:** To provide learners, teachers and advisers, and universities and colleges a comprehensive, trusted and continuously improving admissions service and information resource to support progression to UK higher education courses. We have:
  - delivered the annual undergraduate admissions cycle successfully, handling applications from 677,000 people and helping 512,369 students to secure a place at university or college in the UK
  - made improvements to our course search service, helping learners research the choices that are right for them
  - launched a brand new admissions service for applications to teacher training programmes, enabling prospective students to compare the main teacher training pathways in one place
  - expanded UCAS Progress, our service for young people making choices at post-16, to cover the whole of England
- **Research:** UCAS is recognised as the authoritative source of intelligence on participation, progression and admission in higher education in the UK. We have:
  - expanded the scope of our published analysis, including more insight about offer making patterns, acceptances by type of qualification held, and entry rates to higher education by income background and ethnic group
  - submitted data and analysis to public enquiries including the Commission on Child Poverty and Social Mobility, and various government enquiries on educational attainment and qualification reforms
- **Participation in higher education:** To help all learners make the right choices in their education and preparation for admission to higher education. We have:
  - improved and expanded our web-content, introducing new 'how-to' videos, and expanded our social media services for students
  - launched a new service to help students find out about university open days
  - developed and tested a replacement for the UCAS Tariff, which will be able to accommodate more qualifications supporting widening participation and progression
  - held 48 conventions across the UK enabling 279,000 students to discuss their futures with universities, colleges, and potential employers
- **Communications and technology:** To maximise our reach and impact on learners, teachers and advisers, and higher education providers through a commitment to the technologies of the digital age, leading edge systems, creative communication techniques and innovative marketing. We have:
  - delivered a major programme of IT infrastructure redevelopment, transitioning core applications to a cloud technology platform. This gives us a more reliable, scalable and flexible IT system with the capability to handle the spikes in demand from learners when they are submitting their applications, finding out if they've secured a higher education place, and looking for a place in Clearing
  - implemented a new IT delivery model which has seen service management transferred to an IT partner, Infosys

- **Resources:** To increase funds available to deliver our vision and mission, and enhance value to learners, teachers and advisers, and higher education providers; and maximise efficiency and sustainability across UCAS. We have:
  - achieved a year-on-year growth in revenue of 7 per cent within UCAS Media
  - upgraded our payroll system to provide the facility to automate the processing for pension auto enrolment, as required by law
  - achieved a 10.7 per cent reduction in energy usage at UCAS offices compared to the previous year
  - achieved £390,000 of procurement savings
  - established a small UCAS Media team in London to engage with potential agency clients

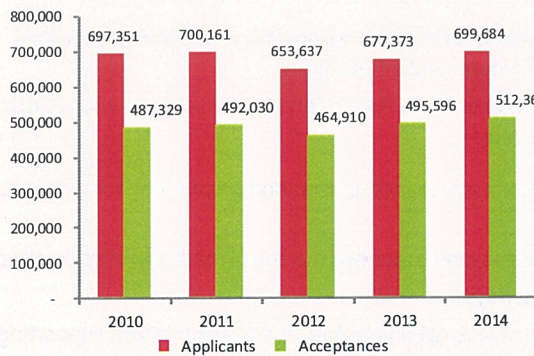
Our achievements and performance against these strategic objectives underline our commitment to providing services that help growing numbers of learners with the potential to benefit from higher education make the right choices, for the right reasons, with the right outcomes.

## Applicant numbers by scheme

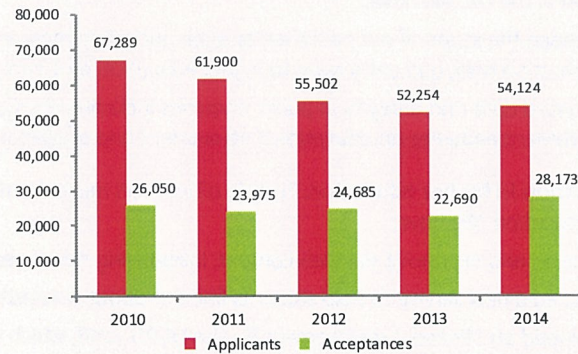
All Schemes



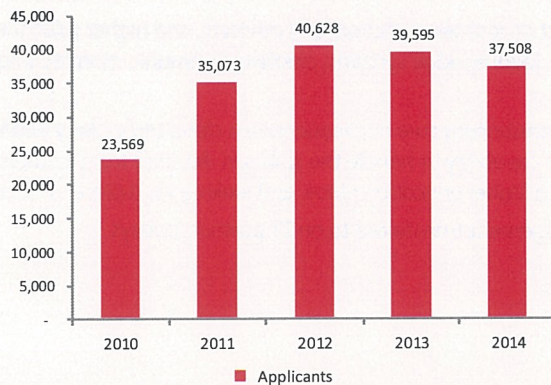
UCAS Scheme



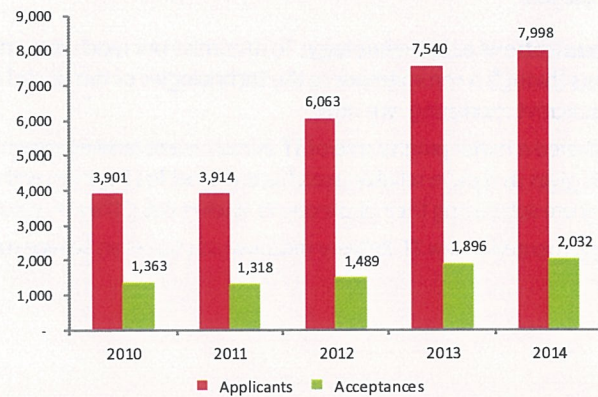
UCAS Teacher Training



UK Postgraduate Application & Statistical Service

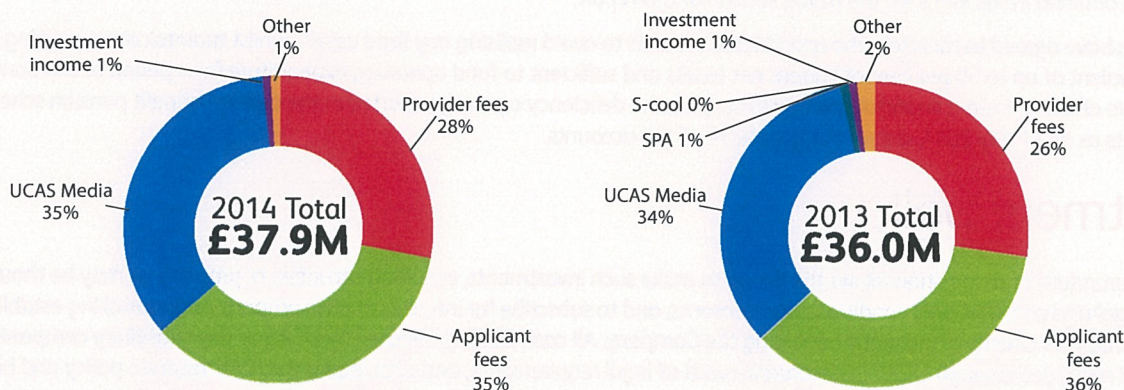


Conservatoires UK Admissions Service

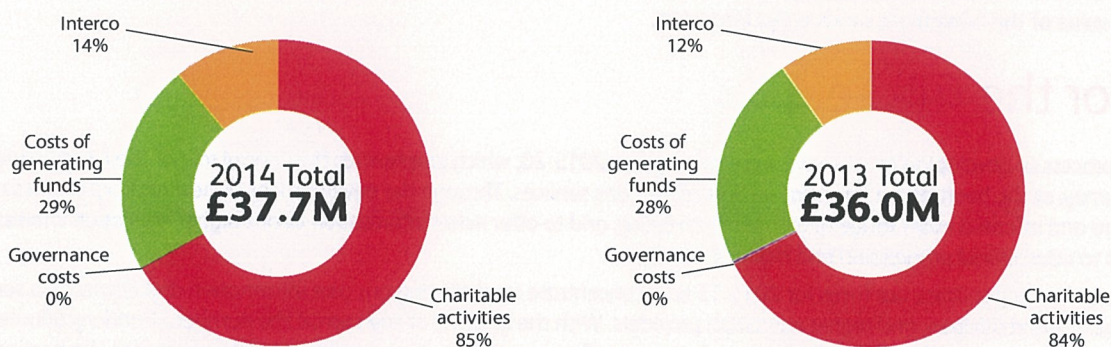


## Financial review

Total incoming resources increased by 5.2 per cent to £37.9m. The main contributor to this increase was revenue generated by the commercial subsidiary which increased by 6.9 per cent and provider and applicant fees which increased by 7.1 per cent to £24.1m, driven by a corresponding increase in the number of applicants compared to the previous year. Total incoming resources (note 3) in 2014 vs. 2013 are shown below:



Resources expended (note 4) in 2014 vs. 2013 are shown below:



During the course of the year operational costs increased by 4.7 per cent mainly due to investment in core systems and processes.

Overall cash reserves for the Group decreased to £6.5m from £18.2m due to the high level of investment in infrastructure development and to seek better returns under active fund management £5m was transferred to Investec Limited.

