

UCAS

**Directors' Report  
and  
Consolidated  
Accounts**

for the year ended 31 July 2010

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© UNIVERSITIES & COLLEGES ADMISSIONS SERVICE

**Universities and Colleges Admissions Service  
(Limited by Guarantee)**

**Directors' Report and Consolidated Accounts  
for the year ended 31 July 2010**

**Registered Company Number: 2839815**

**Registered Charity No: England and Wales 1024741**

**Charity registered in Scotland SC038598**

**Universities and Colleges Admissions Service (Limited by Guarantee)  
Consolidated Accounts**

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**Contents**

	<b>Page</b>
Legal and administrative information	1
Report of the Directors	3
Independent auditor's report	15
Consolidated statement of financial activities	17
Consolidated balance sheet	18
Charity balance sheet	19
Consolidated cash flow statement	20
Notes to the accounts	21

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**Universities and Colleges Admissions Service (Limited by Guarantee)  
Consolidated Accounts**

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**Legal and administrative information**

**Directors:**

Professor N Black	(retired 30 September 2010)
Professor Sir Robert Burgess	(Chairman)
Professor D P Butcher	
Mr S Cannon	
Professor A Chapman	
Ms C J Cullen	(resigned 12 June 2010)
Mrs L A Cutting	
Professor D S Eastwood	
Professor D Fleming	(appointed 24 September 2010)
Mr B R Foster	
Professor N T Gorman	
Mr T Keyes	
Mr J P Morgan	
Ms J Nelson	
Mr A Porter	(appointed 11 June 2010)
Mr J Ryan	
Dr A Smith	
Mr W P W Streeting	(resigned 3 June 2010)
Professor Dame Joan Stringer	
Ms M Sutton	
Mr C C Tagg	(resigned 10 November 2010)
Mrs P Taylor	(resigned 12 December 2009)
Mr R Thirunamachandran	(appointed 24 September 2010)
Mr P J Walsh	(appointed 11 December 2009)
Dr T Westlake	(appointed 1 August 2009)

**Officers:**

<b>Chief Executive:</b>	Mrs M E Curnock Cook (appointed 1 January 2010)
<b>Company Secretary:</b>	Mr M J Spittle

**Registered office:**

Rosehill  
New Barn Lane  
Cheltenham  
Gloucestershire  
GL52 3LZ

**Legal and administrative information (continued)**

**Auditors**

Nexia Smith & Williamson  
Portwall Place  
Portwall Lane  
Bristol BS1 6NA

**Bankers**

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

**Solicitors**

Cobbetts LLP  
One Colmore Square  
Birmingham  
B4 6AJ

**Report of the Directors for the year ended 31 July 2010**

The Directors of the Group, who are also Trustees for the purpose of the Charities Act 2006, submit their report and audited accounts for the year ended 31 July 2010. The report contains information in order to satisfy the requirements of Trustees' reports under the Charities Act 2006, whilst the accounts have been compiled in accordance with the provisions of the Statement of Recommended Practice (SORP), *Accounting and Reporting by Charities*, published during 2005. The report demonstrates that the public benefit requirement has been maintained.

The accounts contain information about the Charitable Company and the Group as a whole. The Group, in this context, comprises The Universities and Colleges Admissions Service (UCAS) in its format as a Charitable Company, together with the results of its wholly owned trading subsidiary, UCAS Media Limited, and a 50 per cent share in Sheffield Data Services Limited and a number of dormant subsidiaries.

**Reference and administrative details**

The Universities and Colleges Admissions Service, more usually referred to as UCAS, manages the application service for students who wish to study at institutions of further and higher education in its membership. The services of UCAS and UCAS Media Limited can be accessed through respective websites [www.ucas.com](http://www.ucas.com) and [www.ucasmedia.com](http://www.ucasmedia.com). UCAS, the Company's logo, is registered both as an acronym and in its stylised version throughout the European Community and in many countries beyond.

The Company, governed by a Memorandum of Association and Articles of Association, is:

- a Company limited by guarantee of its members. The Company is registered in England number 2839815;
- registered as a charity in England and Wales numbered 1024741; and
- a charity registered as a cross border charity in Scotland registration number SC038598.

The Company's principal office and its registered office determined by the Companies Act 2006, Section 86, is Rosehill, New Barn Lane, Cheltenham GL52 3LZ.

**Structure, governance and management**

Directors

The Directors who have served during any part of the year are shown on page 1 of this report. The Directors are appointed through a number of representational interests and nominations that include Universities UK; Guild HE Limited; the Association of Colleges; member institutions of further and higher education; representatives of the pre-higher education organisations and the National Union of Students as well as by direct co-option at the invitation of the Board. As senior members of institutions, the Directors have considerable skills in the management of their organisations whilst the co-opted members provide expertise in areas not covered by the remainder of the Board's membership. The co-opted members support the Board by sharing experience of a financial, industrial or commercial nature.

The Chair of Directors is Professor Sir Robert Burgess, Vice Chancellor of the University of Leicester. In line with the Articles of Association, the Chair is appointed from amongst the five Directors nominated by Universities UK. In accordance with changes to the Memorandum and Articles of Association approved at a Members' meeting on 8 April 2009, Professor Sir Robert Burgess' period of office will continue until 31 July 2011.

The Directors meet on four occasions a year. The Directors agree a strategic plan for a rolling period of five years and an associated financial strategy. Budgets for annual operating and capital expenditure are agreed by the Board after review by the Resources Committee. Periodically, the Directors attend briefings on governance issues delivered by persons with legal and charitable experience. The Directors do not receive any remuneration for their services beyond reimbursement of out-of-pocket expenses as detailed in the accounts. The Directors have considered during July

**Universities and Colleges Admissions Service (Limited by Guarantee)  
Consolidated Accounts**

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**Report of the Directors for the year ended 31 July 2010 (continued)**

2010 that there were no requirements for training in their activities as Directors of UCAS. Initial induction training to the work of UCAS has been provided informally.

Chief Executive

Day-to-day management of the Company and its activities are delegated to the Chief Executive.

Governance Committee

The Governance Committee is one of four committees comprising members of the Board and supported by senior members of staff. The Governance Committee has a remit to carry out regular reviews of the structure, size and composition of the Board. It is responsible for making recommendations to the Board on the qualities and personal specifications that it considers necessary in the Board appointments and for ensuring that the Board has a balanced membership in regard to diversity.

Audit Committee

The role of the Audit Committee is to review the annual accounts of the Charitable Company and the Group, to keep under review the effectiveness of the financial and other internal control systems of the Group and to make recommendations to the Board on the appointment of external and internal auditors. It discharges its duties by meeting both internal and external auditors to receive and consider reports on the work they carry out and to ensure that satisfactory arrangements are in place throughout the Group to promote economy, efficiency and effectiveness. In addition, the Audit Committee reviews reports on issues of security and indemnification arrangements, procurement of goods and services together with the achievement of standards to recognise good practice. UCAS has obtained a number of awards accredited to recognise good practice in areas including quality management and security in computing matters. The committee acts as custodian of the Risk Register to recognise risk, assess occurrence and ensure robust measures for prevention of interruption to normal services. It has also examined the continuity arrangements in the event that some unplanned occurrence disrupts day-to-day business matters.

The Audit Committee has met with the external auditors to examine the process and conclusions drawn from the audit tests and explanations supporting the content of the accounts attached to this report. Accordingly, the Committee has recommended that the Board of Directors approve the accounts for the year ended 31 July 2010.

Remuneration Committee

The Remuneration Committee considers the remuneration of senior members of the UCAS staff and the salary policy to reward other employees throughout the Group.

Resources Committee

The Resources Committee considers the management and financial accounts, budgets and financial strategy along with the business plans prepared on a triennial rolling basis with annual revision. The Committee also considers matters of a legal nature and reviews institutional membership arrangements of the Charitable Company. Although UCAS Media Limited, the trading subsidiary, is managed by a separate Board of Directors, the Committee also examines the plans, budgets and management accounts of the trading subsidiary at each of its quarterly meetings.

Officers

Chief Executive to 30 September 2009:	Anthony McClaran
Acting Chief Executive between 1 October 2009 and 31 December 2009:	Virginia Isaac
Chief Executive from 1 January 2010:	Mary Curnock Cook
Company Secretary:	Michael Spittle

**Universities and Colleges Admissions Service (Limited by Guarantee)  
Consolidated Accounts**

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**Report of the Directors for the year ended 31 July 2010 (continued)**

Directors' responsibilities

The Directors are responsible for preparing 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, including its income and expenditure, of the charitable 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. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Disclosure of information to auditors

In the case of each of the persons who are Directors at the time when the report was approved, the following applies:

- so far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Other relationships

UCAS Media Limited is a wholly owned trading subsidiary of the Charitable Company.

At 31 July 2010 the Charitable Company was the ultimate Parent Company of ten further dormant companies whose share capital is held by UCAS Holdings Limited. Neither UCAS Holdings Limited, nor any of these companies, have traded at any time in the two years ended 31 July 2010.

Through memoranda of understanding, the Charitable Company has non-fiscal relationships with four agencies operating in the higher educational sector.

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**Report of the Directors for the year ended 31 July 2010 (continued)**

Risk management

The Group has identified risks together with containment measures within the developmental plans and cyclical operational routines of its businesses. The risk registers are compiled and maintained at departmental level across the businesses. A further corporate version of the risk register recognises risks, either caused by external factors that might be influenced by events beyond the Group's control, which might interrupt the progress of business plans and operations respectively. The risk registers also include measures to avoid the risks crystallising. The registers are reviewed at departmental managers' and, separately, at senior management meetings on a regular basis in order to address movements in risk alongside the assessments of the likelihood and potential impact of a breakdown in normal service. Reports on the content of the risk register are made on a regular basis to the Audit Committee.

