

USWSU

Annual Report and Consolidated Financial Statements

Year ending 30 June 2018

Company Number 8629047

Registered Charity Number 1153572

USWSU
Annual Report and Consolidated Financial Statements
Year ending 30 June 2018

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USWSU

Annual Report

Administrative Information

Company number 8629047

Registered charity number 1153572

USWSU is the recognised student body for the University of South Wales.

Trustee Board

Officer Trustees	Date appointed	Date ceased
Megan Wilson	01/07/2017	30/06/2018
Oliver Kennedy-Britten	01/07/2017	30/06/2018
Charlotte Billingham	01/07/2017	30/06/2018
Mishan Wickremasinghe	01/07/2018	
Liam Powell	01/07/2018	
Rhys-Llywelyn Pewtner	01/07/2018	
Niall O'Reilly	01/07/2018	

External Trustees

Kim Brown	12/03/2015
Philip Bowen	06/01/2016
Anna Morgan	01/07/2017

Principal Office

University of South Wales Student Union
Forest Grove
Treforest
Pontypridd
CF37 1UF

Chief Executive Officer

Sian Taylor

Auditor

Geo. Little, Sebire & Co.
Statutory Auditors
Chartered Accountants
Oliver House
23 Windmill Hill
Enfield
EN2 7AB

Report of the Trustees for the year ended 30 June 2018

The Trustees present their report together with the audited financial statements for the year ended 30 June 2018 and confirm the latter comply with the requirements of the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard for Smaller Entities.

This trustees' report is a director's report as required by S415 of the Companies Act 2006.

The Trustees are shown on page 2.

Structure, governance and management

The USWSU is a Students' Union within the meaning of the Education Act 1994.

It is the recognised independent representative body of students at the University.

The parent institution is the University of South Wales.

Objectives of the Union

The Union is devoted to promoting the education, interests and welfare of its Members, students at the University of South Wales. The main objectives of the Union are:

- The advancement of the education of students through the provision of opportunities to engage in activities that are both academic and extra-curricular, such as sports, fundraising and volunteering, and political debate.
- To contribute to the employability agenda of the University of South Wales by providing opportunities for students to develop key employability skills, through developing student jobs and volunteering opportunities throughout the regions. Engage with, and fully support, the University's employability initiatives, and work in partnership with them whenever possible.
- To maintain a high level student experience across all campuses and strive, where possible, to create parity of student experience, irrespective of the place of study. The Union endeavours to be mindful of the demographic of students, and strive to provide services that would contribute positively to, and enhance their student experience.

Contribution made by volunteers

Student volunteers are key to the success and engagement of our student community. Our volunteers are responsible for running our sports teams, clubs and societies, therefore delivering weekly activities for over 1,000 students.

The academic representation network has over 700 course representatives and 20 Student Voice Representatives (school representatives) ensuring that the student voice remains at the heart of academic decisions.

Governance

The Students' Union is run by students for students, supported by a number of staff, and overseen by a Board of Trustees.

Elections are held annually for the students at the University of South Wales to vote for their full-time and part-time student officers. These form the Student Council, who are responsible for the representation and campaigning function of the Students' Union.

Governance (continued)

The membership of the Trustee Board is as follows:

Up to four Officer Trustees are elected by secret ballot of the Members of the Students' Union, at elections held in accordance with the Standing Orders. The Officer Trustees shall be elected to sabbatical posts within the Students' Union. Officer Trustees remain in office for a term of one year, although this may be shorter or longer on a transitional basis to coincide with an alteration of the year start or end.

Up to three Student Trustees are elected by the Students' Union Student Council, provided that the appointment of each Student Trustee is ratified by a 2/3 majority. Each Student Trustee must be a Student at the time of their election. Student Trustees shall remain in office for a term of two years commencing in accordance with the Standing Orders. The term of office may be shorter or longer on a transitional basis to coincide with the alteration of the year start or end. A Student Trustee may serve a maximum of two consecutive years.