Details of UCAS' pension arrangements, including two final salary schemes and two money purchase arrangements are set out in note 17 to the accounts. The UCAS Pension and Life Assurance Scheme was subject to a triennial valuation as at 31 July 2013. The scheme deficit reduced to £3.7m (2010: £4.5m). The net charge for the year ended 31 July 2014 is £0.9m (2013: £1.6m) included in note 17, after cash contributions of £1.1m (2013: £1.1m). The contributions include both normal employer contributions (calculated at a rate of 11.8 per cent of individual pensionable salaries) and also an amount of £0.7m under a formal agreement with the Trustees of the pension scheme to alleviate the pension Trustees' measure of the deficiency of net assets in the scheme.

The Group's financial reserves comprise mainly cash at bank and liquid fund investment. The main purpose of these reserves is to maintain sufficient finance for the Group's planned future operations and activities. The main financial risk arising from the Group's operations and activities is liquidity risk. The Group funds its operations and activities from operating income and cash reserves. The Group's reserves policy is set out later in this Report.

The Group made no political contributions or donations during the two years ended 31 July 2014.

UCAS, being a registered charity, seeks to benefit from the appropriate tax exemptions where it is able to.

## Reserves policy

The Board of Directors reviews the Reserves policy annually to ensure that UCAS' financial plans maintain an appropriate level of reserves, having regard to both short term and longer term strategic objectives in conjunction with the corporate risk management framework. Additionally, designated reserves that may be required for specific transactions (for example, to mitigate pension funding shortfalls) are established or amended as appropriate. The designated funds are classed under the headings fixed asset reserve, working capital reserve and pension reserve (note 14). It is the intention of the Directors to use these funds in the next 5-10 years to realise the strategic objectives as outlined in the Plans for the future section of this report.

The Directors have agreed to maintain the unrestricted reserves to avoid realising any fixed assets, whilst maintaining a working capital reserve equivalent of up to 50 per cent of current net assets and sufficient to fund operating expenditure for a period of six months. The Directors have also endorsed a financial strategy to support the deficiency currently reported in the defined benefit pension scheme. Commitments as at 31 July 2014 are set out in note 14 of the accounts.

## Investment policy

UCAS' memorandum of association allows the Group to make such investments, including securities or property as may be thought fit, subject to legal and constitutional conditions and consents, and to subscribe for interests in any company or undertaking established with the intention of directly or indirectly benefiting the Company. All cash funds generated by UCAS or any subsidiary companies will be invested and managed through UCAS in accordance with all legal requirements, and with regard to UCAS' reserves policy and both short and long term working capital requirements. The funds to be invested represent the excess of cash reserves over the amount needed to fund investment in the company's infrastructure. The objective for the fund is as follows:

To achieve a balance of income and capital growth to maximise funds available for infrastructure investment while at least maintaining the real capital value of the investment funds in the long term.

## Plans for the future

UCAS is in the process of developing its new corporate strategy for 2015-20, which emphasises the central role of the learner, and their educational journey, at the heart of our information and admissions services. Through the development of new and expanded services we aim to inspire and inform a wider range of learners than today, and to offer richer information about higher education choices and other pathways to educational progression and higher learning.

As we develop our new capabilities, our focus for 2014-15 is to concentrate on delivering our core information and admissions services to students, teachers and advisers, and higher education providers. With the removal of the cap on the number of undergraduate places at universities and colleges in England and other uncertainties we will ensure that students continue to have access to the best possible information and advice, and that all of the universities and colleges using our services can rely on them to support student recruitment and selection for admission.

We will be refreshing our website to improve navigation and increasing the information and advice for students. We are expanding the training and support we offer to teachers and advisers to put the right information in their hands to help them to advise their students more effectively. We will publicise our new qualifications Tariff and continue to expand our portfolio of published analysis and insight. We will also continue to invest in the development of UCAS Progress to support educational progression post-16.

At the same time we will be investing in a number of underlying technology and data capabilities to enable us to develop a more agile and responsive IT capability, making it cheaper and easier for UCAS to improve and expand the services it offers to students, teachers, and universities and colleges, and to tailor these more effectively to their individual needs.

## Risk management

The Directors have given consideration to the significant risks to which UCAS is exposed and have satisfied themselves that systems and procedures are in place to mitigate those risks, as required by the Charities (Accounts and Reports) Regulations 2008. The UCAS Board seeks to manage and mitigate risk, in particular through the activities of its Audit Committee, which, working in conjunction with senior management, monitors the following activities.

1. **Risk management:** The Corporate Risk Management and Issue Resolution Framework covers a number of key risk management components including risk appetite, the risk management processes, risk perspectives, issue resolution and escalation.

During the year, the framework has been updated to reflect the changes to the UCAS Statement of Risk Appetite following an annual review. A new risk category, describing the main area of impact, has been added to acknowledge explicitly the risk appetite in relation to the Rosehill facility and the provision of those critical services which enable it to operate.

The risk appetite has remained unchanged across all other categories.

The Directors consider the principal strategic risks to be monitored are:

- major operational delivery failure
- risks to data and information confidentiality, integrity or availability
- financial instability

Operational risk and issue reporting is integrated into the monthly corporate reporting framework. Strategic risks and issues are reviewed by the Executive team on a regular basis and are reported to all meetings of the Audit Committee and UCAS Board.

2. **Internal audit:** KPMG was appointed as internal auditor in August 2013. They undertake a series of core and assurance-based audits of operational and financial activities. A risk-based approach is taken to the development of the annual programme of work which is conducted in conjunction with the external audit function and with the agreement and direction of the Audit Committee.
3. **Health and safety:** UCAS maintains a dedicated, centrally managed health and safety function. This function undertakes regular reviews of operational activities, provides advice including risk assessments, and reports to the Chief Executive and Audit Committee.

## Employee engagement

Our People Strategy, which was launched last year, outlines our commitment to making UCAS a more rewarding place to work for our staff.

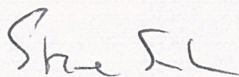
The strategic outcomes it supports are:

- we have a well led, skilled and motivated workforce and can attract and retain talent
- we have a culture of high performance, continuous improvement and organisational excellence
- we take a strategic approach to resourcing and high priority is given to efficiency and value for money

## Disabled employees and persons policy

UCAS operates a 'Dignity at work' policy which complies with the Equality Act 2010. The policy ensures that all employees are treated fairly, with respect and without discrimination at all times. To drive awareness across the organisation, this policy review forms part of the new starter induction process and it is a requirement that all employees undertake the Equality and Diversity compliance assessment and associated test.

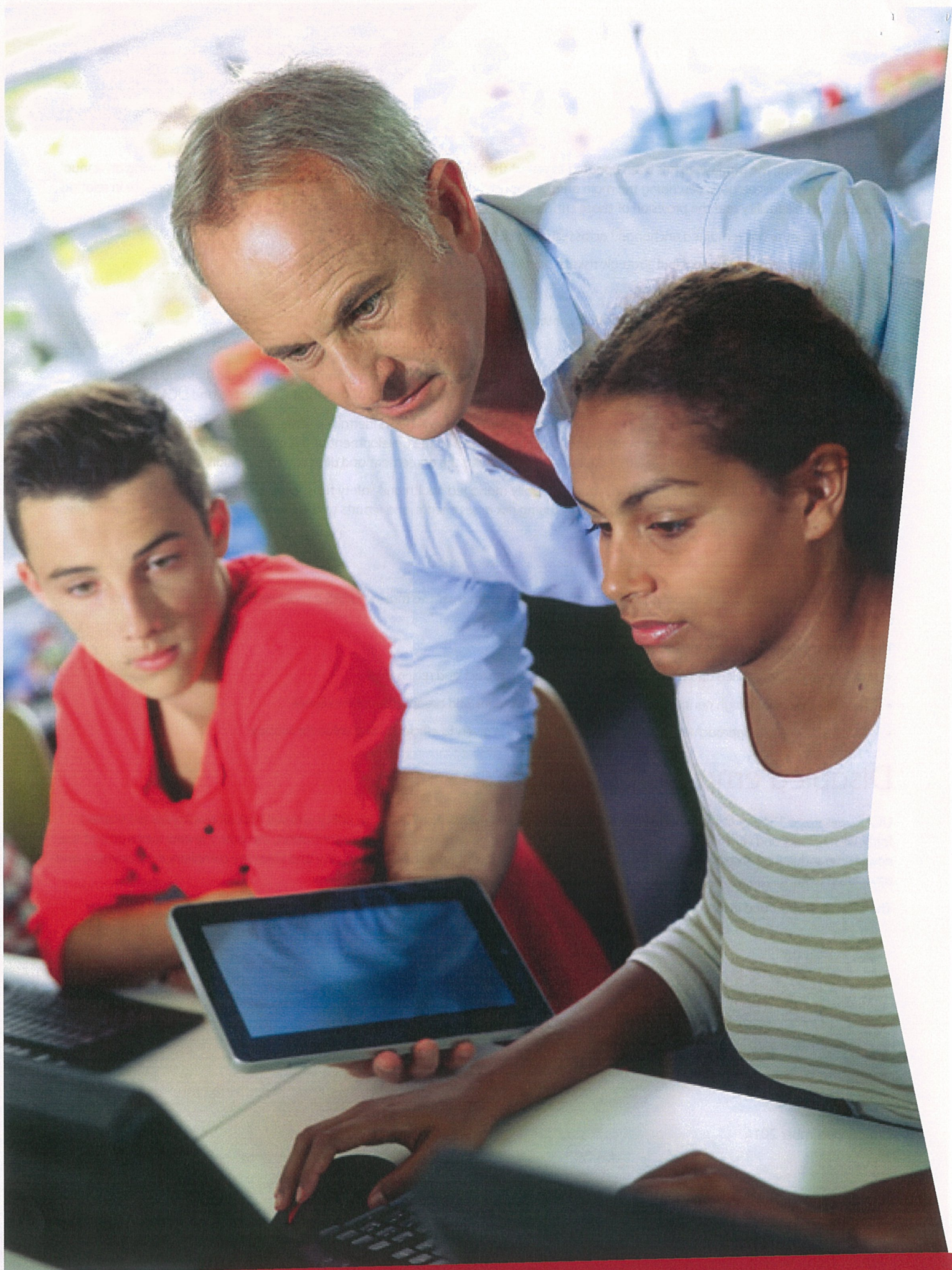
The Directors report and incorporated Strategic report were approved by the Board on 3 December 2014 and signed on its behalf by