The functions of the risk registers are complemented by plans for business continuity in the event of an unforeseen incident which interferes with normal activities especially, but not limited to, denial of access to the headquarters of the business. The Business Continuity Plan is underpinned by various technological factors for the seamless support of website communication. Scenario incidents, practised on a regular basis, permit the Companies the opportunity to assess its ability to muster teams to manage an incident. Scenarios focus upon the ability of relevant teams to work decisively in the management of an incident whilst considering actions of immediate urgency relating to people, assets and the factors leading towards the resumption of normal business.

Financial risk management

The Group's financial instruments comprise cash at bank. The main purpose of this financial instrument is to maintain sufficient finance for the Group's operations.

The main risk arising from the Group's accounts is liquidity risk. It is the Group's policy to finance its operations through cash and to review this instrument with regard to the projected cash flow requirements of the Group and an acceptable level of risk exposure.

**Staff**

The Group is committed to an Equal Opportunities Policy for the selection of employees on the basis of their individual merits and abilities. It is further committed to ensuring a discrimination free policy irrespective of gender, colour, race, religion, sexual orientation, age or disability. Candidates, as new employees or for promotion, who disclose a disability might be questioned on this at interview but only for the purpose of identifying any adjustments necessary to assist the candidates in their work. Persons who become disabled in the course of their employment, or whose disability intensifies will, under the Disability Policy, remain in their own jobs before any alternatives are considered.

**Objectives and activities**

The Group's principal activity, described in the Memorandum of Association, is:

"to advance and to assist in the advancement of education in universities and other higher or further education establishments in the United Kingdom insofar as such advancement and assistance shall be of an exclusively charitable nature, in particular, but without prejudice to the foregoing, by providing and maintaining an organisation to facilitate the consideration by such universities and other higher or further education establishments of applications for admission to and to assist applicants in gaining access to such universities and education establishments."

**Mission Statement**

During 2010, our Mission Statement has been revised to reflect our expectation towards institutions and applicants as follows:

*"Creating value for members through shared services" and*

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**Report of the Directors for the year ended 31 July 2010 (continued)**

*“delivering admissions services that help applicants make the right choices, for the right reasons and with the right outcomes.”*

The activity of UCAS is that of a channel to bring together applicants of whom many, but not all, will be at the end of year 13 education in school and pre-higher education colleges with institutions for the next stages of study. In addition to the pure elements of an applications scheme, UCAS and its subsidiary trading company supply information to applicants, arrange conventions and print guidance leaflets to assist applicants, parents and advisers. Our website includes Entry Profiles for courses and institutions although it should be emphasised that the students alone select which courses and at which institutions they wish to study. Equally, the institutions remain responsible for the decisions to whom, and with what conditions, they offer places. Of importance to the users of services, including observers and advisers, is the impartiality of our processes. During 2009-10 there have been 305 institutions, which form the Membership of the Company, participating in the applications scheme. During the year, UCAS processed applications from 697,351 applicants who collectively applied for approximately 2.8 million places of study at degree, Higher National Diploma or Diploma of Higher Education. Of these, 487,329 (69.9 per cent) obtained a place at the close of the applications cycle in October 2010.

The Group has continued to operate the Graduate Teacher Training Registry (GTTR) to assist graduates in the search for and the application to institutions for places leading to qualifications to teach. During 2009-10 67,289 persons applied to this scheme and 29,050, or 43.2 per cent, were successful. The Conservatoires UK Admissions Service (CUKAS) is an application scheme for students wishing to pursue courses in music. The scheme was introduced in 2006 to assist seven institutions. During the applications cycle leading to entry in the Autumn 2010, there were 3,901 applicants of whom 1,362, or 34.9 per cent, were accepted for places of study.

In 2007 we launched the UK Postgraduate Admissions Service (UKPASS) Scheme. This scheme assists institutions to administer applications from graduates for further studies. It offers institutions which provide courses at postgraduate entry level with a tailored, but wholly online, applications system that accommodates institution and course specific questions for which responses might be taken from pre-determined criteria. During the financial year 2009-10, the scheme had 21 member institutions of which 20 institutions received 30,831 applications.. The scheme is premised upon the processing of applications but, unlike the other schemes managed by the Charitable Company, communications and decisions are facilitated by the institutions which have contracted to the service to meet individual requirements.

### **Public benefit**

UCAS provides admissions services that enable members of the public to access full-time higher education provision and, increasingly, provision across other sectors such as postgraduate study and 14-19 phase qualifications – at low or no cost. Surpluses from the Charitable Company, together with profits from the trading subsidiary, are used to maintain a high value for higher education institutions and applicants alike, or deployed to build capacity in the HE sector as a whole (for example, through sponsorship of sector-based events).

In providing universal admissions services, the Group is also able to add public value by delivering a series of additional activities to various stakeholder groups, including providing impartial information and advice, delivering professional development services for staff in the education and HE sectors, and providing insight and research into applicant data to support wider analyses of the UK economy (for example, by government departments).

The Group's services to members provide an additional indirect public benefit: UCAS data, services and relationships with its members allow higher education institutions to refine and develop their own provision and customer services. During the year, the International Team has visited 23 countries to assist our member institutions at higher education fairs. Whilst visiting these countries, the opportunity has been taken to talk to school groups and parents about the provision of higher education in the United Kingdom. The Charitable Company collects essential information from higher education institutions and presents it consistently to enable members of the public to compare and contrast provision for over 37,000 course entry profiles. This directly benefits applicants and those advisers, tutors, parents and friends who support them.

**Universities and Colleges Admissions Service (Limited by Guarantee)  
Consolidated Accounts**

**Report of the Directors for the year ended 31 July 2010 (continued)**

The respective Companies are committed to providing accessible web presences that are available over 99 per cent of the time, giving all members of the public full access to information and services. This includes a commitment to the W3C accessibility standards, ensuring accessibility for users with a range of disabilities. Information is held online and in free and priced publications, and application services are also delivered online and using mobile platforms.

The publication of examination results, especially the GCE A level and the Scottish Highers, typically forming the conditions for entry to higher education, receive public attention. The Company's online Track service, that enables applicants to track the status of their application, was accessed 1,226,084 times on the examination results publications date, 19 August 2010. Both "UCAS" and "Clearing" were trending topics on the Twitter network, indicating high public appetite for this information. The Company's customer service helpline is available throughout the year for those who require additional or personalised information and support. On results day 2010, the telephone lines took almost 15,500 calls. The Company is also broadening this offer to include new media channels, such as social networking sites (Facebook, Twitter) and its own student network, yougofurther, which has seen activity during the August results month increase by 89 per cent between 2009 and 2010.

As at 31 October 2010, records show that applicants to the main UCAS scheme numbered 697,351. Of this total, UK-domiciled applicants numbered 586,821. As one estimate of the public benefit, and remembering that applicants pay an element of the costs of processing, the table below shows the percentage of applicants to the population:

<b>UK-domiciled applicants:</b>	<b>Applicants: population (%)</b>
18 years old	30.1%
19 years old	14.5%

It is more difficult to estimate the 'reach' of UCAS to older applicants (those aged 20+), but relative to 2009 the Company has logged an increase in applications in these age brackets, indicating an increased public benefit in these sectors. (There was a 22.7 per cent increase in applicants in the 25+ age bracket, for example.) Locally, the Company is a key contributor to the Cheltenham and Gloucestershire economies, including a programme of corporate social responsibility activities that support the cultural and educational communities.

**Achievement and Performance**

The following table shows the numbers of people who made application for places of study at institutions of further and higher education whose courses for first degree, Certificates or Diplomas in Higher Education, Higher National Certificates and Diplomas, Foundation Degrees or other equivalent academic level are recruited through the schemes operated by the Group:

Scheme name	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>UCAS</b>					
Applicants	506,304	534,495	588,689	639,860	697,351
Acceptances	390,890	413,430	456,627	481,854	487,329
<b>Graduate Teacher Training Registry</b>					
Applicants	58,895	53,931	51,616	63,645	67,289
Acceptances	26,704	25,217	25,244	27,423	26,050
<b>Conservatoires UK Applications Scheme</b>					
Applicants	3,253	3,666	3,568	3,915	3,901
Acceptances	1,391	1,561	1,405	1,408	1,362
<b>UK Postgraduate Application &amp; Statistical Service Applicants</b>					
	-	-	2,442	8,878	15,141
<b>Total:</b>					
Applicants	568,452	592,092	646,315	716,298	783,682
Acceptances	418,985	440,208	483,276	510,685	514,741

**Report of the Directors for the year ended 31 July 2010 (continued)**

The computing facility supporting Apply, the method of online completion of applications, proved resilient throughout the applications cycle for students pursuing places of study commencing in the autumn 2010. Applicants were able to check the progress of their applications throughout the cycle and ultimately check their final position for a place at a university or college upon confirmation following the receipt of any pre-qualifying examination results. For applicants less successful in gaining a place of study at their first or insurance choice of institution, an electronic Clearing service was launched. This provided a faster and more reliable method of communication between applicant, institution and UCAS at a time when applicants were subjected to pressures to identify alternative courses suited to individual requirements and aspirations. An added development introduced in 2009 was the opportunity for students whose examination results contained higher grades than those required for places of study for which they had initially pursued to enter the newly established Adjustment period. This resulted in 377 (2009: 384) applicants obtaining a place on a course at another institution that had not featured in the applications process at any time before the announcement of examination results during August 2010.

