

**Treatments of Incomes of Specific Activities<sup>1</sup>**

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

2. The Guidelines specify that certain activities which by nature are non-UGC-funded activities could be deemed to be UGC-funded activities and hence the relevant costs incurred are to be charged to the UGC vote for the purpose of cost allocation.

3. The treatments of incomes of these specific activities are set out in the table below.

| <b>Nature of activity</b>    |  | <b>Treatment</b>   |
|------------------------------|--|--|
| <b>(1) Research projects</b> |  |  |
| (a)                          | Research projects funded by Government bureaux or departments (b/ds) other than UGC and NGOs, which in general do <u>not</u> allow the charging of faculty principal investigators (PI) costs and overhead costs to research projects.   | - Research grants as well as any income generated from these research projects (including royalties and income arising from intellectual property rights) are reported as UGC income for the purpose of cost allocation.   |
| (b)                          | Research projects funded by commercial organisations <u>with unrestricted manner in outputs</u> (i.e. the research output should be publicly available without restriction; and no commercial advantage should accrue to any parties (other than the university)), which do <u>not</u> allow the charging of faculty PI costs and overhead costs to research projects. | - Research grants as well as any income generated from these research projects (including royalties and income arising from intellectual property rights) are reported as UGC income for the purpose of cost allocation. Notwithstanding the foregoing, universities may, having regard to their own financial position, opt to charge the relevant PI and overhead costs to the non-UGC vote, and hence the research grants as well as any income generated from these research projects (including royalties and income arising from intellectual property rights) are to be reported as non-UGC income. |

<sup>1</sup> Please refer to the Cost Allocation Guidelines for UGC-funded and Non-UGC-funded Activities for the treatments of cost allocation practices of specific activities.

| Nature of activity                        |   | Treatment  |
|---|---|--|
| (2) “One day per week” activities         |   |  |
| (a)                                       | Activities (e.g. consultancy, outside practices, clinical service, and collaborative work) other than self-financed activities conducted under “one day per week” arrangement (e.g. teaching a self-financing Taught postgraduate programme). | <ul style="list-style-type: none"> <li>- Incomes generated from these activities, if any, are reported as UGC income.</li> <li>- Universities should endeavour to seek recovery of the relevant costs (such as staff costs and overhead costs) incurred on the “one day per week” activities from the concerned funding agencies / entities; despite the fact that such costs are to be absorbed by the UGC vote under this scenario.</li> </ul>   |
| (3) Donations designated for specific use |   |  |
| (a)                                       | Donations designated for use in scholarships and bursaries for students studying in UGC-funded programmes.  | <ul style="list-style-type: none"> <li>- Donations are reported as non-UGC income. Scholarships and bursaries to students are charged to the non-UGC vote (i.e. same as existing practice).</li> <li>- Universities should endeavour to seek recovery of the relevant costs (such as staff costs and overhead costs) incurred on administering the subject donations from the concerned funding agencies / donors; despite the fact that such costs are to be absorbed by the UGC vote under this scenario.</li> </ul> |
| (b)                                       | Donations designated for research activities and capital projects in which the donors / funding agencies do <u>not</u> allow the charging of costs incurred on administering these activities / projects.                                     | <ul style="list-style-type: none"> <li>- Donations are reported as non-UGC income. Research activities / capital projects costs are charged to the non-UGC vote.</li> <li>- Universities should endeavour to seek recovery of the relevant costs (such as staff costs and overhead costs) incurred on administering the subject donations from the concerned funding agencies / donors; despite the fact that such costs are to be absorbed by the UGC vote under this scenario.</li> </ul>                            |

| Nature of activity   |   | Treatment   |
|--|---|---|
| (4) Activities funded by Government b/ds other than UGC and NGOs |   |   |
| (a)  | Student exchanges / activities, conferences, consultancies and services, college activities funded by Government b/ds other than UGC and NGOs, which in general do <u>not</u> allow the charging of staff costs and overhead costs. | <ul style="list-style-type: none"> <li>- Grants as well as any income generated from these activities are reported as UGC income for the purpose of cost allocation.</li> <li>- Universities should endeavour to seek recovery of the relevant costs incurred from the concerned funding agencies / entities; despite the fact that such costs are to be absorbed by the UGC vote under this scenario.</li> </ul> |

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