

University of Southampton Students' Union

A company limited by guarantee

Trustees' report and financial statements

31 July 2016

Company registration number 08034371

Charity registration number 1148683

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

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Trustees and advisers

Sabbatical Trustees

Alex Hovden (President) (Appointed 1 July 2016)
Flora Noble (Appointed 1 July 2016)
David Allwright (Appointed 1 July 2016)
Elliot Grater (Appointed 1 July 2016)
Dan Varley (Appointed 1 July 2016)
Cameron Meldrum (Appointed 1 July 2016)
Benjamin Franklin (former President) (appointed 01 July 2015, term concluded 30 June 2016)
Kerry Sclater (appointed 01 July 2015, term concluded 30 June 2016)
Samuel Bailey (appointed 1 July 2015, term concluded 30 June 2016)
James Wilson (appointed 01 July 2015, term concluded 30 June 2016)
Shruti Verma (appointed 01 July 2015, term concluded 30 June 2016)
Hannah Talbot (appointed 01 July 2015, term concluded 30 June 2016)

Student Trustees

Rebecca James (appointed 1 July 2016)
Eleanor Davis (appointed 1 July 2016)
Hadeeka Taj (appointed 1 July 2016)
Liibaan Mohamed (appointed 1 July 2016)
Mark Cole (appointed 1 July 2016)
Frazer Delves (appointed 1 July 2016)
Lauren Baugh (appointed 1 July 2015, term concluded 30 June 2016)
Caitlin Doyle (appointed 1 July 2015, term concluded 30 June 2016)
Amy Paraskeva (appointed 1 July 2015, term concluded 30 June 2016)
Alex Hovden (appointed 1 July 2015, term concluded 30 June 2016)
Rhys Thomas (appointed 1 July 2015, term concluded 30 June 2016)
Nathaniel Jenkins (appointed 24 October 2014, term concluded 30 June 2016)

External Trustees

Mark Beattie
Nigel Coopey
Jo Ash (Peta Joyce Ash) (term concluded 30 June 2016)
Ann-Marie Drummond (appointed 19 October 2015)

Registered Office

University of Southampton Students' Union
Southampton
Hampshire
SO17 1BJ

Senior Leadership and Key Management Personnel

Scott McCarthy - Chief Executive and Company Secretary
Anthony Addison - Director of Union Services
Nickola Moore - Director of Engagement
Charles Keene - Director of Operations

Auditors

Crowe Clark Whitehill LLP
Aquis House
49-51 Blagrove Street
Reading
RG1 1PL

Bankers

Lloyds Group Plc
1st Floor 3 Town Quay
Southampton
SO14 2AQ

University of Southampton Students' Union

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Trustees' Report

The board of trustees, who are also Directors of the Union, present their annual report for the year ended 31 July 2015 under the Companies Act 2006 and the Charities Act 2011, together with the audited financial statements for that year. The format and content of the report and financial statements comply with the Companies Act 2006, the Charities Act 2011 and the Statement of Recommended Practice: 'Accounting and Reporting by Charities' SORP (FRS 102).

DIRECTORS' REPORT

Structure, governance and management

a) Constitution

The Union was first established in the Charter of the University of Southampton which specifies that "there shall be a Union of Students of the University". The Union is incorporated as a company limited by guarantee and registered as a charity. The Laws, which previously governed the Union, were replaced by the Memorandum and Articles of Association. Union Senate approves from time to time a set of Rules which replaced the old Standing Orders.

b) Method of appointment or election of Trustees

The management of the Union is the responsibility of the Trustees who are elected and appointed under the terms of the Rules. All of the Sabbatical and Student Trustees are elected by a ballot of all full members of the Union. All of these trustees operate a 12 month term of office from 1 July to the following 30 June, unless re-elected.

The Union is grateful for the contributions of our external trustees, who are appointed by Union Senate.

c) Policies adopted for the induction and training of Trustees

All Trustees receive appropriate induction and on-going training to support them in their roles. Their formal induction training programme covers basic knowledge around "Good Governance", "The Responsibilities and Duties of a Trustee", "Developing your Skills", "Finance for Trustees", "Diversity" and "The work of the Trustee Board" and includes a day of team-building and focussing on the Union's strategy. We also provide one to one support to officers alongside access to a wealth of guidance documents and historic information.

d) Organisational structure and decision making

The General Meeting is the governing body of the Union and, subject to the Rules of the Union, has the power to make policy in the name of the Union. Union Senate and referendum also have the power to make policy in the name of the Union subject to the Rules. We also hold an Open Union Council which allows any member to get involved in deciding policy, as set out in the Articles of Association.

Eight Zones covering broad areas provide a forum for students with similar interests to work together and organise activities and campaigns. The Zones are: Democracy, Sustainability, Student Communities, Creative Industries, Education, External Engagement, Sport and Student Life.

The Trustee Board is responsible for overseeing the management and administration of the Union. They have ultimate responsibility for the governance, budget and employment issues of the Union and the strategic direction of the Union, much of which is delegated to officers and staff. The Trustee Board also delegates relevant decisions to a subcommittee that covers in more detail between full Trustee Board meetings the areas of Finance, Union Services, Staffing, Communications, Marketing and Technology.

e) Key management personnel remuneration policy

The Union follow the University of Southampton pay scale in relation to key management pay rates. Additionally the Trustee Board benchmarks our salaries against other comparable Students' Unions to

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ensure it remains comparable and competitive. We have a clearly defined Staff Rewards Policy, approved by Trustees, for bonuses and enhanced pay for individuals in addition to our Performance Management Policy.

f) Relationship with the non-charitable subsidiary

The charity has a wholly owned non-charitable subsidiary, SUSU Social Enterprises Limited, which was incorporated to carry out the non-member trading of the Union. Further details are shown on the balance sheet and accompanying notes to the accounts. Net profits from this company are donated to the charity under Gift Aid, to leave no taxable profits in the trading company.

g) Relationship with University of Southampton

The relationship between the University of Southampton and the Union is established in the University Charter and detailed in the constitutions of both organisations. In July 2016 the Union President and Vice Chancellor re-signed a Relationship Agreement which outlines the importance of the relationship.