Up to three External Trustees shall be appointed by a simple majority vote of the Appointments Committee, provided that the appointment of each External Trustee is ratified by a 2/3 majority vote of the Student Council. Such appointment shall not take effect until it has been ratified by Student Council. External Trustees shall remain in office for a term of four years commencing in accordance with the Standing Orders. External Trustees may serve for a maximum of two terms which may be either consecutive or non-consecutive.

Up to two Alumni Trustees shall be appointed by a simple majority of the Appointments Committee, provided that the appointment of each Alumni Trustee is ratified by a 2/3 majority vote of the Executive Committee. Their appointment shall not take effect until it has been ratified by the Executive Committee. Alumni Trustees shall remain in office for a term of up to three years commencing in accordance with the Standing Orders. Alumni Trustees may serve for a maximum of two terms which may be either consecutive or non-consecutive.

The Board of Trustees are responsible for the management and administration of the Union including;

- the governance and strategy of the Union; and
- the overall legal, financial and staffing responsibilities of the Union.

The Students' Union is affiliated to the National Union of Students, and through them, works closely with the National Union of Students in Wales. The student officers regularly meet with the officers of NUS Wales to collaborate on campaigns and activities.

Policy

Policy is set by the Trustees, the Student Council or by the members at the Annual General Meeting. The Trustees have the power to veto or amend any policy that is passed by Student Council that has a negative legal, financial or governance implication. The Officer Trustees work with the employees of the Union to implement the policies. The employees are managed by the Chief Executive Officer, who advises the Officer Trustees, and who is accountable to the Board of Trustees for the performance of the Union.

Funding

USWSU is mainly funded by the University of South Wales who provide subvention grant monies on an annual basis. USWSU also undertakes commercial activities such as bars, catering, shops and other services supplied to members and generates other income such as sponsorship which provides additional funds.

Risk management statement

The major strategic, business and operational risks are identified and reviewed by the Trustees, who have systems and reporting procedures in place to minimise risk.

The principal risk facing the charity is the national decrease in students entering higher education. This has a twofold effect on the Student's Union:

1. The subvention is based on student numbers, and therefore a decrease in numbers equals a decrease in funding from the University of South Wales
2. Decreasing student numbers results in a decrease in income as less students use the Students' Union facilities.

Review of 2017-18

The Students' Union continues to support and provide for the students at the University of South Wales, as well as benefitting the local community.

This year, the number of Course Representatives elected increased from 550 to 700, ensuring a higher number of students were supported academically.

Over 1,000 students participated in extra-curricular activities facilitated by the Students' Union, providing a sense of community and belonging, in addition to promoting the need to look after their mental health and wellbeing.

The Students' Union is an annual supporter of the Rhondda Cynon Taff County Council Christmas Santa Appeal, which collect gifts for looked after children. This year saw the 1,000th gift being donated by USWSU.

The Students' Union Officers held a food drive to coincide with Harvest Festival and had food donation points across all three campuses. Over 200 food items were donated and were presented to the local foodbank.

Local community groups continue to use the Students' Union for their meetings and activities. The Pontypridd Soroptomists continue to hold bi-monthly meetings at the Students' Union's Treforest building, and this year saw Citizen's Advice Pontypridd also begin to hold their monthly meetings here.

Financial Review

The group's total income from all sources for the year was £2,786,853 (2017: £2,817,054). Total expenditure on all activities was £2,704,597 (2017: £3,421,704) producing a surplus of £82,256 for the year (2017: deficit of £604,650 for the year), which will be reinvested in the student experience.

Reserves

The group held an unrestricted reserves deficit of £2,394,335 at 30th June 2018 (2017: £2,476,591 deficit). The unrestricted reserves deficit includes the full impact of recognising USWSU's proportion of the SUSS pension funding deficit provision under FRS102 in 2017.

The Board of Trustees have reviewed USWSU's reserve requirements and recognises that a liquidity cash reserve reflective of the cash trading position is required for troughs in our funding. The Trustees recognise that reserves are part of USWSU's unrestricted funds, which are freely available to spend on any of USWSU's charitable purposes. When deciding on the level of reserves, the Board recognise that reserve levels which are too low could limit the amount USWSU spends on charitable activities thereby reducing the benefits to USWSU members. Likewise, the Board recognises a risk to USWSU and its future activities if reserves are too low. USWSU's reserves cover an operating surplus, designated capital commitments, and designated service investment. The Board aims to maintain and eventually increase the general fund in the future.