The UCAS website, [www.ucas.com](http://www.ucas.com) is one of the most popular in the UK and the most heavily used education website, demonstrating its value in helping applicants to select the right course at the right university or college. Importantly, its website provides comprehensive information on individual courses as well as on student finance, fees and bursaries. Additional, more general, information about the practicalities of higher education is provided through the interactive yougofurther website, a site maintained by UCAS Media Limited. It is a networking site exclusively for students from Year 12 to final year graduates. Students can meet and exchange ideas, engage in online debate, take part in web chats, send questions to UCAS advisers and benefit from money and careers advice. A wide range of publications is also produced, aimed at helping students make informed choices about higher education and guiding them and their parents through the application process. Year 12 students access the site to research their higher education options, discussing ideas with students at different stages of the application process as well as talking directly to institutions.

UCAS organised 46 conventions during the academic year at locations throughout the United Kingdom which gave the opportunity for more than 260,000 people to meet with representatives of universities and colleges, and with UCAS, for informal discussions in the period before making applications to enter higher education.

**External assessment awards**

As a means of independently measuring the quality of its services and processes, the Company has been assessed for and achieved or retained certification from the following external awarding bodies.

Customer Service Excellence

UCAS first achieved the Customer Service Excellence (CSE) standard in June 2008. The standard is held for three years with annual reassessments. UCAS was successful in its annual reassessment in July 2009 and 2010.

CSE is the Government Standard for customer service. It was launched by the Cabinet Office in March 2008 and replaced the Charter Mark (which UCAS had held since 1998).

Investors in People

This award is a national quality standard which sets a level of good practice for improving an organisation's performance through training and development of its people. UCAS appreciates that its success and longevity can, ultimately, only be achieved through its staff. For this reason it seeks to ensure that staff are well treated, engaged with their work, encouraged to develop and progress and are appropriately rewarded for their contribution to the Company. During the financial year ended 31 July 2010, 990 (2009: 1,015), training needs met at costs of £229,124 (2009: £206,561) were arranged to promote staff skills in the wider aspects of our business.

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**Report of the Directors for the year ended 31 July 2010 (continued)**

ISO/IEC 27001: 2005 Data Security

ISO/IEC 27001 is an international standard that sets out the requirements of good practice for information security management. The standard replaced the British Standard BS7799 in July 2007.

UCAS first achieved certification in this standard in 2006. The certification is renewed on a triennial basis and subject to interim audit reviews on an annual basis. The next full assessment will be in December 2011.

ISO 9001: Quality Management Standard

ISO 9001:2001 is a set of quality management standards developed by the International Standards Organisation and is increasingly demanded by organisations contracting for delivery of services. UCAS received its ISO 9001:2000 certificate in 2004. The certificate lasts for 10 years but requires annual reviews. UCAS has been successful in the reviews each year (the last being March 2010).

CCA: Customer Contact Association

The CCA Standard is an operating guide designed to assist organisations in delivering increased levels of efficiency and customer service.

RoSPA: Royal Society for Prevention of Accidents

RoSPA is a registered charity that campaigns for change, influences opinion, contributes to debate, educates and informs on all issues relating to safety. UCAS was awarded the gold level during 2010 for the sixth occasion.

ISO 14001: Environment

During the Autumn 2009, the Company has been recognised for its implementation of environmental management standards which provide assurance upon the commitment, derived through business plans, for the sustainability of natural resources and the prevention of pollution in a continuous and effective manner.

Following attainment of the award, an internal environmental action group was established to develop our responses to issues of environmental sustainability as part of our corporate social responsibility. Under the Environmental Policy plans have been developed, compliant with legislation, intended to deliver continual improvement. The major objective to prevent pollution by focussing on energy management, paper reduction, sustainable travel and waste management has achieved to date:

- a reduction by 3 per cent in the power consumption in the computer server room following the installation of sub-metering arrangements during May 2010;
- changes from paper submission of applicants' data supplied to institutions into an electronic format has permitted the reduction in office printing by some 16 per cent in 2009-10 compared with the previous financial year;
- video conferencing, for which appropriate equipment has been acquired, will be established from September 2010 in an attempt to reduce travelling whilst attention also focuses on the reduction of staff commuting;
- activities to reduce the amount of land fill waste by the removal of individual waste bins and the introduction of recycling facilities for staff to use for paper, cardboard, plastics and cans.

Beacon Company

Beacon South West brings together some of the most forward thinking and ambitious companies in South West England to promote success and spearhead the growth of the region. Beacon Company status is an award given to those companies that demonstrate outstanding achievement across a range of criteria.

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**Report of the Directors for the year ended 31 July 2010 (continued)**

**Financial review**

Year ended 31 July 2010

The net movement in funds for the year ended 31 July 2010 was £3,795,965 (2009: £2,143,289). The net assets at 31 July 2009 were £18,383,292 and have increased to £22,179,257 at 31 July 2010. In arriving at these figures, account has been taken of the actuarial losses of £1,516,000 (2009: loss £2,021,000) in a defined benefit pension scheme whilst the deficiency reported in the balance sheet under the Financial Reporting Standard FRS17 method moved adversely by £1,277,000 to £6,032,000.

As reported in the Achievement and Performance section, UCAS experienced an unprecedented increase in demand for applicant services for the year of 2010. This had been largely prompted by an increased interest in higher education and for more qualifications in a period of reduced employment opportunities.

An increase of 25 per cent occurred in the collection of applicant fees between 2008-09 reported at £9.2 million and 2009-10 at £11.5 million. Changes in the fee levels and movements in VAT rates have been partly responsible for this situation. The increase in the number of applicants accepted by institutions prompted an additional 5 per cent in income from Members; this source amounted to £8.9 million (2009: £8.4 million).

In servicing the application schemes, whilst also absorbing costs in connection with future plans, described in this report, expenditure of the Charitable Company increased by 6.3 per cent from £20.3 million in 2008-09 to £21.5 million in 2009-10.

The economic conditions for the second year prompted a reduction of 15 per cent (2009: reduction 14 per cent) in the profits transferred by UCAS Media Limited to the Charitable Company. Sales revenue had fallen by 3 per cent (2009: 1 per cent) and changes in trading patterns to counter the effects of recession brought lower margins.

Although plans were approved in September 2010 for capital expenditure to update our technology, £0.9 million of capital expenditure occurred in 2009-10 bringing the total to £12.5 million since 2004. This year's expenditure related to modifications in our telephony system, computing equipment and business continuity measures including an additional generator for emergency uses.

Political and charitable donations

The Group made no political contributions or donations during the two years ended 31 July 2010.

**Policy on reserves**

The Directors have reviewed and monitored the amount of the reserves retained by the Group. In doing so, they have noted the costs of the premises and equipment and also the costs of administration and support, without which the Group could not properly function. Consideration has been given to funds designated to specific projects in order to enable those projects to be undertaken at short notice and the regular payment of employees and suppliers. The Charitable Company wholly owns its fixed assets comprising land, building and computing equipment at its Cheltenham headquarters. Leasing arrangements are used for part of the small pool of motor vehicles. The pattern of recurrent cash flow on an annual basis, influenced by the timetable for student applications and arrangements for payments by institutions, means that some 85 per cent of receipts are collected between mid-September and May of the financial year. Traditionally, net outflows of cash occur between June and mid-September.

The Directors, following a review of policy, have agreed to maintain unrestricted reserves sufficient to:

- avoid the necessity of realising fixed assets held for the Charitable Company's use; and

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**Report of the Directors for the year ended 31 July 2010 (continued)**

- cover six months' operational costs. Until 31 July 2009, the working capital cover reserve had been equal to three months' operational costs. The increase in the reserve is to ensure the adequacy of funds to meet changes, possibly at short notice, in the application schemes at a future date.

The Directors had not, at 31 July 2010, authorised or placed contracts for capital expenditure. At 31 July 2009, authority had been given for expenditure of £1,565,000 but no contract had been placed at that date. However, in September 2010, the Directors agreed outline plans forming part of the Corporate Strategy for substantial capital and recurrent expenditure to deliver expanded services and value to members and applicants in a changing external environment. The Directors have also endorsed a financial strategy to support the deficiency currently reported in the Defined Benefit Pension Scheme.

At 31 July 2010, based on the formula to avoid the realisation of fixed assets and to cover the six forthcoming months' revenue costs, the Group is reporting that its net assets position was approximately £7.3 million in excess of these criteria. This has arisen following a year in which applicant numbers again exceeded both expectation and previous year records partly offset by a reduction in trading profits for UCAS Media Limited. It also reflects the interaction between capital expenditure and the non-cash effect of the depreciation charge which caused a positive movement in liquid funds of approximately £1.0 million.

The Directors confirm that the financial plans address the continuity of the Policy on Reserves and that these plans will continue to be reviewed annually.

### **Plans for future periods**

The Charitable Company has developed a corporate strategy 2010-2015 intended to drive a high quality approach to future services that will meet challenges for the Higher Education Sector. These are prompted by revisions in the funding arrangements for institutions and students. The Board of the Charitable Company, in association with the trading subsidiary, has approved plans that entail substantial capital and recurrent expenditure, funded from liquid reserves, annual surpluses and efficiencies between 2010-15 to address customer requirements within a new environment. We intend that international services (a significant area of invisible exports by the United Kingdom) are developed in order to improve the quality experience in the recruitment of students. Whilst business as usual, developed and delivered in a timely and efficient manner throughout the Group's lifetime will be further enhanced, we plan also to overhaul the information and support services for applicants to improve choice selection and decision making. In this way, we will support the making of right choices to meet study and career opportunities. These aims are supported by detailed objectives within the departmental plans.