The Union receives both a block grant based on the full time equivalent number of students registered at the University and other funding on a project-by-project basis. All other transactions between the two parties are carried out on a commercial basis.

There is no reason to believe that this or equivalent support from the University will not continue for the foreseeable future. There has been a mutually agreed change in the provision of space in the future. The Union will be provided with space on a no cost basis and block grant will be reduced accordingly starting next year, but that does not have any material financial impact.

STRATEGIC REPORT

Objectives and Activities

a) Policies and objectives

As stated in the Articles of Association, the Union's objectives are the advancement of education of students at the University of Southampton for the public benefit by:

1. promoting the interests and welfare of members at the University of Southampton during their course of study and representing, supporting and advising members;
2. being the recognised representative channel between members and the University and any other relevant external bodies;
3. providing social, cultural, sporting and recreational activities and forums for discussions and debate for the personal development of its members;
4. promoting and facilitating students' involvement in their wider community; and
5. raising funds for other charitable organisations.

The Objects are to be carried out in complete independence of all religious and political groups and in such a manner so as not to discriminate unreasonably between members.

The Trustees confirm that they have complied with the duty in Section 17 (5) of the Charities Act 2011 to have due regard to the guidance issued by the Charity Commission on public benefit.

b). Strategies for achieving objectives

The Union has continued to deliver against the Vision 2020 Plan 2015-16. This ambitious strategy is based on enhancing our impact on students' lives and seeks to deliver our mission of unlocking the potential and enriching the life of every student. This approach is increasingly important to ensure their readiness for the challenges after they have left University.

The Union Plan is backed up by individual plans for each Sabbatical Officer (approved by Union Senate), Departmental Plans for every staff team and specific strategies developed by the senior leaders and approved

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by the Trustee Board for key areas of impact. In addition the Trustees approve the Union's Yearly Operating Plan, which identifies key priorities for the organisation for the year ahead.

c) Activities for achieving objectives

We provide offers, services, and representation for our members across five main areas:

- 1) Opportunities (Clubs, Societies, Sports, Arts, Funding, Social)
- 2) Events (Entertainment, Participation, Social, Sustainability)
- 3) Support (Advice, Welfare, Safety, Training)
- 4) Places (Entertainment, Consumer, Social, Meeting)
- 5) Representation (Education, Internal, External, Support)

Our strategic intent is to deliver high quality services targeted at the full membership to establish meaningful engagement with each member. We will utilise insight based decision making and focus the vast majority of our resources outward.

Financial review

a. Grant making policies

The Union gives grants to many of its affiliated clubs and societies to help them to pursue their goals. Funding is awarded against key criteria by the relevant Committee.

b. Reserves policy

The reserves policy of the University of Southampton Students' Union is to maintain a level of unrestricted cash funds excluding those committed to or invested in tangible assets, which will enable the Union to maintain the day to day operations of the Union for a period of three months and have the ability to adjust, in a measured way, to any significant changes in resources. This target equates to approximately £650,000 of operating costs, the Union currently has no free reserves as defined by the Charities Commission. The Union target is to achieve this level of reserve funds over the life of Vision 2020.

c. Principal funding

The University of Southampton provides the Union with an unrestricted block grant each year. For the year 2015-15 this amounted to £2,800,513 (2014/2015: £2,380,000). The University made restricted grants to the Union for the Halls Committees (formerly known as Junior Common Room) of £125,000 (2015: £113,220) and contributions towards the cost of fixed asset purchases of £nil (2015: £25,016). The Union received a grant from the NUS Green Fund of £17,421 (2015: £81,805) specifically to fund the BEES project.

d. Material investments policy

In deciding how and where to invest any surplus funds, it is the Union's policy to take a risk averse stance, give due consideration to current Union Senate directives and maximise returns on investments within the parameters set out therein.

On a daily basis, surplus operating money will be held in interest bearing bank deposit accounts. Moneys may be held in a range of longer term deposits, limited to a maximum term of 12 months and will be for no more than £250,000 in any single account or institution. Deposits over £100,000 or deposits made for periods longer than 6 months need approval from Trustee Sub Committee. There will always be sufficient money held on call to meet the financial requirements of the Union for a period of one month; this is referenced to internal cash flow forecasting.

Any requests for an overdraft or long term loan facility from banks must be approved by the Trustee Board. There will be no investments in shares, gilts or bonds which are openly traded on the stock markets. Shares, gilts or bonds may be held in companies with a direct connection to the aims of the Charity subject to confirmation of the ability of the invested entity to provide returns on the Union's investments. No money will

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be deposited outside of the UK. The amounts of deposits are included within the Union's management accounts.

e. Overall performance

The Union's gross income from all sources totalled £7,764,297 (2015: £7,541,375) against total expenditure of £7,759,514 (2015: £7,479,831). We operate a broadly balanced budget to provide a wide range of student benefits and as a result created an overall surplus of £4,783 in 2016 (2015: surplus £61,544). The total of all Union reserves increased from £702,883 to £707,666.

Revenues increased from the previous year by 3.0% (2015: remained level from previous year).

The Trustees have agreed that the financial performance for the year 2015-16 was adequate.

PLANS FOR THE FUTURE

The Union has set an ambitious target to be ranked as one of the top five unions in the UK by the year 2020. We will do this by making significant change and improvements in two main areas;

1. Improving the effectiveness and capacity of the organisation to deliver member services; and
2. Shifting our focus outward to reach a significantly higher percentage of our members in a more meaningful engagement pathway.

Specific plans/projects include:

Organisation

1. We launched a new communications plan in May 2016.
2. We completed a rebrand which resulted in a new identity launched in May 2016.
3. We are launching a formal customer service training programme for all staff in the October of 2016.
4. We completed a democracy review and introduced a new system in June 2016 to promote much wider participation.
5. We are completing a feasibility study on our Buildings/space which will yield a new consolidated facility and a refurbishment in 2018.
6. We are continuing to strengthen our financial model (by lowering staff and other support costs) with a view to strengthening our ability to spend more funding directly on students.
7. We are reviewing and automating all systems to increase productivity through innovation.
8. We are working to eliminate the broken windows (mistakes) in our everyday activities.