Future Funding

USWSU is confident of sufficient funds in the coming year to meet its obligations, mainly due to the subvention grant from the University. USWSU expects to break even for the coming year but aims to increase its general fund in future years.

Future plans

- Develop strong, sustainable and satisfying relationships with our stakeholders whilst ensuring that the Union is actively engaging its stakeholders in setting strategy and operational plans.
- Continually improve what the Union does whilst equipping staff, officers and volunteers with the skills and knowledge they need to achieve the Union's Vision.
- Achieve financial stability through robust financial management, reviewing existing practices and investing in the Union's services to students.
- Ensure that the Union's systems, policies and procedures add value, enable greater student engagement and are easy to understand.

Trustees Statement on Public Benefit

The Trustees confirm that they have complied with the duty in section 4 of the 2011 Charities Act to have due regard to guidance published by the Charity Commission regarding Public Benefit.

Trustees' Responsibilities Statement

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

Company law requires the Trustees to prepare financial statements for each financial year which 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 account, 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 judgements and estimates that are reasonable and prudent;
- 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 proper accounting records which 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditors

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The auditors, Geo. Little, Sebire & Co., will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the Board of Trustees on.....10/1/19..... and signed on its behalf by:



Mishan Wickremasinghe
President and Chair of the Board of Trustees

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF USWSU

Opinion

We have audited the financial statements of USWSU (the 'charitable company') and its subsidiary (the group) for the year ended 30 June 2018 which comprise the consolidated statement of financial activities, the consolidated and parent charitable company balance sheets, consolidated statement of cash flows and related notes, on pages 9 to 21 herein. 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 trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 30 June 2018 and of the groups' total incoming resources, and the application of resources, including the income and expenditure of the group, 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the group financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF USWSU (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements ; or
- the parent charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page three, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Geo. Little, Sebire & Co.
Statutory Auditors
Chartered Accountants
Oliver House
23 Windmill Hill
Enfield
EN2 7AB

Date:

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

USWSU
Consolidated Statement of Financial Activities
(including income and expenditure account)
for the year ending 30 June 2018

	Notes	Unrestricted Income £	Restricted Income £	2018 Total funds £	2017 Total funds £
Income					
Voluntary income	2 a	1,271,611	-	1,271,611	1,187,611
Activities to generate funds	2 b	306,832	-	306,832	374,261
Charitable activities for students	2 c	1,118,071	-	1,118,071	1,188,081
Other income	2 d	91	-	91	204
Turnover of trading subsidiary		90,248	-	90,248	66,897
Total incoming resources		<u>2,786,853</u>	<u>-</u>	<u>2,786,853</u>	<u>2,817,054</u>
Expenditure					
Costs of generating funds	3 a	245,053	-	245,053	311,944
Charitable activities for students	3 b	2,340,900	-	2,340,900	2,973,619
Governance	3 c	18,500	-	18,500	16,000
Trading cost of subsidiary	3 d	100,144	-	100,144	88,723
Provision against subsidiary loan		-	-	-	31,418
Total expenditure		<u>2,704,597</u>	<u>-</u>	<u>2,704,597</u>	<u>3,421,704</u>
Net income / (expenditure) and net movement in funds for the year	15	82,256	-	82,256	(604,650)
Total funds brought forward		(2,476,591)	-	(2,476,591)	(1,871,941)
Total funds carried forward	15	<u>(2,394,335)</u>	<u>-</u>	<u>(2,394,335)</u>	<u>(2,476,591)</u>
Net income / expenditure attributable to:					
Parent charitable company		92,152	-	92,152	(582,824)
Trading subsidiary		(9,896)	-	(9,896)	(21,826)
		<u>82,256</u>	<u>-</u>	<u>82,256</u>	<u>(604,650)</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derives from continuing activities.