Professor Sir Steve Smith

Chair

Date: 3 December 2014





We have audited the Group and parent charity financial statements of The Universities and Colleges Admissions Service ("the financial statements") for the year ended 31 July 2014 on pages 17 to 46. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and Charitable Company's Trustees 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 Charitable Company's Trustees as a body, the Charitable Company's members as a body and the Charitable Company, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Trustees and Auditor

As explained more fully in the Statement of Directors' responsibilities set out on page 7 the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent charitable Company's affairs as at 31 July 2014 and of the Group's and the parent Charitable company's incoming resources and application of resources, including their income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report and the incorporated Strategic 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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us
- the parent charitable company financial statements are not in agreement with the accounting records and returns
- certain disclosures of Trustees' remuneration specified by law are not made
- we have not received all the information and explanations we require for our audit

Baker Tilly UK audit LLP.

HEATHER WHEELHOUSE (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Hartwell House

55 – 61 Victoria Street

Bristol

BS1 6AD

Date: 15 December 2014.

BAKER TILLY AUDIT LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

The Universities and Colleges Admissions Service  
**CONSOLIDATED AND CHARITY STATEMENT OF FINANCIAL ACTIVITIES**  
 (incorporating an income and expenditure account and Statement of  
 total recognised gains and losses) For the year ended 31 July 2014

Registered company number: 2839815

		Group		Charity	
	Notes	Total funds 2014 £	Total funds 2013 £	Total funds 2014 £	Total funds 2013 £
<b>Incoming resources</b>					
<u>Incoming resources from charitable activities</u>					
Provider and applicant fees	3	24,060,068	22,466,067	24,060,068	22,466,067
Grants	3	-	67,000	-	67,000
Other incoming resources	3	644,224	856,549	6,083,547	5,180,996
<u>Incoming resources from generated funds</u>					
Trading operations		13,010,782	12,167,997	-	-
Investment income	3	169,442	441,249	167,405	439,269
Gift Aid from subsidiary		-	-	2,184,586	2,250,319
<b>Total incoming resources</b>		<u>37,884,516</u>	<u>35,998,862</u>	<u>32,495,606</u>	<u>30,403,651</u>
<b>Resources expended</b>					
Charitable activities	4	(32,044,585)	(30,114,314)	(32,170,281)	(30,163,768)
Governance costs	4	(115,263)	(107,436)	(104,763)	(97,436)
Investment management charge	4	(2,726)	-	(2,726)	-
Costs of generating funds	4	(5,553,159)	(5,790,343)	-	-
<b>Total resources expended</b>		<u>(37,715,733)</u>	<u>(36,012,093)</u>	<u>(32,277,770)</u>	<u>(30,261,204)</u>
Net income/(expenditure) for the year before tax		<u>168,783</u>	<u>(13,231)</u>	<u>217,836</u>	<u>142,447</u>
Taxation	5	-	-	-	-
<b>Net income for the year before other recognised gains and losses</b>		168,783	(13,231)	217,836	142,447
Unrealised loss on investment	9	(2,651)	-	(2,651)	-
Actuarial gain/(loss) on defined benefit pension scheme	17	(1,105,000)	8,519,000	(1,105,000)	8,519,000
<b>Net movement in funds</b>		<u>(938,868)</u>	<u>8,505,769</u>	<u>(889,815)</u>	<u>8,661,447</u>
Funds at 1 August 2013		26,463,193	17,957,424	26,831,237	18,169,790
Funds at 31 July 2014		<u>25,524,325</u>	<u>26,463,193</u>	<u>25,941,422</u>	<u>26,831,237</u>

During the year restricted grants were received from HEFCE and the Scottish Funding Council for Supporting Professionalism in Admissions. The value of grants received was £186,429 and £46,078 respectively. All amounts received were fully spent in the year and there were no unrestricted fund balances brought forward or carried forward.

There are no recognised surpluses or losses in the year other than those included in the Statement of Financial Activities above. All of the above results are derived from continuing activities.

Registered Company Number: 2839815

	Notes	Group		Charity	
		2014 £	2013 £	2014 £	2013 £
<b>Fixed assets</b>					
Intangible assets	7	2,401,385	1,708,090	788,189	-
Tangible assets	8	20,569,885	14,786,194	20,215,775	14,404,251
Investments	9	5,010,164	-	5,010,164	-
Investment in subsidiaries	10	-	-	3	3
		<u>27,981,434</u>	<u>16,494,284</u>	<u>26,014,131</u>	<u>14,404,254</u>
<b>Current assets</b>					
Stocks	11	-	5,953	-	-
Debtors	12	3,191,517	3,968,228	4,429,788	4,704,730
Cash at bank and in hand		<u>6,452,237</u>	<u>18,171,872</u>	<u>5,531,628</u>	<u>18,023,582</u>
		9,643,754	22,146,053	9,961,416	22,728,312
<b>Creditors: Amounts falling due within one year</b>	13	<u>(5,876,863)</u>	<u>(6,870,144)</u>	<u>(3,810,125)</u>	<u>(4,994,329)</u>
<b>Net current assets</b>		3,766,891	15,275,909	6,151,291	17,733,983
Deduct: Defined benefit pension scheme liability	17	<u>(6,224,000)</u>	<u>(5,307,000)</u>	<u>(6,224,000)</u>	<u>(5,307,000)</u>
<b>Net assets</b>		<u>25,524,325</u>	<u>26,463,193</u>	<u>25,941,422</u>	<u>26,831,237</u>
<b>Funds</b>					
Unrestricted funds: designated	14	28,352,064	25,924,146	27,576,960	26,771,242
Unrestricted funds: general	15	3,396,261	5,846,047	4,588,462	5,366,995
Pension scheme liability (FRS 17)	17	<u>(6,224,000)</u>	<u>(5,307,000)</u>	<u>(6,224,000)</u>	<u>(5,307,000)</u>
<b>Total funds</b>		<u>25,524,325</u>	<u>26,463,193</u>	<u>25,941,422</u>	<u>26,831,237</u>

The financial statements on pages 17 to 46 were approved by the Board of Directors and authorised for issue on 3 December 2014

Signed on behalf of the Board



Professor Sir Steve Smith

Chair

3 December 2014

	Notes	Group		Charity	
		2014 £	2013 £	2014 £	2013 £
<b>Reconciliation of changes in resources to net cash flows from operating activities</b>					
Income for the year	3	37,884,516	35,998,862	32,495,606	30,403,651
Resources expended in the year	4	(37,715,733)	(36,012,093)	(32,277,770)	(30,261,204)
Less investment income	6	(169,442)	(441,249)	(167,405)	(439,269)
Operating (deficit)/surplus		(659)	(454,480)	50,431	(296,822)
Decrease in stock		5,953	67,169	-	-
Decrease/ (Increase) in debtors		776,711	(610,154)	274,942	366,759
(Decrease)/Increase in creditors		(993,282)	1,335,370	(1,184,203)	891,693
Depreciation	8	1,569,920	928,855	1,427,816	772,322
Amortisation	7	146,340	176,452	51,446	-
Loss on disposal of fixed asset	8	30,380	12,611	30,380	-
FRS 17 adjustment		(188,000)	482,000	(188,000)	482,000
<b>Net cash inflow from operating activities</b>		<b>1,347,363</b>	<b>1,937,823</b>	<b>462,812</b>	<b>2,215,952</b>
<b>Cash flow statement</b>					
Net cash inflow from operating activities		1,347,363	1,937,823	462,812	2,215,952
Returns on investments and servicing of finance					
Interest received		156,627	441,249	154,589	439,269
		156,627	441,249	154,589	439,269
Corporation tax		-	-	-	-
Capital expenditure and financial investment					
Purchase of tangible fixed assets	8	(8,223,625)	(5,374,551)	(8,109,355)	(5,348,852)
Other investments	9	(5,000,000)	-	(5,000,000)	-
		(13,223,625)	(5,374,551)	(13,109,355)	(5,348,852)
<b>Decrease in cash</b>		<b>(11,719,635)</b>	<b>(2,995,479)</b>	<b>(12,491,954)</b>	<b>(2,693,631)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>					
Decrease in cash in the period		(11,719,635)	(2,995,479)	(12,491,954)	(2,693,631)
Net funds at 1 August 2013		18,171,872	21,167,351	18,023,582	20,717,213
Net funds at 31 July 2014		6,452,237	18,171,872	5,531,628	18,023,582

## 1. Principal accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Group's and Charitable Company's accounts.

### Basis of accounting

The accounts have been prepared under the historical cost convention except for the revaluation of investments. The accounts comply with:

- The Companies Act 2006
- The Statement of Recommended Practice (SORP), Accounting and Reporting by Charities, published during October 2005
- The Charities and Trustee Investment (Scotland) Act 2005
- The Charities Accounts (Scotland) Regulations 2006 (as amended)

The Charitable Company has availed itself of Section 4 of Schedule 1, Part 1 of the large and medium sized Companies and Groups (Accounts and Reports) regulations 2008 and adapted the Companies Act formats to reflect the special nature of the Charitable Company's activities.