### **Pension schemes**

The Group operates for its staff a total of three pension schemes:

- Universities Superannuation Scheme (USS)
- UCAS Pension and Life Assurance Scheme (1993)
- UCAS Group Stakeholder Pension Plan (2007).

At 31 July 2010 the Trustees of the UCAS Pension and Life Assurance Scheme (1993) were:

Mr B Foster  
Mr S J Harrop  
Ms J C Nelson  
Mrs M G Tett  
Professor D P Butcher (appointed 11 June 2010)

### Universities Superannuation Scheme

The USS Scheme has its assets within a separate Trustee-administered fund. As it is not possible

**Universities and Colleges Admissions Service (Limited by Guarantee)  
Consolidated Accounts**

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**Report of the Directors for the year ended 31 July 2010 (continued)**

to identify the UCAS Group's share of the underlying assets and liabilities of the USS Scheme, the contributions have been treated within the accompanying accounts as if it were to a Defined Contribution Scheme.

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 USS trustee body believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee body recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee body has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee body receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. The short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more. If measured by the alternative method determined in the Accounting Standard FRS17, with an AA bond discounting rate of 5.61 per cent per annum on spot yields, the USS actuary estimated that the funding level at 31 March 2010 was approximately 80 per cent.

UCAS Pension and Life Assurance Scheme (1993)

UCAS Pension and Life Assurance Scheme (1993) is operated by Director and Member Nominated Trustees. Owing to deficiencies, the Scheme ceased to invite new members after 8 February 2007. However, members with accrued service at that date continue, whilst in the employment of UCAS, to contribute and to accrue benefits. Similarly, the Group has paid its normal and special contributions to maintain the Scheme and to reduce actuarially assessed deficiencies.

The Scheme is measured through a triennial actuarial valuation, last undertaken at 31 July 2007, for the purpose of determining the relationship between the Scheme's assets and the liability for future pensions in respect of pensionable service accrued to that date. In addition, the actuarial review determined the pension contributions necessary during the ensuing three years in order to secure future benefits throughout that period. In 2004, a similar review identified that the deficiency between assets and liabilities had then amounted to £4,965,000.

Despite improved investment returns and additional contributions during the period leading to 31 July 2007, the Scheme's deficiency amounted to £4,564,000 at that date. Changes in mortality rates, reflecting longer lifetimes for skilled, managerial and professional workers within the 'long cohort' had been responsible for the addition, over the 2004 valuation, of extra liabilities amounting to £2.9 million. As an example, a female aged 40 years had been assessed as having average life expectancy of 85.4 years in 2005 whilst in 2008 this had been extended to 93.0 years in the light of expectation of changes in life style and medical science. Similar factors for a male of 40 years had moved from a lifetime expectancy of 85.5 years to 92.9 years in tables used in 2008.

The Group has agreed to continue to support the Pension Scheme with further increases in contributions with effect from 1 August 2007. In addition to contributions intended to eliminate the Scheme's deficiency by 31 July 2015 and to pay for future accruals, special payments have been made in order to reduce the repayment period. These amounted to £1,727,236 during the two years ended 31 July 2009. Despite budgetary provision, the Directors had opted not to make a special

**Report of the Directors for the year ended 31 July 2010 (continued)**

contribution in 2009-10. Volatility of the investment market for equities and bonds caused higher risks. The Directors remain in support of the continued provision and, as indicated in the Statement of Policy on Reserves, have created a designated reserve of £2 million to be discharged at a future date. Meanwhile, work continues with Trustees and advisers of the Pension Scheme to identify suitable investment strategies that balance risk and returns with a suitable level of governance for a small, by external standards, pension scheme closed to new members but still providing future accruals for existing members.

A second measure of the deficiency within the UCAS Pension and Life Assurance Scheme (1993) is that of a statement to comply with the requirements of the accounting standard: FRS17. At 31 July 2010, the deficiency under this measure amounted to £6,032,000 as shown in the balance sheet accompanying this report. The FRS17 Statement, when compared with the position at 31 July 2009, deteriorated by £1,277,000. Despite additional contributions intended to shorten the period during which the deficiency is repaid, a reduction by 0.8 per cent (to 5.4 per cent) in the discount rate used for the assessment of AA rated corporate bonds at 31 July 2010, the method of valuation of the asset for the purpose of FRS17, has been a primary factor in this movement.

UCAS Group Stakeholder Pension Plan (2007)

The Group, following the closure of new members of the UCAS Pension and Life Assurance Scheme (1993), operates a Group Stakeholder Pension Plan with associated death in service benefits. This scheme operates as a defined contribution plan.

**Taxation**

The Charitable Company is a registered charity, and its income streams are not subject to Corporation Tax.

**Auditors**

Nexia Smith & Williamson Audit (Bristol) LLP resigned as auditors effective as of 30 April 2010. Nexia Smith & Williamson Audit Limited, which trades as Nexia Smith & Williamson, has been appointed as auditors.

The auditors, Nexia Smith & Williamson, have indicated their willingness to continue in office. The designated members will propose a motion re-appointing the auditors at a meeting of the members.

ON BEHALF OF THE BOARD

Professor Sir Robert Burgess  
Chairman  
10 December 2010

**Universities and Colleges Admissions Service (Limited by Guarantee)  
Consolidated Accounts**

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**Independent auditors' report to the Members of the Universities and Colleges Admissions Service for the year ended 31 July 2010**

We have audited the accounts of Universities and Colleges Admissions Service for the year ended 31 July 2010 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006 and to the Charity's directors 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. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditors' 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

The trustees' (who are also the directors of the Company for the purposes of Company Law) responsibilities for preparing the Directors' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the accounts give a true and fair view, are set out in the Statement of Directors' Responsibilities.

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 you under those Acts.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the accounts.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's accounts are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group and Charitable Parent Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Universities and Colleges Admissions Service (Limited by Guarantee)  
Consolidated Accounts**

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**Independent auditors' report to the Members of the Universities and Colleges Admissions Service for the year ended 31 July 2010**

**Opinion**

In our opinion

- the accounts give a true and fair view of the state of the Group's and Charitable Parent Company's affairs as at 31 July 2010 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the accounts 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; and
- the information provided in the Directors' Report is consistent with the accounts.

**Ian Cooper**

Senior Statutory Auditor, for and on behalf of

Nexia Smith & Williamson  
Portwall Place  
Portwall Lane  
Bristol  
BS1 6NA

Statutory Auditor  
Chartered Accountants

10 December 2010

Nexia Smith & Williamson is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**Universities and Colleges Admissions Service (Limited by Guarantee)**  
**Consolidated Accounts**

**Consolidated statement of financial activities (including income and expenditure account and statement of total recognised gains and losses) for the year ended 31 July 2010**

	Notes	Total funds 2010 £	Total funds 2009 £
<b>Incoming resources</b>			
<u>Incoming resources from generated funds</u>			
• Trading operations	5	8,374,402	9,370,053
• Investment income		471,646	465,366
<u>Incoming resources from charitable activities</u>			
• Institutional and applicant fees	4	20,465,878	17,619,328
• Grants		67,000	93,690
Other incoming resources	4	2,224,659	2,494,686
Profit on the disposal of fixed assets	6	-	5,123
<b>Total incoming resources</b>		<u>31,603,585</u>	<u>30,048,246</u>
<b>Resources expended</b>			
Costs of generating funds	4	(5,558,011)	(5,901,921)
Charitable activities	4	(20,647,653)	(19,916,099)
Governance costs	4	(58,592)	(42,831)
<b>Total resources expended</b>		<u>(26,264,256)</u>	<u>(25,860,851)</u>
Taxation	7	(26,180)	(8,200)
Interest in associated company		(1,184)	(14,906)
<b>Net income for the year before other recognised gains and losses</b>		<u>5,311,965</u>	<u>4,164,289</u>
Actuarial losses on defined benefit pension scheme		(1,516,000)	(2,021,000)
Funds at 1 August 2009		<u>18,383,292</u>	<u>16,240,003</u>
Funds at 31 July 2010		<u>22,179,257</u>	<u>18,383,292</u>

There were no recognised surpluses or losses in the year other than those included in the statement of financial activities. All of the above results are derived from continuing activities.