The notes on pages 14 to 21 form part of these financial statements

USWSU
Consolidated Balance Sheet
As at 30 June 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	7		39,466		45,112
Investments	8		-		-
Current assets					
Stocks	9	57,358		41,782	
Debtors	10	53,705		50,654	
Cash at bank and in hand		195,850		196,612	
		<u>306,913</u>		<u>289,048</u>	
Current liabilities					
Creditors: amounts due within one year	11	<u>265,422</u>		<u>245,441</u>	
Net current assets			<u>41,491</u>		<u>43,607</u>
Total assets less current liabilities			<u>80,957</u>		<u>88,719</u>
Creditors due after one year					
Bank loan	12		65,252		104,971
Provisions for Liabilities	14		2,410,040		2,460,339
Net liabilities			<u>£ (2,394,335)</u>		<u>£ (2,476,591)</u>
The funds of the charity:					
Unrestricted income funds	15		<u>£ (2,394,335)</u>		<u>£ (2,476,591)</u>

The financial statements were approved by the Trustees on 10/1/19 and signed on their behalf, by:



Mishan Wickremasinghe
President and Chair of the Board of Trustees

Registered Charity number 1153572
Registered Company number 8629047

The notes on pages 14 to 21 form part of these financial statements

USWSU
Charitable Company Balance Sheet
As at 30 June 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		39,466		45,112
Investments	8		2		2
Current assets					
Stocks	9	57,358		41,782	
Debtors	10	54,097		56,165	
Cash at bank and in hand		195,850		196,608	
		<u>307,305</u>		<u>294,555</u>	
Current liabilities					
Creditors: amounts due within one year	11	<u>240,822</u>		<u>226,615</u>	
Net current assets			66,483		67,940
Total assets less current liabilities			<u>105,951</u>		<u>113,054</u>
Creditors due after one year					
Bank loan	12		65,252		104,971
Provisions for Liabilities	14		2,410,040		2,460,339
Net liabilities			<u>£ (2,369,341)</u>		<u>£ (2,452,256)</u>
The funds of the charity:					
Unrestricted income funds	15		<u>£ (2,369,341)</u>		<u>£ (2,452,256)</u>

The financial statements were approved by the Trustees on 10/1/19 and signed on their behalf, by:



Mishan Wickremasinghe
 President and Chair of the Board of Trustees

Registered Charity number 1153572
 Registered Company number 8629047

The notes on pages 14 to 21 form part of these financial statements

USWSU
Consolidated Cash Flow Statement
For the year ending 30 June 2018

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	1	52,384	20,895
Interest paid		(5,965)	(29,695)
Net cash provided by (used in) operating activities		<u>46,419</u>	<u>(8,800)</u>
Cash flows from investing activities:			
Interest received		91	204
Purchase of tangible fixed assets		(10,866)	(2,327)
Purchase of fixed asset investments		-	(1)
Net cash provided by (used in) investing activities		<u>(10,775)</u>	<u>(2,124)</u>
Cash flows from financing activities:			
Repayments of borrowing		(39,192)	(15,462)
Net cash provided by (used in) financing activities		<u>(39,192)</u>	<u>(15,462)</u>
Change in cash and cash equivalents in the reporting period		<u>(3,548)</u>	<u>(26,386)</u>
Cash and cash equivalents at the beginning of the reporting period	2	196,612	222,998
Cash and cash equivalents at the end of the reporting period	2	<u>193,064</u>	<u>196,612</u>

The notes on pages 14 to 21 form part of these financial statements

USWSU
Notes to the Consolidated Cash Flow Statement
For the year ending 30 June 2018

1 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018	2017
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	82,256	(604,650)
Adjustments for:		
Depreciation charges	16,512	22,454
Interest paid	5,965	29,695
Interest received	(91)	(204)
(Increase) / decrease in stocks	(15,576)	14,118
Decrease / (increase) in debtors	(3,051)	40,966
Increase / (decrease) in creditors	16,668	(36,965)
(Decrease) / increase in deferred benefit pension liability	(50,299)	555,481
Net cash provided by (used in) operating activities	<u>52,384</u>	<u>20,895</u>

2 Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash and cash equivalents	195,850	196,612
Bank overdrafts	(2,786)	-
Total cash and cash equivalents	<u>193,064</u>	<u>196,612</u>

The notes on pages 14 to 21 form part of these financial statements

1 Accounting policies

(a) Basis of preparation

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

(b) Group accounts

These financial statements consolidate the results of the charitable company and its controlled subsidiary on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the charitable company and its subsidiary are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of exemptions afforded by section 408 of the Companies Act 2006.