### Basis of consolidation

Assets and liabilities of the subsidiaries are consolidated on a line-by-line basis. They include the assets and liabilities of the following subsidiaries:

- UCAS Media Limited – a wholly owned subsidiary of UCAS
- S-Cool Limited – a wholly owned subsidiary of UCAS Media Limited
- UCAS Holdings Limited and its subsidiaries

UCAS Holdings Limited was struck off the Companies House register on 26 August 2014.

### Parent company status

The parent company is limited by guarantee. The members of the Charitable Company are the participating providers of further and higher education. In the event of the Charitable Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Company.

The parent company is a registered charity in England and Wales (numbered 1024741) and Scotland (numbered SC038598).

### Incoming resources

All incoming resources are included in the Statement of Financial Activities in respect of the services provided during the period and are stated net of Value Added Tax.

Incoming resources are shown in two main categories.

- Incoming resources from charitable activities include capitation and application fees, grants and other income
- Incoming resources from generated funds include income from subsidiaries and investment income

Provider and applicant income, grants and other income is accounted for on a receivable basis. Other income includes income from training, course search facility provided to providers, consultancy and student financial assessment is accounted for on an accruals basis.

Investment income is accounted for on a receivable basis.

## Resources expended

All expenditure is accounted for on an accruals basis and has been classified under the headings

- Charitable costs
- Governance costs
- Costs of generating funds

Cost of charitable activities relate to costs incurred in delivering our charitable objects and include costs related to development, implementation and maintenance of our infrastructure capabilities.

Governance costs are those incurred in connection with the administration of the Charity and compliance with legal and statutory requirements.

Cost of generating funds relates to the trading subsidiary which are incurred to generate trading income.

## Investment policy

Investments in subsidiary undertakings are valued at the lower of historical cost and market value, which the Trustees are satisfied equate to their cost.

Other fixed asset investments are valued at their market value on the last day of the accounting period. Changes in the valuation of the investments during the year are shown as unrealised gains or losses. Gains or losses arising from the disposal of assets are disclosed as being realised, being the difference between the sales proceeds and the market value at the start of the year.

## Tangible fixed assets and depreciation

Tangible fixed assets above £35,000 in UCAS and above £500 in UCAS Media Limited are capitalised. Depreciation is provided against fixed assets, other than land, at the following straight line rates to reflect both the anticipated useful lives and estimated residual values. Leasehold improvements are capitalised and depreciated over their useful life on a straight line basis:

- |                      |          |
|----------------------|----------|
| • Freehold buildings | 50 years |
| • Computers (leased) | 5 years  |
| • Office equipment   | 4 years  |
| • Office machinery   | 5 years  |
| • Other plant        | 10 years |
| • Software           | 5 years  |

## Intangible assets and amortisation

- Goodwill, licences and intellectual property 4-20 years

## Impairment policy

*Tangible assets* – UCAS undertakes a review of fixed assets to ensure that where the net book value of an asset is greater than its economic value it will be deemed to be impaired and written down to its economic value.

*Intangible assets and goodwill* – Goodwill and intangible assets that are amortised over a finite period, not exceeding 20 years, will be reviewed for impairment at the end of the first full financial year following the acquisition or as may be determined by the Director of Finance and Corporate Services, if circumstances indicate that the carrying values may not be recoverable thereafter.





## Policy on capitalisation of software development costs

Only expenditure of substantial amounts for enhancements on authorised projects, incurred in direct relation to the project may be incorporated into capitalised software development costs. The capitalised costs will be amortised over the useful life of the asset.

## Operating leases

Rentals applicable to the operating leases are charged as incurred to the Statement of Financial Activities.

## Stock

Stock is stated at the lower of cost and net realisable value.

## Taxation

The parent company is a registered charity and as such is exempt from taxation of its income and gains falling within Part II of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No tax charge has arisen in the year.

## Government grant

Grants are recognised when receivable, provided conditions for receipt have been complied with, unless they relate to a specific future period in which case they are deferred.

## Staff pensions

The Group participates in four pension schemes.

- UCAS Pension and Life Assurance Scheme (1993) is a defined benefit scheme. The assets and liabilities of the scheme are held in a separate trust and are accounted for as required by FRS 17.
- Universities Superannuation Scheme (USS) – USS is 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 provider 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 statement of financial activities account represents the contributions payable to the scheme in respect of the accounting period.
- UCAS Group Stakeholder Pension Plan (2007) and UCAS Group Stakeholder Pension Plan (2014) are defined contribution schemes with associated life assurance attachment. The employer liability towards these schemes is limited to the contributions made on a regular monthly basis and subject to an upper limit graduated upon the option made by the employee to the scheme. These contributions are charged to the Statement of Financial Activities. At 31 July 2014, 119 and 162 employees contributed to the Stakeholder Plan (2007) and Stakeholder Plan (2014) respectively.

Pension costs for all the above mentioned schemes are charged to the Statement of Financial activities in the period they are incurred and are charged to payroll costs.

## Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors for the general objectives of the Group and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes.

## 2. Staff numbers and costs

The average monthly number of employees during the year was as follows:

	Group		Charity	
	2014	2013	2014	2013
Application services	308	329	308	329
Administrative	59	46	59	46
Cost of generating funds	64	59	-	-
	<u>431</u>	<u>434</u>	<u>367</u>	<u>375</u>

The aggregate payroll costs of these persons were as follows:

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Salaries	14,587,738	14,218,991	12,540,353	12,110,902
Social security costs	1,446,515	1,371,428	1,244,549	1,180,378
Other pension costs	1,832,730	1,592,372	1,690,700	1,458,613
Capitalised	<u>(1,090,253)</u>	<u>(968,602)</u>	<u>(1,090,253)</u>	<u>(968,602)</u>
	<u>16,776,730</u>	<u>16,214,189</u>	<u>14,385,349</u>	<u>13,781,291</u>
FRS 17 adjustment	(188,000)	482,000	(188,000)	482,000
Restructure costs	<u>783,747</u>	<u>912,383</u>	<u>783,747</u>	<u>912,383</u>
	<u>17,372,477</u>	<u>17,608,572</u>	<u>14,981,096</u>	<u>15,175,674</u>

During the year redundancy costs of £783,747 were incurred to align staff capability to functions.

Included in the above table are costs for the following numbers of employees whose emoluments (including benefits in kind but not pension costs) fell within the following bands:

	Group		Charity	
	2014	2013	2014	2013
	No.	No.	No.	No.
£60,000 - £69,999	13	6	11	6
£70,000 - £79,999	11	8	10	7
£80,000 - £89,999	4	2	4	2
£90,000 - £99,999	3	4	3	4
£100,000 - £109,999	1	1	1	-
£110,000 - £119,999	2	1	1	1
£140,000 - £149,999	-	1	-	1
£160,000 - £169,999	1	1	1	1

Pension scheme contributions paid by the Group in respect of the people listed above amounted to £326,869 (2013: £247,876). The pension scheme contributions paid by the Charity in respect of the people listed above amounted to £303,648 (2013: £224,205). There are no employees in the UCAS Pension and Life Assurance Scheme, 30 employees in the USS scheme and five employees in the UCAS Group Stakeholder Pension Plan. In the year 2013-14 contribution to the USS scheme was £318,219 (2013: £241,005) and the UCAS Group Stakeholder Pension Plan was £8,650 (2013: £6,871).

## Directors

None of the Directors received remuneration for services to the Charity (2013: £nil). Travelling expenses of £7,901 were reimbursed to eight of the Directors (2013: 17 Directors: £5,542) in respect of attendance at meetings.

## Professional indemnity insurance

The Charitable Company paid a premium of £500 (2013: £500) to indemnify Directors and officers against legal liabilities arising through wrongful acts in the performance of their duties. The policy excludes claims arising through malicious or intentional breach of conduct, dishonesty or fraud.