Reach

1. We have an emerging Insight programme to allow us to make better informed decisions in the future.
2. We initiated discussions with the University about upgrading the sports programme in a jointly funded strategy.
3. We have greatly enhanced our operations at the WSA and continue to build our presence and support there day by day.
4. We are developing clear engagement pathways to ensure our actions and successes are aligned.
5. We have renamed and relaunched our Hall Committees and expect the new structure to yield a closer engagement with first years to start them on the path.
6. We are holding regular events at SGH to support our medical community.

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Annual Review 2015-16

Engagement / ZONES

Student Life Zone:

- Ran a successful "Vent About Your Rent" campaign, with over 350 students giving their feedback.
- Supported popular Freshers' events including "Humans v Zombies" and "Big Night In".
- The "You Are More Than" campaign both supported students during stressful periods and engaged with members at different sites.
- Continued to work on business as usual projects such as mental health and sexual consent.

Creative Industries Zone:

- Supported the creation of 'Arts at university Southampton'
- SUSU TV won a Highly Commended award (NaSTA)
- Surge Radio- winner (SRA's)
- Wessex Scene- winner (SPA's)
- Performing Arts – 15 Curtain Call nominations and 5 wins (a record)
- PA Dance-won 26 national Dance competitions

Democracy Zone:

- Ran the Spring Elections, with over 5500 students casting their vote.
- Implemented the new structure for the democracy zone, which will provides students with greater opportunities to affect change.
- Ran a successful AGM, with a high level of student engagement and many ideas being submitted.
- Promoted the growth of "You Make Change", which offers students a more accessible route to shape the Union.

Education Zone:

- Ran a very successful Academic Awards evening to recognise excellence across the university.
- Organised an informative survey of postgraduate students who teach at the university which has led to positive change in the way the university works with PG students
- Play a central role in student representation, including ensuring that the student representatives are trained to perform their roles.

Sports Development:

- Organised a record breaking Varsity, with 94 fixtures, 38 Sports, 3000 attendees and a 254-96 win.
- Continued to organise events such as the taster weekend and the AU Ball.
- Started the process for a review of sports opportunities for students with disabilities.
- Continued to support and build the Team Southampton brand.

Student Communities:

- Tickets sold out for a hugely successful Holi event.
- Started work on the Global Project which is designed to improve the experience for international students. Supported the WSA Student Committee to reach more students
- Created the new Halls committee structure

Sustainability:

- Ran the "Shift Your Stuff" project and collected 2.4 tonnes of items for charity.
- Supported wider projects such as the University Blackout.
- Successfully ran Change Your World week, raising the awareness of sustainability.
- Ran projects such as Swap Shop, Waste Wars, International Women's Week and LGBT History Month.

External Engagement:

- Won the right to host the RAG Conference 2017.
- Ran sessions for students on micro-volunteering, providing students with new opportunities.
- The Enterprise Fund supported a sustainable fishing project from a student who went on to present his work to the United Nations.

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Executive / Operations

- The past year has been a year of streamlining and consolidation of staff numbers. We have cut staffing costs considerably. Our financial model is now much stronger (core staff positions have dropped from 113 to 97).
- We launched a finance hub so managers can see real time budgetary information.
- We launched a Communications Strategy after student consultation.
- We initiated work to identify and deploy a Human Resources Software package to modernise our personnel operations.
- We launched a new identity after a lengthy review and consultation process with professional support by experts.
- We largely completed the development on a new Intranet to provide the backbone for all internal communications in the future.
- We have greatly strengthened our Operations staff with the appointment of the DD/Ops in the spring.

Union Services

- The headline figure is a net contribution to the bottom line of £510,324.
- Facilities supported 18,108 space bookings to take place within our buildings.
- Events sold over 46,000 tickets through box office last year alone.
- We have successfully housed over 400 students since starting the Lettings Agency.
- We had 1,529,393 transactions in The Shop, with an income of over £2,047,014.
- We had 585,000 till transactions through the bar, which totals over £1.24 million in sales.
- In our hospitality side, to date, we have catered over 200 events since 1st August last year.
- We have served over 157,000 customers in the Café of which 43,590 of them were breakfasts.
- The production kitchen produced over 86,000 products, with sales of approaching £162,000.
- There were less than 30 recorded incidents within the Union.
- We currently have 18 vegetarian options in the Bridge 8 of which are Vegan.
- Entertainments contributes over £405,000 in sales revenue with a net profit of over £142,000.
- Throughout the year the regular events programme consists of over 240 events.
- In The Shop on Top, so far we have had 22,421 transactions, taking just over £136,500.
- We sold over 37,000 Costa Coffee's, the biggest grossing machine in the South Coast of England.
- We are operating a very successful WSA shuttle bus service on contract.
- We signed a contract with BAM to provide sales and sponsorship support and this will increase profits considerably in year one.

Principal risks and uncertainties and risk management

The two most significant risk areas for the Union would be diminished relevance to our membership and the potential for a reduction in our financial resources in the future. We are a defined membership organisation. This can lead to an ethos of complacency when it comes to delivering our mission – which is to unlock the potential and enrich the life of every student. We must continue to gain a better understanding of our entire membership and make brave decisions for the greater good. To avoid making these hard decisions can lead to a loss of relevance and this is the biggest risk to the Union – irrelevance.

On the financial front, we have two main sources of income. We receive a large support grant from the University each year based on student numbers and we operate a wide range of activities (shop, bars, events, restaurants, etc.) which generate an operating surplus each year. Our financial model is healthy but as a non-profit charity we must utilise the vast majority of our income each year for a direct spend on the membership. That said, we must build our free cash reserves to provide a cushion and also to allow us to respond to opportunities for the benefit of the membership. We are conservative financial planners and have greatly reduced core staff costs to allow for us to build our free cash reserves to the £600,000 level during the

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Vision 2020 plan. This is prudent and will allow us to handle any potential financial obstacles that may arise, even though anything significant is unlikely to happen on this front due to our core funding model.