(c) Income

All income is recognised in the Statement of Financial Activities once the charitable company has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Investment income relates to interest earned through holding assets on deposit.

(d) Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charitable company to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

(e) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Furniture, equipment, fixtures and fittings - 20% on cost and 33 1/3% on reducing balance per annum.

(f) Fixed asset investments

Fixed asset investments are stated at cost.

(g) Stocks

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

1 Accounting policies (continued)

(h) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(i) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(j) Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the moment that the charitable company anticipates it will pay to settle the debt or the amount it has received as advanced payment for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

(k) Financial instruments

USWSU only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value.

(l) Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Designated funds are funds set aside by the trustees for specific purposes.

Restricted funds can only be used for particular restricted purposes within the objects of the charitable company. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

(m) Hire purchase and leasing commitments

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

(n) Pension costs

USWSU participates in the Student's Union Superannuation Scheme (SUSS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension. The fund is valued at least every three years by a professionally qualified independent actuary with the rates of contribution payable being determined by the trustees on the advice of the actuary. The scheme operates as a pooled arrangement, with the contributions paid at a centrally agreed rate.

With effect from 30 September 2011 the SUSS Scheme has been closed to future accrual. Since that date only deficit contributions have been paid to the Scheme. As explained in note 6, the accounts include the net present value of the funding deficit as required by the Charities SORP (FRS 102).

As a consequence of the SUSS scheme closing to future accrual USWSU has set up a pension scheme with Aegon which is a defined contribution scheme for all members of staff, except student workers. A National Employment Savings Trust (NEST) has been set up in order to auto enrol student workers and any other staff who chose to join NEST rather than the Aegon pension scheme. The annual contributions payable are included as expenditure in the year to which they relate.

1 Accounting policies (continued)

(o) Going concern

The group has net liabilities of £2,394,335 (2017: £2,476,591), due to the recognition under Charities SORP (FRS 102) of the net present value of the funding deficit on the SSUS pension recovery plan. Further information is detailed in note 6 of the accounts. This is a long term commitment which ends in 2033 and the trustees are confident that the annual payments towards this plan will be met out of income each year.

After making appropriate enquires, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the financial statements have been prepared on a going concern basis.

(p) Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where judgements and estimates have been made include assumptions around the financial assets and liabilities of pension scheme commitments, and the discount rate applied thereto.

USWSU
Notes to the financial statements (continued)
Year ended 30 June 2018

2 Incoming resources				2018	2017
				£	£
(a) Voluntary income					
Subvention grant from the University				1,271,611	1,187,611
				<u>1,271,611</u>	<u>1,187,611</u>
(b) Activities to generate funds					
Travel and employment service				222,607	269,649
Sponsorship, membership, and other activities				84,225	104,612
				<u>306,832</u>	<u>374,261</u>
(c) Charitable activities for students					
Bars				395,113	384,452
Shops				432,728	487,997
Catering				231,752	250,062
Other such activities				58,478	65,570
Total				<u>1,118,071</u>	<u>1,188,081</u>
(d) Other income					
Interest received				<u>91</u>	<u>204</u>
3 Resources expended					
	Purchases	Staff	Other	2018	2017
	£	£	£	Total	Total
				£	£
(a) Costs of generating funds					
Travel and employment service	83,182	121,031	-	204,213	247,184
Other activities costs	40,840	-	-	40,840	64,760
	<u>124,022</u>	<u>121,031</u>	<u>-</u>	<u>245,053</u>	<u>311,944</u>
(b) Charitable activities for students					
Bars	138,211	153,361	63,711	355,283	366,961
Shops	297,357	101,578	10,657	409,592	466,222
Catering	95,952	150,973	8,885	255,810	256,773
Other such activities	25,866	23,726	30,729	80,321	83,414
Sports and societies	118,548	-	-	118,548	120,834
Welfare, representation	-	-	62,187	62,187	61,271
Rent	-	-	185,602	185,602	173,040
Porters and cleaners	-	99,270	-	99,270	100,076
Staff costs	-	544,805	-	544,805	1,092,079
Trustees salaries	-	64,701	-	64,701	71,145
Affiliations	-	-	33,160	33,160	37,345
Depreciation	-	-	16,512	16,512	22,454
Other activities costs	-	-	115,109	115,109	122,005
	<u>675,934</u>	<u>1,138,414</u>	<u>526,552</u>	<u>2,340,900</u>	<u>2,973,619</u>