## 3. Incoming resources

	2014	2013
	£	£
<b>Institutional and applicant fees</b>		
Provider fees	10,614,853	9,494,099
Applicant fees	13,445,215	12,971,968
	<u>24,060,068</u>	<u>22,466,067</u>
<b>Other income</b>		
Data sales	23,920	145,319
Supporting Professionalism in Admissions	232,507	349,233
Data and brand charge	2,804,875	2,787,173
Management and resourcing recharge	2,634,449	1,537,273
Other income	387,796	361,998
	<u>6,083,547</u>	<u>5,180,996</u>
Government grants	-	67,000
Investment income	167,405	439,269
	<u>167,405</u>	<u>506,269</u>
	<u>30,311,020</u>	<u>28,153,332</u>
<b>Charity income excluding Gift Aid</b>		
<b>Trading operations</b>		
UCAS Media Limited	13,136,478	12,217,448
Investment income	2,037	1,981
	<u>13,138,515</u>	<u>12,219,429</u>
Intercompany	(5,565,019)	(4,373,899)
<b>Group income</b>	<u>37,884,516</u>	<u>35,998,862</u>

UCAS Media Limited's principal business activity is the provision of marketing services to commercial clients and higher education providers seeking to make contact with applicants and prospective applicants to higher education courses.

The majority of the accounting profits of the trading subsidiary are Gift Aided to the parent company. A payment of Gift Aid of £2,184,586 (2013: £2,250,319) was made from UCAS Media to UCAS. The Directors of the subsidiary company are of the opinion that it has achieved a good trading result in otherwise difficult market conditions.

## 4. Resources expended

	Cost of generating				
	Charity 2014 £	funds 2014 £	Group 2014 £	Charity 2013 £	Group 2013 £
Staff	14,972,096	2,391,381	17,363,477	15,166,674	17,599,572
Other staff costs	4,339,544	343,635	4,683,179	4,665,297	4,727,351
Technology	5,381,492	17,682	5,399,174	1,135,809	1,216,240
Office costs	386,827	41,940	428,767	511,366	527,611
General expenses	8,410	26,048	34,458	207,674	278,402
Premises	580,624	(229)	580,395	517,433	529,695
Legal and professional fees	3,244,042	42,883	3,286,925	5,107,332	5,144,583
Marketing services	287,837	280,145	567,982	407,548	700,238
Printing and publishing	199,139	10,511	209,650	219,486	306,167
Postage	413,809	295,249	709,058	645,680	887,441
Finance	202,016	10,374	212,390	231,552	266,806
Depreciation	1,427,816	142,104	1,569,920	772,322	928,855
Amortisation	51,446	94,894	146,340	-	176,452
Events	13,358	1,954,258	1,967,616	20,396	1,959,097
Travel	661,824	179,748	841,572	555,199	705,600
Brand and data charge	-	2,804,875	2,804,875	-	2,787,173
Management charge	-	2,356,985	2,356,985	-	1,537,273
Consolidation adjustment	(125,695)	(5,439,324)	(5,565,019)	(49,454)	(4,373,899)
	<b>32,044,585</b>	<b>5,553,159</b>	<b>37,597,744</b>	<b>30,114,314</b>	<b>35,904,657</b>
Governance costs					
Audit fee	17,000	8,000	25,000	15,000	22,500
Other fees	500	2,500	3,000	-	2,500
Legal advice	67,972	-	67,972	53,966	53,966
Cost of board meetings	10,291	-	10,291	19,470	19,470
Preparation of statutory accounts	9,000	-	9,000	9,000	9,000
	<b>104,763</b>	<b>10,500</b>	<b>115,263</b>	<b>97,436</b>	<b>107,436</b>
Investment management costs			2,726		
			<b>37,715,733</b>		<b>36,012,093</b>

## 5. Taxation on ordinary activities

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Corporation tax (credit)/charge	-	-	-	-

## 6. Net income /(expenditure) for the year is stated

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
After charging				
Depreciation	1,569,919	928,855	1,427,816	772,322
Loss on disposal of fixed assets	30,380	12,611	30,380	-
Amortisation	146,340	176,452	51,446	-
Auditor's remuneration audit fees	25,000	26,750	17,000	18,000
Auditor's remuneration -taxation compliance services	3,000	2,500	500	-
Internal auditor's remuneration	50,552	13,948	50,552	13,948
And after crediting				
Interest and dividends receivable	169,442	441,249	167,405	439,269

## 7. Intangible assets

Consolidated	Intellectual	Goodwill	Licences	Total
	property			
	£			
Cost				
At 1 August 2013	94,580	1,930,936	-	2,025,516
Additions	-	-	839,635	839,635
At 31 July 2014	<u>94,580</u>	<u>1,930,936</u>	<u>839,635</u>	<u>2,865,151</u>
Amortisation				
At 1 August 2013	94,580	222,846	-	317,426
Charge for the year	-	94,894	51,446	146,340
At 31 July 2014	<u>94,580</u>	<u>317,740</u>	<u>51,446</u>	<u>463,766</u>
Net book value				
At 31 July 2014	-	<u>1,613,196</u>	<u>788,189</u>	<u>2,401,385</u>
At 31 July 2013	-	<u>1,708,090</u>	-	<u>1,708,090</u>

## 7. Intangible assets (continued)

Charity	Licences £	Total £
<b>Cost</b>		
At 1 August 2013	-	-
Additions	<u>839,635</u>	<u>839,635</u>
At 31 July 2014	<u>839,635</u>	<u>839,635</u>
<b>Amortisation</b>		
At 1 August 2013	-	-
Charge for the year	<u>51,446</u>	<u>51,446</u>
At 31 July 2014	<u>51,446</u>	<u>51,446</u>
<b>Net book value</b>		
At 31 July 2014	<u>788,189</u>	<u>788,189</u>
At 31 July 2013	<u>-</u>	<u>-</u>

## 8. Fixed assets

### Consolidated

#### Tangible assets

	Land	Freehold buildings and contents	IT hardware and software	Assets under development	Total
	£	£	£	£	£
Cost: 1 August 2013	3,150,000	4,828,990	17,619,586	4,420,007	30,018,583
Additions	-	164,950	5,805,019	2,253,656	8,223,625
Disposals	-	-	-	(30,380)	(30,380)
Reclassification	-	-	3,150,479	(3,990,113)	(839,634)
Cost: 31 July 2014	<u>3,150,000</u>	<u>4,993,940</u>	<u>26,575,084</u>	<u>2,653,170</u>	<u>37,372,194</u>
Provision for depreciation at 1 August 2013	-	1,363,913	13,868,476	-	15,232,389
Charged for the year	-	152,565	1,417,355	-	1,569,920
At 31 July 2014	-	<u>1,516,478</u>	<u>15,285,831</u>	-	<u>16,802,309</u>
Net book value:					
31 July 2014	<u>3,150,000</u>	<u>3,477,462</u>	<u>11,289,253</u>	<u>2,653,170</u>	<u>20,569,885</u>
31 July 2013	<u>3,150,000</u>	<u>3,465,077</u>	<u>3,751,110</u>	<u>4,420,007</u>	<u>14,786,194</u>

In the last two years significant investment was made to stabilise UCAS' critical services which were transferred to the cloud, outsourced IT infrastructure services to a third party and completed UCAS search tool project. Investment to develop the IT infrastructure will continue in the year 2014-15.





## 8. Fixed assets (continued)

### Charity

#### Tangible assets

	Land	Freehold buildings and contents	IT hardware and software	Assets under development	Total
	£	£	£	£	£
Cost: 1 August 2013	3,150,000	4,787,131	16,495,233	4,020,494	28,452,858
Additions	-	141,057	5,714,643	2,253,655	8,109,355
Disposals	-	-	-	(30,380)	(30,380)
Reclassification	-	-	3,150,479	(3,990,114)	(839,635)
Cost: 31 July 2014	<u>3,150,000</u>	<u>4,928,188</u>	<u>25,360,355</u>	<u>2,253,655</u>	<u>35,692,198</u>
Provision for depreciation at 1 August 2013	-	1,322,053	12,726,554	-	14,048,607
Charged for the year	-	146,347	1,281,469	-	1,427,816
At 31 July 2014	<u>-</u>	<u>1,468,400</u>	<u>14,008,023</u>	<u>-</u>	<u>15,476,423</u>
Net book value:					
31 July 2014	<u>3,150,000</u>	<u>3,459,788</u>	<u>11,352,332</u>	<u>2,253,655</u>	<u>20,215,775</u>
31 July 2013	<u>3,150,000</u>	<u>3,465,078</u>	<u>3,768,679</u>	<u>4,020,494</u>	<u>14,404,251</u>

## 9. Investments

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Additions	5,000,000	-	5,000,000	-
Interest and dividends	12,815	-	12,815	-
Net unrealised loss	(2,651)	-	(2,651)	-
	<u>5,010,164</u>	<u>-</u>	<u>5,010,164</u>	<u>-</u>

Income receivable from dividends and interest is reinvested in the portfolio.

**Investments comprise**

	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
UK bonds	729,430	-	729,430	-
Equities				
UK	948,337	-	948,337	-
Europe	269,060	-	269,060	-
North America	619,127	-	619,127	-
Japan	144,311	-	144,311	-
Far East	131,317	-	131,317	-
Emerging markets	128,959	-	128,959	-
Property	264,876	-	264,876	-
Infrastructure	341,754	-	341,754	-
Management charge accrued	2,726	-	2,726	-
Cash	1,430,267	-	1,430,267	-
	<u>5,010,164</u>	<u>-</u>	<u>5,010,164</u>	<u>-</u>

We do not consider any investment to be material in the context of the investment portfolio.