The notes on pages 21 to 42 form part of these accounts

**Universities and Colleges Admissions Service (Limited by Guarantee)  
Consolidated Accounts**

**Consolidated balance sheet as at 31 July 2010**

Registered Company Number: 2839815

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Intangible assets	8	76,734	108,793
Tangible assets	9	10,070,257	11,254,548
Investments	10	465	1,649
		<u>10,147,456</u>	<u>11,364,990</u>
<b>Current assets</b>			
Stocks	12	115,420	137,941
Debtors	13	3,246,097	3,421,926
Cash at bank and in hand		19,064,796	11,707,586
		<u>22,426,313</u>	<u>15,267,453</u>
<b>Creditors:</b> Amounts falling due within one year	14	(4,362,512)	(3,494,151)
<b>Net current assets</b>		<u>18,063,801</u>	<u>11,773,302</u>
<b>Total assets less current liabilities</b>			
<b>Creditors:</b> Amounts falling due after more than one year	15	-	-
Deduct: Defined benefit pension scheme liability	18	(6,032,000)	(4,755,000)
<b>Net assets</b>		<u>22,179,257</u>	<u>18,383,292</u>
<b>Funds</b>			
Unrestricted funds: designated	16	21,102,157	17,719,761
Unrestricted funds: general	17	7,109,100	5,418,531
Pension scheme deficiency	18	(6,032,000)	(4,755,000)
<b>Total funds</b>		<u>22,179,257</u>	<u>18,383,292</u>

Signed on behalf of the Board

Professor Sir Robert Burgess  
Chairman

10 December 2010

The notes on pages 21 to 42 form part of these accounts

**Universities and Colleges Admissions Service (Limited by Guarantee)  
Consolidated Accounts**

**Charity balance sheet as at 31 July 2010**

Registered Company Number: 2839815

	Notes	2010 £	2009 (restated) £
<b>Fixed assets</b>			
Tangible assets	9	9,531,763	10,558,355
Investments	10	3	3
		<u>9,531,766</u>	<u>10,558,358</u>
<b>Current assets</b>			
Stocks	12	-	16,320
Debtors	13	3,356,852	3,467,801
Cash at bank and in hand		18,193,726	11,186,910
		<u>21,550,578</u>	<u>14,671,031</u>
<b>Creditors:</b> Amounts falling due within one year	14	<u>(2,951,218)</u>	<u>(2,167,743)</u>
<b>Net current assets</b>		<u>18,599,360</u>	<u>12,503,288</u>
		28,131,126	23,061,646
<b>Creditors:</b> Amounts falling due after more than one year	15	-	-
Deduct: Defined benefit pension scheme liability	18	<u>(6,032,000)</u>	<u>(4,755,000)</u>
<b>Net assets</b>		<u>22,099,126</u>	<u>18,306,646</u>
<b>Funds</b>			
Unrestricted funds: designated	16	20,831,443	15,626,611
Unrestricted funds: general	17	7,229,683	7,435,035
Pension scheme deficiency	18	<u>(6,032,000)</u>	<u>(4,755,000)</u>
<b>Total funds</b>		<u>22,099,126</u>	<u>18,306,646</u>

Signed on behalf of the Board

Professor Sir Robert Burgess  
Chairman

10 December 2010

NOTE: This balance sheet relates to The Universities and Colleges Admissions Service operating as a charity and excludes information about the activities of subsidiary companies.

**Universities and Colleges Admissions Service (Limited by Guarantee)  
Consolidated Accounts**

**Consolidated cash flow statement  
for the year ended 31 July 2010**

		£	£
<b>Reconciliation of changes in resources to net cash flows from operating activities</b>			
Operating surplus		4,849,508	3,718,137
Decrease in stock		22,521	21,151
Decrease in debtors		175,829	169,904
Increase/(Decrease) in creditors		868,361	(645,543)
Depreciation	9	2,055,608	2,620,687
Amortisation		32,059	13,981
Profit on disposal of assets		-	(5,123)
Defined benefit pension scheme contributions in excess of FRS 17 costs		<u>(239,000)</u>	<u>(1,124,089)</u>
Net cash inflow from operating activities		<u><u>7,764,886</u></u>	<u><u>4,769,105</u></u>
<b>Cash flow statement</b>			
Net cash inflow from operating activities		7,764,886	4,769,105
Returns on investments and servicing of finance	20	463,641	446,152
Capital expenditure and financial investment	20	(871,317)	(1,442,233)
Acquisition		<u>-</u>	<u>(122,774)</u>
Increase in cash	21	<u><u>7,357,210</u></u>	<u><u>3,650,250</u></u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the period		7,357,210	3,650,250
Net funds at 1 August 2009		<u>11,707,586</u>	<u>8,057,336</u>
Net funds at 31 July 2010		<u><u>19,064,796</u></u>	<u><u>11,707,586</u></u>

The notes on pages 21 to 42 form part of these accounts.

**Notes forming part of the accounts for the year ended 31 July 2010**

**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 preparation

The accounts have been prepared under the historical cost convention. The accounts comply with the Companies Act 2006. In addition, the accounts have been prepared in accordance with applicable accounting standards, including the Statement of Recommended Practice (SORP), *Accounting and Reporting by Charities*, published during October 2005.

The Charity has availed itself of paragraph 3(3) of Schedule 4 of the Companies Act 2006 and adapted the Companies Act formats to reflect the special nature of the Charity's activities. No separate Statement of Financial Activities has been presented for the Charity alone as permitted by Section 230 of the Companies Act 2006 and paragraph 304 of the SORP.

Basis of consolidation

These accounts are formed through a consolidation of the accounts of the Universities and Colleges Admissions Service, a company without share capital and registered as a charity under the laws of England and Wales and of Scotland, with the accounts of its wholly owned subsidiaries: UCAS Media Limited and UCAS Holdings Limited, after the elimination of inter-company transactions. The accounts also contain the interest through UCAS Media Limited in a 50 per cent share holding in Sheffield Data Services Limited.

UCAS Holdings Limited has not traded since its incorporation on 7 May 2003.

Parent company status

The parent company is limited by guarantee. The members of the Company are the participating institutions of further and higher education on behalf of which the application service for student places on courses delivered by those institutions is operated. In the event of the Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Company.

The parent company is of registered charity status. In England and Wales it is registered by the Charity Commission and numbered 1024741; it is also registered under Scottish law as a charity numbered SC038598.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors for the general objectives of the body 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.

Incoming resources

All incoming resources are included in the Statement of Financial Activities in respect of the services provided during the period and, as the parent company and UCAS Media Limited are separately but fully registered for VAT purposes, are stated net of VAT.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

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Notes forming part of the accounts for the year ended 31 July 2010

1 Principal accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets of major value 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:

Freehold buildings	50 years
Computers	4–5 years
Computers (leased)	5 years
Office equipment	4 years
Office machinery	5 years
Other plant	10 years
Motor vehicles	4 years

Intangible assets and amortisation

Goodwill and intellectual property	4 years
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Leased assets

Assets purchased under a finance lease are capitalised as fixed assets. Depreciation is charged over a period similar to the repayment period of the lease purchase agreement. The element of interest within the rental obligations is charged to the Statement of Financial Activities throughout the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Stock

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

Taxation

The parent company is a registered charity and is, therefore, not liable to Corporation Tax.

Government grant

Grants of a revenue nature are included 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 three pension schemes of which two offer defined benefit pensions.

**UCAS Pension and Life Assurance Scheme (1993): Management of actuarial deficits**

The Directors have maintained close scrutiny on the effect of special contributions to the Pension Scheme that amounted to £2.5 million during the four years ended 31 July 2009. Financial plans and cash flow budgets for the year ended 31 July 2010 had included provision, subject to sufficient general funding, for the settlement of a further amount. In the event, owing to the volatility of the investment market, no payment was actually made. Subject to negotiation of a deficit repayment plan as a result of the triennial review at 31 July 2010, the Directors propose to make additional payments beyond the minimum recommended in order to lessen, and reduce the period of repayment of, the deficit repayment programme. Meanwhile, work with the Trustees of the Pension Scheme to identify suitable investment strategies that balance risk and returns with a suitable level of governance for a small, by external standards, scheme which is closed to new members but continues to provide future accruals for existing members, will be developed.

**Notes forming part of the accounts for the year ended 31 July 2010**

**1 Principal accounting policies (continued)**

**Universities Superannuation Scheme (USS)**

The Group participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The institution 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.

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

The Group opened, in 2007, a defined contribution scheme named the UCAS Group Stakeholder Pension Plan (2007) with associated life assurance attachment. The employer liability towards this Scheme 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 2010, 65 employees contributed to the Stakeholder Plan.

The Charitable Company participates in three pension schemes of which two offer defined benefit pensions.

**2 Staff numbers and costs**

The average number of employees (measured by reference to full-time equivalent) during the year was as follows:

	<b>2010</b>	<b>2009</b>
Application Services staff	285	259
Administrative staff	52	59
Cost of generating funds staff	<u>52</u>	<u>52</u>
	<u>389</u>	<u>370</u>

The aggregate payroll costs of these persons were as follows:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Salaries	12,223,504	12,436,112
Social security costs	1,015,090	935,455
Other pension costs	<u>1,213,081</u>	<u>1,248,299</u>
	<u>14,451,675</u>	<u>14,619,866</u>

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Notes forming part of the accounts for the year ended 31 July 2010

**2 Staff numbers and costs (continued)**

Included in the above costs are the following numbers of employees whose remuneration fell within bands:

	<b>2010</b>	<b>2009</b>
£60,000 - £69,999	1	2
£70,000 - £79,999	3	3
£80,000 - £89,999	2	2
£90,000 - £99,999	1	1
£100,000 - £109,999	1	2
£110,000 - £119,999	1	1
£140,000 - £149,999	1	1

Pension scheme contributions paid by the employer in respect of the people listed above amounted to £120,381 (2009: £126,739).

Chief Executive

During the year, Anthony McClaran, Chief Executive, received a salary of £24,521 (2009: £146,374). The Company also paid contributions of £3,433 (2009: £20,492) to the Universities Superannuation Scheme for pension facilities based upon a salary defined benefit arrangement. During the seven months ended 31 July 2010, Mary Curnock Cook received a salary of £85,750. In addition, pensions contributions of £13,720 were paid to the Universities Superannuation Scheme

Directors

None of the directors received remuneration (2009: £nil). Travelling expenses of £9,882 were reimbursed to 20 of the directors (2008: 15 directors: £7,526) in respect of attendance at meetings.

Professional indemnity insurance

The Company paid a premium of £429 (2009: £429) 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.