3 Resources expended (continued)**(c) Costs of governance**

Costs of governance relates to fees paid to the auditors in respect of statutory audit £9,000 (2017: £8,000) and assurance services other than audit of £9,500 (2017: £8,000).

	Purchases	Staff	Other	2018	2017
	£	£	£	Total	Total
				£	£
(d) Trading cost of subsidiary	-	59,112	41,032	100,144	88,723

4 Staff costs

Staff costs for all employees (including trustees)

	2018	2017
Wages and salaries	1,133,961	1,223,127
Social security	59,941	46,154
Pension costs	124,655	660,820
	<u>£ 1,318,557</u>	<u>£ 1,930,101</u>

No employee earned over £60,000 per annum.

The average monthly number of employees during the year was 152 172

5 Trustees remuneration

Total salary and NI costs for the year £ 64,701 £ 71,145

There were three trustees (2017: three) who were full time sabbatical officers receiving salaries for the representation, campaigning and support work they undertake as distinct from their responsibilities as trustees.

Three trustees were reimbursed a total of £150 for the year (2017: £1,977) in respect of travel and subsistence expenses.

6 Pension costs and commitment

The pension contributions payable for the period comprised:

	2018	2017
Defined contribution schemes	38,700	42,891
SUSS Deficit	78,731	610,820
Pension protection fund levy	7,224	7,109
	<u>£ 124,655</u>	<u>£ 660,820</u>

With effect from 30th September 2011 the Students Union Superannuation Scheme (SUSS) closed to further benefit accrual. All participating unions are required to make annual deficit contributions which are expected to eliminate the deficit by 1st October 2033. The most recent valuation of SUSS at 30th June 2016 showed assets of £101 million and liabilities of £221 million, a funding deficit of 46%.

Under section 28 of FRS 102 there is a requirement to recognise any multi-employer plans as defined contribution plans if there is not sufficient information to account for them as defined benefit plans. Therefore at 1 July 2015 the SUSS pension provision was recognised at the present value of the future contribution payments of the recovery plan.

7 Tangible fixed assets

	Group	Charitable Company
	Furniture, fittings, etc.	Furniture, fittings, etc.
	£	£
Cost		
At 1 July 2017	180,473	173,727
Additions	10,866	10,866
Disposals	-	-
At 30 June 2018	<u>191,339</u>	<u>184,593</u>
Depreciation		
At 1 July 2017	135,361	128,615
Charge for the period	16,512	16,512
At 30 June 2018	<u>151,873</u>	<u>145,127</u>
At 30 June 2018	£ <u>39,466</u>	£ <u>39,466</u>
At 30 June 2017	£ <u>45,112</u>	£ <u>45,112</u>

8 Fixed asset investments

	Group	Charitable Company
	£	£
Cost		
At 1 July 2017	-	2
Additions	-	-
At 30 June 2018	<u>-</u>	<u>2</u>
Net book value		
At 30 June 2018	£ <u>-</u>	£ <u>2</u>
At 30 June 2017	£ <u>-</u>	£ <u>2</u>

Fixed asset investments represent investments in subsidiary undertakings incorporated in the UK.

The group and the charitable company investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary undertakings**Glamorgan Student Letting Limited (Registered Number: 7349533)**

At the balance sheet date the charitable company owned the whole issued ordinary share capital of Glamorgan Student Letting Limited, a company registered in England.

The below results reflect the total profit and reserves for the year.