## 10. Fixed asset investments (Charity only)

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Valuation	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Shares in:				
UCAS Media Limited	-	-	2	2
UCAS Holdings Limited	-	-	1	1
	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>

UCAS Media Limited, registered in England, is a wholly owned subsidiary of the Charitable Company, UCAS, with issued share capital of two ordinary shares. The principal activity of the company is to assist the parent company in achieving its objective through the provision of marketing services concerned with higher education. Profits of the subsidiary company are transferred under the Gift Aid regime to the parent company.

S-Cool Limited is a wholly owned subsidiary of UCAS Media Limited. UCAS as the ultimate parent controls S-Cool Limited. During the year S-Cool Limited traded under the brand of UCAS Progress. It provides application services and course search facilities to students aged 14-19. For results of UCAS Media Limited and S-Cool Limited refer to note 19.

UCAS Holdings Limited, a company registered in England, is a wholly owned but non-trading subsidiary of the Charitable Company, UCAS and owns the issued share capital of the following companies, registered in England, which have not traded during the shorter of:

- the period since incorporation; or
- the two years ended 31 July 2014.

	Shareholding £
UCAS Limited	1
UCAS Enterprises Limited	1
UCAS Advancement Limited	1
Visual Interactive Systems Communications Limited	1
	<u>4</u>

UCAS Enterprises Limited was incorporated on 8 November 2006 and known as UCAS Media Limited until 30 November 2006. Visual Interactive Systems Communications Limited was known as Cobco901 Limited until 26 March 2009.

The subsidiaries of UCAS Holdings Limited were struck off the Companies House register on 9 September 2014.

## 11. Stocks

Group		Charity	
2014	2013	2014	2013
£	£	£	£
-	5,953	-	-

The bookstore was closed during the year and stocks were disposed.

## 12. Debtors

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	154,782	2,290,924	154,782	185,259
Amounts owed by subsidiary	-	-	3,048,341	2,965,052
Other debtors	1,873,780	97,108	63,710	96,898
Prepayments	866,186	737,145	866,186	614,470
Value Added Tax	296,769	843,051	296,769	843,051
	<u>3,191,517</u>	<u>3,968,228</u>	<u>4,429,788</u>	<u>4,704,730</u>

## 13. Creditors: due within one year

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	1,441,247	1,806,015	1,185,339	1,508,090
Amounts owed to subsidiary company	-	-	-	2,478
Other taxes and social security	479,274	382,714	382,233	382,714
Other creditors	251,389	171,591	238,089	159,305
Value Added Tax	-	51,694	-	-
Corporation tax	-	-	-	-
Accruals	3,704,953	4,458,130	2,004,464	2,941,742
	<u>5,876,863</u>	<u>6,870,144</u>	<u>3,810,125</u>	<u>4,994,329</u>

Deferred income	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Deferred income at 1 August	1,341,124	1,238,600	170,971	-
Deferred income released during the year	(1,341,124)	(1,238,600)	(170,971)	-
Income deferred during the year	<u>1,385,213</u>	<u>1,341,124</u>	<u>35,244</u>	<u>170,971</u>
Deferred income at 31 July	<u>1,385,213</u>	<u>1,341,124</u>	<u>35,244</u>	<u>170,971</u>

Deferred income relates to advertising income, events income and income from subscriptions.

## 14. Unrestricted funds: designated

	Fixed asset reserve	Investment reserve	Working capital reserve	Pension reserve	Total	Total
	2014	2014	2014	2014	2014	2013
	£	£	£	£	£	£
<b>Group</b>						
At 1 August 2013	14,786,194	-	7,637,952	3,500,000	25,924,146	21,880,280
Transfer (to)/from accumulated surplus	<u>8,185,075</u>	<u>(2,651)</u>	<u>(5,754,506)</u>	<u>-</u>	<u>2,427,918</u>	<u>4,043,866</u>
At 31 July 2014	<u>22,971,269</u>	<u>(2,651)</u>	<u>1,883,446</u>	<u>3,500,000</u>	<u>28,352,064</u>	<u>25,924,146</u>

	Fixed asset reserve 2014 £	Investment reserve 2014 £	Working capital reserve 2014 £	Pension reserve 2014 £	Total 2014 £	Total 2013 £
<b>Charity</b>						
At 1 August 2013	14,404,251	-	8,866,991	3,500,000	26,771,242	22,670,754
Transfer (to)/from accumulated surplus	6,599,713	(2,651)	(5,791,344)	-	805,718	4,100,488
At 31 July 2014	<u>21,003,964</u>	<u>(2,651)</u>	<u>3,075,647</u>	<u>3,500,000</u>	<u>27,576,960</u>	<u>26,771,242</u>

The fixed asset reserve is the amount needed to finance the premises and equipment necessary for the Group to carry out its activities.

The working capital reserve is required because the Group normally experiences negative cash flows during the early part of its financial year, due to the timing of billing its principal customers on an instalment basis. Fees from applicants are largely concentrated into the October to January period.

The pension reserve is the amount needed to fund the deficit in the UCAS Pension and Life Assurance scheme (1993) as agreed with the pension Trustees.

## 15. Unrestricted funds: general

	Group		Charity	
	2014 £	2013 £	2014 £	2013 £
At 1 August 2013	5,846,047	9,421,144	5,366,995	8,843,036
Surplus/(deficit) for the year	168,783	(13,231)	217,836	142,447
Transfer to designated funds	(2,427,918)	(4,043,866)	(805,718)	(4,100,488)
Unrealised loss on investment	(2,651)	-	(2,651)	-
FRS 17 adjustment	(188,000)	482,000	(188,000)	482,000
At 31 July 2014	<u>3,396,261</u>	<u>5,846,047</u>	<u>4,588,462</u>	<u>5,366,995</u>

Funds are transferred between unrestricted designated and general funds to maintain fixed asset and working capital reserves (note 14) as agreed by the Directors in the Reserves policy.

## 16. Consolidated net assets by fund

The net assets held as at 31 July 2014 for the various funds are as follows

	<b>Fixed assets</b>	<b>Current</b>	<b>Pension</b>	<b>Total</b>	<b>Total</b>
	<b>2014</b>	<b>assets</b>	<b>scheme</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>liability</b>	<b>£</b>	<b>£</b>
			<b>2014</b>		
Unrestricted designated funds	22,971,269	5,383,446	-	28,354,715	25,924,146
Unrestricted general funds	-	3,393,610	(6,224,000)	(2,830,390)	539,047
	<u>22,971,269</u>	<u>8,777,056</u>	<u>(6,224,000)</u>	<u>25,524,325</u>	<u>26,463,193</u>

### Charity net assets by fund

The net assets held as at 31 July 2014 for the various funds are as follows

	<b>Fixed assets</b>	<b>Current</b>	<b>Long term</b>	<b>Total</b>	<b>Total</b>
	<b>2014</b>	<b>assets</b>	<b>liabilities</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
			<b>2014</b>		
Unrestricted designated funds	21,003,964	6,575,647	-	27,579,611	26,771,242
Unrestricted general funds	-	4,585,811	(6,224,000)	(1,638,189)	59,995
	<u>21,003,964</u>	<u>11,161,458</u>	<u>(6,224,000)</u>	<u>25,941,422</u>	<u>26,831,237</u>

## 17. Pension schemes

The Group participates in four pension schemes of which two are defined benefit pension schemes.

### UCAS Pension and Life Assurance Scheme (1993)

The Group operates a defined benefit (final salary related) pension scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. In addition to giving information taken from the actuarial position at 1 August 2013, the fund has been valued in accordance with the conditions to comply with the requirements of the Financial Reporting Standard (FRS) 17: Retirement benefits.

Contributions payable by the employer during 2013-14 amounted to £1.1m (2013: £1.1m). Contributions payable in the year 2014-15 are estimated to be £1.2m. This is in line with the recommendations of the valuation report at 1 August 2013.

#### Contributions

The triennial review at 31 July 2013 identified a deficiency in the longer term assets over liabilities of £3,731,000 (2010: deficiency of £4,478,000). The contributing factors to the reduction in deficit are positive variances on actual investment returns, increase in contribution rate since the last valuation, salary increases lower than assumed offset by lower than expected gilt yields.

Based on the results of the triennial valuation the Trustees have agreed with the UCAS the following.

1. Change in the future funding contribution from 17.8 per cent to 22.6 per cent (inclusive of the member's contribution at 6.0 per cent) of annual pensionable salaries.
2. Additional contributions of £830,000 per annum beginning 1 August 2014, increasing by 3.5 per cent each year until 31 July 2018.



The Charitable Company, between 2006 and 2009, paid special contributions, at its discretion and without prejudice towards any subsequent contributions. These had amounted to £2,527,236. Despite budgetary plans for the year ended 31 July 2010, the Directors of the Charitable Company ultimately elected to defer any special payments. Volatility in market conditions for equities and movements in bond values presented an element of risk. However, the Directors in the continuing support of the pension scheme increased the designated reserve in the year ending 31 July 2013 to £3.5m from £2m for this purpose; accounting note 14 refers.