Pension costs

The Group participates in two pension schemes:

- Universities Superannuation Scheme;
- UCAS Pension and Life Assurance Scheme (1993)

which are contracted out of the State Second Pension (S2P) Scheme and provide defined benefits based upon assets that are held in separate Trustee administered funds.

In addition, the Group has contracted with an insurance provider to operate the UCAS Group Stakeholder Pension Plan (2007) on a basis of a defined contribution scheme of which the assets are controlled by members through individual choices of investment strategy within prescribed investment funds consistent with the principles of stakeholder pension plans.

The cost of the Group's normal contributions to both schemes has been charged to the Statement of Financial Activities during the four years ended 31 July 2010. A special contribution of £827,236 to reduce and extinguish the deficiency of the UCAS Pension and Life Assurance (1993) Scheme was paid during the year ended 31 July 2009; no similar payment was made during the year ended 31 July 2010.

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Notes forming part of the accounts for the year ended 31 July 2010

**2 Staff numbers and costs (continued)**

**Universities Superannuation Scheme (USS)**

The appointment of directors to the board of the trustee is determined by the 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; one is appointed by the higher education funding councils; and a minimum of two and a maximum of four are co-opted directors appointed by the USS management committee. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

The 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 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top (for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

Male members' mortality year	PA92 MC YoB tables - rated down 1
Female members' mortality	PA92 MC YoB tables - no age rating

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 assumed life expectations on retirement at age 65 are:

Males currently aged 65	22.8 years
Females currently aged 65	24.8 years
Males currently aged 45	24.0 years
Females currently aged 45	25.9 years

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the Scheme was 107% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and

**Notes forming part of the accounts for the year ended 31 July 2010**

**2 Staff numbers and costs (continued)**

using the FRS17 formula as if USS was a single employer scheme, using an AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

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

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

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

Surpluses or deficits which arise at future valuations may impact on the institution'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 sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out on the next page:

<b><i>Assumption</i></b>	<b><i>Change in assumption</i></b>	<b><i>Impact on scheme liabilities</i></b>
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.5 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

At 31 March 2010, USS had over 135,000 active members and the institution had 18 active members participating in the scheme.

Notes forming part of the accounts for the year ended 31 July 2010

2 Staff numbers and costs (continued)

The total pension cost for the institution was £132,576 (2009: £134,502). This includes £16,968 (2009: £11,280) outstanding at 31 July 2010 but paid on 6 August 2009. The contribution rate payable by the institution was 14.0 per cent of annual pensionable salaries. This rate increased to 16.0 per cent of annual pensionable salaries after 1 October 2009.

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 2007, the fund has been valued in accordance with the conditions to comply with the requirements of the Financial Reporting Standard (FRS)17: *Retirement benefits*.

Normal contributions payable by the employer during 2009-10 amounted to £1,193,516 (2009: £1,200,724). This is in line with the recommendations of the valuation report at 1 August 2007 and modified by the contribution schedule dated 30 September 2008.

Actuarial position at 1 August 2007

An actuarial review was conducted using the market related method of valuation and the following assumptions:

Salary increases	4.3 per cent per annum
Price inflation	3.3 per cent per annum
Pension increases on pensionable service	
Before 6 April 1997	4.0 per cent per annum
6 April 1997 to 5 April 2005	4.1 per cent per annum
After 5 April 2005	2.3 per cent per annum
Investment returns – active	7.4 per cent per annum
Investment returns – pensioners	5.4 per cent per annum

To result in a valuation on an ongoing basis of:

	<b>£'000</b>
Assets	15,301
Liabilities	<u>(19,865)</u>
(Deficiency) at 1 August 2007	<u><u>(4,564)</u></u>

At 1 August 2007, this represented 77 per cent of the liabilities already accrued to members. A further review at 1 August 2010 had not been finalised before this report was completed.

Analysis of Pension Scheme assets

The major categories of Pension Scheme assets as a percentage of total assets are as follows:

<u>Asset category</u>	<u>31 July 2010</u>
	%
Equities	64
Gilts	20
Bonds	13
Cash	<u>3</u>
Total	<u><u>100</u></u>

**Notes forming part of the accounts for the year ended 31 July 2010**

**2 Staff numbers and costs (continued)**

Contributions awaiting payment to the pension scheme

At 31 July 2010, £104,732 (2009: £111,761), comprising members' and Group funded contributions, was awaiting payment to the Trustees. In accordance with the Pensions Act 1995, these amounts were paid before 19 August of the respective years.

Contributions

The triennial review at 31 July 2007 identified a deficiency in the longer term assets over liabilities, as noted above, of £4,564,000 (2004: deficiency of £4,965,000). Whilst a contribution of the incomes, including special contributions, and the returns on investments of the pension scheme had proven favourable in the inter-valuation period of three years to 31 July 2007, new information on mortality rates caused an increase of approximately £2.9 million in future liabilities. Mortality tables in use in 2008 show greater longevity of life when compared with equivalent tables in 2005. As an example, a female aged 40 years had been assessed as having average life expectancy of 85.4 years in 2005 whilst in 2008 this had been extended to 93.0 years in the light of expectation of changes in life style and medical science. Similar factors for a male of 40 years had moved from a lifetime expectancy of 85.5 years to 92.9 years in tables used in 2008.

A contribution schedule signed on 30 September 2008 determined changes to contribution rates as follows:

1. change in the future funding contribution from 14.4 per cent to 16.3 per cent (inclusive of the member's contribution at 6.0 per cent) of annual pensionable salaries;
2. in a departure from the earlier method of assessment as a percentage of final pensionable salary, a fixed amount at 1 August 2007 of £540,000 per annum plus adjustments each year for the effect of inflation for a period of eight years to 31 July 2015 as the deficit reduction contribution. After adjustment for inflation the final sum was moved to £595,000 for the year ended 31 July 2010.

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 (including 2009: £827,236). Despite budgetary plans for the year ended 31 July 2010, the Directors 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 have created a designated reserve of £2 million at 31 July 2010 for this purpose; accounting note 16 refers.

It is estimated that during the year commencing 1 August 2010, the employer contribution to the UCAS Pension and Life Assurance Scheme (1993) will be £1.1 million. This includes an allowance towards the past service deficit based on the requirements of the triennial review in 2007.

**3 Statement of Financial Activities (FRS17) Disclosures**

	<b>31 July 2010</b>	<b>31 July 2009</b>	<b>31 July 2008</b>
	%	%	%
Discount rate	5.4	6.2	6.4
Salary increase	3.7	4.3	4.8
Inflation	3.2	3.3	3.8
Pension increases (pre April 2005)	4.1	4.1	4.3
Pension increases (post April 2005)	2.3	2.3	2.5
Increase to deferred pensions	3.2	3.3	3.3

Notes forming part of the accounts for the year ended 31 July 2010

3 Statement of Financial Activities (FRS17) Disclosures (continued)

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Fair value assets at beginning of the year	16,399	15,744
Expected return on assets	1,075	1,171
Employer contribution	1,199	2,031
Contribution by scheme participants	345	363
Benefits paid	(740)	(421)
Actuarial gain/(loss) on assets	<u>1,533</u>	<u>(2,489)</u>
Fair value of assets at the end of the period	<u><u>19,811</u></u>	<u><u>16,399</u></u>
	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit obligation at the beginning of the period	21,154	19,617
Current service costs	682	788
Contribution by scheme participants	345	363
Past service costs	32	-
Interest cost	1,321	1,275
Benefits paid	(740)	(421)
Actuarial (gain)/loss	-	(202)
Change due to settlements and curtailments	<u>3,049</u>	<u>(266)</u>
Defined benefit obligations at the end of the period	<u><u>25,843</u></u>	<u><u>21,154</u></u>

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

Volatility of FRS17

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 operating surplus:

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	682	788
Past service cost	<u>32</u>	<u>-</u>
Total charge to operating surplus	<u><u>714</u></u>	<u><u>788</u></u>

Notes forming part of the accounts for the year ended 31 July 2010

**3 Statement of Financial Activities (FRS17) Disclosures (continued)**

Analysis of the amount credited as other finance income/ (cost):

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on assets	1,075	1,171
Interest cost	(1,321)	(1,275)
	<u>(246)</u>	<u>(104)</u>

Movement in deficit during the year:

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Deficient in scheme at beginning of the year	(4,755)	(3,873)
Movements in the year:		
Current service cost	(682)	(788)
Contributions	1,199	2,031
Past service costs	(32)	-
Curtailments and settlements	-	-
Other finance cost	(246)	(104)
Actuarial (loss)/gain	(1,516)	(2,021)
Deficit in scheme at end of the year	<u>(6,032)</u>	<u>(4,755)</u>

<u>FRS17 five year history</u>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Difference between the expected and actual return on scheme assets:					
Amount (£'000)	1,533	(2,489)	(2,291)	377	302
Percentage of scheme assets (%)	7.74%	(15.18%)	(14.97%)	2.00%	2.00%
Experience gains and losses on scheme liabilities					
Amount (£'000)	569	(266)	2,090	(35)	(154)
				below	
Percentage of the present value of the scheme liabilities (%)	(2.20%)	(1.26%)	10.52%	1.00%	1.00%
Total amount recognised in the statement of total recognised gains and (losses)					
Amount (£'000)	(1,516)	(2,021)	(201)	1,412	73
Percentage of the present value of the scheme liabilities (%)	5.87%	(1046.71%)	(1.01%)	7.00%	1.00%

Notes forming part of the accounts for the year ended 31 July 2010

**3 Statement of Financial Activities (FRS17) Disclosures (continued)**

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

The Statement of Financial Activities includes an overall actuarial loss for the year of £1,516,000 (2009: £2,021,000) arising through:

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
On assets owing to a shortfall on expected rates of return aggravated by losses in market value of assets: (loss)	(1,516)	(2,489)
On benefit obligations (liabilities) caused by changes in assumptions for future rates of inflation, salary and pension awards together with specific items of experience in the measurement of benefits payable: gain	-	468
Overall actuarial (loss)	<u>(1,516)</u>	<u>(2,021)</u>

**4 a) Incoming resources**

	<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
<b>Institutional and applicant fees</b>		
Institutional fees	8,881,011	8,401,496
Applicant fees	11,486,867	9,175,832
UKPASS joining fee	98,000	42,000
	<u>20,465,878</u>	<u>17,619,328</u>
<b>Other income</b>		
Publications	149,307	135,218
Consultancy	732,154	961,952
Supporting Professionalism in Admissions (SPA)	477,899	365,000
Other items	865,299	1,032,516
	<u>2,224,659</u>	<u>2,494,686</u>

**b) Resources expended**

**Cost of generating funds**

Salaries	2,474,854	2,486,149
Publications	254,378	257,826
Postage and distribution	256,332	290,869
Marketing	174,116	202,347
Project costs	342,222	383,158
Professional fees	16,707	19,044
Events	1,285,686	1,332,432
Other	753,716	930,096
	<u>5,558,011</u>	<u>5,901,921</u>

**Universities and Colleges Admissions Service (Limited by Guarantee)**  
**Consolidated Accounts**

Notes forming part of the accounts for the year ended 31 July 2010

**4 b) Resources expended (continued)**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Charitable activities</b>		
Salaries	11,701,675	11,093,723
Premises	1,049,434	1,042,126
Computing	1,339,275	1,398,082
Publication	187,972	240,849
Postage	893,108	896,755
Stationery	171,789	199,059
Telephones	110,561	106,380
Depreciation	1,762,490	2,375,234
Bank charges/credit card commission	168,355	143,395
Other costs	1,825,095	1,163,496
Supporting Professionalism in Admissions (SPA)	477,899	365,000
FRS17 adjustment for current and past service costs and other financing costs	<u>960,000</u>	<u>892,000</u>
	<u>20,647,653</u>	<u>19,916,099</u>
<b>Governance costs</b>		
Audit fees	29,246	19,675
Legal advice	813	2,874
Cost of Board meetings	19,533	11,282
Preparation of statutory accounts	<u>9,000</u>	<u>9,000</u>
	<u>58,592</u>	<u>42,831</u>
<b>Total resources expended</b>	<u>26,264,256</u>	<u>25,860,851</u>

**Universities and Colleges Admissions Service (Limited by Guarantee)  
Consolidated Accounts**

**Notes forming part of the accounts for the year ended 31 July 2010**

**5 Trading operations**

The parent company owns the whole of the issued ordinary share capital of UCAS Media Limited and UCAS Holdings Limited. UCAS Media Limited is used for the non-primary purpose trading activities which are detailed below. All transactions have been consolidated on a line-by-line basis in the Statement of Financial Activities. The majority of the profits are Gift Aided to the parent company.

UCAS Holdings Limited did not enter into any trading during the two years ended 31 July 2010. A summary of the results of the subsidiaries is given below:

	<b>UCAS Media Limited</b>	<b>Consolidation adjustments</b>	<b>Total 2010</b>	<b>Total 2009</b>
	£	£	£	£
Turnover	9,492,534	(1,118,132)	8,374,402	9,370,053
Cost of Sales	(2,265,908)	1,118,132	(1,147,776)	(1,795,828)
Gross profit	<u>7,226,626</u>	-	<u>7,226,626</u>	<u>7,574,225</u>
Administrative expenses	(3,568,603)	-	(3,568,603)	(3,792,001)
Data and brand charge	(2,131,700)	2,131,700	-	-
Investment income	31,525	-	31,525	59,458
Taxation	(26,180)	-	(26,180)	(8,20)
Gift aid	(1,527,000)	1,527,000	-	-
Retained (loss) / profit	<u>4,668</u>	<u>3,658,700</u>	<u>3,663,368</u>	<u>3,833,482</u>

**Balance sheet at 31 July 2010**

	<b>UCAS Media Limited</b>	<b>Consolidation adjustments</b>	<b>Total 2010</b>	<b>Total 2009</b>
	£	£	£	£
Intangible assets	76,734	-	76,734	108,793
Fixed assets	538,544	-	538,544	696,244
Stock	115,420	-	115,420	121,621
Debtors	2,112,845	-	2,112,845	2,512,979
Cash at bank	871,070	-	871,070	520,675
	<u>3,099,335</u>	-	<u>3,714,613</u>	<u>3,960,312</u>
Creditors due within one year	(3,634,945)	-	(3,634,945)	(3,885,312)
Net assets	<u>79,668</u>	-	<u>79,668</u>	<u>75,000</u>
Share capital	2	-	2	2
Profit and loss account	79,666	-	79,666	74,998
	<u>79,668</u>	-	<u>79,668</u>	<u>75,000</u>

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Notes forming part of the accounts for the year ended 31 July 2010

**5 Trading operations (continued)**

UCAS Media Limited

A payment of gift aid of £1,527,000 (2009: £1,838,715) was made to the parent company, the Universities and Colleges Admissions Service.

The gift aid donation made by UCAS Media Limited to the parent company fell from £1,838,715 in 2008-09 to £1,527,000. The reduction was caused by less profitable trading occasioned by recession in certain markets especially advertising.

The Directors of the subsidiary company are of the opinion that it had achieved a good trading result in otherwise difficult market conditions.

Sheffield Data Services Limited

Through UCAS Media Limited, the company owns 50 per cent of the shares of Sheffield Data Services Limited, a company registered in England, set up during 2001 to compile data on the provision of courses of study for the University for Industry and to enter into other commercial contracts. The net loss of the associated company attributable to UCAS is reported in the Statement of Financial Activities at £1,184 (2009: loss £14,906). Sheffield Data Services Limited ceased to trade in its financial period to 31 March 2010. A resolution to close the Company was passed on 4 October 2010.

**6 Net movements in funds**

Net movement in funds is stated after charging:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Depreciation – owned assets	1,970,780	2,493,442
Depreciation – leased assets	84,828	127,245
Amortisation	32,059	13,981
Auditors' remuneration – audit fee	25,774	23,695
Auditors' remuneration – other services	16,343	-
Interest paid on lease purchase agreement	8,005	19,214
Profit on disposal on assets	-	5,123
And after crediting:		
Rent receivable		-
Interest on deposits receivable	471,646	446,152
Government grants	67,000	93,689

No De-minimus grant was received in this financial year. In 2009, included within the Government Grants was a De-minimus grant of £28,689. De-minimus grant constitutes state aid as defined under Articles 87 and 88 of the Treaty of Rome being granted under the Commission Regulation EC/69/2001.

Notes forming part of the accounts for the year ended 31 July 2010

7 Taxation on ordinary activities

	2010	2009
	£	£
Corporation Tax	26,180	8,200

8 Intangible assets

This note reflects the cost and depreciation charged against the acquisition of the business assets of Visual Interactive Systems Communications Limited in March 2009.

	Intellectual property £	Goodwill £	Total £
Cost			
At 1 August 2009 and 31 July 2010	<u>85,000</u>	<u>37,774</u>	<u>122,774</u>
Depreciation			
At 1 August 2009	10,625	3,356	13,981
Charge for the year	<u>21,250</u>	<u>10,809</u>	<u>32,059</u>
At 31 July 2010	<u>31,875</u>	<u>14,165</u>	<u>46,040</u>
Net book value			
At 31 July 2010	<u>53,125</u>	<u>23,609</u>	<u>76,734</u>
At 31 July 2009	<u>74,375</u>	<u>34,418</u>	<u>108,793</u>

Notes forming part of the accounts for the year ended 31 July 2010

9 Fixed assets

Consolidated

a) Tangible assets

	Land	Freehold buildings	Equipment	Leased equipment	Work in progress	Vehicles	Total
Cost	£	£	£	£	£	£	£
At 1 August 2009	3,150,000	4,583,658	13,426,858	636,223	99,664	15,222	21,911,625
Additions	-	-	871,317	-	-	-	871,317
Reclassification	-	-	99,664	-	(99,664)	-	-
At 31 July 2010	<u>3,150,000</u>	<u>4,583,658</u>	<u>14,397,839</u>	<u>636,223</u>	<u>-</u>	<u>15,222</u>	<u>22,782,942</u>
<b>Depreciation</b>							
At 1 August 2009	-	919,477	9,172,886	551,395	-	13,319	10,657,077
Charged for year	-	91,922	1,876,955	84,828	-	1,903	2,055,608
At 31 July 2010	<u>-</u>	<u>1,011,399</u>	<u>11,049,841</u>	<u>636,223</u>	<u>-</u>	<u>15,222</u>	<u>12,712,685</u>
<b>Net book value</b>							
At 31 July 2010	<u>3,150,000</u>	<u>3,572,259</u>	<u>3,347,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,070,257</u>
At 31 July 2009	<u>3,150,000</u>	<u>3,664,181</u>	<u>4,253,972</u>	<u>84,828</u>	<u>99,664</u>	<u>1,903</u>	<u>11,254,548</u>

Fixed assets include assets acquired under finance leases with a net book value of £nil (2009: £84,828)