The Trustees regularly assess, mitigate and monitor the major risks to which the Union is exposed, in particular those related to the operations, finances and reputation of the Union, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Charitable status

The Union is registered as a charity and as a company limited by guarantee.

Employee involvement

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings regular electronic updates from the senior leaders and have been kept informed on specific matters directly by management. We run a staff survey in December each year. The Union offers exit interviews for all core staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

In accordance with the Union's new Equality & Diversity Policy, the Union has a long established fair employment practices in the recruitment, selection, retention and training of staff and we hold the Investors In People Silver award.

Conclusion

The Union is a strong, member led organisation, where students continually develop our activity. As we work through our ambitious plans, we are satisfied with the impact we are having on our students' lives. We are not complacent, and see our strength in continuing to support our members to achieve their goals. We are one year in to our five year Vision 2020 Plan which sets out ambitious plans and targets for the future.

Trustees' statement

So far as each of the trustees and directors is aware, at the time the report is approved:-

- there is no relevant audit information of which the company's auditors are unaware; and
- each trustee has taken all steps that they ought to have taken as trustee in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

Crowe Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a motion proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

The Trustees Report, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on *15 November 2016* including approving, in their capacity as company directors, the Strategic Report contained therein and is signed as authorised on its behalf by:



Alex Hovden

Chair of Trustee Board 2016-17

15 November 2016

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Statement of Trustees' Responsibilities in respect of the Trustees' annual report and the financial statements

The Trustees (who are also directors of University of Southampton Students' Union for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Independent auditor's report to the members of University of Southampton Students' Union

We have audited the financial statements of University of Southampton Students' Union for the year ended 31 July 2016 as set out on pages 12 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities on page 10, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 July 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

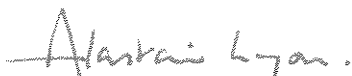
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Alastair Lyon (Senior Statutory Auditor)

For and on behalf of Crowe Clark Whitehill LLP, Statutory Auditor

Date: 24 November 2016

Chartered Accountants, Reading Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2016 (including Income & Expenditure Account)

	Notes	Unrestricted Income £	Restricted Income £	Total 2016 £	Total 2015 £
income and endowments from:					
Donations:					
- University Grants		2,607,646	192,867	2,800,513	2,518,236
- Grant in kind from University		322,000	-	322,000	322,000
- External Grants		-	17,421	17,421	81,805
Other Trading Activities:					
- Rental income		11,240	-	11,240	21,091
- Sponsorship and marketing income		162,969	-	162,969	161,936
Investment income		2,326	-	2,326	3,760
Charitable activities for students:					
- Bars		921,880	-	921,880	1,011,246
- Catering		733,458	-	733,458	716,090
- Events		407,812	-	407,812	316,964
- Shops		2,047,014	-	2,047,014	2,030,874
- Lettings		41,407	-	41,407	26,711
- Student Activities		119,801	73,086	192,887	208,956
- Student Services		52,036	-	52,036	59,174
Other income		<u>51,334</u>	<u>-</u>	<u>51,334</u>	<u>62,532</u>
Total income		<u>7,480,923</u>	<u>283,374</u>	<u>7,764,297</u>	<u>7,541,375</u>
Expenditure on					
Charitable Activities for students:					
- Bars		896,046	-	896,046	883,952
- Catering		1,254,756	-	1,254,756	1,242,792
- Events		370,199	-	370,199	319,965
- Shops		2,113,089	-	2,113,089	2,087,180
- Lettings		84,180	-	84,180	77,944
- Student Activities		1,100,430	269,253	1,369,683	1,400,676
- Student Representation		1,515,427	-	1,515,427	1,355,777
- Student Services		<u>97,149</u>	<u>58,985</u>	<u>156,134</u>	<u>111,545</u>
Total expenditure	2-5	<u>7,431,276</u>	<u>328,238</u>	<u>7,759,514</u>	<u>7,479,831</u>
Net income/(expenditure) before transfers		49,647	(44,864)	4,783	61,544
Transfers between funds		<u>17,703</u>	<u>(17,703)</u>	<u>-</u>	<u>-</u>
Net movement in funds		67,350	(62,567)	4,783	61,544
Fund balances brought forward		<u>299,547</u>	<u>403,336</u>	<u>702,883</u>	<u>641,339</u>
Fund balances carried forward	16	<u>366,897</u>	<u>340,769</u>	<u>707,666</u>	<u>702,883</u>

All activities relate to continuing operations

The Consolidated Statement of Financial Activities contains all gains and losses recognised in the year

The notes on pages 16 to 31 form part of these financial statements

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CONSOLIDATED BALANCE SHEET

	Notes	Total 2016 £	Total 2015 £
Fixed assets			
Tangible assets	10	<u>1,082,882</u>	<u>1,043,454</u>
Current assets			
Stocks	12	120,156	119,782
Debtors	13	374,588	387,552
Cash at bank and in hand		<u>389,624</u>	<u>804,617</u>
		884,368	1,311,951
Creditors: Amounts falling due within one year	14	<u>(650,821)</u>	<u>(991,093)</u>
Net current assets		<u>233,547</u>	<u>320,858</u>
Total assets less current liabilities		<u>1,316,429</u>	<u>1,364,312</u>
Creditors: Amounts falling due in more than one year	15	<u>(608,763)</u>	<u>(661,429)</u>
Total net assets		<u>707,666</u>	<u>702,883</u>
Charitable Funds			
Restricted funds	16	340,769	403,336
Unrestricted funds			
Designated funds	16	-	-
General funds	16	<u>366,897</u>	<u>299,547</u>
Total funds		<u>707,666</u>	<u>702,883</u>

These financial statements were approved and authorised for issue by the Trustees and were signed on their behalf on ...15/11/2016


.....