## Statement of Financial Activities (FRS 17) disclosures

Assumptions	31 July 2014	31 July 2013
	%	%
Discount rate	4.08	4.33
Salary increase	3.63	3.68
Inflation (RPI)	3.13	3.18
Inflation (CPI)	2.43	2.48
Pension increases (pre-April 2005)	4.18	4.18
Pension increases (post-April 2005)	2.19	2.21
Revaluation in deferment (CPI max 5.0%)	2.43	2.48
Revaluation in deferment (CPI max 2.5%)	2.43	2.48
Expected return on assets	4.54	4.96
Mortality	105% of PNA00, medium cohort, minimum 0.75% improvements	

The expected return on assets has been derived from the weighted average asset returns, based on the most up-to-date investment information available.

## Life expectancies from age 65 years

	31 July 2014	31 July 2013
Male currently aged 45	23.50	23.50
Female currently aged 45	25.80	25.80
Male currently aged 65	22.10	22.00
Female currently aged 65	24.40	24.40

## Asset class breakdown

	31 July 2014	31 July 2013
	%	%
Equities	54	67
Gilts	22	16
Bonds	23	16
Cash and net current assets	1	1
	100	100



Analysis of movement in the financial position over the accounting periods:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets at beginning of the year	28,682	24,357
Expected return on assets	1,427	1,053
Employer contributions	1,072	1,125
Contribution by scheme participants	186	208
Benefits paid	(967)	(950)
Expenses and term assurance premium	(109)	(114)
Actuarial gain on assets	<u>808</u>	<u>3,003</u>
Fair value of scheme assets at the end of the period	<u>31,099</u>	<u>28,682</u>
Present value of scheme liabilities at the beginning of the period	33,989	37,701
Current service cost	835	1,183
Contribution by scheme participants	186	208
Interest cost	1,476	1,477
Benefits paid	(967)	(950)
Expenses and assurance premium	(109)	(114)
Actuarial (gain)/loss on liabilities	<u>1,913</u>	<u>(5,516)</u>
Present value of scheme liabilities at the end of the period	<u>37,323</u>	<u>33,989</u>
<b>Amounts to be recognised in the balance sheet</b>		
Fair value of scheme assets	31,099	28,682
Present value of scheme liabilities	<u>(37,323)</u>	<u>(33,989)</u>
Balance sheet liability	<u>(6,224)</u>	<u>(5,307)</u>

The equities, bonds and other investments were held under asset management by SEI Investments (Europe) Limited.

#### **Volatility of FRS 17**

It should be noted that the methodology and assumptions prescribed for the purposes of the accounting standard mean that the disclosures (and consequently the movement in the Group's balance sheet) will be inherently volatile, varying considerably according to market conditions prevailing at each accounting date.

Analysis of the amount charged to net income for the year:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	835	1,183
Interest cost	1,476	1,477
Expected return on assets	<u>(1,427)</u>	<u>(1,053)</u>
Total charge to resources expended	<u>884</u>	<u>1,607</u>

FRS 17 Five year history	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	31,099	28,682	24,357	22,535	19,811
Present value of scheme liabilities	<u>(37,323)</u>	<u>(33,989)</u>	<u>(37,701)</u>	<u>(28,564)</u>	<u>(25,843)</u>
Deficit	(6,224)	(5,307)	(13,344)	(6,029)	(6,032)
Difference between the expected and actual return on scheme assets:	808	3,003	2	1,147	1,533
Experience gains and losses on scheme liabilities	(72)	1,842	(146)	469	569

#### Actuarial loss featured in the Statement of Financial Activities

The Statement of Financial Activities (SOFA) includes an overall actuarial loss for the year of £1,105,000 (2013: gain of £8,519,000) arising through:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial (losses) and gain	(1,105)	8,519
Effect of limit of recognisable surplus	<u>-</u>	<u>-</u>
Overall actuarial (loss)/gain	<u>(1,105)</u>	<u>8,519</u>

The cumulative charge of actuarial gains and losses recognised in the SOFA is £6,607,000 (2013: £5,502,000).

## Universities Superannuation Scheme

UCAS 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 appointment of Directors to the Board of the trustee is determined by the trustee company's Articles of Association. Four of the Directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member and a minimum of three and a maximum of five are independent Directors appointed by the Board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

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 (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 per cent 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 per cent for CPI which corresponds broadly to 2.75 per cent for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1 per cent per annum, salary increases would be 4.4 per cent per annum (with short-term general pay growth at 3.65 per cent 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 cent per annum for three years following the valuation then 2.6 per cent per annum thereafter.

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

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The CMI 2009 projections with a 1.25 per cent per annum long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (27.6) years

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 per cent 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 cent per annum (the expected return on gilts) the funding level was approximately 68 per cent. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 93 per cent funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 57 per cent of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single employer scheme, using an AA bond discount rate of 5.5 per cent per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82 per cent.

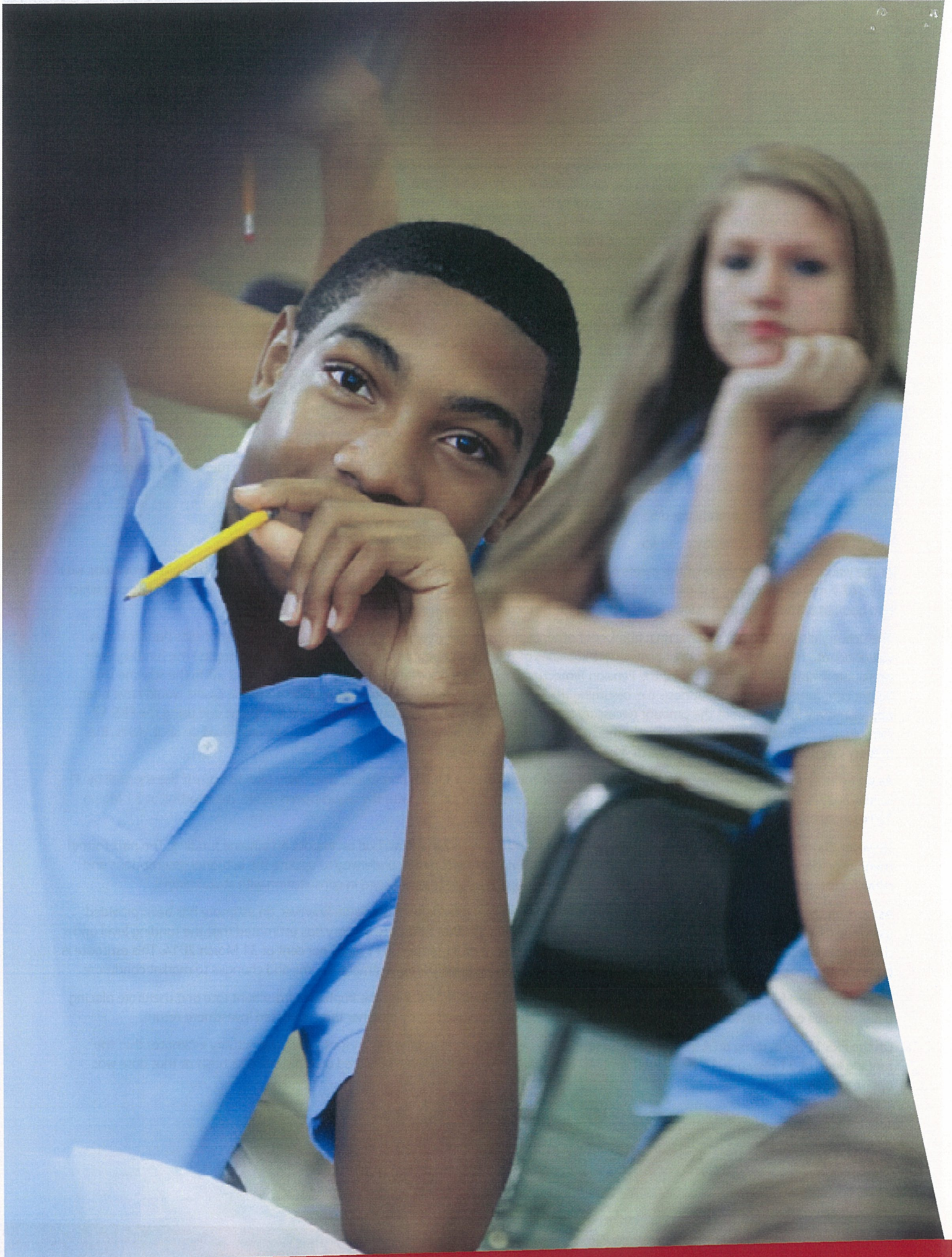
As part of this valuation, the trustee has determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. In 2011 the actuary estimated that if experience remained in line with the assumptions made, the shortfall at 31 March 2014 would be £2.2 billion, equivalent to a funding level of 95 per cent.

However, changes in market conditions between March 2011 and March 2014 have had an impact on scheme funding. The next formal triennial actuarial valuation took 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 per cent at 31 March 2011 to 85 per cent 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 schemes liabilities. This increase has been partially offset by a higher than expected investment return.