	30.06.18	30.06.17
	£	£
Aggregate capital and reserves	(106,257)	(96,361)
Turnover	90,248	66,897
Expenditure	(100,144)	(88,723)
Loss for the year	(9,896)	(21,826)

USWSU
Notes to the financial statements (continued)
Year ended 30 June 2018
9 Stocks

	Group		Charitable Company	
	2018	2017	2018	2017
Stocks	£ 57,358	£ 41,782	£ 57,358	£ 41,782

10 Debtors

	Group		Charitable Company	
	2018	2017	2018	2017
Trade debtors	2,448	12,187	4,244	18,358
Indebtedness from University of South Wales (see note 16)	37,278	37,807	37,278	37,807
Indebtedness from Glamorgan Student Letting Limited	-	-	-	-
Other debtors	5,029	-	5,029	-
Prepayments and accrued income	8,950	660	7,546	-
	£ 53,705	£ 50,654	£ 54,097	£ 56,165

11 Creditors: amounts due within one year

	Group		Charitable Company	
	2018	2017	2018	2017
Bank loans and overdrafts	42,743	39,430	39,957	39,430
Trade creditors	95,093	57,190	81,624	52,918
Social security and other taxes	22,022	37,169	18,969	30,134
Other creditors	53,077	55,303	46,785	47,784
Accruals and deferred income	52,487	56,349	53,487	56,349
	£ 265,422	£ 245,441	£ 240,822	£ 226,615

12 Creditors: amounts due after one year

	Group		Charitable Company	
	2018	2017	2018	2017
Bank loan	£ 65,252	£ 104,971	£ 65,252	£ 104,971

The bank loan totalling £105,209 at 30th June 2018 (2017: £144,401) is repayable in quarterly instalments until 2020 and bears interest at 4.2% per annum over LIBOR.

13 Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	Group		Charitable Company	
	2018	2017	2018	2017
Within one year	178,662	178,662	178,662	178,662
Between one and five years	392,889	571,551	392,889	571,551
	£ 571,551	£ 750,213	£ 571,551	£ 750,213

USWSU**Notes to the financial statements (continued)****Year ended 30 June 2018****14 Provisions****Group and Charitable Company**

	SUSS Pension Provision
At 1 July 2017	2,460,339
Amounts paid	(129,030)
Unwinding of finance costs	78,731
At 30 June 2018	<u>2,410,040</u>

The Union is part of a multi-employer defined benefit pension scheme, Students' Union Superannuation Scheme. The above provision relates to the present value at the year end of the future payments of the agreed recovery plan (see note 6).

15 Funds**Group**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Carried Forward £
Unrestricted funds					
General fund	(16,252)	2,786,853	(2,625,866)	(129,030)	15,705
Pension fund deficit	(2,460,339)	-	(78,731)	129,030	(2,410,040)
Total Unrestricted funds	<u>(2,476,591)</u>	<u>2,786,853</u>	<u>(2,704,597)</u>	<u>-</u>	<u>(2,394,335)</u>
Total of funds	<u>(2,476,591)</u>	<u>2,786,853</u>	<u>(2,704,597)</u>	<u>-</u>	<u>(2,394,335)</u>

Charitable Company

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Carried Forward £
Unrestricted funds					
General fund	8,083	2,696,605	(2,534,959)	(129,030)	40,699
Pension fund deficit	(2,460,339)	-	(78,731)	129,030	(2,410,040)
Total Unrestricted funds	<u>(2,452,256)</u>	<u>2,696,605</u>	<u>(2,613,690)</u>	<u>-</u>	<u>(2,369,341)</u>
Total of funds	<u>(2,452,256)</u>	<u>2,696,605</u>	<u>(2,613,690)</u>	<u>-</u>	<u>(2,369,341)</u>

16 Related party transactions**Group and Charitable Company**

USWSU received a subvention grant of £1,271,611 for the year (2017: £1,187,611) from the University of South Wales. The University charged rent of £168,000 for the year (2017: £168,000) in respect of the building occupied by the Union. The lease for the building represents a financial commitment to pay rent of £168,000 per annum plus VAT until 28th October 2021. At the balance sheet date, trade creditors due within one year included a balance due to the University of South Wales of £37,660 (2017: £17,534).

17 Control

USWSU is controlled by the trustees, but ultimate control is vested in the membership.