Alex Hovden
Chair of Trustee Board 2016-17

The notes on pages 16 to 31 form part of these financial statements.

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

UNION BALANCE SHEET

(company number: 08034371)

	Notes	Total 2016 £	Total 2015 £
Fixed assets			
Tangible assets	10	1,081,549	1,041,579
Investments	11	<u>100</u>	<u>100</u>
		<u>1,081,649</u>	<u>1,041,679</u>
Current assets			
Stocks	12	120,157	119,781
Debtors	13	426,485	457,238
Cash at bank and in hand		<u>327,380</u>	<u>723,650</u>
		874,022	1,300,669
Creditors: Amounts falling due within one year	14	<u>(641,116)</u>	<u>(979,912)</u>
Net current assets		<u>232,906</u>	<u>320,757</u>
Total assets less current liabilities		<u>1,314,555</u>	<u>1,362,436</u>
Creditors: Amounts falling due in more than one year	15	<u>(608,763)</u>	<u>(661,429)</u>
Total net assets		<u>705,792</u>	<u>701,007</u>
Charitable Funds			
Restricted funds		340,769	403,336
Unrestricted funds			
Designated funds		-	-
General funds		<u>365,023</u>	<u>297,671</u>
Total funds		<u>705,792</u>	<u>701,007</u>

These financial statements were approved and authorised for issue by the Trustees and were signed on their behalf on ...*15/11/2016*

Alex Hovden
.....

Alex Hovden
Chair of Trustee Board 2016-17

The notes on pages 16 to 31 form part of these financial statements.

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

	Notes	Total 2016 £	Total 2015 £
Cash flows from operating activities			
Net movement in funds		4,783	61,544
Depreciation		222,599	234,688
Loss/(profit) on disposal of fixed assets		3,528	(1,755)
Interest received		(2,326)	(3,760)
Decrease/(increase) in stock		(374)	2,206
Decrease/(increase) in debtors		12,964	(135,804)
(Decrease)/increase in creditors		(340,272)	517,597
(Decrease) in pension liability		<u>(52,666)</u>	<u>(51,866)</u>
Net cash (used in)/provided by operating activities		<u>(151,764)</u>	<u>622,850</u>
Cash flows from investing activities			
Interest receivable		2,326	3,760
Purchase of tangible fixed assets		(266,755)	(299,106)
Proceeds from sale of fixed assets		<u>1,200</u>	<u>1,755</u>
Net cash (used in)/provided by investing activities		<u>(263,229)</u>	<u>(293,591)</u>
Change in cash and cash equivalents in the year		(414,993)	329,259
Cash and cash equivalents at the beginning of the year		<u>804,617</u>	<u>475,358</u>
Total cash and cash equivalents at the end of the year		<u>£ 389,624</u>	<u>£ 804,617</u>
		2016 £	2015 £
Cash at bank and in hand		<u>389,624</u>	<u>804,617</u>

The notes on pages 16 to 31 form part of these financial statements.

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

1. CHARITY INFORMATION

The principal activities is campaigning, representation, provision of social activities and, the organisation of sporting and recreational activities and opportunities. University of Southampton Students' Union is an incorporated charity. (Charity registration no. 1148685, Company number: 08034371) domiciled in the UK. The registered office University of Southampton Students' Union, Southampton, Hampshire, SO17 1BJ.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

University of Southampton Students' Union meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Information on the impact of first-time adoption of FRS 102 is given in note 22.

2.2 Basis of consolidation

The consolidated accounts include the trading activities, assets and liabilities of the group subsidiary company in accordance with the Charity SORP. Intra-group transactions and balances have been eliminated on consolidation.

As permitted by section 408 of the Companies Act 2006 and in accordance Charities SORP 2015, no separate Statement of Financial Activities has been presented.

Included within the group results is a surplus of £4,785 (2015: surplus £40,345) in respect of the Union

2.3 Going concern

The Trustees consider that there is reasonable expectation that the Union has adequate resources to continue in operational existence for the foreseeable future and, for this reason they continue to adopt the going concern basis in preparing the annual financial statements.

2.4 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Union and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the Union for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted funds is set out in the notes to the financial statements.

Investment income, gains and losses are allocated in the appropriate fund.

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

2 ACCOUNTING POLICIES (continued)

2.5 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Union is legally entitled to the income and the amount can be quantified with reasonable accuracy. Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

2.6 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the Union and include project management carried out at Headquarters. Governance costs are those incurred in connection with compliance with constitutional and statutory requirements.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions that have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

2.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 and with an expected useful life of over three years are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, on a straight line basis over their expected useful lives at the following rates:

Leasehold improvements	-	8-10 years
Equipment	-	3-5 years
Motor vehicles	-	5 years

Assets in the course of construction are not depreciated until they are brought into use.

Annually the trustees review the value of the assets recorded by the Union. They are satisfied that no assets require provision for impairment.

2.8 Investments

Investments are stated at the lower of cost and net realisable value.

2.9 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

2.10 Stocks

Stocks are valued at the lower of the cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

2 ACCOUNTING POLICIES (continued)

2.11 Pensions

The Union operates two defined benefits pension schemes, Universities Superannuation Scheme (USS) and the Pension and Assurance Scheme for Non-Academic Staff (PASNAS). The schemes are both multi-employer schemes where it is not possible, in the normal course of events, to identify on a consistent and reasonable basis, the share of underlying assets and liabilities belonging to individual participating employees. Therefore, as required by FRS 102, the Union accounts for these schemes as if they were defined contribution schemes. However the Union also makes deficit contribution payments to PASNAS, as a participating employer, in accordance with FRS 102 these payments have been measured at fair value and included as a liability on the balance sheet.

The amount charged to the Statement of Financial Activities represents contributions payable to the schemes in respect of the accounting period.

2.12 Financial instruments

Basic financial instruments include debtors and creditors. Debtors and creditors are initially recognised at transaction value and subsequently measured at amortised cost. Note 21 provides more information on financial instruments where future cash flows are anticipated, with financial assets referring to trade debtors, amount owed by group undertakings, other debtors and cash equivalents, and financial liabilities referring to all creditor balances excluding deferred income and payments on account.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, which are described in note 2, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The trustees consider that there are no material judgements in applying accounting policies or key sources of estimation uncertainty.

