

**General Principles of Charging UGC resources  
to non-UGC-funded activities**

This Annex should read in conjunction with the Cost Allocation Guidelines for UGC-funded and Non-UGC-funded Activities (“the Guidelines”).

2. As a matter of general principle,
  - (a) costs should be allocated to both the UGC vote and the non-UGC vote using appropriate and consistent methods such that the amounts charged to the UGC-funded activities are calculated using the same methodology as that used to calculate the cost of overheads to be charged to the non-UGC-funded activities; and
  - (b) indirect overheads charged to non-UGC-funded research projects and all other self-financed activities be charged on exactly the same basis.
3. *Staff cost recovery*: Institutions should include staff benefits, costs of research and other scholarly activities when calculating the charge to self-financing activities. The charge for the time spent by UGC-funded faculty to teach self-financed programmes should be reviewed, and if necessary, recalculated on an annual basis in light of any change to the pay scale of academic staff.
4. *Charges for academic space*: Institutions should charge their self-financing activities with not only a share of the utility, security and maintenance costs associated with UGC-funded academic space utilized by self-financed programmes, but also an amount that represents the depreciation or other building cost associated with the space used. This charge should be regarded as a direct cost of providing the self-financed programmes and, accordingly, should not be recovered within overhead recovery rates.

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