On the FRS 17 basis, using an AA bond discount rate of 4.5 per cent per annum based on spot yields, the actuary estimates that the funding level at 31 March 2014 was 75 per cent. An estimate of the funding level measured on a historic gilts basis at that date was approximately 61 per cent.



Surpluses or deficits which arise at future valuations may impact on UCAS' 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 sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below:

Assumption	Change in assumption	Impact on shortfall
Investment return (Valuation rate of interest)	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

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 per cent 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 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 per cent per annum and 6.5 per cent per annum for FS Section members and CRB Section members respectively.

#### **Cost sharing**

If the total contribution level exceeds 23.5 per cent of salaries per annum, the employers will pay 65 per cent of the excess over 23.5 per cent and members would pay the remaining 35 per cent 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 per cent. If official pensions increase by more than 5 per cent then USS will pay half of the difference up to a maximum increase of 10 per cent.

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 trustee's role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme's liabilities. These parameters, taken together with the anticipated returns form the basis of the trustee's funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers. The trustee remains confident that it can continue to take a long-term view of scheme funding, backed as it is by a robust higher education (HE) sector.

The fund is invested in a wide range of asset classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and to boost the level of confidence in maintaining sufficient investment returns from the fund as a whole. This investment approach is innovative and responsible, and targeted at achieving returns required to meet the scheme's liabilities. Recently, the trustee has invested directly in infrastructure assets. These investments are typically illiquid, but can achieve attractive inflation-linked returns in ways often not available in the publicly traded markets and which can match the scheme's liabilities to a high degree.

At 31 March 2014, USS had over 162,000 active members and UCAS had 38 active members participating in the scheme.

The total pension cost for the Company was £416,014 (2013: £333,880). This includes £51,240 (2013: £42,000) outstanding at 31 July 2014. The contribution rate payable by the Company was 16 per cent of annual pensionable salaries.

#### **UCAS Group Stakeholder Pension Plan (2007)**

As contributions are treated on the basis of defined contributions and ultimate benefits are formed from the Scheme operated by an external provider, the Group has no underlying liability.

#### **UCAS Group Stakeholder Pension Plan (2014)**

UCAS implemented auto enrolment on 1 January 2014. 148 staff were auto enrolled in the scheme in January 2014.

As contributions are treated on the basis of defined contributions and ultimate benefits are formed from the Scheme operated by an external provider, the Group has no underlying liability.

The total pension cost for the Company for both contribution schemes was £327,829 (2013: £237,726).

## 18. Capital commitment

In September 2010, the Directors agreed outline plans forming part of the Corporate Strategy, in association with the trading subsidiary, for substantial capital and recurrent expenditure, funded from liquid reserves, annual surpluses, and by efficiencies between 2010-2015, to address customer requirements within a changed environment, caused by reduction in public funding across the Sector. During the year the Directors of the Consolidated and Charitable Company authorised capital expenditure of £8,223,625. Of this, at 31 July 2014 development costs of £7,368,991 were incurred. At 31 July 2014, there was no commitment to capital expenditure.

## 19. Trading results of UCAS Media Limited

Profit and loss account for the year ending 31 July 2014

	2014	2013
	£	£
<b>Turnover</b>	<b>13,136,477</b>	<b>12,217,450</b>
Cost of sales	(7,491,705)	(6,937,338)
<b>Gross profit</b>	<b>5,644,772</b>	<b>5,280,112</b>
Administrative expenses	(3,482,566)	(3,026,375)
Gift Aid donation	(2,184,586)	(2,250,319)
<b>Operating (loss)/profit</b>	<b>(22,380)</b>	<b>3,418</b>
Exceptional loss	-	(757,885)
Interest received	2,037	1,981
<b>Loss on ordinary activities before tax</b>	<b>(20,343)</b>	<b>(752,486)</b>
Tax on loss on ordinary activities	-	-
<b>Loss for the financial year</b>	<b>(20,343)</b>	<b>(752,486)</b>

### Trading results of S-Cool limited

Profit and loss account for the year ending 31 July 2014

	2014	2013
	£	£
<b>Turnover</b>	-	-
Cost of sales	-	-
<b>Gross profit</b>	-	-
Administrative expenses	-	-
<b>Operating loss</b>	-	-
Exceptional item	-	757,885
<b>Operating profit from exceptional item</b>	-	<b>757,885</b>
<b>Profit on ordinary activities before tax</b>	-	<b>757,885</b>
Tax on profit on ordinary activities	-	-
<b>Profit for the financial year</b>	-	<b>757,885</b>

All activities are considered to be discontinued.

## 20. Related party transactions

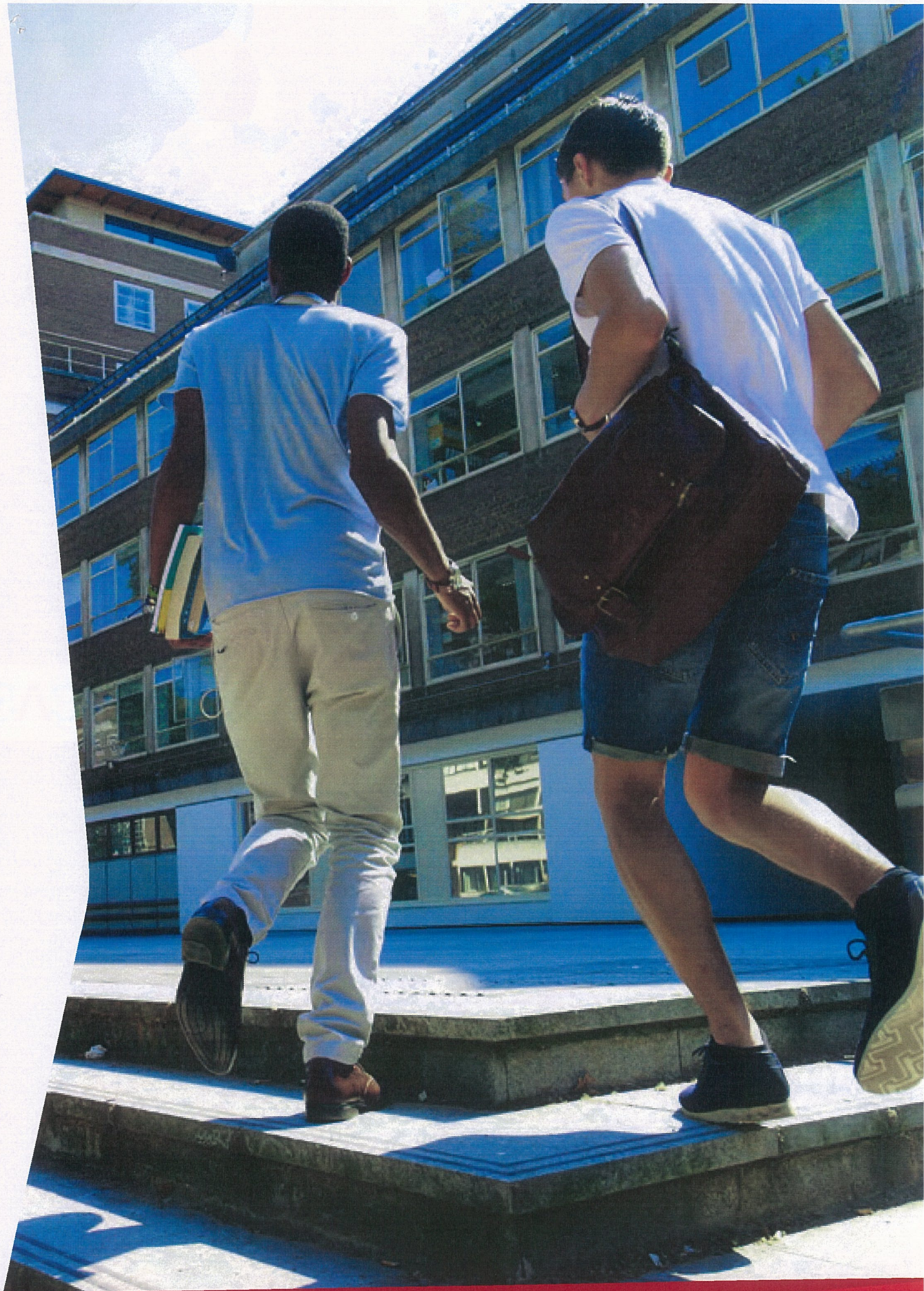
The Directors of UCAS hold a variety of senior positions at educational providers and other organisations, many of which undertake transactions with UCAS on a regular basis. Such transactions are undertaken on an arm's length basis and the Directors make annual declarations confirming the position they hold within these organisations. Therefore, full details are not detailed of the value of such transactions or the balances outstanding between UCAS (or its subsidiary undertakings) and these organisations.

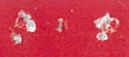
During the year, Mr Terry Grote, a Non-Executive Director was paid emoluments of £53,100 (2013: £29,500) under a contract entered into with UCAS Media Limited.

### **The Universities and Colleges Admissions Service and wholly owned subsidiaries**

UCAS has taken exemption under FRS 8 from disclosing transactions with other group companies on the grounds that its subsidiaries are 100 per cent controlled within the Group.







UCAS