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

Notes to the financial statements

4. Resources expended

	Staff	Depreciation	Other costs	Total	Total 2015
	£	£	£	£	£
Bars	330,638	37,567	527,841	896,046	883,952
Catering	572,854	41,191	640,711	1,254,756	1,242,792
Events	62,935	1,582	305,682	370,199	319,965
Shops	447,499	24,780	1,640,810	2,113,089	2,087,180
Lettings	51,648	1,788	30,744	84,180	77,944
Student activities	445,214	88,794	835,675	1,369,683	1,400,676
Student representation	923,551	26,338	565,538	1,515,427	1,355,777
Student services	<u>41,773</u>	<u>559</u>	<u>113,802</u>	<u>156,134</u>	<u>111,545</u>
Total costs	<u>2,876,112</u>	<u>222,599</u>	<u>4,660,803</u>	<u>7,759,514</u>	<u>7,479,831</u>

5. Support costs included in Note 4

	Staff	Premises	Other costs	Marketing	Total	Total 2015
	£	£	£	£	£	£
Bars	51,599	29,923	24,062	4,318	109,902	98,345
Catering	211,728	122,786	98,736	17,716	450,966	448,125
Events	17,200	9,974	8,021	1,439	36,634	32,781
Shops	178,187	103,337	83,095	14,910	379,529	337,650
Lettings	17,200	9,974	8,021	1,439	36,634	32,781
Student activities	176,297	102,238	82,213	14,752	375,500	358,223
Student representation	363,659	210,894	169,586	30,429	774,568	693,115
Student services	<u>7,723</u>	<u>4,479</u>	<u>3,601</u>	<u>646</u>	<u>16,449</u>	<u>14,718</u>
Total costs	<u>1,023,593</u>	<u>593,605</u>	<u>477,335</u>	<u>85,649</u>	<u>2,180,182</u>	<u>2,015,738</u>

Premises costs include £322,000 (2015: £322,000) notional rent 'grant in kind' charged by the University.

Included within support costs are governance costs of £27,859 (2015: £30,958).

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

Notes to the financial statements (continued)

6. Net movement in funds

	2016	2015
	£	£
Depreciation of owned tangible fixed assets	222,599	234,688
(Surplus)/deficit on disposal of fixed assets		
Audit of financial statements - parent company	13,820	11,475
- subsidiary company	1,275	1,235
Other remuneration to auditors- tax compliance	<u>850</u>	<u>600</u>

7. Staff costs

	2016	2015
	£	£
Wages and salaries	2,528,716	2,606,175
Social security costs	136,559	92,155
Employer's pension contributions (note 18)	<u>210,837</u>	<u>160,121</u>
Total costs	<u>2,876,112</u>	<u>2,858,451</u>

The average number of employees during the year was:

	2016	2015
	No	No
Core staff	103	101
Support staff	<u>221</u>	<u>243</u>
	<u>324</u>	<u>344</u>

The number of higher paid employees who were paid salaries in excess of £60,000 were:

	2016	2015
	No	No
In the bands:		
£60,007 - £70,000	1	-
£70,001 - £80,000	<u>1</u>	<u>1</u>

The employees are in the University's pension scheme at a cost of £24,617 (2015: £20,985)

The aggregate employee benefits of key management personnel was £288,352 (2015: £364,115).

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

Notes to the financial statements (continued)

8. Trustees' remuneration and expenses

In addition to their role as a trustee of the Union, the sabbatical trustees perform a full-time role for a year to be the voice of the students. They listen to how students want things to be done, work with the Union staff, the volunteers, community groups and the Board of Trustees to put the suggestions into practice. The sabbatical trustees are appointed on the 1st of July and serve until the following 30th June and thus do not serve throughout the financial year.

	Number of trustees	Individual remuneration	Total remuneration
1 August 2015 – 30 June 2016	2	21,926	43,852
1 August 2015 – 30 June 2016	4	18,700	74,800
1 August 2015 – 30 June 2016	1	19,240	19,240
1 July 2016 – 31 July 2016	5	2,385	11,925
1 July 2016 – 31 July 2016	2	2,091	<u>4,182</u>
			<u><u>153,999</u></u>

The total trustee remuneration for the year ended 31 July 2015 was £124,582

During the year retirement benefits were accruing to seven trustees (*2015: four*) in respect of a defined benefit pension scheme. No trustee received any benefits in kind during the year (*2015: none*).

During the year 2 trustees received reimbursement of travel expenses totalling £754 (*2015: 5 trustees, £748*).

9. Corporation and capital gain tax

The trustees consider that the Union satisfies the conditions of section 478 and 479 Corporation Tax Act 2010 and accordingly no liability arises to UK corporation tax on its activities.

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

10. Tangible fixed assets - group

	Leasehold Improvements	Equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2015	2,198,443	1,109,507	17,500	3,325,450
Additions	206,000	60,755	-	266,755
Disposals	<u>(3,146)</u>	<u>(43,629)</u>	<u>(17,500)</u>	<u>(64,275)</u>
At 31 July 2016	<u>2,401,297</u>	<u>1,126,633</u>	-	<u>3,527,930</u>
Depreciation				
At 1 August 2015	1,503,423	761,073	17,500	2,281,996
Charge for the year	114,241	108,358	-	222,599
On disposals	<u>(1,547)</u>	<u>(40,500)</u>	<u>(17,500)</u>	<u>(59,547)</u>
At 31 July 2016	<u>1,616,117</u>	<u>828,931</u>	-	<u>2,445,048</u>
Net book value				
At 31 July 2016	<u>785,180</u>	<u>297,702</u>	-	<u>1,082,882</u>
At 31 July 2015	<u>695,020</u>	<u>348,434</u>	-	<u>1,043,454</u>