Notes forming part of the accounts for the year ended 31 July 2010

9 Fixed assets (continued)

Charity

a) Tangible assets

	Land	Freehold buildings	Equipment	Leased equipment	Work in progress	Vehicles	Total
<b>Cost</b>	£	£	£	£	£	£	£
At 1 August 2009	3,150,000	4,583,658	12,283,947	636,223	99,664	15,222	20,768,714
Additions	-	-	735,898	-	-	-	735,898
Reclassified	-	-	99,664	-	(99,664)	-	-
At 31 July 2010	<u>3,150,000</u>	<u>4,583,658</u>	<u>13,119,509</u>	<u>636,223</u>	<u>-</u>	<u>15,222</u>	<u>21,504,612</u>
<b>Depreciation</b>							
At 1 August 2009	-	919,477	8,726,168	551,395	-	13,319	10,210,359
Charged for year	-	91,921	1,583,838	84,828	-	1,903	1,762,490
At 31 July 2010	<u>-</u>	<u>1,011,398</u>	<u>10,310,006</u>	<u>636,223</u>	<u>-</u>	<u>15,222</u>	<u>11,972,849</u>
<b>Net Book Value</b>							
At 31 July 2010	<u>3,150,000</u>	<u>3,572,260</u>	<u>2,809,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,531,763</u>
At 31 July 2009	<u>3,150,000</u>	<u>3,664,181</u>	<u>3,557,779</u>	<u>84,828</u>	<u>99,664</u>	<u>1,903</u>	<u>10,558,355</u>

Fixed assets include assets acquired under finance leases with a net book value of £nil (2009: £84,828).

10 Fixed assets investments

	Consolidation		Company	
	2010	2009	2010	2009
Shares in:	£	£	£	£
UCAS Media Limited	-	-	2	2
UCAS Holdings Limited	-	-	1	1
Investment in:				
Sheffield Data Services Limited	465	1,649	-	-
	<u>465</u>	<u>1,649</u>	<u>3</u>	<u>3</u>

UCAS Media Limited, registered in England, is a wholly owned subsidiary of the Universities and Colleges Admissions Service 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. Comments upon the performance of the subsidiary company are contained in Note 5.

**Notes forming part of the accounts for the year ended 31 July 2010**

**10 Fixed assets investments (continued)**

UCAS Holdings Limited, a company registered in England, is a wholly owned but non-trading subsidiary of the Universities and Colleges Admissions Service. Other companies whose share capital is held by UCAS Trading Limited are shown at note 11.

**Unlisted investments in excess of 10 per cent of nominal value**

Through UCAS Media Limited, the Company holds more than 10 per cent of the share capital of the following companies, all of which are incorporated in England:

	Shareholding	Shareholding of total shares	Capital and reserves	Profit for the year
	£	£	£	£
Sheffield Data Services Limited	50	50	2,811	(2,367)
	<u>50</u>	<u>50</u>	<u>2,811</u>	<u>(2,367)</u>

**11 Non-trading fixed assets investments**

UCAS Holdings Limited 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 2010.

	Shareholding £
UCAS Trading Limited	1
Further Education in the United Kingdom Limited	2
Higher Education Business Enterprises Limited	1
Higher Education in the UK Limited	2
Post-16 Education in the UK Limited	2
UCAS Limited	1
UCAS Enterprises Limited	1
UCAS Advancement Limited	1
Education Websites Limited	1
Visual Interactive Systems Communications Limited	<u>1</u>
	<u>13</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.

**Universities and Colleges Admissions Service (Limited by Guarantee)  
Consolidated Accounts**

**Notes forming part of the accounts for the year ended 31 July 2010**

**12 Stocks**

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Consumables	115,420	137,941	-	16,320

**13 Debtors**

	Group		Company	
	2010	2009	2010	2009
	£	£	£	restated £
Trade debtors	1,944,035	2,541,046	467,527	491,139
Amounts owed by subsidiary company	-	-	2,151,668	2,465,360
Other debtors	139,465	40	14,891	40
Prepayments	1,162,597	880,840	722,766	511,262
	<u>3,246,097</u>	<u>3,421,926</u>	<u>3,356,852</u>	<u>3,467,801</u>

The above re-statement is a re-classification to show amounts owed by subsidiary companies and to subsidiary company separately. There is no net impact on the results of the Charitable Company.

**14 Creditors: due within one year**

	Group		Company	
	2010	2009	2010	2009
	£	£	£	restated £
Trade creditors	1,097,982	1,131,116	832,487	898,934
Amount owed to subsidiary companies	-	-	71,930	122,069
Finance lease (secured)	-	52,618	-	52,618
Value Added Tax	-	28,106	-	-
Other taxes and social security	432,542	411,187	432,542	411,187
Other creditors	211,585	1,048,935	147,533	132,455
Corporation Tax	26,180	8,200	-	-
Accruals	2,594,223	813,989	1,466,726	550,480
	<u>4,362,512</u>	<u>3,494,151</u>	<u>2,951,218</u>	<u>2,167,743</u>

Notes forming part of the accounts for the year ended 31 July 2010

15 Creditors: falling due after one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Finance Lease (secured)	-	-	-	-

Obligations under hire purchase agreement

	2010	2009
	£	£
Due within one year	-	52,618

16 Unrestricted funds: designated

Group	Fixed capital reserve	Working capital reserve	Pension reserve	2010	2009
	£	£	£	£	£
At 1 August 2009	11,254,548	6,465,213	-	17,719,761	17,427,886
Transfer (to)/from accumulated surplus (note 17)	(1,184,291)	2,566,687	2,000,000	3,382,396	291,875
At 31 July 2010	10,070,257	9,031,900	2,000,000	21,102,157	17,719,761

Company	Fixed capital reserve	Working capital reserve	Pension reserve	2010	2009
	£	£	£	£	£
At 1 August 2009	10,558,355	5,068,256	-	15,626,611	16,752,498
Transfer (to)/from accumulated surplus (note 17)	(1,026,592)	4,231,424	2,000,000	5,204,832	(1,125,887)
At 31 July 2010	9,531,763	9,299,680	2,000,000	20,831,443	15,626,611

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 structure of billing its principal institutions on an instalment basis. Fees from applicants largely concentrate upon the October to January period. It is intended that this reserve be increased to a level equivalent to six months of annual revenue costs.

**Notes forming part of the accounts for the year ended 31 July 2010**

**17 Accumulated surplus**

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
At 1 August 2009	5,418,531	2,685,117	7,435,035	3,263,721
Surplus for the year	5,311,965	4,164,289	5,308,480	4,184,426
Transfer from / (to) designated funds (note 16)	(3,382,396)	(291,876)	(5,204,832)	1,125,887
Pension scheme movements	(239,000)	(1,138,999)	(239,000)	(1,138,999)
At 31 July 2010	<u>7,109,100</u>	<u>5,418,531</u>	<u>7,299,683</u>	<u>7,435,035</u>

**18 Pension Scheme deficit**

*Universities Superannuation Scheme*

Participation in the Universities Superannuation Scheme is based upon employers and their employees contributing to a separately managed scheme for which the Group has no underlying liability. Contributions to the Scheme are treated on the basis of a defined contribution scheme.

*UCAS Pension and Life Assurance Scheme (1993)*

The Charitable Company, in order to comply with the accounting standard FRS17, has included the deficiency of the UCAS Pension and Life Assurance Scheme (1993), operated as a defined benefit scheme, as a long term liability reported in the balance sheet at 31 July 2010.

	2010	2009
	£	£
Deficiency at 1 August 2009	(4,755,000)	(3,873,000)
Movements (Note 3)	(1,277,000)	(882,000)
Deficiency at 31 July 2010	<u>(6,032,000)</u>	<u>(4,755,000)</u>

*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.

**19 Capital commitments**

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. The Directors of the Charitable Company had not, at 31 July 2010, authorised or placed contracts for capital expenditure. At 31 July 2009, authority had been given for expenditure of £1,565,000 but no contract had been placed at that date.

Notes forming part of the accounts for the year ended 31 July 2010

**20 Gross cash flow**

	<b>2010</b>	<b>2009</b>
<b>Returns on investment and servicing of financing</b>	£	£
Interest received	471,646	465,366
Interest paid	(8,005)	(19,214)
	<u>463,641</u>	<u>446,152</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(871,315)	(1,557,773)
Receipts from sale of fixed assets	-	5,540
Assets disposed at cost and recognised in through I & E	-	110,000
	<u>(871,315)</u>	<u>(1,442,233)</u>

**21 Analysis of changes in net cash**

	<b>At 1 August 2009</b>	<b>Cash flows</b>	<b>At 31 July 2010</b>
	£	£	£
Cash in hand and at bank	11,707,586	7,357,210	19,064,796
	<u>11,707,586</u>	<u>7,357,210</u>	<u>19,064,796</u>

Deposits held, other than uncleared effects, attract interest at or above base rate.

**22 Post-balance sheet event**

At meetings of the respective Board of Directors held on 10 December 2010, proposals were agreed:

1. for the acquisition of S-Cool Limited, a software provider of solutions relevant to the admissions procedures for students in the 14-19 educational range; and
2. an interest bearing loan from the Parent Company to the trading subsidiary.

**23 Approval of accounts**

These accounts were approved at a meeting of the Directors held on 10 December 2010.

UCAS QUALITY AWARDS



ISO/IEC 27001:2005  
Certificate No. IS 501022



INVESTOR IN PEOPLE



ISO14001:2004  
Certificate No. EMS 533543



# UCAS

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UCAS is the organisation responsible for managing applications to higher education courses in the UK.

Choosing what and where to study are very important decisions. Every year we help over 500,000 applicants apply to university or college in the UK.

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