Tangible fixed assets - Union

	Leasehold Improvements	Equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2015	2,198,443	1,107,007	17,500	3,322,950
Additions	206,000	60,755	-	266,755
Disposals	<u>(3,146)</u>	<u>(43,629)</u>	<u>(17,500)</u>	<u>(64,275)</u>
At 31 July 2016	<u>2,401,297</u>	<u>1,124,133</u>	-	<u>3,525,430</u>
Depreciation				
At 1 August 2015	1,503,423	760,448	17,500	2,281,371
Charge for the year	114,241	107,816	-	222,057
On disposals	<u>(1,547)</u>	<u>(40,500)</u>	<u>(17,500)</u>	<u>(59,547)</u>
At 31 July 2016	<u>1,616,117</u>	<u>827,764</u>	-	<u>2,443,881</u>
Net book value				
At 31 July 2016	<u>785,180</u>	<u>296,369</u>	-	<u>1,081,549</u>
At 31 July 2015	<u>695,020</u>	<u>346,559</u>	-	<u>1,041,579</u>

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

Notes to the financial statements (continued)

11. Investments – Union only

The investment shown in the Union balance sheet relates to the wholly owned subsidiary company, SUSU Social Enterprises Limited, whose results are consolidated in these accounts. The subsidiary company was incorporated to carry out the non-member trading of the Union. After charging Gift Aid payment of £117,122 (2015: £92,151) to the Union it had turnover in the year of £178,721 (2015: £162,798), a profit of £nil (2015: profit of £21,198) and net assets at the year-end of £1,975 (2015: net liabilities £1,975).

12. Stock – group and Union

	2016 No	2015 No
Finished goods and goods for resale	<u>120,157</u>	<u>119,781</u>

13. Debtors

	Group		Union	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	27,562	26,626	6,586	10,723
Amounts owed by clubs and societies	58,727	96,674	58,727	96,674
Amounts due from University of Southampton	35,494	26,328	35,494	26,328
Amounts due from subsidiary undertaking	-	-	73,024	83,895
Other debtors	144,496	206,721	144,345	208,415
Prepayments and accrued income	<u>108,309</u>	<u>31,203</u>	<u>108,309</u>	<u>31,203</u>
	<u>374,588</u>	<u>387,552</u>	<u>426,485</u>	<u>457,238</u>

14. Creditors: Amounts falling due within one year

	Group		Union	
	2016 £	2015 £	2016 £	2015 £
Trade creditors	137,178	85,677	137,178	85,677
Amount owed to University of Southampton	269,418	290,960	269,418	290,960
Amounts owed to clubs and societies	987	3,113	987	3,113
Social security and other taxes	24,412	25,654	24,412	25,654
Pension contributions payable	21,728	22,194	21,728	22,194
Other creditors	46,783	89,596	37,078	79,616
Accruals and deferred income	<u>150,315</u>	<u>473,899</u>	<u>150,315</u>	<u>472,698</u>
	<u>650,821</u>	<u>991,093</u>	<u>641,116</u>	<u>979,912</u>

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

Notes to the financial statements (continued)

15. Creditors: Amounts falling due after more than one year

	Group		Union	
	2016 £	2015 £	2016 £	2015 £
Pension scheme funding deficit (note 18)	<u>608,763</u>	<u>661,429</u>	<u>608,763</u>	<u>661,429</u>
	<u>608,763</u>	<u>661,429</u>	<u>608,763</u>	<u>661,429</u>

16. Consolidated statement of funds

	Brought forward £	Incoming resources £	Resources expenses £	Reallocated In year £	Carried forward £
Unrestricted funds					
General funds	<u>299,547</u>	<u>7,480,923</u>	<u>(7,431,276)</u>	<u>17,703</u>	<u>366,897</u>
Total unrestricted funds	<u>299,547</u>	<u>7,480,923</u>	<u>(7,431,276)</u>	<u>17,703</u>	<u>366,897</u>
Restricted funds					
RAG	13,908	73,086	(85,887)	-	1,107
BEES	34,051	17,421	(33,769)	(17,703)	-
Halls	83,650	127,896	(98,427)	-	113,119
Capital	271,727	-	(51,170)	-	220,557
Winchester Bus	-	<u>64,971</u>	<u>(58,985)</u>	-	<u>5,986</u>
Total restricted funds	<u>403,336</u>	<u>283,374</u>	<u>(328,238)</u>	<u>(17,703)</u>	<u>340,769</u>
Total funds	<u>702,883</u>	<u>7,764,297</u>	<u>(7,759,514)</u>	<u>-</u>	<u>707,666</u>

Fund descriptions

Restricted funds

The trustees believe that grants received for specific purposes should be identified separately within the reserves.

During the year the Union collected £73,086, incurred £6,716 of costs to manage the fund and donated £66,339 to nominated external charities on behalf of RAG (Raise And Give).

The Business Ethics and Environment Students programme (BEES) fund is a project that aims to enhance business ethics and environmental practices of local organisations through student led audits and solutions. Specific funding is received from the National Union of Students Green Fund.

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

Notes to the financial statements (continued)

16. Consolidated statement of funds (continued)

The University provides specific amounts for the Junior Common room (JCR), subsequently renamed Halls Committee, to be expended on the welfare and benefit of students in halls of residence.

Where third parties have helped to create assets for the Union, the value of their contribution to these assets is recorded as a capital grant fund. Each individual such contribution is amortised over the economic life of the funded asset by allocating depreciation charges against this fund. During the year grants of £Nil were received and depreciation of £51,170 on underlying assets was charged to this fund.

17. Analysis of net assets between funds

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £	<i>Total funds 2015 £</i>
Tangible fixed assets	220,557	862,325	1,082,882	1,043,454
Net current assets	120,212	113,335	233,547	320,857
Long term liabilities	<u>-</u>	<u>(608,763)</u>	<u>(608,763)</u>	<u>(661,429)</u>
	<u>340,769</u>	<u>366,897</u>	<u>707,666</u>	<u>702,883</u>

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

Notes to the financial statements (continued)

18. Pension costs

The Union has two separate pension arrangements; the Universities Superannuation Scheme (USS) and the pension and assurance scheme for non-academic staff (PASNAS).

USS

The Union is a participating employer of USS, a defined benefit scheme which is externally funded and contracted out of the State Second Pension Scheme (S2P). The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it was a defined contribution scheme. The cost recognised in the income and expenditure account is equal to the contributions payable to the scheme in the year.

The latest triennial actuarial valuation was at 31 March 2014, which was carried out using the projected unit method. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016. At the valuation date, the Scheme's assets were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The contributions payable into the scheme in respect of eligible employees for the year amounted to £79,884 (2015: £58,978).

PASNAS

The Union contributes to a self-administered pension and assurance scheme for non-academic staff (PASNAS) which is underwritten by the University of Southampton. This is a defined benefit scheme, funded by contributions made in accordance with the recommendations of the scheme's actuaries.

The assets of the scheme are held and managed separately from those of the Union. It is not possible to identify readily or cost effectively, its share of the overall surplus or deficit for the year or the underlying assets and liabilities of the scheme. Accordingly it accounts for contributions as if it was a defined contribution scheme. The last full valuation on 31 July 2015 indicated that the scheme's assets represented 81% of the technical provisions.

Contributions are at a rate of 17.25% for the employer.

The total pension cost due for the Union in relation to the PASNAS scheme (including the movement on the pension scheme funding deficit was £130,953 (2015: £101,143).

University of Southampton Students' Union
Annual Report and Accounts for the year ended 31 July 2016

Notes to the financial statements (continued)

19. Capital commitments

	2016	2015
	£	£
At 31 July the Union had capital commitments as follows:		
Authorised and contracted	<u> -</u>	<u>144,300</u>

20 Related party transactions

University of Southampton

The Union is in receipt of grants from the University of £2,800,513 (2015: £2,518,326). Transactions throughout the year resulted in a trading balance as at 31 July 2016 of £33,924 (2015: £264,362) owed to the University.

SUSU Social Enterprises Limited

The Union had transactions with the SUSU Social Enterprises Limited a 100% owned subsidiary of £112,887 (2015: £92,151) being gift aid payable, and as at 31 July 2016 the Union had a debtor balance of £73,024 (2015: £83,895) owed by the subsidiary.

21. Financial instruments

Group	2016	2015
	£	£
Financial assets measured at amortised cost	686,454	1,170,966
Financial liabilities measured at amortised cost	(601,514)	(958,825)
Financial liabilities measured at fair value	<u>(608,763)</u>	<u>(661,429)</u>

Financial assets measured at amortised cost comprise trade debtors, amount owed by group undertakings, other debtors and cash equivalents.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals excluding deferred income.

Financial liabilities measured at fair value comprise the pension scheme funding deficit.

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21. Financial instruments (continued)

Union	2016 £	2015 £
Financial assets measured at amortised cost	676,107	723,650
Financial liabilities measured at amortised cost	(591,809)	(947,644)
Financial liabilities measured at fair value	<u>(608,763)</u>	<u>(661,429)</u>

22. First time adoption of Charities SORP (FRS 102)

These financial statements for the year ended 31 July 2016 are the first accounts of University of Southampton Students' Union that comply with the Charities SORP (FRS 102). The date of transition to the Charities SORP (FRS 102) is 1 August 2014.

Reconciliation of funds and balances	Note	1 August 2014 £	31 July 2015 £
Fund balances as previously stated		1,399,423	1,404,312
Pension scheme funding deficit	1	(713,296)	(661,429)
Holiday pay accrual		<u>(44,789)</u>	<u>(40,000)</u>
Fund balances as restated		<u>641,338</u>	<u>702,883</u>
Year ended			
31 July 2015			
£			
Surplus as previously stated			4,888
Movement on pension scheme funding			51,867
Holiday pay accrual movement			<u>4,789</u>
Surplus as restated			<u>61,544</u>

- In accordance with FRS102 the Union is required to recognise liabilities arising from multi-employer pension schemes, a liability representing the present value of future commitments relating to the funding of a pension deficit has been recognised.

23. Operating lease commitments

At 31 July 2016 the Union had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Operating lease payments due within 1 year	31,166	31,867
Operating lease payments due between 2 and 5 years	<u>6,600</u>	<u>37,766</u>
	<u>37,766</u>	<u>69,633</u>

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24. Prior year comparatives

	Unrestricted Income	Restricted Income	Total 2015 £
Income and endowments from:			
Donations:			
- University Grants	2,380,000	138,236	2,518,236
- Grant in kind from University	322,000	-	322,000
- External Grants	-	81,805	81,805
Other Trading Activities:			
- Rental income	21,091	-	21,091
- Sponsorship and marketing income	161,936	-	161,936
Investment income	3,760	-	3,760
Charitable activities for students:			
- Bars	1,011,246	-	1,011,246
- Catering	716,090	-	716,090
- Events	316,964	-	316,964
- Shops	2,030,874	-	2,030,874
- Lettings	26,711	-	26,711
- Student Activities	124,736	84,220	208,956
- Student Services	59,174	-	59,174
Other income	<u>62,532</u>	<u>-</u>	<u>62,532</u>
Total income	<u>7,237,114</u>	<u>304,261</u>	<u>7,541,375</u>
Expenditure on			
Charitable Activities for students:			
- Bars	883,952	-	883,952
- Catering	1,242,792	-	1,242,792
- Events	319,965	-	319,965
- Shops	2,087,180	-	2,087,180
- Lettings	77,944	-	77,944
- Student Activities	1,110,962	289,714	1,400,676
- Student Representation	1,355,777	-	1,355,777
- Student Services	<u>111,545</u>	<u>-</u>	<u>111,545</u>
Total expenditure	<u>7,190,117</u>	<u>289,714</u>	<u>7,479,831</u>
Net income/(expenditure)	46,997	14,547	61,544
Fund balances brought forward	<u>252,550</u>	<u>388,789</u>	<u>641,339</u>
Fund balances carried forward	<u>299,547</u>	<u>403,336</u>	<u>702,883</u>